



**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**



Regents

The Board of Regents of Oklahoma Colleges was created on July 6, 1948 to govern the six regional universities. The regents are volunteers appointed by the governor of Oklahoma.



Susan Winchester
Position 1



Chris Van Denhende
Position 2



Lake Carpenter
Position 3



Gary Parker
Position 4



Connie Reilly
Position 5
Chair



Jane McDermott
Position 6
Vice Chair



Amy Anne Ford
Position 7
Secretary



Eric Fisher
Position 8



Joy Hofmeister
Position 9



Adminstration

- Wendell Godwin, President East Central University
- Steve Turner, PresidentNortheastern State University
- Bo Hannaford, President Northwestern Oklahoma State University
- Thomas W. Newsom, President..... Southeastern Oklahoma State University
- Diana Lovell, President Southwestern Oklahoma State University
- Patti Neuhold-Ravikumar, President..... University of Central Oklahoma
- Sheridan McCaffree Executive Director, RUSO



REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

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June 30, 2022

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INDEPENDENT AUDITOR'S REPORT



**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regional University System of Oklahoma (the "System"), a component unit of the State of Oklahoma, and its aggregate discretely presented component units, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Regional University System of Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of Regional University System of Oklahoma as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the System's discretely presented component units, the East Central University Foundation, Inc., Southeastern Foundation, Inc., Southwestern Oklahoma State University Foundation, Inc. the Southwestern Pharmacy Alumni Foundation, Inc., University of Central Oklahoma Foundation, Inc, the University of Central Oklahoma Alumni Associations and the KCSC Classical Radio Foundation. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities is based solely on the reports of the other auditors.

Basis for Opinion

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

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Regional University System of Oklahoma's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional University System of Oklahoma's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the Regional University System of Oklahoma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional University System of Oklahoma's internal control over financial reporting and compliance.

Tulsa, Oklahoma
October 31, 2022

Hick & Company, PC



MANAGEMENT'S DISCUSSION & ANALYSIS

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

INTRODUCTION

The Board of Regents of Oklahoma Colleges was created on July 6, 1948 to govern the six regional universities: East Central University (ECU), Northeastern State University (NSU), Northwestern Oklahoma State University (NWOSU), Southeastern Oklahoma State University (SE), Southwestern Oklahoma State University (SWOSU), and the University of Central Oklahoma (UCO) (collectively the “Universities”). On July 1, 2006, the Board of Regents of Oklahoma Colleges changed its name to Regional University System of Oklahoma (the System). The Board consists of nine (9) members, eight (8) appointed by the Governor, by and with the consent of the Senate, for nine-year staggered terms which expire on the 10th day of June. The ninth member is the elected State Superintendent of Public Instruction. The Board has powers and duties granted by the Oklahoma Constitution and Statutes to govern, manage, supervise, and control the operations of six regional State universities.

The System’s six universities, collectively, are Oklahoma’s largest four year University System. They provide instruction and learning opportunities to over 37,000 students with thirty-eight percent of Oklahoma graduates coming from the System’s universities.

OVERVIEW OF FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The objective of Management’s Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended June 30, 2022 with selected comparative information for the year ended June 30, 2021. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on the current year data. Unless otherwise indicated, years in this MD&A refer to the fiscal years ended June 30.

The System’s financial report includes three primary financial statements: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

Three fiduciary fund statements for the Retiree Medical Trust (OPEB Trust), the Supplemental Retirement Annuity Plan, the Retirement Plan for the President of the University of Central Oklahoma, and Agency funds also are included with the financial statements noted above: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The Notes to the Financial Statements immediately follow the financial statements, and contain essential information that serves both to support and clarify the information presented in the financial statements preceding them.

Finally, the Supplemental Information section includes selected information by institution as well as information on affiliated organizations that have been deemed significant to their respective institutions.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS --Continued

Activities from the six institutions, the System's Administrative Office, and the System's component units are included in the accompanying financial statements. For a detailed listing of these entities, refer to Note A of the accompanying financial statements. Separately issued financial statements for the component units may be obtained by contacting the System at 305 N.W. 5th #407, Oklahoma City, Oklahoma 73102 or telephone 405-942-8817.

STATEMENTS OF NET POSITION

The Statement of Net Position presents the Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position (assets plus deferred outflows minus liabilities minus deferred inflows) at the end of the fiscal year. The purpose of the Statement of Net Position is to allow readers of the financial statements to determine the assets available to continue the operations of the System. They are also able to determine how much the System owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and the availability for expenditure by the System. The change in net position is an indicator of the overall financial condition of the System.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the System's equity in property, plant, and equipment owned by the System and is recorded at historical cost less accumulated depreciation and related debt. The next category, Restricted Net Position, further broken down into two sub-categories, non-expendable and expendable, and is measured in current value, is available for expenditure by the institution but must be held or spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Position, also measured in current value. Unrestricted assets are available to the institution for any lawful purpose of the institution.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

STATEMENTS OF NET POSITION

		June 30		
		<u>2022</u>	<u>2021</u>	<u>% Inc(Dec)</u>
		<i>(Thousands of Dollars)</i>		
ASSETS				
Current assets		\$ 266,408	\$ 270,091	-1%
Capital assets, net		635,081	638,168	0%
Other assets		<u>50,253</u>	<u>29,057</u>	73%
	TOTAL ASSETS	<u>951,742</u>	<u>937,316</u>	2%
DEFERRED OUTFLOWS OF RESOURCES				
		<u>84,353</u>	<u>143,698</u>	-41%
LIABILITIES				
Current liabilities		71,081	68,650	4%
Noncurrent liabilities		<u>491,272</u>	<u>707,144</u>	-31%
	TOTAL LIABILITIES	<u>562,353</u>	<u>665,780</u>	-16%
DEFERRED INFLOWS OF RESOURCES				
		<u>155,035</u>	<u>38,004</u>	308%
NET POSITION				
Net investment in capital assets		394,292	393,577	0%
Restricted-nonexpendable		816	727	12%
Restricted-expendable		77,825	87,092	-11%
Unrestricted		<u>(154,226)</u>	<u>(213,370)</u>	-28%
	TOTAL NET POSITION	<u>\$ 318,707</u>	<u>\$ 268,026</u>	19%

The accounting recognition of the System's participation in the Oklahoma Teachers Retirement System (OTRS) and the System's single employer defined benefit pension plans have a significant impact on the noncurrent liabilities and unrestricted net position of the System.

For fiscal year 2022, the System's net pension liability decreased by \$253.6 million, which is the primary reason for the change in noncurrent liabilities. The significant decrease is attributable to OTRS actual investment return for fiscal year 2022 exceeding the projected investment return for the plan in relation to their long-term expected rate of return. The system also reported a decrease in deferred outflows related to pension activity of \$60.2 million and an increase of \$.9 million of OPEB activity, which is a result of the changes in the net pension and OPEB liability. The recognition of the pension and OPEB activity has a significant effect on the System's unrestricted net position.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

STATEMENTS OF NET POSITION--Continued

The System's proportionate share of the pension activity of the Oklahoma Teachers Retirement System (OTRS) accounted for \$197.8 million decrease in net pension liability, \$60.6 million of the decrease in deferred outflows of resources related to pension activity, and \$112.7 million of the increase in deferred inflows of resources related to pension activity. This overall increase of the net pension liability is primarily due to activity at OTRS, the change is primarily attributed to greater return on the market value of assets. The recognition of the pension activity has a significant effect on the System's unrestricted net position.

The System's Supplemental Retirement Plan saw a decrease in net pension liability of \$6.7 million as a primarily attributed to greater return on the market value of assets. Assumptions were kept consistent during the fiscal year and investment income slightly exceeded projected return for the plan.

The System recognized activity for the Oklahoma Teachers Retirement System Supplemental Health Insurance Program, the RUSO Retiree Health/Dental Insurance Trust, and the RUSO Health Insurance Subsidy Plan. The OTRS Supplemental Health Insurance Program accounted for \$5.3 million increase in net OPEB asset, \$1 million of the decrease in deferred outflows of resources related to pension activity, and \$3.2 million of the increase in deferred inflows of resources related to pension activity. This overall increase of the net OPEB asset is primarily due to activity at OTRS, the change is primarily attributed to greater return on the market value of assets. The recognition of the OPEB activity has a significant effect on the System's unrestricted net position.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the System, as well as nonoperating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Nonoperating revenues are revenues received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 21% of total System revenues, are classified as a nonoperating revenues because these revenues are appropriated at the State level rather than at the System or institutional level. The accounting treatment for this revenue classification typically results in the System reporting an operating loss.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION--Continued

Other typical nonoperating revenue sources include gifts, grants, and appropriations restricted for capital purposes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended June 30,		% Inc(Dec)
	2022	2021	
OPERATING REVENUES			
Student tuition and fees, net	\$ 213,829	\$ 214,545	0%
Grants and contracts	53,988	37,434	44%
Other	61,266	59,103	4%
TOTAL OPERATING REVENUES	<u>329,083</u>	<u>311,082</u>	6%
OPERATING EXPENSES			
Compensation	312,206	373,600	-16%
Contractual services	42,799	36,869	16%
Supplies & materials	38,193	36,917	3%
Depreciation	40,756	38,691	5%
Other operating expenses	157,121	140,006	12%
TOTAL OPERATING EXPENSES	<u>591,075</u>	<u>626,083</u>	-6%
NET OPERATING INCOME (LOSS)	(261,992)	(315,001)	-17%
NONOPERATING REVENUES (EXPENSES)			
State appropriations	139,234	127,684	9%
Grants and contracts	128,612	101,727	26%
Other revenues	36,802	73,893	-50%
Interest expense	(8,049)	(9,196)	-12%
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>296,599</u>	<u>294,108</u>	1%
CONTRIBUTED CAPITAL & Other	<u>16,073</u>	<u>10,833</u>	48%
CHANGE IN NET POSITION	50,680	(10,060)	-604%
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>268,026</u>	<u>278,086</u>	-4%
NET POSITION, END OF YEAR	<u>\$ 318,706</u>	<u>\$ 268,026</u>	19%

See Note A for detail of restatement.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION--Continued

Student tuition and fees, a primary source of funding for the System's academic programs, which represent 65.0% of operating revenues, are reflected net of associated discounts and allowances. Net student tuition and fees decreased by \$.7 million, and this is primarily a result of decrease in credit hours.

Compensation expense for the System increased when compared to the prior year with a decrease of \$60.4 million or 16.4%. Compensation expense is impacted by the accounting for pension and OPEB expense related to the System's participation in defined benefit pension plans and other post-employment benefit plans, with pension and OPEB expense of \$10.7 million during fiscal year 2022 compared to \$47.2 million during fiscal year 2020. The recognition of expense from participation in pension and OPEB plans comprise 3.5% of reported compensation expense for fiscal year 2022. Compensation expense at the following Universities decreased NSU, NWOSU, SE, and SWOSU of 2.56%, 2.95%, 5.90%, and 2.55%. Compensation expense increased by .08% and .02% for ECU and UCO.

The System's State appropriations for fiscal year 2022 increased by \$11.6 million. This is a result of the State of Oklahoma's increase in appropriations to the Universities of the System when compared to prior year.

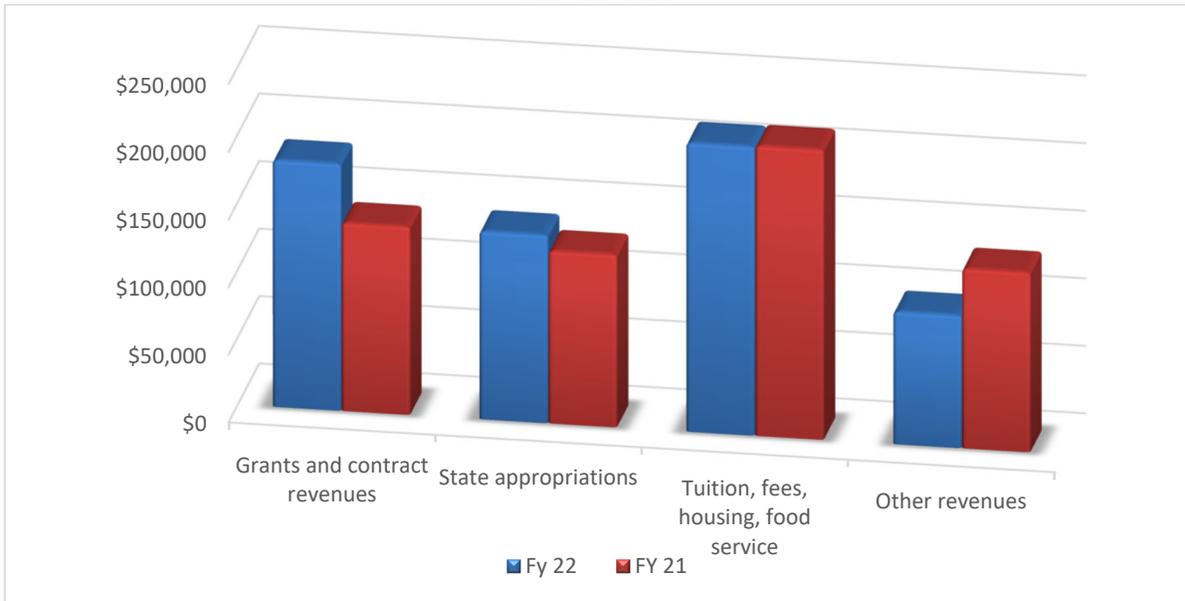
The System's grants and contracts revenue had a considerable increase when compared to the prior year with an increase of 24.2% or approximately \$31.9 million. This increase be can attributable to additional fund related to Covid-19 and the Higher Education Emergency Relief Funding.

The major sources of revenues and expenditures (operating and nonoperating) by financial statement category are summarized in the charts on the next page (in thousands of dollars).

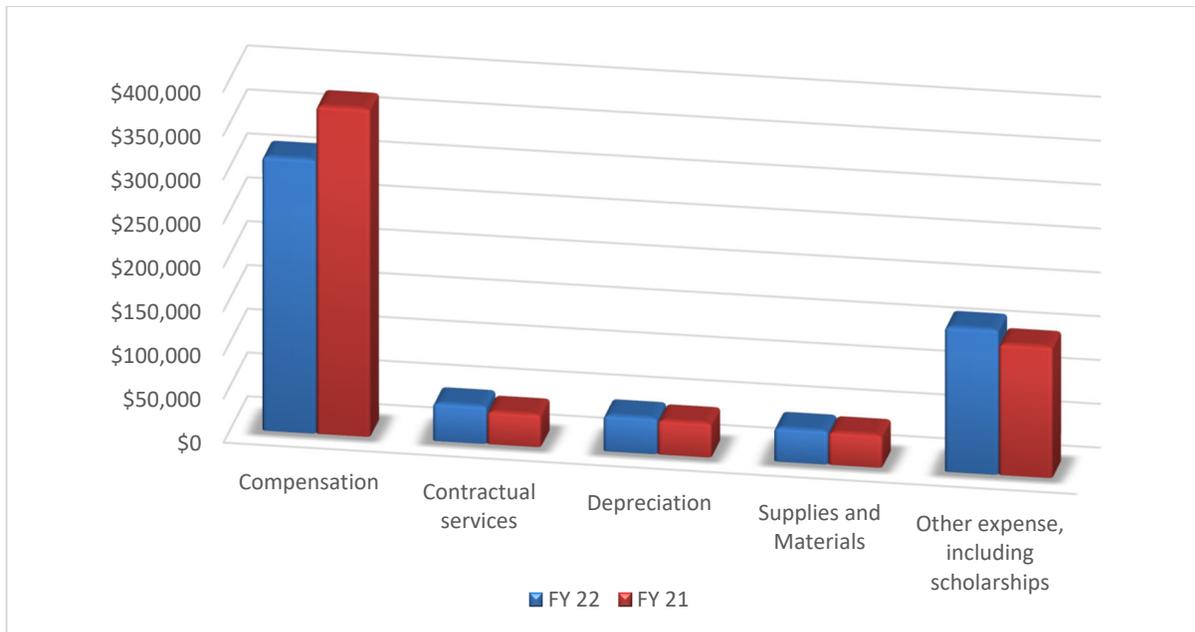
REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended June 30, 2022

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION--Continued

REVENUES



EXPENDITURES



REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the System's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities show the net cash used by the operating activities of the System. Cash flows from noncapital financing activities consist primarily of revenue sources that fund operations but are considered nonoperating activities by definition. Cash flows from capital activities include capital assets and related long-term debt activities. Cash flows from investing activities show the proceeds and uses of cash related to purchasing or selling investments and related investment earnings thereon.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, at June 30, 2022 and June 30, 2021 were as follows:

Capital Asset Summary			
	<u>June 30, 2022</u>	<u>June 30, 2021 *</u>	<u>% Inc. (Dec.)</u>
Non-Depreciable:			
Land	\$ 24,665	\$ 24,427	1%
Art collections	5,320	5,320	0%
Construction in-progress	34,863	26,429	32%
Depreciable:			
Non-major infrastructure networks	12,749	12,779	0%
Land improvements	14,270	13,192	8%
Buildings	510,885	531,316	-4%
Art collections	728	308	136%
Leasehold Improvements	29	37	-22%
Furniture, fixtures, and equipment	21,025	20,037	5%
Library materials	3,889	4,323	-10%
Capital Assets, Net Accumulated			
Depreciation	<u>\$ 628,423</u>	<u>\$ 638,168</u>	-2%
Leased assets			
Building	\$ 3,022	\$ -	-
Equipment	3,611	-	-
Land	25	-	-
Total Leased Assets, Net Accumulated			
Amortization	<u>\$ 6,658</u>	<u>\$ -</u>	-

Prior year amounts not restated for implementation of GASB Statement No. 87
See Note A.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

CAPITAL ASSETS – Continued

An overall decrease in capital assets of \$9.7 million occurred during fiscal year 2022 as depreciation for the year out paced additions to capital assets for the system. Significant projects were completed during the fiscal years and moved out of construction in progress. Some of the significant projects are listed below:

- ECU – Completion of the two information technology projects and renovations to Bill S. Cole University Center
- UCO – Continued work on various capital projects.
- SE – Purchase of airplanes and completion of Einstein Bagel Brothers Building.
- NWOSU – Started new project for Female Dormitory
- NSU – CIP projects for CARES HVAC project & Wilson Hall Exterior Renovation

Further detailed information can be found in the notes to the financial statements (Notes A and E.).

LONG-TERM DEBT

Long-term debt at June 30, 2021 and June 30, 2020 consisted of the following:

Long-term Debt Summary

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>% Inc (Dec)</u>
Bonds payable	\$ 7,848,012	\$ 8,431,736	-6.9%
Notes payable	221,344,536	234,590,156	-5.6%
Other Liabilities	29,338,543	24,084,697	21.8%
Total long-term debt	<u>\$ 258,531,091</u>	<u>\$ 267,106,589</u>	-3.2%

Long-term debt decreased by \$8.6 million and is attributable primarily due to the continued payment of scheduled debt payments and Universities not increasing their long-term debt obligations.

Further detailed information can be found in the notes to the financial statements (Notes A and F).

ECONOMIC OUTLOOK

The economic stability of the system is directly related to the state’s economic stability. The State’s economy continues to show optimistic signs. As recovery of the pandemic continues with pressure from increasing prices of goods and services to still existing supply chain issues. This is also impact directly as the Nation’s economy continues to point towards recession the System will continue to work to meet the demands and needs of attending students.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

ECONOMIC OUTLOOK – Continued

The System's Universities received an overall increase of State appropriations of \$31.9 million or 9.08%. The increase of both state appropriations and the receipt of additional federal funding of 24.2% have helped work towards economic recovery. However, enrollment challenges are being experienced both across the state of Oklahoma and the nation. There are many factors contributing to this trend. First and foremost, there are simply fewer students attending college than in recent years. Population demographics combined with low unemployment and an exceptionally strong labor market have most certainly impacted college attendance rates nationwide. Regional universities have been among those most impacted by this trend. To stay competitive in this environment, the System is implementing a number of strategies to improve the processes and tools used to recruit, admit, and enroll students. Most of these strategies center around improved communication with both prospective and current students seeking to remove any perceived or actual barriers to entry. New and improved efforts to bolster recruitment and retention are strategically focused on growth and stability.

BASIC FINANCIAL STATEMENTS

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>RUSO</u>	<u>Discretely Presented Component Units</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 171,613,728	\$ 6,583,446
Restricted cash and cash equivalents	37,299,238	1,171,759
Investments held by others	-	649,278
Accounts receivable, net	53,243,352	102,323
Receivables from state agencies	1,627,260	-
Interest receivable	71,074	96,977
Other assets	10,179	193,892
Inventories	990,923	43,540
Contributions receivable	-	5,505,202
Current portion of other receivable	2,411	-
Current portion of lease receivable	1,177,490	-
Current portion of notes receivable, net	371,898	-
TOTAL CURRENT ASSETS	<u>266,407,553</u>	<u>14,346,417</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	32,490,039	-
Restricted investments	3,237,534	51,864,421
Investments	-	187,613,414
Investments held by others	48,890	2,050,582
Receivable from OSRHE Endowment Trust Fund	2,678,282	-
Other receivable	3,500,000	-
Notes receivable, net	585,639	-
Net OPEB asset	6,409,853	-
Other assets	526	133,134
Lease receivable	1,301,749	-
Capital assets, net	635,081,370	9,327,875
TOTAL NONCURRENT ASSETS	<u>685,333,882</u>	<u>250,989,426</u>
TOTAL ASSETS	<u>\$ 951,741,435</u>	<u>\$ 265,335,843</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	\$ 78,524,643	\$ -
Deferred amounts related to OPEB	5,054,985	-
Deferred charge on capital lease restructure	773,749	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 84,353,377</u>	<u>\$ -</u>

Continued on next page

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

STATEMENT OF NET POSITION--Continued

JUNE 30, 2022

	<u>RUSO</u>	<u>Discretely Presented Component Units</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and scholarships payable	\$ 15,486,352	\$ 3,235,624
Accrued payroll	8,535,809	-
Accrued interest	72,072	30,218
Unearned revenue	18,109,662	26,247
Deposits held in custody for others	1,767,438	2,315,076
Current portion of noncurrent liabilities	27,109,912	411,075
TOTAL CURRENT LIABILITIES	<u>71,081,245</u>	<u>6,018,240</u>
NONCURRENT LIABILITIES		
Accrued compensated absences	6,153,014	-
Federal loan program contributions refundable	5,050,752	-
Bonds payable	7,234,288	-
Unearned revenue	5,840,817	99
Lease liability	4,339,924	6,309,985
Total OPEB liability	6,243,098	-
Net pension liability	253,607,323	-
Debt Obligations	202,802,386	-
TOTAL NONCURRENT LIABILITIES	<u>491,271,602</u>	<u>6,310,084</u>
TOTAL LIABILITIES	<u>\$ 562,352,847</u>	<u>\$ 12,328,324</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	\$ 145,991,239	\$ -
Deferred amounts related to OPEB	4,753,093	-
Deferred amounts related to leases	516,851	-
Deferred amounts on OCIA restructure	3,774,128	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 155,035,311</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 394,291,576	\$ -
Restricted:		
Nonexpendable:		
Grants, bequests and contributions	816,347	132,680,946
Expendable:		
Scholarships, instruction and other	16,988,283	93,843,622
Loans	793,220	-
Capital projects	55,485,765	-
Debt service	4,557,948	-
Unrestricted (deficit)	(154,226,485)	26,482,951
TOTAL NET POSITION	<u>\$ 318,706,654</u>	<u>\$ 253,007,519</u>

See Notes to the Financial Statements.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>RUSO</u>	<u>Discretely Presented Component Unit</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship discounts and allowances of \$93,603,211 (included in fees are \$16,481,155 of pledged revenues). dedicated for bond repayments)	\$ 213,828,615	\$ -
Federal grants and contracts	47,045,050	-
State and local grants and contracts	6,943,055	-
Bookstore operations	1,256,985	-
Housing and food service revenues, net of scholarship discounts and allowances of \$1,910,606 (included in revenues are \$9,248,014 of pledged revenues dedicated for bond repayments)	34,627,917	-
Optometry contracts and practice plan	4,892,481	-
Aerospace operations	1,527,877	-
Parking and University Center revenues (dedicated as security for bond repayments)	3,390,399	-
Other auxiliary operations	1,449,228	-
Interest earned on loans to students	28,580	-
University Assessments	-	-
Investment income	-	(6,114,011)
Gifts and contributions	-	43,863,533
Other operating revenues	14,092,661	1,343,182
TOTAL OPERATING REVENUES	<u>329,082,848</u>	<u>39,092,704</u>
OPERATING EXPENSES		
Compensation and employee benefits	312,205,669	2,463,493
Contractual services	42,788,905	1,247,174
Supplies and materials	38,192,616	3,116,022
Depreciation	40,756,051	304,600
Utilities	13,547,609	-
Communication expense	736,685	2,905
Scholarships and fellowships	103,506,323	15,139,428
Other operating expenses	39,341,585	7,112,935
TOTAL OPERATING EXPENSES	<u>591,075,443</u>	<u>29,386,557</u>
OPERATING INCOME (LOSS)	<u>(261,992,595)</u>	<u>9,706,147</u>

Continued on next page.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>RUSO</u>	<u>Discretely Presented Component Unit</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 139,234,354	\$ -
Federal grants and contracts	117,218,016	-
State grants and contracts	11,394,444	-
OTRS on-behalf contributions	31,479,534	-
Gifts	3,356,929	-
Investment income	1,652,846	-
Other nonoperating	311,517	-
Interest expense	(8,048,881)	-
NET NONOPERATING REVENUE	<u>296,598,759</u>	<u>-</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>34,606,164</u>	<u>9,706,147</u>
CONTRIBUTED CAPITAL		
State appropriations restricted for capital purposes	8,664,232	-
Capital contributions	3,416,613	-
OCIA on-behalf state appropriations	3,993,635	-
TOTAL CONTRIBUTED CAPITAL	<u>16,074,480</u>	<u>-</u>
CHANGE IN NET POSITION	50,680,644	9,706,147
NET POSITION - BEGINNING OF YEAR	<u>268,026,010</u>	<u>243,301,372</u>
NET POSITION, END OF YEAR	<u>\$ 318,706,654</u>	<u>\$ 253,007,519</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	RUSO
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 214,584,852
Grants and contracts	54,954,542
Auxiliary enterprises and other receipts	60,308,200
University assessment and other	1,253,663
Interest collected on loans to students	16,769
Payments to employees for salaries and benefits	(333,249,337)
Payments to suppliers and others	(241,082,731)
Loans issued to students	(196,146)
Collections of loans issued to students	742,254
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(242,667,934)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	139,234,354
Non-operating grants	123,097,433
Cash received from non-operating revenues	28,633,252
Direct loan receipts	105,226,126
Direct loan payments	(105,226,127)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>290,965,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	993,677
Purchases of investments	(327,839)
Interest income received	1,610,929
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,276,767</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for capital assets	(32,746,466)
Capital appropriations received	9,101,278
Drawdown of ODFA receivable	4,295
Contributions	2,922,578
Proceeds from sale of assets	164,146
Proceeds of capital debt and leases	1,748,855
Payments on capital debt and leases	(13,761,433)
Interest paid on capital debt and leases	(6,828,903)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(39,395,650)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,178,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>230,224,784</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 241,403,005</u>

Continued on next page.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	PENSION AND OTHER EMPLOYEE BENEFIT PLAN TRUST FUNDS	
	SRA Plan	OPEB Trust
ASSETS		
Cash & Cash Equivalents	\$ -	\$ 1,421,368
Accrued Interest Receivable	-	50,953
Investments:		
Stocks:		
Common	-	13,092,588
Alternatives	-	6,747,819
Pooled Equity Funds	15,105,058	-
Fixed Income:		
Pooled Fixed Income Funds	4,883,906	3,926,742
Traditional	8,125,606	-
Total Investments	<u>28,114,570</u>	<u>23,767,149</u>
Total Assets	<u>\$ 28,114,570</u>	<u>\$ 25,239,470</u>
LIABILITIES		
Accounts Payable	<u>\$ -</u>	<u>\$ 20,164</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 20,164</u>
NET POSITION RESTRICTED FOR PENSION AND OPEB	<u>\$ 28,114,570</u>	<u>\$ 25,219,306</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	PENSION AND OTHER EMPLOYEE BENEFIT PLAN TRUST FUNDS	
	SRA Plan	OPEB Trust
ADDITIONS		
Contributions:		
Employer contributions	\$ 5,688,436	\$ 3,201,395
Investment Income:		
Net appreciation in fair value	(3,344,114)	(8,017,711)
Realized gains	-	3,985,874
Dividends & interest	369,253	453,318
Other	-	(10,320)
Total investment income	(2,974,861)	(3,588,839)
Less investment expense	-	(91,758)
Net investment income	(2,974,861)	(3,680,597)
Total Additions	2,713,575	(479,202)
DEDUCTIONS		
Benefit payments	6,310,445	2,575,750
Total Deductions	6,310,445	2,575,750
Net Increase (Decrease) in net position	(3,596,870)	(3,054,952)
Net Position Restricted for Pension and OPEB:		
Beginning of year	31,711,440	28,274,258
End of year	\$ 28,114,570	\$ 25,219,306

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Board of Regents of the Regional University System of Oklahoma (the System) is an agency of the State of Oklahoma created by the Oklahoma State Constitution. The Board has powers and duties granted by the Oklahoma Constitution and Statutes to govern, manage, supervise, and control the operations of six regional state universities (the Universities), which are the University of Central Oklahoma (UCO), East Central University (ECU), Northwestern Oklahoma State University (NWOSU), Southwestern Oklahoma State University (SWOSU), Northeastern State University (NSU), Southeastern Oklahoma State University (SE), and the Board's Administrative Office (the Office). The System's financial statements are discretely presented in the state's general purpose financial statements as a component unit.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, and Statement No. 61, the Financial Reporting Entity, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading.

The financial statements include the Office and all Universities of the System. The financial statements also include the following blended component units, discretely presented component units, and fiduciary trust funds:

Blended Component Units: The following component units are included in the consolidated financial statements because the System appoints a voting majority of the component units' boards and the System is able to impose its will on the component units. Blended financial information is available upon request. The following have been determined to be blended component units of the system:

- UCO Student Housing Foundation (the Housing Foundation) is responsible for administration and operation of the University Suites, a student housing facility constructed with bond revenues issued through the Edmond Economic Development Authority. The Housing Foundation is governed by a Board of Directors comprised primarily of management of the University of Central Oklahoma. In addition, University employees and facilities are used for virtually all activities of the Housing Foundation.

Discretely Presented Component Units: Based on the criteria for determining component units, certain System direct support organizations are included within the System's reporting entity as discretely presented component units. The nature and significance of the relationship between the System and the component units are such that exclusion would cause the System's financial statements to be misleading. These are separate, not-for-profit corporations organized and operated exclusively to assist the System to achieve excellence by providing supplemental support and resources. An annual audit of each organization's financial statements is conducted by independent certified public accountants. Separate financial statements of the System's component units can be obtained by contacting the System's Administrative Office.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The System has numerous foundations included in this report (collectively the Foundations). The discretely presented component units included in the System's financial reporting entity are:

East Central University Foundation, Inc. (the Foundation) ECU is the beneficiary of the Foundation, a separate legal entity with their own Board of Trustees. The Foundation is organized for the benefit of ECU, and its faculty, student body, and programs. The purposes for which the Foundation is organized are exclusively scientific, literary, charitable, educational, and artistic for the benefit of ECU.

University of Central Oklahoma Foundation, Inc. (the University Foundation) is a separate legal entity with its own Board of Trustees. The Foundation provides support for UCO by way of scholarships and other direct resources. UCO contracts with the Foundation to provide limited services and office space in exchange for the support UCO receives from the Foundation. A portion of the scholarships awarded by the Foundation is remitted to UCO.

University of Central Oklahoma Alumni Association (the Association) establishes and maintains a close relationship and cooperation between the alumni of UCO and their alma mater. UCO supports the Association by providing personnel, office space, furniture, and equipment at no charge to the Association.

KCSC Classical Radio Foundation (KCSC Foundation) is a 501(c) (3) organization created to support UCO's KUCO (formerly, KCSC) Radio Station. Its purpose is to support and promote classical music radio in Oklahoma.

Northeastern State System Foundation, Inc. (the Foundation) The Foundation has a fiscal year ending December 31. NSU is the beneficiary of the Foundation. The Foundation is a separate legal entity with its own Board of Trustees. The Foundation is administered to provide benefit to of NSU. The Foundation uses all contributions, grants and other revenues to aid NSU in charitable, benevolent, religious, educational, scientific and literary purposes.

Southeastern Foundation, Inc. (the Foundation) SE is the beneficiary of the Foundation, a separate legal entity with its own Board of Trustees. The Foundation is organized for the benefit of SE, and its faculty, student body and programs. The Foundation provides scholarships and support and enhances the further development of SE.

Southwestern Oklahoma State University Foundation, Inc. (the University Foundation) SWOSU is the beneficiary of the Foundation, a separate legal entity with its own Board of Trustees. SWOSU Foundation is organized for the benefit of SWOSU and its faculty, student body, and programs. SWOSU Foundation provides scholarships and support and enhances the further development of SWOSU.

Southwestern Pharmacy Alumni Foundation, Inc. (the Pharmacy Foundation) SWOSU is the beneficiary of the Pharmacy Foundation, a separate legal entity with its own Board of Trustees. The Pharmacy Foundation gives scholarships and makes loans available to pharmacy students. The Pharmacy Foundation also provides research grants to faculty and students.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Northwestern Oklahoma State University Foundation, Inc. (the Foundation) and Alumni Association (the Association) The Foundation is a perpetual corporation formed under the laws of the State of Oklahoma for charitable, benevolent, educational, and scientific purposes. Its specific purpose is to benefit NWOSU through charitable actions and activities. Its activities are guided by a Board of Trustees, which receives no compensation for their activities.

The Association is an unincorporated association formed for the benefit of the Alumni of Northwestern Oklahoma State University as a whole. Its specific purpose is to provide alumni with information about NWOSU related organizations and activities. Its activities are guided by a Board of Directors who receives no compensation for their activities.

Fiduciary Trust Funds: The Board of Regents has a fiduciary responsibility for the Supplemental Retirement Annuity plan (SRA). The SRA statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary fund in the System's financial statements.

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

The Board of Regents has a fiduciary responsibility for the Retirement Plan for the President of The University of Central Oklahoma (the Plan). The Plan statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary fund in the System's financial statements.

Custodial Funds: Custodial Funds are used to report resources held by the System in a purely custodial capacity (assets equal liabilities). Custodial fund assets and liabilities are recognized using the accrual basis of accounting. The System has one custodial fund are for the Oklahoma Higher Education Employee Interlocal Group.

Financial Statement Presentation: The Systems financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Under GASB Statements No. 34 and 35, the System is required to present a statement of net position classified between current and noncurrent assets and liabilities and deferred outflows and inflows of resources; a statement of revenues, expenses and changes in net position, with separate presentation for operating and non-operating revenues and expenses; and a statement of cash flows using the direct method.

Basis of Accounting: For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the Systems financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. 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.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: For purposes of the statements of cash flows, the System 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 Cash Management Program are considered cash equivalents.

Investments: The System accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with *GASB Statement No. 40, Deposit and Investment Risk Disclosures*, the University has disclosed its deposit and investment policies related to the risks identified in GASB Statement No. 40. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Restricted Cash and Investments: Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other noncurrent assets, are classified as restricted assets in the statements of net position.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Oklahoma. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at the lower of cost or market on the first-in, first-out (FIFO) basis.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. The system has granted authority for each university to establish a capitalization threshold for financial reporting purposes. The threshold for library materials and equipment, adopted by the University's capitalization policies ranges from a unit cost of \$2,500 to \$5,000, 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 and have a cost ranging from \$2,500 to \$25,000 or greater, based on each University's capitalization policy, 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 to 60 years for buildings, 20 to 30 years for infrastructure and land improvements, and 3 to 10 years for equipment and other capital assets. Depreciation expense includes amortization of assets held under capital lease obligations.

Unearned Revenue: 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 and vendors that have not yet been earned.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 vacation payable 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, notes payable, and capital lease obligations with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and (3) other liabilities including the federal portion of the Perkins Loan Program, that will not be paid within the next fiscal year.

Net Position: The System's net position is classified as follows:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent 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 – 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.

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

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 System, 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 services for students, faculty and staff.

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

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

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Revenues: The System has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) certain grants and contracts, and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 *Reporting Cash Flows of Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, certain governmental and other pass-through grants, and investment income.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the 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 System 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 non-operating revenues in the System'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 System that are applicable to a future reporting period. At June 30, 2022, the System's deferred outflows of resources were comprised of deferred charges on Oklahoma Capital Improvement Authority (OCIA) lease restructurings. These deferred outflows of resources are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, as mentioned below, certain pension amounts are deferred.

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the System that are applicable to a future reporting period. At June 30, 2022, the System's deferred inflows of resources were comprised of deferred gains on the restructuring of certain long term debt. In addition, as mentioned below, certain pension amounts are deferred.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Implementation of new standards: During the fiscal year, the System implemented GASB Statement No. 87, Leases, this resulted in recognition of both lessee and lessor agreements that met the requirements of the standard. The resulting implementation did not affect beginning net position but only beginning balances of capital assets and long-term obligations.

NOTE B--DEPOSITS AND INVESTMENTS

Deposits: *Custodial credit risk* for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned, or the System will not be able to recover collateral securities in the possession of an outside party. The System deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST 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 System's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the State's name.

The System reports \$239,771,147 in cash and cash equivalents on deposit with the State Treasurer and other financial institutions as of June 30, 2022. Of the \$239,771,147 on deposit with the State Treasurer, \$80,680,668, represents amounts held within *OK INVEST*, an internal investment pool. The remaining portion of the amount is with other financial institutions in the amount of \$1,300,912 and cash on hand of \$54,780. State Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day *OK INVEST* management of funds with an emphasis on safety of the capital and the probable income to be derived while also meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. An evaluation of the use and purpose of the various State Agencies and funds participation in the internal investment pool has determined that the amount on deposit with *OK INVEST* are treated as demand accounts and reported as cash equivalents.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

The following table represents the deposits and investments held at June 30, 2022:

Type	Credit Rating	Fair Value Valuation Level	Fair Value
Deposits:			
Demand deposits			\$ 237,417,682
Cash on hand			54,780
Total deposits			237,472,462
Cash Equivalents/Investments:			
Money Market Mutual Funds	Aaa/Aa2	Level 1	3,930,543
Total Deposits & Investments			\$ 241,403,005
Cash & Equivalents			
Restricted cash, current			37,299,238
Restricted Cash, noncurrent			32,490,039
			\$ 241,403,005

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments: Investment *credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the System's investments are managed by the State Treasurer. In accordance with state statutes, the State Treasurer may only purchase and invest in (a) obligations of the United States government, its agencies, and instrumentalities; (b) prime banker's acceptances; (c) investment grade obligations of state and local governments; (d) money market funds; (e) collateralized or insured certificates of deposits; (f) negotiable certificates of deposits; (g) prime commercial paper; and (h) repurchase agreements. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest changes.

Neither the System nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST investment policy limits the average maturity on its portfolio to four (4) years, with certain individual securities having more restrictive limits as defined in the policy. *Concentration of credit risk* is the risk of loss attributed to the magnitude of the University's investment in a single issuer.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

Neither the System's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST investment policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities. *Custodial credit risk* for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2022, none of the System's investments were subject to custody credit risk.

Retiree Medical Trust (OPEB Trust Fund)

The Retiree Medical Trust (the Trust Fund) does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net position include cash and short-term investments accounts held by the Trust Fund's custodian. The balance of these accounts as of June 30, 2022, was \$1,421,368.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest changes. Neither the System nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST investment policy limits the average maturity on its portfolio to four (4) years, with certain individual securities having more restrictive limits as defined in the policy. *Concentration of credit risk* is the risk of loss attributed to the magnitude of the System's investment in a single issuer. Neither the System's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST Investment Policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities.

Custodial credit risk- As of June 30, 2022, the System did not have any investments subject to custodial credit risk.

Pension and OPEB Plan Investments

Supplemental Retirement Annuity Plan

Through the trust document the Board of Regents of RUSO have exclusive authority and responsibility for the investment of Plan assets and the selection of a company to hold Plan assets. The Board of Trustees has retained Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF) to be custodian of the Plan's assets and to invest those assets based on direction of the System and its management.

Investment Credit Risk

As of June 30, 2022, the Plan is not subject to investment credit risk as defined above.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The Plan does not have a policy to address concentration of credit risk. The plan did not have any investments subject to concentration of credit risk at June 30, 2022.

Interest Rate Risk

The Plan does not have a policy to address interest rate risk. As of June 30, 2022, the Plan did not have any direct investment in debt instruments or investments in any variable annuities with a significant portion of the variable annuity consisting of debt instruments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy does not specifically address foreign currency risk. The Plan did not have any investments subject to foreign currency risk.

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Retiree Medical Trust (OPEB Trust Fund)

The OPEB Trust Fund was created in accordance with the Oklahoma Trust Act. The trust agreement, article V. Investment of Trust Funds, states the trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income in accordance to the approved investment policy of the trust. The investment policy authorizes the Trust Fund to invest in certain equities, fixed income, and various other investment instruments, subject to certain limitations. The Trust Fund's Administrative Committee is responsible for recommending to the System the investment policies and strategies, and retaining/monitoring the various investment managers, trustees, advisors, actuaries and other fiduciaries utilized by the Trust Fund. The System is responsible for approving the recommendations of the Trust Fund's Trustee.

Custodial Credit Risk

At June 30, 2022, \$1,421,368, of cash and cash equivalents was uninsured and uncollateralized.

Investment Credit Risk

The Trust Fund's investment policy provides that its investments in fixed income instrument to be rated at AA or A1 if the purchase is of individual instruments. The policy also allows for investments in mutual funds. As of June 30, 2022, the Trust Fund's investments in fixed income mutual funds, with an open-period, were rated as follows:

<u>Description</u>	<u>Ratings</u>	<u>Fair Value</u>
Pooled Fixed Income (mutual funds)	Not Rated	\$ 6,747,819
Total Pooled Fixed Income (mutual funds)		<u>\$ 6,747,819</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The Trust Fund's investment policy does not address concentration of credit risk. The Trust Fund did not have any investments subject to concentration of credit risk at June 30, 2022.

Interest Rate Risk

The Trust Fund's investment policy does not address interest rate risk. As of June 30, 2022 maturities of the Trust Fund's debt securities were as follows:

	Fair Value	Maturity			
		Less than 1	1 to 5	6 to 10	11 to 15
Pooled Fixed Income (mutual funds)	\$ 6,747,819	\$ -	\$ 1,068,217	\$ 5,679,602	\$ -
Total Pooled Fixed Income (mutual funds)	\$ 6,747,819	\$ -	\$ 1,068,217	\$ 5,679,602	\$ -

Foreign Currency Risk

The investment policy does not specifically address foreign currency risk. Investments in open-ended pooled equity (mutual funds), which a majority of the underlying securities are international as of June 30, are reported below to indicate possible foreign currency risk.

	2022
	<u>Fair Value</u>
Pooled Equity (mutual funds)	\$ 2,879,464

Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a three level hierarchy for measuring fair value.

The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable. An entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities are used for determining the fair value of the assets or liabilities.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

Supplemental Retirement Annuity Plan

The Plan has the following recurring fair value measurements as of June 30, 2022:

	6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
TIAA Traditional	\$ 8,125,606	\$ -	\$ -	\$ 8,125,606
TIAA-Bond Index	4,883,906	-	4,883,906	
TIAA-CREF Equity Index	11,466,705	11,466,705	-	-
TIAA-CREF Growth	3,638,353	3,638,353	-	-
Total investments at fair value	\$ 28,114,570	\$ 15,105,058	\$ 4,883,906	\$ 8,125,606

Hierarchy based on TIAA audit guide/Whitepaper and ASC 820 guide.

The Teachers Insurance Annuity Association (TIAA) Traditional Annuity is reported at contract value. The contract value of the TIAA Traditional Annuity equals the accumulated cash contributions, interest credited to the plan's contracts, and transfers, if any, less any withdrawals and transfers, if any.

The TIAA Traditional Annuity is not available for sale or transfer on any securities exchange. Accordingly, transactions in similar investment instruments are not observable. While transactions involving the purchases/sales of individual TIAA Traditional contracts are not observable in a public marketplace, contract value may provide a good approximation of fair value as supported by the following:

- New contributions represent current transactions between willing buyers and sellers as prescribed in the relevant GAAP guidance.
- Participants typically allocate contributions between several investment choices and all transactions are executed at current market value with the assumption being that objective, unbiased transactions regularly occur and participants deem the value of the TIAA Traditional Annuity contract to be no less than the participant's accumulation balance and that each investment purchase is made at fair value since these purchases are not distressed and are conducted between willing buyers and sellers in open market conditions where a participant has a variety of investment choices.
- The market-observable presumption is that the contract value of current funding represents a good approximation of fair value based on the willingness of the participant to continue to contribute. For each contribution, TIAA continues to record a contractual liability for the current contribution and does not consider such liability to have any embedded gain or loss.
- Upon a distributable event, the participant surrenders the future accumulation benefits in exchange for a cash payout based on the contract value, demonstrating the contract value can be monetized when a distributable event occurs.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

- The crediting rate is supported by the investment performance of a large, diversified portfolio (TIAA's General Account), is correlated with the highest quality debt security yields, and is adjusted for contract liquidity. A twenty-year analysis of crediting rates for TIAA Traditional Annuity contracts suggests a rate of return that is representative of a risk-adjusted market rate for this type of product; thus application of observed rates would yield a discounted cash flow which approximates contract value.

Investment Credit & Interest Rate Risk

The Trust Fund's investment policy provides that its investments in fixed income instruments to be 50% of the plans asset allocation with another 50% in equities the trust funds policy does not address interest rate risk. As of June 30, 2022, the Trust Fund's investments in fixed income mutual funds, with an open-period, were not rated but had a maturity 8.65 years for an amount of \$4,883,906.

Retiree Medical Trust (OPEB Trust Fund)

The Trust fund has the following recurring fair value measurements as of June 30, 2022:

	<u>6/30/2021</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Pooled Equity (mutual funds)	\$ 13,092,588	\$ 13,092,588	\$ -	\$ -
Pooled Fixed Income (mutual funds)	6,747,819	6,747,819	-	-
Alternative Strategies	<u>3,926,742</u>	<u>3,926,742</u>	-	-
Total investments at fair value	<u>\$ 23,767,149</u>	<u>\$ 23,767,149</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B--DEPOSITS AND INVESTMENTS (Continued)

Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 11,704,134	\$ -	\$ -	\$ 11,704,134
Corporate and other bonds	-	2,349,980	-	2,349,980
US government securities	9,459,238	-	-	9,459,238
Equity securities	80,685,063	-	144,375	80,829,438
ETF funds	-	-	-	-
Mutual funds	106,572,121	3,726,650	-	110,298,771
Index funds	196,583	-	-	196,583
Real estate	-	12,500	260,756	273,256
Unit trust investment	-	-	-	-
Annuity Contract	-	-	373,353	373,353
Interest in limited liability company	-	141,207	909,865	1,051,072
Structured investments unsecured notes	-	200,867	-	200,867
Other investments	10,921,641	2,993,807	4,379,331	18,294,779
Total	<u>\$ 219,538,780</u>	<u>\$ 9,425,011</u>	<u>\$ 6,067,680</u>	235,031,471
			Investments held at NAV	6,005,011
			Time Deposits	<u>1,141,213</u>
			Total Investments	<u>\$ 242,177,695</u>

For additional information regarding the investments of the individual discretely presented component units refer to their separately issue financial statements.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C--ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

<u>Receivables</u>	
Student tuition and fees	\$ 81,665,221
Auxiliary enterprises and other operating activities	21,423,816
Federal, state, and private grants and contracts	7,630,150
Cancelled Perkins loans	4,526,293
	<u>115,245,480</u>
Less: allowance for doubtful accounts	(62,002,128)
Net accounts receivable	<u>\$ 53,243,352</u>

NOTE D--NOTES RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2022. Under this program, the federal government provides funds for approximately 75% to 90% of the total contribution for student loans with the System providing the balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the System for the amounts forgiven. Amounts refundable to the U.S. Government upon cessation of the Program of \$5,057,628 at June 30, 2022 are reflected in the accompanying statements of net position as noncurrent liabilities.

As the System determines loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to System funded loans and the System portions of federal student loans, as the System is not obligated to fund the federal portion of uncollected student loans. The System has provided an allowance for uncollectible loans that, in management's opinion, is sufficient to absorb loans that will ultimately be written off.

At June 30, 2022 loans receivable consisted of the following:

Loans receivable	\$ 1,325,137
Less: allowance for uncollectible loans	<u>(367,600)</u>
Net loans receivable	<u>\$ 957,537</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE E--CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2022
Capital assets not being depreciated					
Land	\$ 24,427,266	\$ 293,156	\$ -	\$ (55,000)	\$ 24,665,422
Art collections	5,319,590	-	-	-	5,319,590
Construction in-progress	26,429,140	18,430,401	(9,976,146)	(20,319)	34,863,076
Total capital assets not being depreciated	<u>\$ 56,175,996</u>	<u>\$ 18,723,557</u>	<u>\$ (9,976,146)</u>	<u>\$ (75,319)</u>	<u>\$ 64,848,088</u>
Other capital assets					
Non-major infrastructure networks	\$ 38,003,863	\$ 865,142	\$ 1,500,505	\$ -	\$ 40,369,510
Land improvements	36,205,387	1,864,550	858,398	(97,491)	38,830,844
Buildings	959,077,243	1,937,282	5,417,810	(595,784)	965,836,551
Art collections	383,333	150,000	304,500	-	837,833
Leasehold Improvements	125,631	-	-	-	125,631
Furniture, fixtures, and equipment	123,726,947	5,968,479	1,894,933	(4,804,040)	126,786,319
Library materials	54,915,815	613,828	-	(1,572,974)	53,956,669
Total other capital assets	<u>1,212,438,219</u>	<u>11,399,281</u>	<u>9,976,146</u>	<u>(7,070,289)</u>	<u>1,226,743,357</u>
Less: accumulated depreciation for					
Non-major infrastructure networks	(25,224,561)	(2,379,204)	(16,721)	-	(27,620,486)
Land improvements	(23,013,127)	(1,545,406)	(2,515)	-	(24,561,048)
Buildings	(427,760,486)	(27,460,590)	22,532	247,389	(454,951,155)
Art collections	(75,000)	(35,225)	-	-	(110,225)
Leasehold Improvements	(88,620)	(8,225)	-	-	(96,845)
Furniture, fixtures, and equipment	(103,690,437)	(6,490,133)	(3,296)	4,422,874	(105,760,992)
Library materials	(50,593,979)	(1,006,686)	-	1,532,988	(50,067,677)
Total accumulated depreciation	<u>(630,446,210)</u>	<u>(38,925,469)</u>	<u>-</u>	<u>6,203,251</u>	<u>(663,168,428)</u>
Other capital assets, net	<u>\$ 581,992,009</u>	<u>\$ (27,526,188)</u>	<u>\$ 9,976,146</u>	<u>\$ (867,038)</u>	<u>\$ 563,574,929</u>
Leased assets:					
Building	\$ 3,568,877	\$ -	\$ -	\$ -	\$ 3,568,877
Equipment	1,790,503	3,092,587	-	-	4,883,090
Land	36,967	-	-	-	36,967
	<u>5,396,347</u>	<u>3,092,587</u>	<u>-</u>	<u>-</u>	<u>8,488,934</u>
Less: accumulated amortization for:					
Building	-	(547,008)	-	-	(547,008)
Equipment	-	(1,272,100)	-	-	(1,272,100)
Land	-	(11,473)	-	-	(11,473)
	<u>-</u>	<u>(1,830,581)</u>	<u>-</u>	<u>-</u>	<u>(1,830,581)</u>
	<u>\$ 5,396,347</u>	<u>\$ 1,262,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,658,353</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 56,175,996	\$ 18,723,557	\$ (9,976,146)	\$ (75,319)	\$ 64,848,088
Other capital assets, at cost	1,212,438,219	11,399,281	9,976,146	(7,070,289)	1,226,743,357
Leased assets, at cost	5,396,347	3,092,587	-	-	8,488,934
Total cost of capital assets	1,274,010,562	33,215,425	-	(7,145,608)	1,300,080,379
Less: accumulated depreciation and amortization	<u>(630,446,210)</u>	<u>(40,756,050)</u>	<u>-</u>	<u>6,203,251</u>	<u>(664,999,009)</u>
Capital assets, net	<u>\$ 643,564,352</u>	<u>\$ (7,540,625)</u>	<u>\$ -</u>	<u>\$ (942,357)</u>	<u>\$ 635,081,370</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F--LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

	(Restated) Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts due within one year
<u>Bonds Payable:</u>					
Bonds payable	\$ 8,170,000	\$ -	\$ (575,000)	\$ 7,595,000	\$ 605,000
Plus: Premium on Bonds	261,736	-	(8,724)	253,012	8,724
Total bonds payable	<u>8,431,736</u>	<u>-</u>	<u>(583,724)</u>	<u>7,848,012</u>	<u>613,724</u>
<u>Debt Obligations:</u>					
Debt Obligations	227,158,060	4,135,000	(16,844,615)	214,448,445	17,789,838
Plus: Premium on debt obligation	7,133,918	428,306	(666,133)	6,896,091	752,312
Total Debt Obligations	<u>234,291,978</u>	<u>4,563,306</u>	<u>(17,510,748)</u>	<u>221,344,536</u>	<u>18,542,150</u>
<u>Other Liabilities:</u>					
Unearned revenue or long-term contract	7,000,198	-	(645,222)	6,354,976	514,159
Federal loan program contributions	5,245,019	-	(194,267)	5,050,752	-
Lease payables	5,694,527	2,794,405	(2,051,707)	6,437,225	2,097,301
Accrued compensated absences	11,839,481	6,772,531	(7,116,422)	11,495,590	5,342,578
Total Other Liabilities	<u>29,779,225</u>	<u>9,566,936</u>	<u>(10,007,618)</u>	<u>29,338,543</u>	<u>7,954,038</u>
Total Long-term Liabilities	<u>\$ 272,502,939</u>	<u>\$ 14,130,242</u>	<u>\$ (28,102,090)</u>	<u>\$ 258,531,091</u>	<u>\$ 27,109,912</u>

Revenue Bonds Payable:

Board of Regents of Oklahoma Colleges Student Housing Revenue Bonds (ECU)

During 2015, ECU refinanced the Board of Regents of Oklahoma Colleges Student Housing Revenue Bonds, Series 2003 with Oklahoma Development Finance Authority (ODFA) 2014 Revenue bonds. The original bond purpose was for construction and renovating certain Student Housing Facilities. The new bonds are due in annual installments varying from \$160,000 to \$315,000 plus semiannual interest ranging from 2% to 4.55%, with the final installment being due in the year 2034. The Bonds are secured by the revenues to be derived from the Student Housing and Food Services Department and all monies in funds and accounts held by the trustee bank and available for debt service payments. The refinancing resulted in a deferred outflow of resources that will be amortized over a period of twenty years, beginning in fiscal year 2015. As of June 30, 2022 the unamortized cost totaled \$279,056.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F--LONG-TERM LIABILITIES (Continued)

Student Housing Foundation Revenue Bonds Series 2001A (UCO)

The Student Housing Foundation Revenue Bonds, issued April 19, 2001, are secured by and payable both as to principal and interest from general revenues and the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the UCO Student Housing Foundation's operation of the project.

<u>Original Amount</u>	<u>Bond Type</u>	<u>Installment Date</u>	<u>Installment Amount</u>	<u>Interest Rate</u>	<u>Interest Due</u>
\$ 8,305,000	Serial	7/1/2031	\$ 150,000 to 615,000	Variable	Monthly

At June 30, 2022, future aggregate maturities of principal and interest requirements on the Bonds payable are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 605,000	\$ 125,060	\$ 730,060
2024	640,000	117,045	757,045
2025	665,000	108,653	773,653
2026	700,000	100,038	800,038
2027	740,000	91,100	831,100
2028-2032	3,625,000	297,612	3,922,612
2033-2036	620,000	25,000	645,000
	<u>\$ 7,595,000</u>	<u>\$ 864,508</u>	<u>\$ 8,459,508</u>

New Lease ODFA master lease 2021A (SE)

ODFA Bonds, Series 2021C, allocated to the University in the original amount of \$1,850,000 and mature in varying annual amounts to November 15, 2041.

ODFA Bonds, Series 2022A, allocated to the University in the original amount of \$2,285,000 and mature in varying annual amounts to May 15, 2037.

During the years ended June 30, 2022, the State of Oklahoma made lease principal and interest payments to Oklahoma Capital Improvement Authority "OCIA" (capital lease obligations) totaling \$3,993,635 on behalf of the Universities of the System. These on-behalf payments have been recorded as restricted state appropriations in the statements of revenues, expenses, and changes in net position.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS

The System's academic and nonacademic personnel are covered by various retirement plans. The plans available to System personnel include the Oklahoma Teachers' Retirement System, which is a State of Oklahoma public employees retirement system, and the Supplemental Retirement Annuity (SRA), and a single employer defined benefit pension plan available to employees hired prior to July 1, 1995. A summary of all the amounts recorded in the System's financial statements for the plans is as follows:

	<u>System</u>
Net Pension Liability	
Oklahoma Teachers Retirement System	\$ 231,041,484
Supplemental Retirement Annuity Plan	<u>22,565,839</u>
Total Net Pension Liability	<u>\$ 253,607,323</u>
Deferred Outflows of Resources	
Oklahoma Teachers Retirement System	\$ 72,836,207
Supplemental Retirement Annuity Plan	<u>5,688,436</u>
Total Deferred Outflows of Resources	<u>\$ 78,524,643</u>
Deferred Inflows of Resources	
Oklahoma Teachers Retirement System	\$ 144,073,161
Supplemental Retirement Annuity Plan	<u>1,918,078</u>
Total Deferred Inflows of Resources	<u>\$ 145,991,239</u>
Pension Expense	
Oklahoma Teachers Retirement System	\$ 9,403,308
Supplemental Retirement Annuity Plan	<u>482,516</u>
Total Pension Expense	<u>\$ 9,885,824</u>

Oklahoma Teachers' Retirement System (OTRS)

Plan description

The System 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.oklahoma.gov/trs.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Benefits provided

OTRS provides retirement, disability, and death benefits to members of the plan.

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement 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, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, 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).

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

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 9.5% of the employees' annual pay and an additional 7.70% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note H. Contributions to the pension plan from the System were \$21,393,888. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$12,523,372 was recognized by the System; 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, 2022, the University reported a liability of \$231,041,484 for its proportionate share of the net pension liability. 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. 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, 2021. Based upon this information, the University's proportion was 4.5224% percent.

For the year ended June 30, 2022, the University recognized pension expense of \$9,403,308. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,234,215	\$ 8,591,646
Changes of assumptions	35,940,723	2,300,884
Net difference between projected and actual earnings on pension plan investments	-	120,000,148
Changes in proportion	267,381	11,121,516
System contributions during measurement date	-	2,058,967
System contributions subsequent to the measurement date	21,393,888	-
Total	<u>\$ 72,836,207</u>	<u>\$ 144,073,161</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

The \$21,393,888 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (22,656,323)
2024	(14,499,310)
2025	(18,272,258)
2026	(36,782,770)
2027	(420,181)
Thereafter	-
Total	<u>\$ (92,630,842)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as if June 30, 2021 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 percent wage inflation, 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

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	40.0%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	100.00%	

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

The following presents the net pension liability of the employers calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net pension liability	\$ 377,641,095	\$ 231,041,484	\$ 109,676,919

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Pension plan fiduciary net position

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

Supplemental Retirement Annuity (SRA)

Plan Description

Administration

The System's Supplemental Retirement Annuity Plan (the Plan) is a single employer, defined benefit pension plan administered by the Regional University System of Oklahoma (The System). The Plan was established by the System to provide supplemental retirement and death benefits to employees who were hired prior to July 1, 1995, or to those eligible employees' beneficiaries. The plan is closed to employees hired on or after July 1, 1995. The authority to amend the Plan's benefit provisions rests with the System.

The SRA Trust Fund is administered by the System. Plan benefit provisions were established and may be amended under the authority of System. Contribution requirements were established and may be amended by the System.

Number of Members

As of June 30, 2022 the Plan members are as follows:

Active Participants	146
Vested Terminated Participants	21
Retired Participants	<u>814</u>
Total plan participants	<u><u>981</u></u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Benefits Paid to Members

The Plan provides retirement and death benefits to members of the plan as described:

Normal Retirement

The monthly retirement benefit payable on the normal retirement date is the greater of (a) and (b) below:

- a) Method One Calculation: (50% of average monthly salary less the maximum monthly OTRS retirement benefit) times the ratio of Oklahoma State System of Higher Education (OSSHE) service years (maximum 25) over 25. For employees hired on or after July 1, 1987, both references to "25" are replaced with "30".
- b) Method Two Calculation: 2.4% of the average annual base salary for each OSSHE service year (maximum 30), less the maximum annual OTRS retirement benefit, divided by 12.

The benefit payable at early retirement is calculated in the same manner as the benefit payable at normal retirement, except that actuarial reduction factors are used for early retirement.

The benefit will be vested for an employee upon the earliest of:

- a) completion of 10 service years in the System and attainment of age 52;
- b) completion of 25 service years in the System; or
- c) the attained age when the sum of the employee's age and the number of OTRS service years total 80, if the employee completed at least 10 service years in the System.

For employees hired on or after July 1, 1987, both references to "10 service years" are replaced with "15 service years," and the reference to "25 service years" is replaced with "30 service years".

Early Retirement

Earlier of (a) Age 55 with 10 years Oklahoma State System of Higher Education (OSSHE) service and 10 years OTRS service and (b) 30 years OTRS service with 10 years OSSHE service; if hired on or after July 1, 1987, 15 years replaces 10 years.

Death Benefit

If a vested member dies prior to the commencement of benefits, a survivor benefit is payable for life to the surviving spouse of the participant. Benefits to the surviving spouse may not begin until the spouse has attained the age of 55.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Net Pension Liability of the System

The components of the net pension liability of the System at June 30, 2022 and 2021, were as follows:

	2021	2022
Total Pension Liability	\$ 54,277,279	\$ 51,234,593
Plan Fiduciary Net Position	<u>(31,711,440)</u>	<u>(28,114,570)</u>
Net Pension Liability	<u>\$ 22,565,839</u>	<u>\$ 23,120,023</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	58.4%	54.9%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Also presented are assumptions for the fiscal year ended June 30, 2020:

- Actuarial Cost Method - Entry Age
- Inflation - 2.5%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases – 2.50%
- Investment Rate of Return – 6.00%
- Retirement Age – 100% at age 63
- Mortality Rates after Retirement – PubT-200 (A) generational table for non-annuitants projected with scale MP-2021
- Mortality Rates for Active Members – PubT-200 (A) generational table for non-annuitants projected with scale MP-2021
- Withdrawal rates:

Age	Rate	Age	Rate	Age	Rate
25	5.270%	40	3.841%	55	0.334%
30	4.831%	45	3.215%	60	0.000%
35	4.474%	50	1.525%	65	0.000%

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return developed for each major asset class. Actual long term historical results achieved by the Plan were also considered. Best estimates of the rates of return for each major asset class included in the pension plan's current asset allocation since the plan has not adopted a formal target asset allocation policy, as of June 30, 2021 and 2022 are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Nominal Rate of Return	
		2021	2022
Equity Accounts	50%	5.85%	5.85%
Fixed Income/Capital Preservation	50%	0.98%	0.98%
Rate of Return		6.83%	6.83%

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Discount rate

The discount rate used to measure the total pension liability was 6.00 percent. 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 System contributions will be made at rates equal to the actuarially determined contribution rates. The plan currently has adopted a funding policy to achieve a 100 percent funding level by December 1, 2030.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the System, calculated using the discount rate of 6.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	<u>1% Decrease</u> <u>5.00%</u>	<u>Current Discount Rate</u> <u>6.00%</u>	<u>1% Increase</u> <u>7.00%</u>
Employers' net pension liability - 2021	\$ 27,117,498	\$ 22,565,839	\$ 18,611,904
Employers' net pension liability - 2022	\$ 27,783,464	\$ 23,120,023	\$ 19,068,984

Contributions

The authority to establish and amend eligible employees' and employer contribution obligations to the Plan rests with the System's Board of Regents. Eligible employees are not required to make contributions to the Plan. The System is required to contribute to the SRA an actuarially determined amount on an annual basis. Actuarial determined employer contributions are developed using the projected credit unit method and an expected investment return of 6.0%, for funding purposes only. Contributions to the pension plan from the System were \$5,688,436.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 06/30/2020	56,922,025	27,607,271	29,314,754
Changes for the year:			
Service cost	11,122	-	11,122
Interest	3,268,009	-	3,268,009
Differences between expected and actual experience	(1,022,028)	-	(1,022,028)
Assumption Changes	112,810	-	112,810
Contributions - employers	-	4,781,954	(4,781,954)
Net investment income	-	4,336,874	(4,336,874)
Benefit payments, including refunds	(5,005,581)	(5,005,581)	-
Other Changes	(9,078)	(9,078)	-
Net changes	(2,644,746)	4,104,169	(6,748,915)
Balances at 06/30/2021	54,277,279	31,711,440	22,565,839

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 06/30/2021	54,277,279	31,711,440	22,565,839
Changes for the year:			
Service cost	11,122	-	11,122
Interest	3,256,637	-	3,256,637
Differences between expected and actual experience	-	-	-
Assumption Changes	-	-	-
Contributions - employers	-	5,688,436	(5,688,436)
Net investment income	-	(2,974,861)	2,974,861
Benefit payments, including refunds	(6,310,445)	(6,310,445)	-
Net changes	(3,042,686)	(3,596,870)	554,184
Balances at 06/30/2022	51,234,593	28,114,570	23,120,023

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G--RETIREMENT PLANS (Continued)

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

At June 30, 2022, the System reported a liability of \$22,565,839 of net pension liability. 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 July 1, 2021. At June 30, 2022, the System recognized pension expense of \$482,516. At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,918,078
System contributions subsequent to the measurement date	<u>5,677,436</u>	<u>-</u>
Total	<u>\$ 5,677,436</u>	<u>\$ 1,918,078</u>

The \$5,688,436 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (458,838)
2024	(427,893)
2025	(493,938)
2026	<u>(537,409)</u>
Total	<u>\$ (1,918,078)</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS

The System's academic and nonacademic personnel are covered by various OPEB plans. The plans available to System personnel include the Oklahoma Teachers' Retirement System, which is administered by the State of Oklahoma, and the Retiree Medical Trust (RMT) for the Regional University System of Oklahoma (RUSO), a single employer defined benefit OPEB plan available to employees hired prior to June 30, 2009, and the RUSO Health Insurance Subsidy Plan, a single employer defined benefit OPEB plan available for employees hired after June 30, 2009. A summary of all the amounts recorded in the System's financial statements for the plans is as follows:

Net OPEB Asset	
Oklahoma Teachers Retirement System	\$ 5,760,217
Retiree Medical Trust	649,636
Total Net OPEB Asset	<u>\$ 6,409,853</u>
Total OPEB Liability	
RUSO Health Insurance Subsidy Plan	\$ 6,243,098
Total Net OPEB Liability	<u>\$ 6,243,098</u>
Deferred Outflows of Resources	
Oklahoma Teachers Retirement System	\$ 1,187,354
Retiree Medical Trust	2,963,529
RUSO Health Insurance Subsidy Plan	904,102
Total Deferred Outflows of Resources	<u>\$ 5,054,985</u>
Deferred Inflows of Resources	
Oklahoma Teachers Retirement System	\$ 4,182,372
Retiree Medical Trust	334,019
RUSO Health Insurance Subsidy Plan	226,702
Total Deferred Inflows of Resources	<u>\$ 4,743,093</u>
OPEB Expense	
Oklahoma Teachers Retirement System	\$ (845,542)
Retiree Medical Trust	731,146
RUSO Health Insurance Subsidy Plan	1,017,148
Total OPEB Expense	<u>\$ 902,752</u>

Oklahoma Teachers Retirement System – OPEB Subsidy

Plan description

The System 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.oklahoma.gov/trs.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Benefits provided

OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the Oklahoma Higher Education Employee Interlocal Group (OKHEEI) or the University of Central Oklahoma Self-Insured Insurance Pool, provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions

Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note G; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$41,489.

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

At June 30, 2022, the System reported an asset of \$5,760,217 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The System's proportion of the net OPEB asset was based on the System'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, 2021. Based upon this information, the System's proportion was 4.522% percent.

For the year ended June 30, 2022, the System recognized OPEB expense of \$(845,542). At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 901,802
Changes of assumptions	782,943	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,089,377
Changes in Systems' proportionate share of contributions	47,020	951
Differences between System contributions and proportionate share of contributions	92,943	200,242
System contributions subsequent to the measurement date	264,448	-
Total	<u>\$ 1,187,354</u>	<u>\$ 4,192,372</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

The \$264,448 reported as deferred outflows of resources related to OPEB resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (833,315)
2024	(696,338)
2025	(727,634)
2025	(951,024)
2027	(45,858)
Thereafter	<u>(15,297)</u>
Total	<u>\$ (3,269,466)</u>

Actuarial Assumptions

The total OPEB liability (asset) as of June 30, 2022, was determined based on an actuarial valuation prepared as if June 30, 2021 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 percent wage inflation, 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 Gwinnett Retirement System (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

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	100.00%	

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

Discount Rate

A single discount rate of 7.0% was used to measure the total OPEB liability (asset) as of June 30, 2022. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.0%. 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. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.0%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net opeb liability (asset)	\$ (3,700,644)	\$ (5,760,217)	\$ (7,505,370)

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/trs .

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Retiree Medical Trust for the Regional University System of Oklahoma

Plan Description

The Retiree Medical Trust for the Regional University System of Oklahoma OPEB Trust Fund is a single-employer other post-employment defined benefits plan (herein after referred to as the Plan or OPEB Trust Fund) administered by the Regional University System of Oklahoma (the System). The plan provides medical and life insurance benefits to eligible retired employees until age 65 and those employees and dependents premium rates are the same as active employees and those premiums are paid by the trust fund. This benefit is for employees hired before June 30, 2009.

Membership in the Plan at June 30, 2022, is as follows:

Active Participants	1,409
Retired Participants	<u>279</u>
Total plan participants	<u><u>1,688</u></u>

The OPEB Trust Fund is administered by the System. Plan benefit provisions were established and may be amended under the authority of the System.

Funding Policy

The contribution requirements of the System are established and may be amended by the Regional University System of Oklahoma Board of Regents. Each University is required to contribute the actuarially determined employer contribution, in an amount actuarially determined by an actuary. The Actuarially Determine Employer Contribution (ADEC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. In 2022, an updated valuation was not performed for 2021 for funding purposes. The system utilized the 2018 actuarially determined employer contribution amount of \$640,822 as a basis for contributions.

Net OPEB Liability of the System

The components of the net OPEB liability of the System at June 30, 2022, based on roll-forward procedures, were as follows:

<u>Net OPEB Liability</u>	<u>NOL at June 30, 2022</u>
Total OPEB Liability (TOL)	24,569,670
Plans Fiduciary Net Position	<u>(25,219,306)</u>
Employers Net OPEB Liability	<u><u>(649,636)</u></u>
Plans fiduciary net position as a % of TPL	102.64%

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Change in the Net OPEB Liability of the System

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 06/30/2021	\$ 24,949,599	\$ 28,274,258	\$ (3,324,659)
Changes for the year:			
Service cost	588,459	-	588,459
Interest	1,607,362	-	1,607,362
Contributions - employers	-	3,201,395	(3,201,395)
Net investment income	-	(3,680,597)	3,680,597
Benefit payments, including refunds	(2,575,750)	(2,575,750)	-
Other Changes	-	-	-
Net changes	(379,929)	(3,054,952)	2,675,023
Balances at 06/30/2022	\$ 24,569,670	\$ 25,219,306	\$ (649,636)

Actuarial Assumptions

Actuarial Valuation Date: June 30, 2021, rolled forward to June 30, 2022

Actuarial Method: Entry age normal actuarial cost method

Discount Rate: 7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. Using the current market value and assuming that future contributions to the trust will equal the average contributions paid into the trust the last 5 years, it is estimated that the trust will fund plan benefits for the foreseeable future.

Inflation: 2.50% per annum.

Mortality: PubT-2010 for teacher retirement groups.

Marriage Assumptions: Females are assumed to be three years younger than their male spouses. Spousal age is assumed where active employee spousal coverage is elected. For retired members, the spouse's date of birth has been provided.

Healthcare cost trend rate: Plan year dependent rates graded from 5.10% in 2021 to 4.04% in 2025. The same trend is applied to spouse contributions. OTRS subsidy amounts are not assumed to increase.

Retirement Rate: Rates used are those applied the Oklahoma Teachers Retirement System actuarial valuation for pension.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Termination Rate: Rates used are those applied the Oklahoma Teachers Retirement System actuarial valuation for pension.

Participation Rate: 100% of currently covered employees are assumed to receive the retiree medical and life coverage if they meet eligibility requirements. The acceptance rate for spouses of covered retirees (for whom a contribution is required) is assumed to be 25%. These assumptions will be reviewed each year and replaced by assumptions reflecting the actual experience of RUSO universities when reliable statistically credible information is available.

Participant Salary increases: 2.50% annually

Payroll & Inflation Rate: 2.50% annually

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap stocks - S&P 500	25.0%	5.7%
Mid/small cap - Russell 2000	25.0%	6.5%
Bonds - Barclays US	40.0%	2.5%
Cash & Other	10.0%	0.90%
Total	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the System, as well as what the System's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Employers' net opeb asset	<u>\$ 545,498</u>	<u>\$ 649,636</u>	<u>\$ 739,517</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the City, as well as what the City's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.1 percent decreasing to 4.0 percent) or 1-percentage-point higher (6.1 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (4.1% decreasing to 4.0%)</u>	<u>Healthcare Cost Trend (5.1% decreasing to 5.0%)</u>	<u>1% Increase (6.1% decreasing to 6.0%)</u>
Employers' net opeb asset	<u>\$ 753,774</u>	<u>\$ 649,636</u>	<u>\$ 559,755</u>

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

For the year ended June 30, 2022, the System recognized OPEB expense of \$731,146. At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 128,591	\$ 334,019
Changes of assumptions	488,426	-
Net difference between projected and actual earnings on OPEB plan investments	2,346,512	-
Total	<u>\$ 2,963,529</u>	<u>\$ 334,019</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

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

<u>Year ended June 30:</u>	
2023	\$ 565,722
2024	535,433
2025	392,019
2026	1,136,336
Total	<u>\$ 2,629,510</u>

Regional University System of Oklahoma – Health Insurance Subsidy Plan

Plan description

The System's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents if hired after June 30, 2009. The System's Board of Trustees has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

The Plan covers all current retirees of the System and provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the Plan before retiring. The System provides postretirement medical benefits through the Plan until age 65 if the retiree and spouse pay the full active premium. Participants can elect to enroll in special coverage, and surviving spouses may continue in the Plan until age 65.

Employees covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

Active Employees	2,148
Inactives or beneficiaries currently receiving benefit payments	<u>0</u>
Total	<u>2,148</u>

Total OPEB Liability

The System's total OPEB liability of \$6,243,098 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021 with roll forward procedures to June 30, 2022.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation - 2.5%
- Payroll Growth – 2.5%

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Total OPEB Liability (Continued)

- Salary increases – 2.5%
- Discount Rate – 2.16%, based on June 30, 2021 published Bond Pay Go-20 bond index
- Retirement Age - Retirement rates are based on the OTRS rates.
- Turnover Rates – Developed from assumptions used in the actuarial valuation of the Oklahoma Teachers
- Healthcare cost trend rates - Plan year dependent rates graded from 5.10% in 2022 to 4.04% in 2075. The same trend is applied to spouse contributions.
- Mortality Rates - Pub2010 Teachers projected using MP2018
- Coverage – 70% of currently covered employees are assumed to elect retiree medical coverage if they meet eligibility requirements. The acceptance rate for spouses of covered retirees is assumed to be 25%. These assumptions will be reviewed each year and replaced by assumptions reflecting the actual experience of RUSO universities when it is statistically

Changes in Total OPEB Liability

The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability (a)
Balances Beginning of Year	<u>\$ 5,368,697</u>
Changes for the Year:	
Service cost	764,535
Interest expense	115,964
Benefit payments	<u>(6,098)</u>
Net Changes	<u>874,401</u>
Balances End of Year	<u>\$ 6,243,098</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Employers' total opeb liability	\$ 7,237,451	\$ 6,243,098	\$ 5,360,933

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H--OTHER POST-EMPLOYMENT INSURANCE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.1% to 4.0%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.1% to 3.0%) or 1-percentage-point higher (6.1% to 5.0%) than the current rate:

	<u>1% Decrease</u> <u>(4.1% to 3.0%)</u>	<u>Healthcare Cost</u> <u>Trend Rates</u> <u>(5.1% to 4.0%)</u>	<u>1% Increase</u> <u>(6.1% to 5.0%)</u>
Employers' total opeb liability	\$ 4,862,437	\$ 6,243,098	\$ 8,052,379

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

For the year ended June 30, 2022, the System recognized OPEB expense of \$1,017,148. At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ 226,702
Change in assumptions	904,102	-
Total	<u>\$ 904,102</u>	<u>\$ 226,702</u>

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

<u>Year ended June 30:</u>	
2023	\$ 107,891
2024	100,775
2025	29,891
2026	29,891
2027	29,891
Thereafter	379,061
Total	<u>\$ 677,400</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE I--FUNDS HELD IN TRUST BY OTHERS

Beneficial Interest in State School Land Funds: The System's Universities have a beneficial interest in the "Section Thirteen Fund State Educational Institutions" and the "New College Fund" administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The individual Universities have the right to receive annually 3.7% of the distributions of income produced by "Section Thirteen Fund State Educational Institutions" assets and 100% of the distributions of income produced by the University's "New College Fund". The System received approximately \$6,078,000 during the year ended June 30, 2022, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations for capital purposes in the statement of revenues, expenses and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the System, held in trust by the commissioners of Land Office, was approximately \$114,480,000 at June 30, 2022.

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 program. The state match amount, plus any retained accumulated earnings, totaled approximately \$30,559,000 at June 30, 2022, and is invested by the Oklahoma State Regents on behalf of the Universities. The Universities are entitled to receive an annual distribution of 5% of the market value at year end on these funds. As legal title of the State Regents matching endowment funds is retained by the Oklahoma State Regents, only the funds available for distribution, approximately \$2,678,000 at June 30, 2022, have been reflected as assets in the statements of net position.

NOTE J--RELATED PARTY TRANSACTIONS

NSU is beneficiary of the Northeastern Oklahoma Public Facilities Authority (the Authority), a public trust created under Title 60, Section 176, of the Oklahoma statutes. The NSU received \$160,000 for the year ended June 30, 2022.

The Foundations are not-for-profit corporations organized for the purpose of receiving and administering gifts for the benefit of the universities. Distributions of amounts held by the Foundations are subject to the approval of the Foundations Board of Trustees. The Foundations primary function is to provide assistance to students of the universities in the form of scholarships and awards, and during 2022, the Foundations provided approximately \$13,436,000 in scholarships to students. Additionally, the Foundations provide financial assistance to the faculty and staff of the Universities, as well as the Universities programs and projects, and during 2022, the Foundations provided approximately \$9,428,000 in aid to programs, faculty, and staff. Many of the contributions received by the Foundations are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundations serve essentially as a conduit. Contributions that are not designated are used where the need is considered the greatest, as determined by the Foundations.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE K--COMMITMENTS AND CONTINGENCIES

The System's Universities participates in a number of federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantor or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the University that the amount, if any, would not be significant.

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, 2022, will not have material adverse impact to the System.

NOTE L--RISK MANAGEMENT

The System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; employee injuries and illness; 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 System, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and CompSource Oklahoma (formerly the State Insurance Fund), public entity risk pools currently operating as a common risk management and insurance program for its members. The System pays annual premiums to the pools for 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.

The System also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through the State Insurance Fund. CALM is a political subdivision of the State of Oklahoma and is governed by a board of trustees elected from members of the participating colleges and universities.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L--RISK MANAGEMENT (Continued)

The System, excluding the University of Central Oklahoma, participated during fiscal year 2019, in the Oklahoma Higher Education Employee Interlocal Group Health Insurance Pool OKHEEI. The System's employees are provided health insurance coverage through OKHEEI. OKHEEI is an Interlocal Cooperative Act Agency organized as a public entity risk pool health insurance program for participating Colleges and Universities in the State. The System pays monthly health insurance premiums to OKHEEI for employee health insurance coverage based on the health coverage elected by the employee and the maximum benefit provide by the System for health coverage. Amounts of premiums exceeding benefits are payable by the employee. The governing agreement for OKHEEI specifies that the pool will be self-sustaining through premiums received and with additional stop-loss coverages obtained. If health care claims exceed reserves and reinsurance coverages, additional assessments may be made to participating Colleges and Universities. As of June 30, 2022 additional assessments did not occur.

The University of Central Oklahoma medical care benefits program became self-funded January 1, 2019. The University has contracted with third-party administrators to provide administrative services for health care benefits. The cost of medical care is paid out of retiree, employee and employer contributions and is held in a separate bank account. As of June 30, 2022, the cash balance was \$(4,517,727) and the estimated liability for outstanding claims and medical claims incurred but not reported were \$833,244. To reduce the adverse risk for claims that exceed a certain threshold, the University has contracted for stop-loss insurance.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M--CONDENSED COMBINING FINANCIAL INFORMATION

As noted in the reporting entity section above, the System's financial statements contain a blended component unit, the UCO Housing Foundation. Condensed combining financial information of the System and the UCO Housing Foundation is presented below (in thousands):

	System	UCO Housing Foundation	Total
ASSETS			
Current assets	\$ 263,067	\$ 3,341	\$ 266,408
Capital assets, net	630,819	4,262	635,081
Other assets	49,826	427	50,253
TOTAL ASSETS	943,712	8,030	951,742
DEFERRED OUTFLOWS OF RESOURCES			
	84,353	-	84,353
LIABILITIES			
Current liabilities	68,877	2,209	71,086
Non-current liabilities	487,173	4,094	491,267
TOTAL LIABILITIES	556,050	6,303	562,353
DEFERRED INFLOWS OF RESOURCES			
	155,035	-	155,035
NET POSITION			
Net investment in capital assets	395,050	(758)	394,292
Restricted-nonexpendable	816	-	816
Restricted-expendable	75,108	2,717	77,825
Unrestricted (deficit)	(153,994)	(232)	(154,226)
TOTAL NET POSITION	\$ 316,980	\$ 1,727	\$ 318,707

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M--CONDENSED COMBINING FINANCIAL INFORMATION (Continued)

	System	UCO Housing Foundation	Total
Operating Revenues			
Student tuition and fees, net	\$ 213,829	\$ -	\$ 213,829
Grants and contracts	53,988	-	53,988
Other	59,792	1,474	61,266
	<u>327,609</u>	<u>1,474</u>	<u>329,083</u>
Total Operating Revenues			
Operating Expenses			
Compensation and benefits	312,206	-	312,206
Depreciation	40,478	278	40,756
Other	236,923	1,191	238,114
	<u>589,607</u>	<u>1,469</u>	<u>591,076</u>
Total Operating Expenses			
Operating Income (Loss)	(261,998)	5	(261,993)
Nonoperating Revenues (Expenses)			
State appropriations	139,234	-	139,234
Grants and contributions	128,612	-	128,612
Interest expense	(7,953)	(96)	(8,049)
Other	36,800	2	36,802
Net Nonoperating Revenues (Expenses)	<u>296,693</u>	<u>(94)</u>	<u>296,599</u>
Contributed Capital			
Appropriations for capital	8,664	-	8,664
Other	7,410	-	7,410
	<u>16,074</u>	<u>-</u>	<u>16,074</u>
Change in Net Position	50,769	(89)	50,680
Net Position at Beginning of Year	<u>266,210</u>	<u>1,816</u>	<u>268,026</u>
Net Position at End of Year	<u>\$ 316,979</u>	<u>\$ 1,727</u>	<u>\$ 318,706</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M--CONDENSED COMBINING FINANCIAL INFORMATION (Continued)

	<u>System</u>	<u>UCO Housing Foundation</u>	<u>Total</u>
Net Cash Provided By (Used In)			
Operating activities	\$ (243,316)	\$ 648	\$ (242,668)
Noncapital financing activities	290,965	-	290,965
Capital and related financing activities	(38,874)	(522)	(39,396)
 Investing activities	 2,494	 (217)	 2,277
 Net Increase (Decrease)	 10,835	 (91)	 9,966
 Beginning cash and cash equivalents	 229,261	 964	 230,225
 Ending cash and cash equivalents	 <u>\$ 240,096</u>	 <u>\$ 873</u>	 <u>\$ 240,191</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE N--DISCRETELY PRESENTED COMPONENT UNIT INFORMATION

Each of the Universities governed by the Regional University System of Oklahoma has a separate foundation or other entities to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the Universities that comprise the Regional University System of Oklahoma.

Condensed financial statement information related to the discretely presented component units, for the year ended June 30, 2022 is as follow:

	ECU Foundation	NSU Foundation	NWOSU Foundation & Alumni	SE Foundation	SWOSU Foundation	SWOSU Pharmacy	UCO University Foundation	UCO Alumni Association	UCO KCSC-FM Foundation	Total
ASSETS										
Current assets	\$ 480,791	\$ 1,500,115	\$ 475,420	\$ 3,244,645	\$ 1,689,904	\$ 375,035	\$ 4,998,201	\$ 927,270	\$ 655,036	\$ 14,346,417
Capital assets, net	336,786	34,000	3,014,244	5,276,875	240,000	-	425,970	-	-	9,327,875
Other assets	38,395,697	43,634,518	33,521,905	29,664,070	35,623,127	8,539,555	52,169,851	-	112,828	241,661,551
Total Assets	<u>39,213,274</u>	<u>45,168,633</u>	<u>37,011,569</u>	<u>38,185,590</u>	<u>37,553,031</u>	<u>8,914,590</u>	<u>57,594,022</u>	<u>927,270</u>	<u>767,864</u>	<u>265,335,843</u>
LIABILITIES										
Current Liabilities	37,375	10,937	54,007	1,780,691	90,272	3,275	4,034,744	-	6,939	6,018,240
Non-current liabilities	-	99	-	6,112,556	-	-	197,429	-	-	6,310,084
Total Liabilities	<u>37,375</u>	<u>11,036</u>	<u>54,007</u>	<u>7,893,247</u>	<u>90,272</u>	<u>3,275</u>	<u>4,232,173</u>	<u>-</u>	<u>6,939</u>	<u>12,328,324</u>
NET POSITION										
Restricted										
Nonexpendable	38,953,786	24,294,296	37,098,141	-	-	-	32,331,036	-	3,687	132,680,946
Expendable	-	16,220,345	-	30,075,048	36,164,354	3,373,718	8,010,157	-	-	93,843,622
Unrestricted	222,113	4,642,956	(140,579)	217,295	1,298,405	5,537,597	13,020,656	927,270	757,238	26,482,951
	<u>\$ 39,175,899</u>	<u>\$ 45,157,597</u>	<u>\$ 36,957,562</u>	<u>\$ 30,292,343</u>	<u>\$ 37,462,759</u>	<u>\$ 8,911,315</u>	<u>\$ 53,361,849</u>	<u>\$ 927,270</u>	<u>\$ 760,925</u>	<u>\$ 253,007,519</u>
Operating Revenue										
Investment Income	\$ (6,055,346)	\$ 5,108,631	\$ (2,981,269)	\$ (1,439,479)	\$ 4,091,213	\$ 1,214,439	\$ (6,027,525)	\$ (9,511)	\$ (15,164)	\$ (6,114,011)
Gifts & Contributions	5,657,239	3,346,896	4,072,389	999,214	7,814,990	173,483	21,419,193	248,778	131,351	43,863,533
Other	3,750	11,779	125,326	1,235,539	(138,642)	32,482	72,948	-	-	1,343,182
Total Operating Revenue	<u>(394,357)</u>	<u>8,467,306</u>	<u>1,216,446</u>	<u>795,274</u>	<u>11,767,561</u>	<u>1,420,404</u>	<u>15,464,616</u>	<u>239,267</u>	<u>116,187</u>	<u>39,092,704</u>
Operating Expenses										
Compensation & Benefits	321,591	-	578,529	-	417,609	10,334	925,383	210,047	-	2,463,493
Scholarships & Fellowships	-	1,672,235	2,338,974	682,964	1,661,509	151,800	8,626,620	5,326	-	15,139,428
Other	2,641,927	2,607,155	252,854	2,001,018	1,030,699	230,314	2,875,271	69,742	74,656	11,783,636
Total Operating Expenses	<u>2,963,518</u>	<u>4,279,390</u>	<u>3,170,357</u>	<u>2,683,982</u>	<u>3,109,817</u>	<u>392,448</u>	<u>12,427,274</u>	<u>285,115</u>	<u>74,656</u>	<u>29,386,557</u>
Change in Net Position	(3,357,875)	4,187,916	(1,953,911)	(1,888,708)	8,657,744	1,027,956	3,037,342	(45,848)	41,531	9,706,147
Net Position, beginning of year	42,533,774	40,969,681	38,911,473	32,181,051	28,805,015	7,883,359	50,324,507	973,118	719,394	243,301,372
Net Position, end of year	<u>\$ 39,175,899</u>	<u>\$ 45,157,597</u>	<u>\$ 36,957,562</u>	<u>\$ 30,292,343</u>	<u>\$ 37,462,759</u>	<u>\$ 8,911,315</u>	<u>\$ 53,361,849</u>	<u>\$ 927,270</u>	<u>\$ 760,925</u>	<u>\$ 253,007,519</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT

The following contains the significant disclosures related to endowments at the System's University foundations:

EAST CENTRAL UNIVERSITY FOUNDATION, INC.:

Endowments

The Foundation's endowments consist of 399 individual donor-restricted funds established for a variety of scholarships and activities. As required by accounting principles generally accepted in the United States, net position associated with endowment funds are classified and reported based on donor-imposed restrictions. The endowments represent only those net position that are under the control of the Foundation.

Interpretation of Relevant Law: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the purchasing power of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Therefore, the Foundation classifies as permanently restricted net position 1) the original value of endowed gifts, 2) any subsequent gifts, and 3) any accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument.

Spending Policy: The Foundation has established a spending policy whereby the total amount available to be disbursed (i.e., the Distributable Cash Income) from the Foundation's endowment fund and operating fund is determined annually.

The Distributable Cash Income is determined using the most recent 5-year average return on investments (ROI). The purpose of the spending policy is to establish an overall spending limit for the amount of money that can be disbursed from the Foundation's endowment fund and operating fund each fiscal year. The spending policy limit is determined by March 31 of each year and is used for budgeting purposes for the following fiscal year that starts on July 1.

The primary goal of the spending policy is to position the endowment fund and the unrestricted fund so that there is a balance between long-term growth and accumulation versus annual distributions.

The spending policy utilizes the most recent 5-year average ROI percentage, which allows for long-term ROI trends to be built into the spending policy. The spending policy calculation will have an annual floor and ceiling which will enable the Foundation to spend a base amount from the endowment fund in low ROI periods and have extra savings in high ROI periods.

NORTHEASTERN STATE UNIVERSITY, FOUNDATION, INC.:

Endowment Disclosures

The Foundation's endowment consists of 306 individual donor-restricted funds which are managed and controlled by the Foundation and are primarily established for scholarships, programs, or capital projects. As required by GAAP, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

NORTHEASTERN STATE UNIVERSITY, FOUNDATION, INC: (Continued)

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, 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 organization 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 organization
- (7) The investment policies of the organization

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year amounts up to, but not to exceed 5% of market value averaged over the last five years. Since the Foundation has a policy of designating unrestricted funds each year for investment, it feels that this policy protects the purchasing power of the endowment. In light of current market fluctuations and the future needs of the Foundation, it evaluates the spending policy annually to ensure that it remains in accordance with the long-term objectives of the Foundation.

NORTHWESTERN OKLAHOMA STATE UNIVERSITY FOUNDATION, INC. AND ALUMNI ASSOCIATION:

Endowment Disclosures

The Foundation's endowment consists of approximately 400 endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

NORTHWESTERN OKLAHOMA STATE UNIVERSITY FOUNDATION, INC. AND ALUMNI ASSOCIATION: (Continued)

Interpretation of Relevant Law

The Trustees of the Foundation have chosen to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- 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 10% annually. Actual returns in any given year may vary from this amount.

Strategies 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.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

NORTHWESTERN OKLAHOMA STATE UNIVERSITY FOUNDATION, INC. AND ALUMNI ASSOCIATION: (Continued)

Spending Policy

The Foundation has a policy of appropriating for distribution each year the equivalent of up to 5.25% of its endowment fund's fair value as of the immediately preceding July 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 1.32% 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.

SOUTHEASTERN FOUNDATION, INC:

Endowment Disclosures

Donor Designated Endowments

The Organization's endowment consists of approximately 200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

SOUTHEASTERN FOUNDATION, INC: (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution equal to 90% of investment revenues, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce a small rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year 90% of investment revenues of its endowment fund's average revenues of the prior three calendar year-ends preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a small nominal rate. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment Disclosures

The Foundation's endowment consists of approximately 180+ endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds including funds designated by the Trustee to function as endowments are classified and reported on the existence or absence of donor imposed restrictions.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY FOUNDATION, INC.:

Interpretation of Relevant Law

The Trustees of the Foundation have chosen to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA.

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

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- The investment policies of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees the endowment assets are invested in a manner intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. The stated return objective of this policy is the Consumer Price Index plus three percent net of fees. Actual returns in any given year may vary from this amount.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

SOUTHEASTERN FOUNDATION, INC: (Continued)

In general, the Foundation has a policy of appropriating for distribution each year, eighty-five percent of the net earnings from each endowment fund for the donor-restricted purpose, if any. The remaining fifteen percent of the net earnings are held in the endowment fund in order to provide for inflation and future growth. The Foundation honors the specific requests of each donor, recognizes all investment income, realized and unrealized gains and/or losses as restricted based on donor restrictions, and makes distributions accordingly. In the absence of donor-restricted endowment funds are classified as restricted until appropriated for expenditure. All earnings on board-designated endowment funds are classified as unrestricted.

For 2021, the Foundation has a spending policy of appropriating for expenditure each year he equivalent of up to 5% of the rolling 60-month average balance of the endowment fund's fair value as of the immediately preceding year ended December 31.

From time to time, the fair values of assets associated with individual donor restricted endowment funds may fall below the level the donor or OK UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies may result from unfavorable market fluctuations, a prior year significant change of securities in the investment portfolio, and continued appropriation that was deemed prudent and necessary for the programs of the Foundation. There were no deficiencies of this nature that are reported in unrestricted net assets at December 31, 2021.

UNIVERSITY OF CENTRAL OKLAHOMA FOUNDATION:

Endowment Disclosures

The Foundation's endowment consists of approximately 500 individual donor-restricted endowment funds and 14 other donor-restricted funds. Net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Other endowment funds consist of contributions which were restricted by the donor for scholarships but have been endowed by the Foundation's Board of Trustees to provide scholarships for future periods rather than fully expending such amounts in the current year. All of the endowment funds held by the Foundation are managed and controlled by the Foundation in accordance with the following policies.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

UNIVERSITY OF CENTRAL OKLAHOMA FOUNDATION: (Continued)

Interpretation of Relevant Law

The Board of Trustees (the Trustees) of the Foundation has interpreted OK UPMIFA as requiring the preservation of the original gift amount as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK UPMIFA, 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 effects 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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net position and totaled approximately \$-0- at June 30, 2022. These deficiencies resulted from unfavorable market fluctuations. As a result, appropriations were limited to appropriations that were deemed prudent and necessary for the programs 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 its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as other endowment funds with a donor restricted purpose (i.e., scholarships) that are board-designated for endowment. Under this policy, as approved by the Trustees, the endowment assets are invested with the primary objective of realizing appreciation on investment values and the secondary goal of providing current income to support University programs. The asset allocation policies (see below) reflect and are consistent with the investment objectives and risk tolerances expressed through the investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE O-- DISCRETELY PRESENTED COMPONENT UNIT ENDOWMENT (Continued)

UNIVERSITY OF CENTRAL OKLAHOMA FOUNDATION: (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments (target ranges between 40%-70%) than fixed income investments (target ranges between 25%-45%) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Generally, the Foundation has a policy of appropriating for distribution semi-annually based on a 5.50% annualized rate (2.75% each semi-annual period). The distribution rate is applied to the value of the endowment fund assets, including certain income producing real estate holdings, over an average of three years (i.e., using the average of the last six semi-annual values of endowment assets). In the event that any endowment account has a fair value which is less than the historic gift value, the Trustees meet and specifically evaluate and approve the spending policy amount prior to distribution. The spending policy is evaluated annually (and/or semi-annually), based on market fluctuations and historical trends to ensure that it remains in accordance with the long-term objectives of the Foundation. For the year ended June 30, 2020, the Trustees approved a spending policy distribution of 2.75% for the second semi-annual distribution period.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
System's proportion of the net pension liability	4.8437%	4.6408%	4.5188%	4.5224%
System's proportionate share of the net pension liability	\$ 292,755,633	\$ 307,130,306	\$ 428,841,461	\$ 231,041,484
System's covered-employee payroll	\$ 228,600,488	\$ 231,321,019	\$ 240,668,970	\$ 247,946,755
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.06%	132.77%	178.19%	93.18%
Plan fiduciary net position as a percentage of the total pension liability	72.74%	71.56%	63.47%	80.80%
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
System's proportion of the net pension liability	4.7023%	4.7973%	4.8757%	4.8832%
System's proportionate share of the net pension liability	\$ 252,975,336	\$ 291,331,900	\$ 406,910,896	\$ 323,331,180
System's covered-employee payroll	\$ 212,233,542	\$ 222,182,820	\$ 231,942,190	\$ 221,365,632
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.20%	131.12%	175.44%	146.06%
Plan fiduciary net position as a percentage of the total pension liability	72.43%	70.31%	6.24%	69.32%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Information to present a 10 year history is not readily available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2022

SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS
 OKLAHOMA TEACHERS RETIREMENT SYSTEM
 Last 10 Fiscal Years

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 20,304,636	\$ 20,838,499	\$ 22,027,379	\$ 21,658,336
Contributions in relation to the contractually required contribution	<u>20,304,636</u>	<u>20,838,499</u>	<u>22,027,379</u>	<u>21,658,336</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered-employee payroll	\$ 231,321,019	\$ 240,668,970	\$ 247,946,755	\$ 228,291,503
Contributions as a percentage of covered-employee payroll	8.78%	8.66%	8.88%	9.49%
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 20,296,707	\$ 20,541,047	\$ 19,346,600	\$ 19,786,088
Contributions in relation to the contractually required contribution	<u>20,296,707</u>	<u>20,541,047</u>	<u>19,346,600</u>	<u>19,786,088</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered-employee payroll	\$ 222,182,820	\$ 231,942,190	\$ 221,365,632	\$ 228,600,488
Contributions as a percentage of covered-employee payroll	9.14%	8.86%	8.74%	8.66%

Notes to Schedule:

Information to present a 10 year history is not readily available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SRA PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability					
Service cost	\$ 46,470	\$ 30,841	\$ 25,982	\$ 11,122	\$ 11,122
Interest	3,367,528	3,623,224	3,481,851	3,268,009	3,256,637
Experience Gain/(Loss)	(480,359)	(828,634)	(1,622,817)	(1,022,028)	-
Changes of assumptions	6,176,088	(96,075)	(400,331)	112,810	-
Benefit payments, including refunds of member contributions	(5,109,533)	(5,099,570)	(5,061,322)	(5,005,581)	(6,310,445)
Other changes	-	(3)	-	(9,078)	-
Net change in total pension liability	<u>4,000,194</u>	<u>(2,370,217)</u>	<u>(3,576,637)</u>	<u>(2,644,746)</u>	<u>(3,042,686)</u>
Total pension liability - beginning	58,868,686	62,868,880	60,498,663	56,922,026	54,277,280
Total pension liability - ending (a)	<u>\$ 62,868,880</u>	<u>\$ 60,498,663</u>	<u>\$ 56,922,026</u>	<u>\$ 54,277,280</u>	<u>\$ 51,234,594</u>
Plan fiduciary net position					
Contributions - employer	\$ 4,033,354	\$ 2,935,467	\$ 1,705,665	\$ 4,781,954	\$ 5,688,436
Net investment income	1,823,753	1,420,937	1,453,966	4,336,874	(2,974,861)
Benefit payments	(5,109,533)	(5,099,570)	(5,061,322)	(5,005,581)	(6,310,445)
Other	-	-	-	(9,078)	-
Net change in plan fiduciary net position	<u>747,574</u>	<u>(743,166)</u>	<u>(1,901,691)</u>	<u>4,104,169</u>	<u>(3,596,870)</u>
Plan fiduciary net position - beginning	29,504,555	30,252,129	29,508,963	27,607,272	31,711,441
Plan fiduciary net position - ending (b)	<u>\$ 30,252,129</u>	<u>\$ 29,508,963</u>	<u>\$ 27,607,272</u>	<u>\$ 31,711,441</u>	<u>\$ 28,114,571</u>
Net pension liability - ending (a) - (b)	<u>\$ 32,616,751</u>	<u>\$ 30,989,700</u>	<u>\$ 29,314,754</u>	<u>\$ 22,565,839</u>	<u>\$ 23,120,023</u>
Plan fiduciary net position as a percentage of the total pension liability	48.1%	48.8%	48.5%	58.4%	54.9%
Covered employee payroll	\$ 17,565,712	\$ 15,910,542	\$ 15,910,542	\$ 13,503,591	\$ 11,282,813
Net pension liability as a percentage of covered employee payroll	185.7%	194.8%	184.2%	167.1%	204.9%

Notes to Schedule:

Information to present a 10 year history is not readily available.

*An updated actuarial study was performed for June 30, 2021; rollforward procedures were used for the development of June 30, 2022 information.

(Continued)

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SRA PLAN (Continued)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 150,122	\$ 138,893	\$ 112,290	\$ 59,597
Interest	3,656,771	3,416,026	3,369,602	3,460,826
Changes of benefit terms	-	-	-	-
Experience Gain/(Loss)	408,491	644,168	(262,164)	(82,603)
Changes of assumptions	4,037,483	441,404	(2,516,804)	102,251
Benefit payments, including refunds of member contributions	(4,592,272)	(4,728,981)	(4,875,460)	(5,053,133)
Other changes				
Net change in total pension liability	<u>3,660,595</u>	<u>(88,490)</u>	<u>(4,172,536)</u>	<u>(1,513,062)</u>
Total pension liability - beginning	60,982,179	64,642,774	64,554,284	60,381,748
Total pension liability - ending (a)	<u>\$ 64,642,774</u>	<u>\$ 64,554,284</u>	<u>\$ 60,381,748</u>	<u>\$ 58,868,686</u>
Plan fiduciary net position				
Contributions - employer	\$ 4,862,045	\$ 5,534,534	\$ 4,857,720	\$ 3,972,381
Contributions - member	-	-	-	-
Net investment income	1,547,284	1,183,575	888,792	1,807,995
Benefit payments	<u>(4,592,272)</u>	<u>(4,728,981)</u>	<u>(4,875,460)</u>	<u>(5,053,133)</u>
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>1,817,057</u>	<u>1,989,128</u>	<u>871,052</u>	<u>727,243</u>
Plan fiduciary net position - beginning	24,100,076	25,917,133	27,906,261	28,777,312
Plan fiduciary net position - ending (b)	<u>\$ 25,917,133</u>	<u>\$ 27,906,261</u>	<u>\$ 28,777,312</u>	<u>\$ 29,504,555</u>
Net pension liability - ending (a) - (b)	<u>\$ 38,725,641</u>	<u>\$ 36,648,023</u>	<u>\$ 31,604,436</u>	<u>\$ 29,364,131</u>
Plan fiduciary net position as a percentage of the total pension liability	40.1%	43.2%	47.7%	50.1%
Covered employee payroll	\$ 27,522,016	\$ 25,912,610	\$ 21,619,898	\$ 20,480,109
Net pension liability as a percentage of covered-employee payroll	140.7%	141.4%	146.2%	143.4%

Notes to Schedule:

Information to present a 10 year history is not readily available.

*An updated actuarial study was performed for June 30, 2021; rollforward procedures were used for the development of June 30, 2022 information.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF EMPLOYER CONTRIBUTIONS SRA PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 3,390,743	\$ 3,280,304	\$ 355,946	\$ 3,768,609	\$ 3,390,743
Contributions in relation to the actuarially determined contribution	4,133,354	2,935,467	1,705,665	4,781,954	5,688,436
Contribution deficiency (excess)	<u>\$ (742,611)</u>	<u>\$ 618,905</u>	<u>\$ 1,850,281</u>	<u>\$ 1,850,281</u>	<u>\$ (2,297,693)</u>
Covered employee payroll	\$ 15,910,542	\$ 15,910,542	\$ 13,503,591	\$ 11,282,813	\$ 11,282,813
Contributions as a percentage of covered-employee payroll	25.98%	18.45%	12.63%	42.38%	50.42%
		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution		\$ 2,991,644	\$ 2,991,644	\$ 3,953,057	\$ 3,953,057
Contributions in relation to the actuarially determined contribution		4,862,045	5,534,534	4,857,720	3,972,381
Contribution deficiency (excess)		<u>\$ (1,870,401)</u>	<u>\$ (2,542,890)</u>	<u>\$ (904,663)</u>	<u>\$ (19,324)</u>
Covered employee payroll		\$ 25,912,610	\$ 21,619,898	\$ 20,480,109	\$ 17,565,712
Contributions as a percentage of covered-employee payroll		18.76%	25.60%	23.72%	22.61%

Notes to Schedule:

- Information to present a 10 year history is not readily available.
- Valuation Date: June 30, 2021 for funding purposes during Fiscal Year 2021, amounts utilized for Fiscal Year 2022
- Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry Age - Level Percentage of Pay
 - Amortization period - 100% funding by December 1, 2030
 - Salary increases - 2.5% per year, compounded annually
 - Investment rate of return - 6.0%, per year, compounded annual,
 - Pre-Retirement Mortality: PubT-2010 (A) employee amount-weighted table projected with Scale MP-2021 fully generational
 - Post-Retirement Mortality: PubT-2010 (A) generational table for annuitants and survivors projected with scale MP-2021

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF INVESTMENT RETURNS

SRA PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	6.49%	4.92%	5.16%	15.93%	13.67%
		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense		6.34%	6.34%	6.39%	6.44%

Note to Schedule:

Information present a 10 year history is not readily available

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2022

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
 SUPPLEMENTAL HEALTH INSURANCE PROGRAM

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
University's proportion of the net OPEB liability (asset)	4.8832%	4.8436%	4.6409%	4.5188%	4.5224%
University's proportionate share of the net OPEB liability (asset)	\$ (2,177,621)	\$ (3,130,224)	\$ (2,869,586)	\$ (447,659)	\$ (5,760,217)
University's covered payroll	\$ 221,365,632	\$ 228,600,488	\$ 231,321,019	\$ 240,668,970	\$ 247,946,755
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.98%	-1.37%	-1.24%	-0.19%	-0.12%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.70%	102.30%	129.91%

*The amounts present for each fiscal year were determined as of June 30.

Note to Schedule:

Only the current and four prior fiscal years are presented because 10-year data is not available

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS SUPPLEMENTAL HEALTH INSURANCE PROGRAM SUPPLEMENTAL HEALTH INSURANCE PROGRAM

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 39,250	\$ 41,489	\$ 264,448
Contributions in relation to the contractually required contributions	39,250	41,489	264,448
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 240,668,970	\$ 247,946,755	\$ 228,291,503
Contribution as a percentage of covered payroll	0.02%	0.02%	0.12%
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 307,189	\$ 306,913	\$ 136,959
Contributions in relation to the contractually required contributions	(307,189)	(306,913)	(136,959)
Contribution deficiency (excess)	<u>\$ 614,378</u>	<u>\$ 613,826</u>	<u>\$ 273,918</u>
University's covered payroll	\$ 221,365,632	\$ 228,600,488	\$ 231,321,019
Contribution as a percentage of covered payroll	0.14%	0.13%	0.06%

Note to Schedule:

Only the current and five fiscal years are presented because 10-year data is not yet available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA RETIREE HEALTH/DENTAL INSURANCE TRUST

	2020	2021	2022
Total OPEB liability			
Service cost	\$ 682,175	\$ 588,459	\$ 588,459
Interest	1,615,203	1,717,893	1,607,362
Changes of assumptions	-	-	-
Experience Gain/(Loss)	-	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(2,310,545)	(2,575,750)	(2,575,750)
Other changes	893,014	(363,544)	-
Net change in total pension liability	879,847	(632,942)	(379,929)
Total OPEB liability - beginning (restated)	24,702,694	25,582,541	24,949,599
Total OPEB liability - ending	<u>\$ 25,582,541</u>	<u>\$ 24,949,599</u>	<u>\$ 24,569,670</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,978,820	\$ 3,257,403	\$ 3,201,395
Contributions - member	-	-	-
Net investment income	772,294	5,687,984	(3,680,597)
Benefit payments	-	-	-
Benefit payments	<u>(2,310,545)</u>	<u>(2,575,750)</u>	<u>(2,575,750)</u>
Administrative expense	-	-	-
Net change in plan fiduciary net position	1,440,569	6,369,637	(3,054,952)
Plan fiduciary net position - beginning	20,464,052	21,904,621	28,274,258
Plan fiduciary net position - ending (b)	<u>\$ 21,904,621</u>	<u>\$ 28,274,258</u>	<u>\$ 25,219,306</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 3,677,920</u>	<u>\$ (3,324,659)</u>	<u>\$ (649,636)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	85.6%	113.3%	102.6%
Covered employee payroll	\$ 86,260,000	\$ 88,416,500	\$ 88,416,500
Net OPEB liability as a percentage of covered-employee payroll	4.3%	-3.8%	-0.7%

(Continued)

Notes to Schedule:

Only the current and five prior fiscal years are presented because 10-year data is not yet available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Continued)

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA RETIREE HEALTH/DENTAL INSURANCE TRUST

	2017	2018	2019
Total OPEB liability			
Service cost	\$ 627,941	\$ 637,547	\$ 682,175
Interest	1,185,947	1,625,101	1,598,363
Changes of assumptions	-	-	-
Experience Gain/(Loss)	-	(909,919)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(1,605,052)	(1,734,697)	(1,734,697)
Other changes	-	-	-
Net change in total pension liability	208,836	(381,968)	545,841
Total OPEB liability - beginning (restated)	24,329,985	24,538,821	24,156,853
Total OPEB liability - ending	<u>\$ 24,538,821</u>	<u>\$ 24,156,853</u>	<u>\$ 24,702,694</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,245,874	\$ 2,098,328	\$ 2,442,843
Contributions - member	-	-	-
Net investment income	1,665,314	1,272,473	1,174,090
Benefit payments	-	-	-
Benefit payments	<u>(1,605,052)</u>	<u>(1,734,697)</u>	<u>(1,734,697)</u>
Administrative expense	-	-	-
Net change in plan fiduciary net position	2,306,136	1,636,104	1,882,236
Plan fiduciary net position - beginning	14,639,576	16,945,712	18,581,816
Plan fiduciary net position - ending (b)	<u>\$ 16,945,712</u>	<u>\$ 18,581,816</u>	<u>\$ 20,464,052</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 7,593,109</u>	<u>\$ 5,575,037</u>	<u>\$ 4,238,642</u>
Plan fiduciary net position as a percentage of the total OPEB liability	69.1%	76.9%	82.8%
Covered employee payroll	\$ 96,696,440	\$ 86,059,170	\$ 84,491,962
Net OPEB liability as a percentage of covered-employee payroll	7.9%	6.5%	5.0%

Notes to Schedule:

Only the current and five prior fiscal years are presented because 10-year data is not yet available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2022

SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS
 REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA RETIRE HEALTH/DENTAL INSURANCE TRUST

	<u>2020</u>	<u>2021</u>	<u>*2022</u>
Actuarially determined contribution	\$ 640,822	\$ 640,822	\$ 640,822
Contributions in relation to the actuarially determined contribution	2,978,820	3,257,403	3,201,395
Contribution deficiency (excess)	<u>\$ (2,337,998)</u>	<u>\$ (2,616,581)</u>	<u>\$ (2,560,573)</u>
Covered employee payroll	\$ 86,260,000	\$ 88,416,500	\$ 88,416,500
Contributions as a percentage of covered-employee payroll	3.45%	3.68%	3.62%
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 640,822	\$ 640,822	\$ 640,822
Contributions in relation to the actuarially determined contribution	2,245,874	2,098,328	2,442,843
Contribution deficiency (excess)	<u>\$ (1,605,052)</u>	<u>\$ (1,457,506)</u>	<u>\$ (1,802,021)</u>
Covered employee payroll	\$ 96,696,440	\$ 86,059,170	\$ 84,491,962
Contributions as a percentage of covered-employee payroll	2.32%	2.44%	2.89%

Notes to Schedule:

1. Only the current and five prior fiscal years are presented because 10-year data is not yet available.
2. Valuation Date: June 30, 2021 with rollforward
 An updated valuation was not performed for 2019, 2020, or 2021 for funding purposes. Same ADEC used for fiscal year 2022.
3. Methods and assumptions used to determine contribution rates:
 Mortality: RP-2014 Mortality Table with Improvement Scale MP-2017
 Interest Rate: 7.0% per annum.
 Inflation: 2.5% per annum.
 Marriage Assumptions: Females are assumed to be three years younger than their male spouses.
 Inflation for Medical:

<u>Year</u>	<u>Medical Trend</u>	<u>Insurance Trend</u>
2018	7.00%	0.00%
2019	6.50%	5.00%
2020	6.00%	5.00%
2021	5.50%	5.00%
2022 & Later	5.00%	5.00%

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SCHEDULE OF INVESTMENT RETURNS

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA RETIRE HEALTH/DENTAL INSURANCE TRUST

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	6.20%	22.23%	-14.75%
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	5.20%	6.97%	9.79%

Note to Schedule:

Only the current and five prior fiscal years are presented because 10-year data is not available.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2022

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA HEALTH SUBSIDY PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability					
Service cost	\$ 549,493	\$ 570,813	\$ 570,813	\$ 764,535	\$ 764,535
Interest	64,546	87,756	77,329	115,280	115,964
Other changes	-	-	16,468	244,855	-
Change in assumptions	-	-	617,056	40,215	-
Differences between expected and actual experience	(15,847)	-	-	-	-
Benefit payments, including refunds of member contributions	-	-	-	(6,098)	(6,098)
Net change in total OPEB liability	<u>598,192</u>	<u>658,569</u>	<u>1,281,666</u>	<u>1,158,787</u>	<u>874,401</u>
Total OPEB liability - beginning	<u>1,671,483</u>	<u>2,269,675</u>	<u>2,928,244</u>	<u>4,209,910</u>	<u>5,368,697</u>
Total OPEB liability - ending	<u><u>\$ 2,269,675</u></u>	<u><u>\$ 2,928,244</u></u>	<u><u>\$ 4,209,910</u></u>	<u><u>\$ 5,368,697</u></u>	<u><u>\$ 6,243,098</u></u>
Covered employee payroll	\$ 93,190,000	\$ 93,190,000	\$ 97,132,167	\$ 99,560,471	\$ 99,560,471
Total OPEB liability as a percentage of covered-employee payroll	2.44%	3.14%	4.33%	5.39%	6.27%

Notes to Schedule:

Only the current and FOUR prior years are presented because 10-year data is not yet available.
 The discount rate utilized for fiscal year 2021 was 2.16%

SUPPLEMENTARY INFORMATION

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Admin</u>	<u>ECU</u>	<u>NSU</u>	<u>NWOSU</u>	<u>SE</u>	<u>SWOSU</u>	<u>UCO</u>	<u>Reclassification/ System-Wide Entries</u>	<u>TOTAL</u>
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 419,021	\$ 26,901,006	\$ 37,381,831	\$ 11,753,387	\$ 17,510,411	\$ 15,966,231	\$ 61,681,841	\$ -	\$ 171,613,728
Restricted cash and cash equivalents	-	-	6,319,541	-	661,303	-	30,318,394	-	37,299,238
Accounts receivable, net	73,123	1,181,226	9,569,532	1,068,655	4,202,239	4,192,893	33,135,384	(179,700)	53,243,352
Receivables from state agencies	-	1,627,260	-	-	-	-	-	-	1,627,260
Interest receivable	-	10,034	38,968	5,477	3,230	13,365	-	-	71,074
Other assets	-	-	-	-	-	-	10,179	-	10,179
Inventories	-	-	291,289	11,007	-	268,843	419,784	-	990,923
Current portion of other receivable	-	2,411	-	-	-	-	-	-	2,411
Current portion of lease receivable	-	7,710	1,043,668	-	12,645	2,974	110,493	-	1,177,490
Current portion of notes receivable, net	-	-	90,000	-	-	-	281,898	-	371,898
TOTAL CURRENT ASSETS	492,144	29,729,647	54,734,829	12,838,526	22,389,828	20,444,306	125,957,973	(179,700)	266,407,553
NONCURRENT ASSETS									
Restricted cash and cash equivalents	-	2,818,066	7,782,019	3,827,456	9,916,753	7,473,968	-	671,777	32,490,039
Restricted investments	-	244,276	-	-	-	-	3,665,035	(671,777)	3,237,534
Investments held by others	-	-	-	-	-	-	48,890	-	48,890
Receivable from OSRHE Endowment Trust Fund	-	222,883	1,059,054	449,285	436,772	330,588	-	179,700	2,678,282
Other receivable	-	-	-	-	-	3,500,000	-	-	3,500,000
Notes receivable, net	-	-	314,651	-	-	-	270,988	-	585,639
Net OPEB Asset	-	-	-	-	-	-	-	6,409,853	6,409,853
Other assets	-	-	-	-	-	526	-	-	526
Lease Receivable	-	267,312	-	-	349,915	154,440	530,082	-	1,301,749
Capitalized collections	-	-	-	-	-	-	4,747,720	-	4,747,720
Capital assets, net	11,511	84,212,213	150,331,037	25,020,269	40,216,269	74,678,933	255,863,418	-	630,333,650
TOTAL NONCURRENT ASSETS	11,511	87,764,750	159,486,761	29,297,010	50,919,709	86,138,455	265,126,133	6,589,553	685,333,882
TOTAL ASSETS	\$ 503,655	\$ 117,494,397	\$ 214,221,590	\$ 42,135,536	\$ 73,309,537	\$ 106,582,761	\$ 391,084,106	\$ 6,409,853	\$ 951,741,435
DEFERRED OUTFLOWS OF RESOURCES									
Deferred amounts related to pensions	-	-	-	-	-	-	-	78,524,643	78,524,643
Deferred amounts related to OPEB	-	-	-	-	-	-	-	5,054,985	5,054,985
Deferred charge on capital lease restructure	-	562,727	211,022	-	-	-	-	-	773,749
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 562,727	\$ 211,022	\$ -	\$ -	\$ -	\$ -	\$ 83,579,628	\$ 84,353,377

Continued on next page.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2022

	<u>Admin</u>	<u>ECU</u>	<u>NSU</u>	<u>NWOSU</u>	<u>SE</u>	<u>SWOSU</u>	<u>UCO</u>	<u>Reclassification/ System-Wide Entries</u>	<u>TOTAL</u>
LIABILITIES									
CURRENT LIABILITIES									
Accounts and scholarships payable	\$ 64,883	\$ 955,607	\$ 3,458,639	\$ 162,670	\$ 3,074,329	\$ 2,818,909	\$ 4,951,315	\$ -	\$ 15,486,352
Accrued payroll	-	116,966	671,857	287,286	243,188	150,122	7,066,390	-	8,535,809
Accrued interest	-	51,250	-	-	-	20,822	-	-	72,072
Unearned revenue	-	2,040,756	3,617,314	585,494	4,991,643	1,888,634	4,928,061	57,760	18,109,662
Deposits held in custody for others	-	-	635	55,125	351,578	172,541	1,187,559	-	1,767,438
Current portion of noncurrent liabilities	49,675	2,491,312	5,452,667	1,021,427	2,800,470	3,497,456	11,796,905	-	27,109,912
TOTAL CURRENT LIABILITIES	114,558	5,655,891	13,201,112	2,112,002	11,461,208	8,548,484	29,930,230	57,760	71,081,245
NONCURRENT LIABILITIES									
Accrued compensated absences	49,676	840,507	2,191,340	133,021	399,554	855,942	1,687,727	(4,753)	6,153,014
Federal loan program contributions refundable	-	-	4,524,000	-	-	-	526,752	-	5,050,752
Bonds payable	-	3,114,288	-	-	-	-	4,094,318	25,682	7,234,288
Unearned revenue	-	714,451	-	-	-	-	4,927,885	198,481	5,840,817
Lease Liability	-	89,667	-	-	24,098	271,125	2,876,934	1,078,100	4,339,924
Total OPEB liability	-	-	-	-	-	-	-	6,243,098	6,243,098
Net pension liability	-	-	-	-	-	-	-	253,607,323	253,607,323
Capital lease obligations	-	22,092,608	30,983,218	4,305,359	17,692,561	14,135,851	114,948,059	(1,355,270)	202,802,386
TOTAL NONCURRENT LIABILITIES	49,676	26,851,521	37,698,558	4,438,380	18,116,213	15,262,918	129,061,675	259,792,661	491,271,602
TOTAL LIABILITIES	164,234	32,507,412	50,899,670	6,550,382	29,577,421	23,811,402	158,991,905	259,850,421	562,352,847
DEFERRED INFLOWS OF RESOURCES									
Deferred amounts related to pensions	-	-	-	-	-	-	-	145,991,239	145,991,239
Deferred inflows related to OPEB	-	-	-	-	-	-	-	4,753,093	4,753,093
Deferred inflows related to Leases	-	-	-	-	360,467	156,384	-	-	516,851
Deferred gain on OCIA lease restructure	-	434,101	1,365,546	91,856	156,544	163,080	1,563,001	-	3,774,128
TOTAL DEFERRED INFLOWS OF RESOURCES	-	434,101	1,365,546	91,856	517,011	319,464	1,563,001	150,744,332	155,035,311
NET POSITION									
Net investment in capital assets	11,511	56,447,723	115,411,900	18,660,847	20,104,419	57,665,168	125,990,008	-	394,291,576
Restricted:									
Nonexpendable:									
Grants, bequests and contributions	-	-	-	-	-	-	816,347	-	816,347
Expendable:									
Scholarships, instruction and other	-	3,386,642	9,495,911	-	-	3,835,687	270,043	-	16,988,283
Loans	-	24,944	503,934	-	-	-	264,342	-	793,220
Capital projects	-	2,793,122	5,877,472	-	10,076,649	3,638,281	33,100,241	-	55,485,765
Debt service	-	-	1,840,502	-	-	-	2,717,446	-	4,557,948
Unrestricted (deficit)	327,910	22,463,180	29,037,677	16,832,451	13,034,037	17,312,759	67,370,773	(320,605,272)	(154,226,485)
TOTAL NET POSITION	\$ 339,421	\$ 85,115,611	\$ 162,167,396	\$ 35,493,298	\$ 43,215,105	\$ 82,451,895	\$ 230,529,200	\$ (320,605,272)	\$ 318,706,654

See Accompanying Independent Auditor's Report.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Admin</u>	<u>ECU</u>	<u>NSU</u>	<u>NWOSU</u>	<u>SE</u>	<u>SWOSU</u>	<u>UCO</u>	<u>Reclassification/ System-Wide Entries</u>	<u>TOTAL</u>
OPERATING REVENUES									
Student tuition and fees, net of scholarship discounts and allowances	\$ -	\$ 17,477,433	\$ 37,793,936	\$ 15,967,606	\$ 30,843,161	\$ 25,682,167	\$ 86,064,312	\$ -	\$ 213,828,615
Federal grants and contracts	-	4,947,415	3,372,101	24,228,096	5,727,130	1,898,602	6,871,706	-	47,045,050
State and local grants and contracts	-	363,181	-	-	1,233,558	2,037,971	3,308,345	-	6,943,055
Bookstore operations	-	105,679	-	-	-	-	1,151,306	-	1,256,985
Housing and food service revenues, net of discounts and allowances	-	4,776,442	3,456,298	5,087,478	1,231,433	6,323,487	13,752,779	-	34,627,917
Optometry contracts and practice plan	-	-	4,892,481	-	-	-	-	-	4,892,481
Aerospace operations	-	-	-	-	1,527,877	-	-	-	1,527,877
Parking and University Center revenues (total revenues are dedicated as security for bond repayments)	-	-	-	-	-	-	3,390,399	-	3,390,399
Other auxiliary operations	-	-	-	-	-	1,449,228	-	-	1,449,228
Interest earned on loans to students	-	-	11,811	-	-	-	16,769	-	28,580
University assessments	987,559	-	-	-	-	-	-	(987,559)	-
Other operating revenues	124,050	1,108,413	5,976,350	236,550	102,308	2,034,866	4,590,128	(80,004)	14,092,661
TOTAL OPERATING REVENUES	1,111,609	28,778,563	55,502,977	45,519,730	40,665,467	39,426,321	119,145,744	(1,067,563)	329,082,848
OPERATING EXPENSES									
Compensation and employee benefits	788,927	31,778,809	67,337,216	18,313,006	39,088,196	47,445,392	127,219,812	(19,765,689)	312,205,669
Contractual services	219,806	6,706,036	5,746,350	4,281,962	12,360,685	7,178,625	6,628,986	(333,545)	42,788,905
Supplies and materials	5,224	2,127,338	8,128,527	255,728	3,816,387	4,835,783	19,023,629	-	38,192,616
Depreciation	7,263	4,757,566	9,974,933	2,001,793	3,754,718	4,773,456	15,486,322	-	40,756,051
Utilities	-	1,118,498	3,491,863	1,007,956	1,385,580	1,890,619	4,653,093	-	13,547,609
Communication expense	-	96,521	41,233	117,119	347,662	134,150	-	-	736,685
Scholarships and fellowships	-	12,950,093	17,733,802	20,253,652	15,942,134	19,022,561	17,609,081	(5,000)	103,506,323
Other operating expenses	135,247	2,617,989	9,074,081	5,328,568	2,778,442	2,932,160	17,204,116	(729,018)	39,341,585
TOTAL OPERATING EXPENSES	1,156,467	62,152,850	121,528,005	51,559,784	79,473,804	88,212,746	207,825,039	(20,833,252)	591,075,443
OPERATING INCOME (LOSS)	\$ (44,858)	\$ (33,374,287)	\$ (66,025,028)	\$ (6,040,054)	\$ (38,808,337)	\$ (48,786,425)	\$ (88,679,295)	\$ 19,765,689	\$ (261,992,595)

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

	Admin	ECU	NSU	NWOSU	SE	SWOSU	UCO	Reclassification/ System-Wide Entries	TOTAL
NONOPERATING REVENUES (EXPENSES)									
State appropriations	\$ -	\$ 13,906,115	\$ 28,880,169	\$ 8,470,293	\$ 14,904,219	\$ 18,346,682	\$ 54,726,876	\$ -	\$ 139,234,354
Federal grants and contracts	-	14,876,329	39,789,335	-	22,706,680	19,027,601	20,818,071	-	117,218,016
State grants and contracts	-	4,690,650	-	-	-	6,703,794	-	-	11,394,444
OTRS on-behalf contributions	-	-	-	-	-	-	18,956,162	12,523,372	31,479,534
Gifts	-	-	2,623,941	557,165	-	-	175,823	-	3,356,929
Investment income	-	115,251	359,317	508,258	70,725	340,025	259,270	-	1,652,846
Other nonoperating	-	16,380	(570,627)	-	100,613	765,151	-	-	311,517
Interest expense	-	(1,026,834)	(1,430,211)	-	(632,011)	(571,075)	(4,388,750)	-	(8,048,881)
NET NONOPERATING REVENUE (EXPENSES)	-	32,577,891	69,651,924	9,535,716	37,150,226	44,612,178	90,547,452	12,523,372	296,598,759
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(44,858)	(796,396)	3,626,896	3,495,662	(1,658,111)	(4,174,247)	1,868,157	32,289,061	34,606,164
CAPITAL GIFTS AND GRANTS									
State appropriations restricted for capital purposes	-	1,216,647	1,386,947	1,216,647	1,216,647	1,216,647	2,410,697	-	8,664,232
Capital Contributions	-	218,523	-	66,170	158,627	2,973,293	-	-	3,416,613
OCIA on-behalf state appropriations	-	775,085	528,161	148,678	746,447	777,769	1,017,495	-	3,993,635
	-	2,210,255	1,915,108	1,431,495	2,121,721	4,967,709	3,428,192	-	16,074,480
CHANGE IN NET POSITION	(44,858)	1,413,859	5,542,004	4,927,157	463,610	793,462	5,296,349	32,289,061	50,680,644
NET POSITION, BEGINNING OF YEAR,	384,279	83,701,752	156,625,392	30,566,141	42,751,495	81,658,433	225,232,851	(352,894,333)	268,026,010
NET POSITION, END OF YEAR	<u>\$ 339,421</u>	<u>\$ 85,115,611</u>	<u>\$ 162,167,396</u>	<u>\$ 35,493,298</u>	<u>\$ 43,215,105</u>	<u>\$ 82,451,895</u>	<u>\$ 230,529,200</u>	<u>\$ (320,605,272)</u>	<u>\$ 318,706,654</u>

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Admin	ECU	NSU	NWOSU	SE	SWOSU	UCO	Reclassification/ System-Wide Entries	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES									
Tuition and fees	\$ -	\$ 18,631,821	\$ 37,040,423	\$ 16,781,092	\$ 31,108,698	\$ 26,768,627	\$ 84,254,191	\$ -	\$ 214,584,852
Grants and contracts	-	6,163,673	3,050,284	24,057,520	7,575,466	3,535,058	10,572,541	-	54,954,542
Auxiliary enterprises and other receipts	-	5,715,512	11,761,791	5,324,028	2,843,162	10,436,590	24,227,117	-	60,308,200
University assessment and other	1,253,663	-	-	-	-	-	-	-	1,253,663
Interest collected on loans to students	-	-	-	-	-	-	16,769	-	16,769
Payments to employees for salaries and benefits	(759,750)	(31,995,692)	(67,431,257)	(18,443,606)	(38,993,220)	(47,396,301)	(128,229,511)	-	(333,249,337)
Payments to suppliers and others	(363,633)	(26,971,918)	(43,446,751)	(32,081,759)	(37,257,918)	(34,402,281)	(66,558,471)	-	(241,082,731)
Loans issued to students	-	-	(196,146)	-	-	-	-	-	(196,146)
Collections of loans issued to students	-	-	652,123	-	-	-	90,131	-	742,254
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	130,280	(28,456,604)	(58,569,533)	(4,362,725)	(34,723,812)	(41,058,307)	(75,627,233)	-	(242,667,934)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
State appropriations	-	13,906,115	28,880,169	8,470,293	14,904,219	18,346,682	54,726,876	-	139,234,354
Non-operating grants	-	19,566,979	39,789,335	-	17,191,653	25,731,395	20,818,071	-	123,097,433
Cash received from Non-Operating Revenues	-	16,380	2,624,041	557,166	5,602,413	877,090	18,956,162	-	28,633,252
Direct Loan receipts	-	10,054,656	27,614,235	6,406,244	22,700,150	-	38,450,841	-	105,226,126
Direct Loan payments	-	(10,054,656)	(27,614,235)	(6,406,244)	(22,700,150)	-	(38,450,842)	-	(105,226,127)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	33,489,474	71,293,545	9,027,459	37,698,285	44,955,167	94,501,108	-	290,965,038
CASH FLOWS FROM INVESTING ACTIVITIES									
Proceeds from sales of investments	-	321,900	-	-	-	-	-	671,777	993,677
Purchases of investments	-	(327,839)	-	-	-	-	-	-	(327,839)
Interest income received	-	192,888	284,837	508,258	71,579	171,161	382,206	-	1,610,929
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	186,949	284,837	508,258	71,579	171,161	382,206	671,777	2,276,767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Cash paid for capital assets	(15,729)	(2,458,966)	(12,768,835)	(2,967,454)	(3,609,380)	(5,813,878)	(5,112,224)	-	(32,746,466)
Capital appropriations received	-	1,653,693	1,386,947	1,216,647	1,216,647	1,216,647	2,410,697	-	9,101,278
Contributions	-	-	-	5,911	-	2,916,667	-	-	2,922,578
Proceeds from sale of assets	-	-	164,146	-	-	-	-	-	164,146
Drawdown of ODFA receivables	-	4,295	-	-	-	-	-	-	4,295
Proceeds of capital debt and leases	-	263,241	(3,567,131)	-	4,563,306	387,405	102,034	-	1,748,855
Payments on capital debt and leases	-	(1,757,696)	(888,371)	(281,700)	(1,750,515)	(1,601,151)	(7,482,000)	-	(13,761,433)
Interest paid on capital debt and leases	-	(692,932)	209	136,118	(494,588)	(438,024)	(5,339,686)	-	(6,828,903)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(15,729)	(2,988,365)	(15,673,035)	(1,890,478)	(74,530)	(3,332,334)	(15,421,179)	-	(39,395,650)
NET CHANGE IN CASH AND CASH EQUIVALENTS	114,551	2,231,454	(2,664,186)	3,282,514	2,971,522	735,687	3,834,902	671,777	11,178,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	304,470	27,487,618	54,147,577	12,298,329	25,116,945	22,704,512	88,165,333	-	230,224,784
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 419,021	\$ 29,719,072	\$ 51,483,391	\$ 15,580,843	\$ 28,088,467	\$ 23,440,199	\$ 92,000,235	\$ 671,777	\$ 241,403,005

Continued on next page.

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Admin</u>	<u>ECU</u>	<u>NSU</u>	<u>NWOSU</u>	<u>SE</u>	<u>SWOSU</u>	<u>UCO</u>	<u>Reclassification/ System-Wide Entries</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES									
Operating income(loss)	\$ (44,858)	\$ (33,374,287)	\$ (66,025,028)	\$ (6,040,054)	\$ (38,808,337)	\$ (48,786,425)	\$ (88,679,295)	\$ 19,765,689	\$ (261,992,595)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:									
Depreciation	7,263	4,695,365	9,974,933	2,001,793	3,754,718	4,773,456	15,486,322	-	40,693,850
Loss on the disposal of capital assets	-	11,229	-	-	-	-	337,792	-	349,021
On-behalf contributions to teachers' retirement system	-	-	-	-	-	-	-	12,523,372	12,523,372
Changes in assets and liabilities:									
Accounts receivable	142,054	509,442	(3,507,415)	630,975	682,224	910,217	309,086	-	(323,417)
Grants and other receivables	-	578,055	-	-	-	-	-	-	578,055
Net OPEB asset	-	-	-	-	-	-	-	(195,906)	(195,906)
Net pension liability	-	-	-	-	-	-	-	(204,548,892)	(204,548,892)
Net OPEB liability	-	-	-	-	-	-	-	(4,438,157)	(4,438,157)
Deferred amounts from pensions	-	-	-	-	-	-	-	175,038,057	175,038,057
Deferred amounts from OPEB	-	-	-	-	-	-	-	1,855,837	1,855,837
Inventories	-	-	213,344	2,945	-	(142,203)	107,850	-	181,936
Loans receivable	-	-	455,977	-	12,926	2,929	-	-	471,832
Student and other deposits	-	-	-	-	-	-	90,131	-	90,131
Other assets	-	-	-	-	-	-	(2,169)	-	(2,169)
Accounts payable and accrued expenses	16,551	(1,304,471)	725,761	(915,432)	(627,028)	1,743,318	384,052	-	22,751
Accrued payroll	-	77,665	610	-	43,572	-	(1,009,626)	-	(887,779)
Unearned revenue	-	644,946	(143,064)	(12,090)	181,728	400,808	(357,776)	-	714,552
Federal loan program contributions refundable	-	-	(170,000)	-	-	-	(24,267)	-	(194,267)
Loans to students and employees	-	-	-	24,025	-	-	(2,269,260)	-	(2,245,235)
Retirement incentive program	-	-	-	-	(15,019)	-	-	-	(15,019)
Compensated absences	9,270	(294,548)	(94,651)	(54,887)	51,404	39,593	(73)	-	(343,892)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 130,280</u>	<u>\$ (28,456,604)</u>	<u>\$ (58,569,533)</u>	<u>\$ (4,362,725)</u>	<u>\$ (34,723,812)</u>	<u>\$ (41,058,307)</u>	<u>\$ (75,627,233)</u>	<u>\$ -</u>	<u>\$ (242,667,934)</u>
NONCASH INVESTING, NONCAPITAL FINANCING AND CAPITAL AND RELATED FINANCING ACTIVITIES									
Interest on capital debt paid by OCIA on behalf of the University	\$ -	\$ 472,336	\$ 528,161	\$ 148,678	\$ 252,418	\$ 263,010	\$ 424,484	\$ -	\$ 2,089,087
Principal on capital debt paid by OCIA on behalf of the University	-	512,983	-	-	494,029	514,759	594,011	-	2,115,782
Deferred cost on OCIA lease restructure	-	-	1,365,546	-	156,544	-	-	-	1,522,090
Non-cash capital grants and gifts	-	-	269,452	66,170	-	-	-	-	335,622
Deferred gain on ODFA lease restructure	-	-	211,022	-	-	-	77,049	-	288,071
TOTAL NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL RELATED FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 985,319</u>	<u>\$ 2,374,181</u>	<u>\$ 214,848</u>	<u>\$ 902,991</u>	<u>\$ 777,769</u>	<u>\$ 1,095,544</u>	<u>\$ -</u>	<u>\$ 6,350,652</u>

Continued on next page.



**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
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REGIONAL UNIVERSITY SYSTEM OF OKLAHOMA

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June 30, 2022

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Regents
Regional University System of Oklahoma
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Regional System of Oklahoma (the "System"), a department of the State of Oklahoma, and its aggregate discretely presented component units, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated October 31, 2022.

Our report includes a reference to other auditors who audited the financial statements of East Central University Foundation, Inc., Southeastern Foundation, Inc., Southwestern Oklahoma State University Foundation, Inc. the Southwestern Pharmacy Alumni Foundation, Inc., University of Central Oklahoma Foundation, Inc, the University of Central Oklahoma Alumni Associations and the KCSC Classical Radio Foundation, the System's discretely presented component units, as described in our report on the System's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional System of Oklahoma'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.

Hick & Company, PC

Tulsa, Oklahoma
October 31, 2022

