

**OKLAHOMA STATE REGENTS
FOR HIGHER EDUCATION**

June 30, 2022

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Coordinating Board of Control
Oklahoma State Regents for Higher Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oklahoma State Regents for Higher Education (the “Regents” or “OSRHE”), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Regents’ basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regents, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regents 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 opinions.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note B to the financial statements, in fiscal year 2022 the Regents adopted new accounting guidance, Statement No. 87 of the Governmental Accounting Standards Board, *Leases* (GASB 87). Adoption of GASB 87 resulted in a restatement of the financial statements as of July 1, 2021. Our opinion is not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements, Continued

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 require that the management's discussion and analysis on pages 5 through 16 and the schedule of proportionate share of the net pension liability—Oklahoma Teachers' Retirement System—defined benefit pension plan, the schedule of contributions—Oklahoma Teachers' Retirement System—defined benefit pension plan, the schedule of changes in OSRHE net pension liability and related ratios—OSRHE Supplemental Retirement Plan, the schedule of contributions—OSRHE Supplemental Retirement Plan, the schedule of proportionate share of the net OPEB liability (asset)—Oklahoma Teachers' Retirement System—OPEB plan, the schedule of contributions—Oklahoma Teachers' Retirement System—OPEB plan, the schedule of changes in OSRHE OPEB liability and related ratios—OSRHE OPEB—Retiree Medical Plan, and the schedule of contributions—OSRHE OPEB—Retiree Medical Plan on pages 85–92 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, 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 the Regents' basic financial statements. The Cost Center statement of net position and statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Supplementary Information, Continued

The Cost Center statement of net position and statement of revenues, expenses, and changes in net position are the responsibility of management and were derived from and relate 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. The Cost Center statement of net position and statement of revenues, expenses, and changes in net position have been prepared on the modified accrual basis of accounting as described in the notes to supplemental information. These statements do not recognize pension and other post-employment benefit liabilities. In our opinion, the Cost Center statement of net position and statement of revenues, expenses, and changes in net position are not fairly stated, in all material respects, in accordance with accounting principles generally accepted in the United States. However, in our opinion, the Cost Center statement of net position and statement of revenues, expenses, and changes in net position are fairly stated, in all material respects with the basis of accounting described in the notes to supplemental information, in relation to the basic financial statements as a whole.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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. 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 Regents' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regents' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regents' internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 31, 2022

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

This discussion and analysis of the Oklahoma State Regents for Higher Education (the Regents) financial statements provides an overview of the Regents' financial performance during the year ended June 30, 2022. Since the Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes, and current known facts, please read it in conjunction with the Regents' basic financial statements and the footnotes. Comparative analysis of financial data is presented along with an explanation of significant changes.

The Regents determined the federal student loan reserve fund meets the requirements of GASB 34 regarding assets held in a trustee or agency capacity for the benefit of others, and as such, should be presented as a fiduciary fund. The Regents reported the Oklahoma State Regents for Higher Education Supplemental Retirement Plan (OSRHE Supplemental Retirement Plan) and the Oklahoma State Regents for Higher Education Retiree Medical Plan (OSRHE Retiree Medical Plan) as fiduciary funds. The assets of these two plans are held in a trustee or agency capacity for the benefit of others. Also, the Regents determined that under GASB 34, the Regents' Endowment Fund and William P. Willis Trust Fund are properly classified as permanent funds.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, the Regents' business-type activities net position decreased to \$99,840,726 from \$171,152,979 at June 30, 2021.
- Total recognized operating and non-operating revenues in the Regents' business-type activities decreased by \$44,834,451 primarily due to decreases in state appropriations of \$41,079,617 and \$5,253,600 in other state income.
- Total operating and non-operating expenses in the Regents' business-type activities increased by \$51,806,471 primarily due to increase of \$36,705,429 in payments to system institutions and increase of \$15,428,093 in OCIA on-behalf payment.
- The governmental activities experienced a negative return on investment of \$27,063,921 in fiscal year 2022, compared to a positive return on investment of \$243,020,371 in fiscal year 2021, a difference of \$270,084,292. During Fiscal Year 2022, the Endowment Fund benefitted from the relative outperformance of Private Equity, Hedge Fund – Multi Strategy, Hedge Fund – Long/Short Credit and Real Assets, but were significantly offset by underperformance in U.S. Equity, Global Equity, Hedge Fund – Long/Short Equity and International Equity causing the negative return for the year. On an absolute basis, the US Equity and Global Equity Composites drove performance under the trailing 1-year period, falling 155% and 56% respectively. Hedge Fund-Long/Short Equity return was down 157% over fiscal year 2021 and International Equity was down 40%.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

USING THIS REPORT

This discussion and analysis are intended to serve as an introduction to the Regents' basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. A brief description of the basic financial statements follows.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of a statement of net position and a statement of activities. The statement of net position presents information on the Regents' assets and liabilities with the difference being reported as net position. Increases or decreases in net position over time may serve as an indicator of whether the financial position of the Regents is improving or deteriorating. The statement of activities presents information on the Regents' activities as a whole to demonstrate the extent of changes in financial position as a result of the year's activities. When revenues exceed expenses, the result is an increase in net position, and when the reverse occurs, the result is a decrease in net position.

The Regents' governmental fund and proprietary funds are included in the government-wide financial statements. The fiduciary fund is not included in the government-wide financial statements.

FUND FINANCIAL STATEMENTS

Fund financial statements are organized in a group of related funds which are considered to be separate accounting entities. The Regents' fund groupings include governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: The Regents' Endowment Trust Fund and William P. Willis Trust Fund are reported as major governmental funds. The Endowment Trust Fund is a permanent fund established to support the establishment of faculty chairs, professorships and lectureships at system institutions. William P. Willis Trust Fund is for the purpose of providing scholarships to low-income, full-time undergraduates attending institutions in the Oklahoma State System of Higher Education.

Governmental Funds Financial Statements – Governmental funds are essentially used to account for the same functions as governmental activities in the Government-Wide Financial Statements.

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Governmental Funds Financial Statements (continued)

However, unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources.

They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This is known as using the flow of current financial resources measurement focus approach and the modified accrual basis of accounting. These statements provide a detailed short-term view of the state's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the state.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances both provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented immediately following each Governmental Fund Financial Statement.

Proprietary Funds: The Regents' proprietary fund includes operations from the Oklahoma College Assistance Program ("OCAP"), OneNet, and the Regents' other cost centers.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Proprietary fund financial statements consist of three reports: The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The purpose of the Statement of Net Position is to report the financial position of the fund at a point in time, the report date. The difference between assets and liabilities is a way to measure the Regents' financial health, or financial position. The Statement of Revenues, Expenses, and Changes in Net Position reports information on the Regents' activities as a whole to demonstrate the magnitude of changes in the Regents' financial position as a result of the year's activities. When revenues exceed expenses, the result is an increase in net position, and when the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Regents' operating results.

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Management's Discussion and Analysis
For the Year Ended June 30, 2022

Proprietary Funds Financial Statements (continued)

The Statement of Cash Flows presents the Regents' flows of cash by defined categories. The primary purpose of the Statement of Cash Flows is to provide information about the Regents' cash receipts and disbursements during the year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting. The OCAP federal student loan reserve fund is reported as a fiduciary fund. This fund is used to account for the assets, liabilities, revenues, and expenses administered on behalf of the Federal government. The Regents' Supplemental Retirement Plan and Retiree Medical Plan are reported as fiduciary funds to account for assets held in a trustee or agency capacity for the benefit of agency employees.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE REGENTS' GOVERNMENT WIDE ACTIVITIES

The following schedules are prepared from the Regents' government-wide financial statements. The statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Condensed Statement of Net Position
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 166,192,191	\$ 23,221,913	\$ 131,205,346	\$ 203,202,252	\$ 297,397,537	\$ 226,424,165
Capital assets	-	-	17,384,853	11,272,870	17,384,853	11,272,870
Other noncurrent assets	881,521,654	919,153,654	2,103,306	108,627	883,624,960	919,262,281
Total assets	1,047,713,845	942,375,567	150,693,505	214,583,749	1,198,407,350	1,156,959,316
Deferred outflow related to pension and OPEB	-	-	15,169,765	15,321,168	15,169,765	15,321,168
Current liabilities	57,870,317	46,141,241	9,416,033	7,658,221	67,286,350	53,799,462
Noncurrent liabilities	214,380,000	72,660,000	31,069,695	33,770,966	245,449,695	106,430,966
Total liabilities	272,250,317	118,801,241	40,485,728	41,429,187	312,736,045	160,230,428
Deferred inflow related to pension and OPEB	-	-	25,536,816	17,322,751	25,536,816	17,322,751
Net position						
Net Investment in Capital Assets	-	-	7,602,978	10,682,953	7,602,978	10,682,953
Restricted	775,463,528	823,574,326	60,788,993	56,991,466	836,252,521	880,565,792
Unrestricted	-	-	31,448,755	103,478,560	31,448,755	103,478,560
Total Net Position	<u>\$ 775,463,528</u>	<u>\$ 823,574,326</u>	<u>\$ 99,840,726</u>	<u>\$ 171,152,979</u>	<u>\$ 875,304,254</u>	<u>\$ 994,727,305</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE REGENTS' GOVERNMENT WIDE ACTIVITIES
(continued)

Condensed Statement of Activities
Years ended

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Operating revenues						
Administrative fees	\$ -	\$ -	\$ 499,646	\$ 566,381	\$ 499,646	\$ 566,381
Default aversion fees	-	-	273,781	237,882	273,781	237,882
Default loan collections	-	-	7,677,906	7,997,772	7,677,906	7,997,772
Grants, contracts and gifts	-	-	10,411,813	8,106,840	10,411,813	8,106,840
OneNet service fee	-	-	23,018,807	23,118,940	23,018,807	23,118,940
Other	-	-	2,759,556	1,955,017	2,759,556	1,955,017
Nonoperating revenues						
State appropriations	-	-	727,546,420	768,626,037	727,546,420	768,626,037
Other income/revenue	-	-	75,991,399	81,244,999	75,991,399	81,244,999
On-behalf OTRS contributions	-	-	974,018	775,394	974,018	775,394
Other	51,928	56,647	-	-	-	56,647
Gain on investment	-	243,020,371	1,292,806	2,651,342	1,292,806	245,671,713
	51,928	243,077,018	850,446,153	895,280,604	850,498,082	1,138,357,622
Operating expenses						
Personnel and other operating costs	588,434	455,928	35,299,428	36,102,406	35,887,862	36,558,334
Communications	-	-	12,036,935	12,846,642	12,036,935	12,846,642
Scholarships, tuition and other incentives	-	-	13,048,044	11,841,772	13,048,044	11,841,772
Other	5,560,850	4,703,592	-	-	5,560,850	4,703,592
Nonoperating expenses						
Payments to public institutions	30,350,875	28,180,864	809,647,729	772,942,300	839,998,604	801,123,164
OCIA on-behalf payments	-	-	29,694,187	14,266,094	29,694,187	14,266,094
Loss on disposal of capital assets	-	-	35,470	-	35,470	-
Loss on investment	27,063,921	-	-	-	27,063,921	-
Interest expense	6,428,495	4,566,422	166,764	122,872	6,595,259	4,689,294
	69,992,575	37,906,806	899,928,557	848,122,086	969,921,132	886,028,892
Net income (loss) before capital appropriations and other revenues	(69,940,647)	205,170,212	(49,482,404)	47,158,518	(119,423,051)	252,328,730
Transfers	21,829,849	11,429,849	(21,829,849)	(11,429,849)	-	-
Change in net assets	(48,110,798)	216,600,061	(71,312,253)	35,728,669	(119,423,051)	252,328,730
Net position, beginning	823,574,326	606,974,265	171,152,979	135,424,310	994,727,305	742,398,575
Net position, end of year	<u>\$ 775,463,528</u>	<u>\$ 823,574,326</u>	<u>\$ 99,840,726</u>	<u>\$ 171,152,979</u>	<u>\$ 875,304,254</u>	<u>\$ 994,727,305</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
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CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2022, the Regents business-type activities recorded a total of \$86,983,239 in capital assets, \$67,356,938 in accumulated depreciation and \$2,241,448 in accumulated amortization. During the year ended June 30, 2022, the Regents acquired \$10,338,643 in capital assets of building improvements, equipment, and lease building/equipment. These acquisitions were primarily associated with the expansion of OneNet data communication services. The Regents has recorded the right to use lease assets as a result of implementing GASB 87.

Capital Assets, Net

	<u>2022</u>	<u>2021</u>
Buildings	\$ 9,808,543	\$ 9,759,297
Equipment	66,246,611	70,558,020
Motor vehicles	438,512	438,512
Lease building	10,057,361	-
Lease equipment	<u>432,212</u>	<u>-</u>
Total	86,983,239	80,755,829
Less accumulated depreciation	(67,356,938)	(69,482,959)
Less accumulated amortization	(2,241,448)	-
	<u><u>\$ 17,384,853</u></u>	<u><u>\$ 11,272,870</u></u>
Capital assets, net		

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CAPITAL ASSETS AND DEBT ADMINISTRATION *(continued)*

At June 30, 2022, the Regents business-type activities had long-term liabilities of \$33,619,896. The current portion due within one year is \$2,603,001.

	Long-Term Liabilities	
	2022	2021
Compensated absences	\$ 1,759,785	\$ 1,773,581
Net pension liabilities	21,849,891	30,651,381
Master equipment leases payable	1,533,750	2,123,667
Unamortized bond premium	127,600	180,400
Lease liabilities	8,348,870	-
Sub-Total long-term liabilities	\$ 33,619,896	\$ 34,729,029
Less: Due within one year	(2,603,001)	(958,063)
Total long-term liabilities	<u>\$ 31,016,895</u>	<u>\$ 33,770,966</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE REGENTS' PERMANENT FUND

The following schedules are prepared from the Regents' Permanent Fund basic financial statements. The statements are presented on a modified accrual basis of accounting whereby revenues are recognized when measurable and available and expenses are recorded when a liability is incurred. During the year ended June 30, 2022, total expense increased by \$38,400,769 compared to June 30, 2021 as result of investment loss of \$27,063,921. The increase on transfers in is mainly from OCIA Bond receipt at \$161,640,000.

Regents' Permanent Fund

	<u>2022</u>	<u>2021</u>
Cash and investments	\$ 1,042,793,613	\$ 937,566,564
Receivables	<u>4,920,232</u>	<u>4,809,003</u>
Total assets	1,047,713,845	942,375,567
 Total liabilities	 <u>43,915,317</u>	 <u>38,981,241</u>
Total fund balance	<u><u>\$ 1,003,798,528</u></u>	<u><u>\$ 903,394,326</u></u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE REGENTS' PERMANENT FUND *(continued)*

Changes in Fund Balance

	2022	2021
	<u> </u>	<u> </u>
Return on investment	\$ -	\$243,020,371
Other Revenue	51,928	56,647
	<u> </u>	<u> </u>
Total revenues	51,928	243,077,018
Contractual and other	6,149,284	5,159,520
Lease payments	19,553,495	11,376,422
Investment Loss	27,063,921	-
Distributions to institutions	30,350,875	28,180,864
	<u> </u>	<u> </u>
Total expenditures	83,117,575	44,716,806
Transfers in	183,469,849	11,429,849
	<u> </u>	<u> </u>
Total other financing sources	183,469,849	11,429,849
	<u> </u>	<u> </u>
Change in permanent fund balance	<u><u>\$ 100,404,202</u></u>	<u><u>\$ 209,790,061</u></u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF OCAP FIDUCIARY FUND ACTIVITIES

The following tables are prepared from OCAP's Fiduciary Fund financial statements. The statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and assets are capitalized and depreciated. During the year ended June 30, 2022, total additions decreased by \$4,128,256 from \$36,340,027 to \$32,211,771. Deductions increased by \$2,490,439 from \$39,675,351 to \$42,165,790. The additions decrease was primarily due to a large decrease in default loan collections. The increase in deductions was primarily due to a large amount of borrower refunds as directed by the DCL GEN-21-03. Each of these were a result of the COVID-19 National Emergency and the related Federal Student Aid guidance providing repayment moratoriums for student loan borrowers.

FINANCIAL ANALYSIS OF THE OCAP FIDUCIARY FUND ACTIVITIES

Fiduciary Net Position

	Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
Other assets	\$ 7,367,938	\$ 18,796,089
Total Assets	<u>7,367,938</u>	<u>18,796,089</u>
Deferred outflows of resources	-	1,553,827
Total deferred outflows of resources	<u>-</u>	<u>1,553,827</u>
Current Liabilities	<u>1,724,777</u>	<u>4,752,736</u>
Total Liabilities	<u>1,724,777</u>	<u>4,752,736</u>
Restricted net position	<u>5,643,161</u>	<u>15,597,180</u>
Total Net Position	<u>\$ 5,643,161</u>	<u>\$ 15,597,180</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE OCAP FIDUCIARY FUND ACTIVITIES *(continued)*

Changes in Fiduciary Net Position

	<u>2022</u>	<u>2021</u>
Federal reinsurance	\$30,967,843	\$23,798,373
Loan collections	955,395	12,061,901
Other additions	288,533	479,753
Total Additions	<u>\$ 32,211,771</u>	<u>\$36,340,027</u>
 Purchase of defaulted loans	 29,181,205	 28,900,937
Loan collections due to USDE	7,416,906	10,180,056
Other deductions	5,567,679	594,358
Total Deductions	<u>42,165,790</u>	<u>39,675,351</u>
Change in Fiduciary Net Position	<u><u>\$ (9,954,019)</u></u>	<u><u>\$ (3,335,324)</u></u>

ECONOMIC FACTORS AND THE REGENTS' FUTURE

The economic position of the Regents is closely tied to that of the State of Oklahoma. During the 2022 legislative session, the Oklahoma Legislature appropriated \$812,819,822 to the Regents for fiscal year 2022, an increase of \$42,405,080 compared to the fiscal year 2021 appropriations of \$770,414,742. This represented a 5.50 percent increase from fiscal year 2021. Approximately, 11.59 percent of the revenue dedicated to appropriations for fiscal year 2022 came from gross production tax revenues.

CONTACTING THE REGENTS' FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Regents' finances and to show the Regents' accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Oklahoma State Regents for Higher Education, P.O. Box 108850, Oklahoma City, Oklahoma 73101-8850.

STATEMENT OF NET POSITION
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 64,894,418	\$ 64,894,418
Receivables:			
Accounts receivable	-	7,667,138	7,667,138
Interest	-	48,974	48,974
Other assets	-	186,119	186,119
Restricted assets:			
Cash and cash equivalents	161,271,959	56,479,854	217,751,813
Receivables:			
Accounts receivable	4,763,120	127,064	4,890,184
Due from Federal Fund	-	1,629,332	1,629,332
Administrative cost allowance	-	117,536	117,536
Interest	157,112	54,911	212,023
Total current assets	166,192,191	131,205,346	297,397,537
Noncurrent Assets			
Investments	881,521,654	-	881,521,654
Net OPEB Asset - OTRS	-	367,319	367,319
Net Supplemental Asset - TIAA	-	1,696,523	1,696,523
Intangible Asset	-	39,464	39,464
Lease assets, net	-	8,248,125	8,248,125
Capital assets, net	-	9,136,728	9,136,728
TOTAL ASSETS	1,047,713,845	150,693,505	1,198,407,350
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow related to pension - OTRS	-	4,676,984	4,676,984
Deferred outflow related to OPEB - OTRS	-	67,483	67,483
Deferred outflow related to pension - SRA	-	805,756	805,756
Deferred outflow related to OPEB - retiree medical	-	9,619,542	9,619,542
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ 15,169,765	\$ 15,169,765

(Continued)

STATEMENT OF NET POSITION - Continued
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 June 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ -	\$ 6,252,970	\$ 6,252,970
Compensated absences	-	904,042	904,042
Master lease payable	-	489,963	489,963
Master equipment leases payable	-	614,500	614,500
Lease liabilities	-	866,343	866,343
Liabilities payable from restricted assets:			
Accounts payable and accrued expenses	159,194	42,471	201,665
Compensated absences	-	165,316	165,316
OCIA lease payable	13,955,000	-	13,955,000
Deposits held in trust for system institutions	3,139,347	-	3,139,347
Undistributed interest on deposits held in trust	40,616,776	-	40,616,776
Undistributed state appropriation	-	80,428	80,428
Total current liabilities	57,870,317	9,416,033	67,286,350
Noncurrent			
Compensated absences	-	690,427	690,427
Master equipment leases payable	-	919,250	919,250
OCIA lease payable	214,380,000	-	214,380,000
Unamortized bond premium	-	127,600	127,600
Lease liabilities	-	7,482,527	7,482,527
Noncurrent liabilities payable from restricted assets:			
Net OPEB liability - retiree medical	-	7,116,775	7,116,775
Net pension liability - OTRS	-	14,733,116	14,733,116
Total noncurrent liabilities	214,380,000	31,069,695	245,449,695
TOTAL LIABILITIES	272,250,317	40,485,728	312,736,045
DEFERRED INFLOW OF RESOURCES			
Deferred inflow related to pension - OTRS	-	13,313,545	13,313,545
Deferred inflow related to pension - SRA	-	3,809,677	3,809,677
Deferred inflow related to OPEB - retiree medical	-	8,157,697	8,157,697
Deferred inflow related to OPEB - OTRS	-	255,897	255,897
TOTAL DEFERRED INFLOW OF RESOURCES	-	25,536,816	25,536,816
NET POSITION			
Net Investment in Capital Assets	-	7,602,978	7,602,978
Restricted:			
Educational grants and scholarships	-	23,584,587	23,584,587
Oklahoma College Assistance Program	-	33,872,900	33,872,900
Endowment - Nonexpendable	775,463,528	-	775,463,528
Capital Projects	-	3,331,506	3,331,506
Unrestricted	-	31,448,755	31,448,755
TOTAL NET POSITION	\$ 775,463,528	\$ 99,840,726	\$ 875,304,254

STATEMENT OF ACTIVITIES
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Year Ended June 30, 2022

	Governmental Activities	Business-Type Activities	Total
OPERATING REVENUES			
Administrative fees	\$ -	\$ 499,646	\$ 499,646
Default aversion fee	-	273,781	273,781
Default loan collections	-	7,677,906	7,677,906
Federal grants and contracts	-	10,411,813	10,411,813
OneNet service fees	-	23,018,807	23,018,807
Other	-	2,759,556	2,759,556
TOTAL OPERATING REVENUES	-	44,641,509	44,641,509
OPERATING EXPENSES			
Compensation	-	15,282,764	15,282,764
Pension and OPEB expense	-	665,113	665,113
Contractual services	588,434	6,010,208	6,598,643
Communications	-	12,036,935	12,036,935
Scholarships, tuition, and other incentives	-	13,048,044	13,048,044
Supplies and materials	-	453,681	453,681
Other	5,560,850	8,170,533	13,731,383
Depreciation and amortization	-	4,717,129	4,717,129
TOTAL OPERATING EXPENSES	6,149,284	60,384,406	66,533,690
OPERATING INCOME (LOSS)	(6,149,284)	(15,742,897)	(21,892,181)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	-	727,546,420	727,546,420
Other state income	-	75,991,399	75,991,399
Payments to system institutions	(30,350,875)	(809,647,729)	(839,998,604)
OCIA on-behalf payments	0	(29,694,187)	(29,694,187)
On-behalf TRS contributions	-	974,018	974,018
Gain/(Loss) on investment	(27,063,921)	1,292,806	(25,771,115)
Loss on disposal of capital assets	-	(35,470)	(35,470)
Other revenue	51,928	-	51,928
Interest expense	(6,428,495)	(166,764)	(6,595,259)
NET NONOPERATING REVENUES	(63,791,363)	(33,739,507)	(97,530,870)
INCOME BEFORE TRANSFERS	(69,940,647)	(49,482,404)	(119,423,051)
Transfers - appropriations to permanent endowment	21,829,849	(21,829,849)	-
CHANGE IN NET POSITION	(48,110,798)	(71,312,253)	(119,423,051)
Net position, beginning of year	823,574,326	171,152,979	994,727,305
Net position, end of year	\$ 775,463,528	\$ 99,840,726	\$ 875,304,254

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

GOVERNMENTAL FUNDS
BALANCE SHEET
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
June 30, 2022

	Endowment Fund	William P. Willis Trust Fund	Total Governmental Funds
ASSETS			
Restricted Assets			
Cash	\$ 160,505,036	\$ 766,923	\$ 161,271,959
Investments	881,521,654	-	881,521,654
Other receivables	4,763,120	-	4,763,120
Interest receivable	157,112	-	157,112
TOTAL ASSETS	\$ 1,046,946,922	\$ 766,923	\$ 1,047,713,845
LIABILITIES			
Deposits held in trust for system institutions	\$ 3,139,347	\$ -	\$ 3,139,347
Accounts payable	159,194	-	159,194
Undistributed interest on deposits held in trust	40,616,776	-	40,616,776
TOTAL LIABILITIES	43,915,317	-	43,915,317
FUND BALANCE			
Nonexpendable	1,003,031,605	766,923	1,003,798,528
TOTAL FUND BALANCE	1,003,031,605	766,923	1,003,798,528
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,046,946,922	\$ 766,923	\$ 1,047,713,845

Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Position:

Total fund balance - governmental fund	\$ 1,003,798,528
Amounts reported for governmental activities in the statement	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(228,335,000)
Net assets of governmental activities	<u>\$ 775,463,528</u>

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Year Ended June 30, 2022

	Endowment Fund	William P. Willis Trust Fund	Total Governmental Funds
REVENUES			
Investment gain	\$ -	\$ 8,144	\$ 8,144
Other	16,531	35,397	51,928
Total revenues	16,531	43,541	60,072
EXPENDITURES			
Contractual services	588,434	-	588,434
Payments to system institutions	30,293,475	57,400	30,350,875
Other	5,560,850	-	5,560,850
Investment Loss	27,072,065	-	27,072,065
Principal retirement	13,125,000	-	13,125,000
Interest and other financing	6,428,495	-	6,428,495
Total expenditures	83,068,319	57,400	83,125,719
Excess of revenues over expenditures	(83,051,788)	(13,859)	(83,065,647)
OTHER FINANCING SOURCES			
Transfers in - Appropriation	21,829,849	-	21,829,849
OCIA Bond Receipt	161,640,000		161,640,000
Net change in fund balance	100,418,061	(13,859)	100,404,202
FUND BALANCE, BEGINNING OF YEAR	902,613,544	780,782	903,394,326
FUND BALANCE, END OF YEAR	\$ 1,003,031,605	\$ 766,923	\$ 1,003,798,528

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities:

Net change in fund balance - total governmental funds \$ 100,404,202

Amounts reported for governmental activities in the Statement of
Activities are different because:

Bond proceeds income in the fund financial statements are
treasted as an advancement of outstanding debt in the
government-wide statement of net position (161,640,000)

Capital lease principal payments expensed in fund financial
statements are treated as a reduction of outstanding debt in
government-wide statements 13,125,000

Change in net assets of governmental activities \$ (48,110,798)

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for collections	\$ 9,897,316
Receipts from admin fees	499,646
Receipts from federal government	10,357,182
Receipts for OneNet services	22,998,939
Receipts from other sources	7,487,086
Receipts for default aversion fee	273,781
Payments to suppliers	(27,074,044)
Payments to employees	(17,456,975)
Payments for scholarships and fellowships	(12,046,005)
NET CASH USED IN OPERATING ACTIVITIES	<u>(5,063,074)</u>

CASH FLOWS FROM NONCAPITAL
 FINANCING ACTIVITIES

Transfers to other funds	(21,829,849)
Receipt of state appropriations	727,432,024
Receipt of other state income	75,991,399
Payments for assistance grants	(29,694,187)
Payments to public institutions	<u>(809,647,729)</u>
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(57,748,342)</u>

CASH FLOWS FROM CAPITAL AND
 RELATED FINANCING ACTIVITIES

Acquisition of capital and intangible assets	(3,131,508)
Interest paid on leases	<u>(105,208)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,236,716)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,358,952</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,358,952</u>

NET CHANGE IN CASH (64,689,180)

CASH AND CASH EQUIVALENTS
 AT BEGINNING OF YEAR

186,063,452

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 121,374,272

(Continued)

STATEMENT OF CASH FLOWS--Continued
 PROPRIETARY FUND
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 Year Ended June 30, 2022

RECONCILIATION OF OPERATING LOSS TO
 NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (15,742,897)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	4,717,129
On-behalf contributions to teachers' retirement system	974,018
Changes in operating assets and liabilities	
Accounts receivable	4,461,707
Due from Federal fund	2,202,890
Other assets	451,284
Net OPEB asset	(2,034,145)
Deferred outflow related to pension	151,403
Accounts payable and accrued expenses	356,758
Compensated absences	(13,796)
Net pension liability	(8,801,490)
Deferred inflow related to pension	8,214,065
Total adjustments	<u>10,679,823</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (5,063,074)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS
 TO STATEMENTS OF NET ASSETS

Current Assets	
Cash and cash equivalents	\$ 64,894,418
Restricted cash and cash equivalents	<u>56,479,854</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 121,374,272</u>

SUPPLEMENTAL NON-CASH ACTIVITY

Capital assets acquired through debt	<u>\$ 589,917</u>
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STATEMENT OF FIDUCIARY NET POSITION--FIDUCIARY FUND
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Other Post Employment Benefit Plan
June 30, 2022

ASSETS

Cash and cash equivalents	\$ 124,407
Investments	<u>19,091,142</u>

TOTAL ASSETS	<u>\$ 19,215,549</u>
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NET POSITION

Held in trust for Other Post Employment Benefit Plan	<u>\$ 19,215,549</u>
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TOTAL NET POSITION	<u>\$ 19,215,549</u>
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION--FIDUCIARY FUND
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Other Post Employment Benefit Plan
Year Ended June 30, 2022

ADDITIONS

Contribution from OSRHE	\$	700,175
Investment Income:		
Interest and Dividends		779,334
Investment Expense		(3,468)
Net Investment Income		<u>775,866</u>
TOTAL ADDITIONS		<u>1,476,041</u>

DEDUCTIONS

Distribution to members		487,375
Unrealized loss on investment		<u>3,624,981</u>
TOTAL DEDUCTIONS		<u>4,112,356</u>

CHANGE IN NET POSITION (2,636,315)

NET POSITION, BEGINNING OF YEAR 21,851,864

NET POSITION, END OF YEAR \$ 19,215,549

STATEMENT OF FIDUCIARY NET POSITION--FIDUCIARY FUND
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 Supplemental Retirement Plan
 June 30, 2022

ASSETS

Investments		\$ 11,655,056
	TOTAL ASSETS	<u>\$ 11,655,056</u>

NET POSITION

Held in trust for Supplemental Retirement Plan		\$ 11,655,056
	TOTAL NET POSITION	<u>\$ 11,655,056</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION--FIDUCIARY FUND
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Supplemental Retirement Plan
Year Ended June 30, 2022

ADDITIONS

Investment Income

\$	-
TOTAL ADDITIONS	-

DEDUCTIONS

Realized Gain/Loss

2,240,568

Distribution to members

1,097,389

TOTAL DEDUCTIONS	<u>3,337,957</u>
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CHANGE IN NET POSITION	(3,337,957)
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NET POSITION, BEGINNING OF YEAR

14,993,013

NET POSITION, END OF YEAR

\$ 11,655,056

STATEMENT OF FIDUCIARY NET POSITION--FIDUCIARY FUND
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 Federal Fund
 June 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	1,235,243
Receivables:		
Federal reinsurance		6,130,009
Loan collections		54
Other:		
Interest		<u>2,632</u>
TOTAL CURRENT ASSETS		<u>7,367,938</u>
TOTAL ASSETS	\$	<u>7,367,938</u>

LIABILITIES

CURRENT LIABILITIES

Payable between funds		1,629,364
Default loan collections due to USDE		<u>95,413</u>
TOTAL CURRENT LIABILITIES		<u>1,724,777</u>
TOTAL LIABILITIES	\$	<u>1,724,777</u>

NET POSITION

Held in trust for Federal government	\$	<u>5,643,161</u>
TOTAL NET POSITION	\$	<u>5,643,161</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION--FIDUCIARY FUND
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Federal Fund

Year Ended June 30, 2022

ADDITIONS

Federal reinsurance	\$ 30,967,843
Loan collections	955,395
Default aversion fees	190,669
Interest income	97,864
TOTAL ADDITIONS	<u>32,211,771</u>

DEDUCTIONS

Purchase of defaulted Loans	29,181,205
Default loan collections due to USDE	7,416,906
Default aversion fees	273,781
Other deductions	5,293,898
TOTAL DEDUCTIONS	<u>42,165,790</u>

INCREASE (DECREASE) IN NET POSITION (9,954,019)

NET POSITION, BEGINNING OF YEAR 15,597,180

NET POSITION, END OF YEAR \$ 5,643,161

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE A—NATURE OF OPERATIONS

Nature of Operations: The Oklahoma State Regents for Higher Education (the Regents) is a component unit included in the financial statements of the State of Oklahoma. The Regents was created by Article XIII-A of the Oklahoma State Constitution in 1941. The Regents serve as the coordinating board of control for The Oklahoma State System of Higher Education (State System) and in this capacity has responsibilities which include the following:

- To prescribe standards of higher education applicable to each constituent institution;
- To determine the functions and courses of study at each of the constituent institutions and ensure that such functions and courses of study conform to the standards prescribed;
- To grant degrees and other forms of academic recognition for completion of the prescribed courses of study in constituent institutions;
- To recommend to the State Legislature budget allocations for each constituent institution;
- To recommend to the State Legislature proposed fees for educational courses at constituent institutions; and,
- To allocate funds, through official resolutions of the Regents, to each constituent institution based on its needs and functions from lump-sum appropriations made by the State Legislature to the Regents.

The Regents sponsor a variety of programs, some of which are as follows:

- *Educational Programs* are established to make higher education available to those persons who cannot otherwise attend an institution of higher education. The funds for these programs are provided from state resources.
- *Student Assistance Programs* are established to aid students in higher education through the use of scholarships, grants, guaranteed loans and contract programs. These programs are funded from both state and federal resources.
- *Complete College American Initiative*, Complete College America (CCA) a comprehensive and ambitious higher education initiative undertaken by the state of Oklahoma. The goal is to increase the number of degrees and certificates earned in Oklahoma by 67 percent by 2023 to meet our state's workforce needs and keep Oklahoma competitive in a global economy.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE A—NATURE OF OPERATIONS (*continued*)

- *The Endowment Trust Fund Program* involves state-appropriated and privately donated funds for the creation of an endowment program to support the establishment of faculty chairs, professorships and lectureships at system institutions.
- *Other Assistance Programs* involve providing certain two-year colleges, regional and research universities with financial assistance. These programs are funded by state resources.

The Regents also operate Oklahoma's telecommunication and information network, known as OneNet. OneNet electronically links public schools, vocational-technical schools, colleges and universities, courts, libraries and local, county, state, tribal and federal government agencies across the state. This network is funded from state resources and user fees.

NOTE B—CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

The Regents' adopted the requirements of GASB No. 87, *Leases* (GASB 87) effective July 1, 2021. Adoption of GASB 87 resulted in a restatement of the financial statements as of July 1, 2021.

The effects of the restatement to the financial statements as of July 1, 2021, were as follows:

	Lease Assets, Net	Lease Liabilities, Current	Lease Liabilities, Noncurrent
As previously reported	\$ -	\$ -	\$ -
Effects of changes	765,013	341,226	423,787
As restated	<u>\$ 765,013</u>	<u>\$ 341,226</u>	<u>\$ 423,787</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared as required by generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Reporting Entity: The accompanying financial statements include only the accounts for operations and activities directly supervised by the Regents, including its principal offices and core operations, OneNet, and the Oklahoma College Assistance Program (OCAP), all located in Oklahoma City.

Basis of Presentation: The Regents follows GASB Statement No. 34 “*Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments*” and related pronouncements in the preparation of its financial statements. Under the provisions of the standard, the Regents is considered a special-purpose government engaged in governmental and business-type activities and are thereby required to provide both government-wide statements and fund financial statements, along with required supplementary information (RSI) that includes management’s discussion and analysis (MD&A). The financial statement presentation required by GASB Statement No. 34 and as modified by GASB Statement No. 63 and 65 provides a comprehensive, entity-wide perspective of the Regents’ assets, liabilities, deferred flows, net position, revenues, expenses, changes in net position and cash flows. The Regents’ fiduciary funds include OCAP Federal Fund, the supplemental retirement plan and other post-retirement benefits plan.

Government-wide financial statements – The statement of net position and statement of activities display information about the Regents as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Regents reports the following major governmental funds:

Endowment Trust Fund – a permanent fund created to support the establishment of faculty chairs, professorships, and lectureships at state system institutions.

William P. Willis Trust Fund – a permanent fund established for the purpose of providing scholarships to low-income, full-time undergraduates attending institutions in the state system institutions.

The Regents reports the following major proprietary fund:

Proprietary Fund – is an enterprise fund established to facilitate general operations of the Regents, including oversight of constituent institutions, allocation of funding, operation of the OneNet statewide network, operations of OCAP which provides default aversion assistance to lenders for delinquent loans and collection process on defaulted loans, and a variety of other agency cost center operations.

The Regents report the following fiduciary funds:

OCAP Federal Fund – a private-purpose trust fund used to account for assets, liabilities, revenues, and expenses administered on behalf of the Federal government.

OSRHE Supplemental Retirement Plan – the purpose of this plan is to provide retirement benefits for the eligible employees who become participants in the plan, and to distribute the funds accumulated in the trust, in accordance with the plan, to the participants and their surviving spouse.

OSRHE Retiree Medical Plan – the purpose of this plan is to provide certain medical care benefits, as defined in the Code section 213, to participants in the plan who are eligible retired employees and, to the extent permitted by the terms of the plan, their eligible spouse and dependents.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when a liability is incurred, except for long-term debt principal and interest and accrued compensated absences, which are recorded to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Restricted Assets: Certain assets of the Regents are classified as restricted assets because their use is completely restricted by grant agreements or donor-imposed stipulations. Management has adopted the policy to spend restricted funds before the use of unrestricted resources when grant requirements have been met.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Estimation of the accrued pension obligation and other post-employment benefits obligation involves the use of actuarial assumptions, including selection of a discount rate, projected salary increases, and projected annuity increases. Actual results could differ from those estimates.

Investments: Investments are under control of the State Treasurer, the Teachers' Insurance Annuity Association - College Retirement Equities Fund ("TIAA/CREF"), and other various outside investment managers and are recorded at fair value based on reports provided by independent sources as of June 30, 2022. The net change in fair value of investments is recorded as investment return on the statement of revenues, expenses, and changes in net assets and includes the unrealized and realized gains and losses on investments.

Receivables: Receivables consist primarily of funds that are due to the Regents in relation to the operation of the academic programs, OCAP, and OneNet. Major items include conference fees, federal reinsurance on defaulted claims, administrative allowances from the U.S. Department of Education ("USDE"), and charges by OneNet for internet and other telecommunication services. The estimate of collectible non-reinsured defaulted loans is based on historical recovery experience.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Assets: Capital assets consisting of buildings, equipment and motor vehicles, are recorded at cost (when purchased by the Regents), or at estimated fair value at date of acquisition (when acquired other than by purchase) less accumulated depreciation. Capital assets are defined as long-lived (more than 3 years) assets with initial costs equal to or greater than \$500 for data/telecommunications equipment and software, or greater than \$2,500 for all other long-lived assets.

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

Buildings	39 years
Equipment	3 – 5 years
Motor vehicles	5 years

Expenses that increase values, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and renewals are charged to operations. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the period in which the asset is disposed.

Lease Commitments: The Regents has recorded Lease Assets, the right to use lease assets as a result of implementing GASB 87. Lease Asset is initially measured at an amount equal to the initial measurement of the related Lease Liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into services. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Intangible Asset: The OneNet AR system meets the criteria for capitalization as an intangible asset (internally generated computer software) with amortization over five years for financial reporting purposes.

Compensated Absences: Full time employees earn vacation at the rate of 10 hours per month for the first four years of employment, 12 hours per month during the fifth year to the ninth year, 13.33 hours per month during the tenth year to the nineteenth year, and 16.66 hours per month, thereafter. A maximum of 480 hours of vacation may be accrued. The obligation and expenditure incurred during the year are recorded as a liability and an expense as the benefits accrue to employees.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Non-Reinsured Defaulted Loans: OCAP estimates collections on non-reinsured defaulted loans based upon historical recovery experience. The historical collection rate for June 30, 2022 is 64.78%. The non-reinsured defaulted loans are reported in the Federal fund as a deferred outflow of resources.

Income Taxes: The income of the Regents, a political subdivision of the State of Oklahoma, is excluded from federal income tax under Section 115(1) of the Internal Revenue Code.

Cash Equivalents: For purposes of the Statement of Cash Flows, the Regents considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Subsequent Events: The Regents has evaluated subsequent events through October 31, 2022, the date the financial statements were available to be issued.

NOTE D—DEPOSITS AND INVESTMENTS

Deposits: Custodial Credit Risk is the risk that in the event of the failure of a counter party, the Regents will be unable to recover the value of its investments. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. The Regents deposits its funds with the Office of the State Treasurer ("OST") and those funds are pooled with funds of other state agencies and then, in accordance with statutory limitations, are placed in financial institutions or invested as the OST may determine, in the state's name. By Oklahoma Statute, the State Treasurer is required to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the Federal Reserve Bank, or invested in United States government obligations. The OST's responsibilities include receiving and collateralizing the deposit of State Funds, investing State funds in compliance with statutory requirements, and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. Some deposits with the OST are placed in the OST's internal investment pool *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies that are considered part of the State of Oklahoma and invests them in (a) U.S. treasury securities; (b) U.S. agency securities; (c) money market mutual funds; and (d) investments related to tri-party repurchase agreements and other various investments, as allowed by law.

At June 30, 2022, the carrying amount of the Regents' deposits with OST was \$283,881,473. Of the funds on deposit with OST, \$268,327,154 is invested in *OK INVEST*.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Agencies that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report and who have funds deposited with the OST may participate in *OK INVEST*. Oklahoma statutes and the OST establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments.

The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. Accordingly, *OK INVEST* maintains a variable net asset value that may fluctuate with changes in the market. *OK INVEST* maintains an overall weighted average maturity of less than 2 years. The main risks of investing in *OK INVEST* are interest rate risk, credit/default risk, liquidity risk, and U.S. Government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. Liquidity risk is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State of Oklahoma, the Federal Deposit Insurance Corporation or any other government agency.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments:

As of June 30, 2022, the Regents held the following investments by fund type as measured by fair value:

Investment by fund type as measured at fair value

Governmental fund - <i>William P. Willis Trust Fund</i>	\$ 766,923
Governmental fund - <i>Endowment Trust Fund</i>	\$ 1,042,026,690
Fiduciary fund - <i>OSRHE Supplemental Retirement Plan</i>	\$ 11,655,056
Fiduciary fund - <i>OSRHE Retiree Medical Plan</i>	\$ 19,215,549

Fair value measurements are categorized 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 and give the highest priority to unadjusted quote prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements) as follows:

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments: Governmental Activities – William P. Willis Trust Fund:

The Regents are designated as Trustees of the William P. Willis Trust Fund [70 O.S., § 2292] which is used to establish and maintain the William P. Willis Scholarship Program for the purpose of providing scholarships to low-income, full-time undergraduates attending institutions within the Oklahoma State System of Higher Education. As of June 30, 2022, this fund's investments of \$766,923 as measured by fair value were held in the OST's internal investment pool *OK INVEST*.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental Activities – Endowment Trust Fund:

In accordance with 70 O.S. § 3951, the Regents are designated as Trustees of the Oklahoma State Regents' Endowment Trust Fund (the "Fund"), a permanent fund used to establish and maintain in perpetuity endowed chairs and professorships at State System institutions, and for any other related activities approved by the Regents to improve the quality of higher education instruction.

The Fund principal consists of monies the Oklahoma Legislature appropriates or transfers to the Regents for the Fund, the proceeds of any obligations issued pursuant to 70 O.S. § 4019 and any monies or assets contributed to the Fund from any other source, public or private. The principal held in the Fund is allocated to established individual public institutions of higher education endowment accounts within the Fund.

The Regents retain a qualified investment consultant to provide advice in selecting investment managers with whom to invest monies of the Fund. An *investment* is a security or other asset that is held primarily for the purpose of income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The investment goal of the Fund is to invest its assets in a manner that will achieve a *total rate of return* sufficient to maintain support of endowed chairs and professorships at State System institutions. To achieve this goal, some investment risk must be taken. In accordance with 70 O.S. § 3954, the Regents minimize such risk through diversification of Fund investments among various financial instruments and asset categories, and uses multiple investment strategies and investment managers. Key decisions in this regard are made by the Fund's investment committee, subject to the Regent's approval, which has oversight responsibility for the Fund's investment program. The committee identifies appropriate asset categories for investments, determines the allocation of assets to each category and approves the investment strategies employed. In making their investment decisions, the Regents exercise the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but with regard to the permanent disposition of their funds, considering the probable safety of their capital as well as the probable income to be derived.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental Activities – Endowment Trust Fund (*continued*):

Investment managers' and consultant fees are paid from the investment proceeds and the net investment return is allocated to each of the respectively designated accounts constituting the principal of the Fund. Expenses incurred by the Regents in the administration of the Fund and the endowment program are paid from monies appropriated for their general operating budget. Total fees are approximately one percent (1.40%) of the Fund's investment portfolio as of June 30, 2022.

At the end of each fiscal year, the Regents approve distributions from the Fund to individual public institutions of higher education with established endowment accounts. The distribution rate approximates four and one-half percent (4 1/2%) of the Fund investments' fair values based on a three-year moving average. *Fair value* is defined as the price that the fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between independent market participants in the principal market at the measurement date. Any amount not designated for institution distribution becomes part of the principal of the Fund.

As of June 30, 2022, the Fund held investments of \$1,042,026,690 as measured by fair value: Of this amount \$881,521,654 is invested with various fund managers and the remaining \$160,505,036 is deposited in the OST's internal investment pool, *OK INVEST*.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Governmental Activities – Endowment Trust Fund *(continued)*:

<i>Governmental activities</i> Endowment Trust Fund		FAIR VALUE MEASUREMENTS USING		
		Fair Value 6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
				Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash/Cash Equivalents				
<i>Cash/Cash Equivalents</i>		3,214,223	\$	3,214,223
Fixed Income Securities				
<i>Bonds Funds</i>		55,861,216		55,861,216
Equity Securities				
<i>Domestic Equity</i>		237,108,135		237,108,135
<i>International Equity</i>		71,611,261		71,611,261
Total Equity Securities		308,719,396		308,719,396
Total investments by fair value level		\$ 367,794,835	\$	367,794,835
<i>Governmental activities</i> Endowment Trust Fund		Fair Value 6/30/2022		
Investments measured at the net asset value (NAV)				
Equity	\$	94,954,984		
Real Assets		87,190,101		
Private Equity Funds		237,970,197		
Hedge Funds		93,611,537		
Total investments measured at the NAV		513,726,819		
Internal Investment Pool - OK INVEST		160,505,036		
Total investments	\$	1,042,026,690		

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Governmental Activities – Endowment Trust Fund *(continued)*:

The Fund also holds investments of \$513,726,819 in limited partnerships, limited liability companies, and investment trusts that are measured at the net asset value (NAV) per share, or its equivalent such as member units or an ownership interest in partners' capital. Because NAV is communicated to the Fund and not publicly available, NAV is being used as a practical expedient for fair value. NAV is established by applying the investee's calculated NAV (or its equivalent) to the Fund's proportionate share of the investee's net assets. This method of determining fair value is permitted by Statement 72 of the Governmental Accounting Standards Board (GASB) - *Fair Value Measurement and Application* if the NAV per share (or its equivalent) of the investment is calculated as of the government's measurement date in a manner generally consistent with the Financial Accounting Standards Board (FASB) Topic 946, *Financial Services— Investment Companies*. The Regents has determined that the NAV per share (or its equivalent) provided by the investees is determined in that manner.

The Fund's Investment Committee, Regents' staff, and Investment Consultant evaluate the investment values provided to the Fund based on a number of factors which include: acquiring an understanding of the investee's underlying investments, strategy, positions, and valuation methodologies; obtaining audited financial statements, third-party valuation reports, and investment administrator transparency reports; and comparing information provided by the fund administrator or Investment Management to other available information such as sector data and indexes. The following table summarizes the Fund's investments of \$513,726,819 measured at fair value based on the NAV as of June 30, 2022.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Governmental Activities – Endowment Trust Fund *(continued)*:

<i>Governmental activities</i> Endowment Trust Fund	Fair Value 6/30/2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the net asset value (NAV)				
Equity				
International Equity ⁽¹⁾	\$ 40,425,488	0	Monthly	6-30 Days
Global Equity ⁽²⁾	\$ 54,529,496	0	Monthly - 3 Years	10-90 Days
Total equity	94,954,984	0		
Real Assets				
Illiquid - Real Estate ⁽³⁾	50,833,179	34,071,186	Illiquid	N/A
Illiquid - Natural Resources ⁽⁴⁾	26,450,485	3,241,390	Illiquid	N/A
Illiquid - Infrastructure ⁽⁵⁾	9,906,437	5,400,484	Illiquid	N/A
Total real assets	87,190,101	42,713,060		
Private Equity Funds				
Venture Capital ⁽⁶⁾	46,081,027	29,408,949	Illiquid	N/A
Special Situations ⁽⁷⁾	29,297,771	19,192,088	Illiquid	N/A
Buyout ⁽⁸⁾	107,055,306	27,982,772	Illiquid	N/A
Debt /Opportunistic Fixed Income ⁽⁹⁾	55,536,093	29,534,421	Illiquid	N/A
Total private equity funds	237,970,197	106,118,230		
Hedge Funds				
Long/Short Equity ⁽¹⁰⁾	23,480,729	0	Quarterly-1 Year	45-90 Days
Event-Driven ⁽¹¹⁾	334,005	0	6 Months	65 Days
Global Macro ⁽¹²⁾	32,387	0	Quarterly	90 Days
Long/Short Credit ⁽¹³⁾	6,900,543	0	1 - 2 Years	45-90 Days
Multi Strategy ⁽¹⁴⁾	62,863,873	0	Quarterly	60-65 Days
Total hedge funds	93,611,537	0		
Total investments measured at the NAV	\$ 513,726,819			
 Total governmental activities investments at fair value	 \$ 881,521,654			

1. *International Equity.* This strategy includes investment trust interests in a single fund whose objective is capital appreciation through investing in a diversified portfolio consisting primarily of large and/or small cap equity securities of issuers that are located outside the U.S., or which derive a significant portion of their business or profits outside of the U.S. The major investment categories include - common stock, preferred stock and mutual funds which are valued based on quoted prices from the applicable primary market exchange.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Governmental Activities – Endowment Trust Fund *(continued)*:

2. *Global Equity.* This investment strategy is composed of seven (7) limited liability company interests that buy and hold publicly traded equity securities of companies within the United States and throughout the world. Equity securities are valued based on quoted prices from the applicable primary market exchange.
3. *Real Assets – Illiquid Real Estate.* This type includes limited partnership interests in fifteen (15) funds that invest in real estate, real estate-related assets and interests in entities that own or operate real property, either directly or through one or more entities holding equity and/or debt interests in real estate. The valuation techniques used to measure the fair value of investments in real estate will vary depending on the type of investment. Due to the fact that a quoted market exchange generally does not exist, investments in real estate are generally valued using a discounted projected cash flow methodology using estimates which are considered Level 3 inputs, including (1) the amount of expected future cash flows, (2) the timing of receipt of those cash flows and (3) the discount rate. These investments can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 10 years. Commitments of \$34,071,186 remain unfunded.
4. *Real Assets – Illiquid Natural Resources.* This type includes limited partnership interests in eight (8) funds that invest in the energy industry including: oil, natural gas, midstream, oil field services, coal, power and renewable/alternative energy. Generally, fair market value reports are prepared for each fund's portfolio investments annually which usually occur at December 31st. This information together with engineering economics based on a third party reserve reports are used to calculate discount rates for reserves and other cash flows. Where appropriate, market comparisons and transaction comparisons are used to value certain assets. These investments can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 7 years. Commitments of \$3,241,390 remain unfunded.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental Activities – Endowment Trust Fund (*continued*):

5. *Real Assets – Illiquid Infrastructure.* This type includes limited partnership interests in four (4) funds that invest primarily in the domestic independent midstream oil and gas sector. Funds are invested in privately negotiated equity and equity related investments. Generally, there is no readily available market for such investments and, as such, it might take longer to liquidate these positions than would be the case for investments in publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices on these sales could be less than those originally paid. It is expected that the underlying assets of the funds will be liquidated over the next 3 to 9 years. Commitments of \$5,400,484 remain unfunded.
6. *Private Equity Funds – Venture Capital.* This type includes limited partnership interests in twelve (12) funds that seek capital appreciation by making, managing, supervising, and disposing of private equity and related securities, principally in venture capital and growth private equity funds. The methods used to estimate the fair value of private investments include the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods. The fair value of an investment is the point within the range that each of the investment funds' General Partner believes is most representative of fair value. These investments can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of these funds will be liquidated over the next 1 to 9 years. Commitments of \$29,408,949 remain unfunded.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental Activities – Endowment Trust Fund (*continued*):

7. *Private Equity Funds – Special Situations.* This type includes limited partnership interests in nine (9) funds that invest primarily in the securities of entities that, or are owned by persons that, are undergoing, are considered likely to undergo or have undergone (i) reorganization under the federal bankruptcy law or similar laws in other countries or (ii) other extraordinary transactions, such as debt restructurings, reorganizations and liquidations outside of bankruptcy. Fund investments may also include other instruments that the General Partner believes are undervalued, focusing primarily on debt and equity securities in special event-driven situations (e.g. non-distressed investments). The fair values of non-publicly traded private equity investments are determined by using a market approach or income approach. A market approach utilizes valuations of comparable public companies or transactions in order to establish the enterprise value of the portfolio company. This approach takes into account a specific financial measure (such as EBITDA, adjusted EBITDA, free cash flow, net operating income, net income, book value or net asset value) believed to be most relevant for the given company. Consideration may also be given to such factors as acquisition price of the security, historical and projected operational and financial results for the portfolio company, the strengths and weaknesses of the portfolio company relative to its comparable companies, industry trends, general economic and market conditions and other factors deemed relevant. The income approach is typically a discounted cash flow method that incorporates expected timing and level of cash flows. It incorporates assumptions in determining growth rates, income and expense projections, discount rates, capital structure, terminal values and other factors. The applicability and weight assigned to market and income approaches are determined based on the availability of reliable projections and comparable companies and transactions. The funds can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of these funds will be liquidated over the next 1 to 10 years. Commitments of \$19,192,088 remain unfunded.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental Activities – Endowment Trust Fund (*continued*):

8. *Private Equity Funds – Buyout.* This type includes limited partnership interests in eighteen (18) funds that seek capital appreciation by acquiring, holding, and disposing of primarily equity and equity-related securities in companies. The fair values of non-publicly traded private equity investments are determined by using a market approach or income approach. A market approach utilizes valuations of comparable public companies or transactions and generally seeks to establish the enterprise value of the portfolio company using a market multiple approach. This approach takes into account a specific financial measure (such as EBITDA, adjusted EBITDA, free cash flow, net operating income, net income, book value or net asset value) believed to be most relevant for the given company. Consideration may also be given to such factors as acquisition price of the security, historical and projected operational and financial results for the portfolio company, the strengths and weaknesses of the portfolio company relative to its comparable companies, industry trends, general economic and market conditions and other factors deemed relevant. The income approach is typically a discounted cash flow method that incorporates expected timing and level of cash flows. It incorporates assumptions in determining growth rates, income and expense projections, discount rates, capital structure, terminal values and other factors. The applicability and weight assigned to market and income approaches are determined based on the availability of reliable projections and comparable companies and transactions. These investments can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of these funds will be liquidated over the next 1 to 10 years. Commitments of \$27,982,772 remain unfunded.
9. *Private Equity Funds – Debt/Opportunistic Fixed Income.* This type includes eight (8) limited partnership interests that focus on credit investing and direct lending, mainly through middle market loans to U.S. based private equity sponsored companies and senior secured debt obligations. The determination of the current fair value of each portfolio loan or other investment is based on several inputs, including, among other factors, scheduled payments and comparable market yields. These investments can never be redeemed with the investee; rather distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 3 to 10 years. Commitments of \$29,534,421 remain unfunded.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental activities - Endowment Trust Fund (*continued*):

10. *Hedge Funds – Long / Short Equity.* This investment strategy includes limited partnership interests in two (2) hedge funds that invest both long and short in equity securities of global companies that operate in a wide range of industries. The methods used to estimate the fair value of hedge funds includes the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods.
11. *Hedge Funds – Event Driven.* This investment type includes limited partnership interests in a single hedge fund that invests in companies through distressed credit and event-driven strategies. The methods used to estimate the fair value of hedge funds include the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods. The fair value of an investment is the point within the range that each of the investment funds' General Partner believes is most representative of fair value.
12. *Hedge Funds – Global Macro.* This investment strategy includes limited partnership interests in one (1) hedge fund that analyzes macroeconomic trends in order to arrive at an investment strategy that includes taking positions on the fixed-income, currency and equity markets through either direct investments or futures and other derivative products. The methods used to estimate the fair value of hedge funds include the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods. The fair value of an investment is the point within the range that each of the investment funds' General Partner believes is most representative of fair value.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS (*continued*)

Investments: Governmental activities - Endowment Trust Fund (*continued*):

13. *Hedge Funds – Long / Short Credit.* This investment is composed of limited partnership interests in four (4) hedge funds that utilize both hedged and directional investment strategies primarily in the leveraged issuer, distressed debt and reorganized equity markets. The methods used to estimate the fair value of hedge funds include the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods. The fair value of an investment is the point within the range that each of the investment funds' General Partner believes is most representative of fair value. One Fund has instituted a 25% investor-level gate, and if elected full redemptions would be filled over four quarterly periods. These investments represent 7.37% of the Fund's total Hedge Fund portfolio.
14. *Hedge Funds – Multi-Strategy.* This investment strategy includes limited partnership interests in four (4) hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The methods used to estimate the fair value of hedge funds include the market approach and the income approach, each of which involve a significant degree of judgment. The indications of value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of value indicated by the methods. The fair value of an investment is the point within the range that each of the investment funds' General Partner believes is most representative of fair value.

The pooled Endowment Trust balance as of June 30, 2022, is \$1,042,026,690 which includes investments, cash deposited with OST, and other investment receivables. A portion of these assets are held on behalf of Langston University in the amount of \$48,652,896. These funds have also been presented as an asset in the separate financial statements of Langston University.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Fiduciary Fund – OSRHE Supplemental Retirement Plan

The purpose of the OSRHE Supplemental Retirement Plan Trust is to provide retirement benefits for the eligible employees and to distribute the funds accumulated in the trust, in accordance with the plan, to the participants and their designated beneficiaries. The following inputs were used to determine the fair value level of the Supplemental Plan at June 30, 2022.

<i>Fiduciary activities</i> OSRHE Supplemental Retirement Plan		FAIR VALUE MEASUREMENTS USING		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value 6/30/2022			
Investments by fair value level				
Equity	\$ 9,081,771	\$ 9,081,771		
Fixed Income/Debt	2,573,285	2,573,285		
Total investments measured by fair value level	<u>11,655,056</u>	<u>11,655,056</u>		
Total OSRHE Supplemental Retirement Plan investments at fair value	<u>\$ 11,655,056</u>	<u>\$ 11,655,056</u>		

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Fiduciary Fund – OSRHE Retiree Medical Plan (OPEB Plan)

The OSRHE Retiree Medical Plan provides funding for payment of eligible Regents retirees' group health insurance, including dental and vision, less any amount paid by Oklahoma Teachers' Retirement System (OTRS) for that purpose, through the month in which the retiree attains age 65 and becomes eligible for Medicare. If the retiree receives Medicare benefits, the Regents will continue to pay on behalf of the retiree the Medicare supplemental insurance cost, less any amount paid by OTRS for that purpose, for the remaining life of the retiree.

The following inputs were used to determine the fair value of the OSRHE Retire Medical Plan's investments at June 30, 2022.

<i>Fiduciary activities</i> OSRHE Retiree Medical Plan		FAIR VALUE MEASUREMENTS USING		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level	Fair Value 6/30/2022			
Cash/Cash Equivalents	\$ 124,407	\$ 124,407		
Equity	13,083,292	\$ 13,083,292		
Fixed Income/Debt	6,007,850	6,007,850		
Total investments measured by fair value level	19,215,549	19,215,549	-	
Total OSRHE Retiree Medical Plan investments at fair value	\$ 19,215,549	\$ 19,215,549	\$ -	

Investments: Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. Duration is a measure of the weighted-average time to receive the discounted present values of all the cash flows (including both principal and interest). Weighted-Average Life is a measure of the time to receive the principal payments (not including interest, and not discounting). Weighted-average maturity is an average of the maturity dates of multiple loans, not an average of principal repayments.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Interest Rate Risk and Credit Risk – *(continued)*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is measured by the credit quality ratings of investments in debt securities as described by the nationally recognized statistical rating organizations (rating agencies).

The following table summarizes the Regent's investments in fixed income/debt securities subject to interest rate risk and credit risk as of June 30, 2022.

Fixed Income / Debt Securities Investment Type	Fair Value 6/30/2022	Average Credit Quality / Rating	Effective Duration (years)	Average Life (years)	Average Maturity (years)
<i>Governmental activities</i>					
Endowment Trust Fund					
<i>Bond Market Index Fund</i>	\$ 27,580,030	AA	6.67	N/A	8.90
<i>Total Return Bond Fund</i>	28,281,186	AAA	4.88	N/A	7.26
<i>Special Purpose Vehicles</i>	28,250,713	B+	1.70	8.50	8.42
<i>Fiduciary-type activities</i>					
OSRHE Supplemental Retirement Plan					
<i>Multi-Strategy Fund</i>	\$ 2,573,285	BBB	6.27	N/A	9.03
<i>Fiduciary-type activities</i>					
OSRHE Retiree Medical Plan					
<i>Multi-Strategy Fund</i>	\$ 6,007,850	A	6.12	N/A	8.81
<i>Money Market Fund</i>	124,408	Not Rated	N/A	N/A	< 1 year

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer, not including investments issued or guaranteed by the U.S. Government, investments in mutual funds or external investment pools.

Investment - Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The international equity manager will invest primarily in non-dollar denominated equity securities. The managers are required to operate under certain restrictions including: regional constraints, diversification requirements and percentage of U.S. securities as dictated by the terms of the commingled or mutual funds in which they are invested.

The international fixed income manager may enter into forward currency exchange contracts, agreements to exchange one currency for another at a future date, in order to manage risk arising from exposure to changing currency fluctuations; buy or sell futures and options contracts relating to foreign currencies; purchase securities indexed to foreign currencies, contingent upon their being within those countries comprising the Salomon Non-U.S. Bond Index or denominated in the U.S. dollar; and hedge portfolio securities from time to time by shifting investment exposure from one currency to another, contingent upon the currencies being within those countries comprising the Salomon Non-U.S. Bond Index.

Investments: Asset Allocation

Endowment Trust Fund

The Endowment Trust Fund's investing activities are managed under the custody of investment managers. Each investment manager is evaluated against the appropriate comparative benchmark to ensure investing is performed in accordance with internal investment policies. Endowment Trust Funds may be invested in Domestic Equity, International Equity, Private Equity, Domestic/Global Fixed Income, International Fixed Income, Hedge Funds, Domestic Inflation Protected Fixed Assets and REITS/Real Estate. The overall level of risk in the investment portfolio will be primarily mitigated by attention to asset allocation.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Asset Allocation *(continued)*:

The focus is on overall portfolio risk, not risk related to specific asset classes. Asset allocation guidelines approved by the State Regents for the Endowment Trust Fund are as follows:

REGENTS ENDOWMENT TRUST FUND			
TARGET POLICY ASSET ALLOCATION AND ALLOWABLE RANGE PERCENTAGES			
Asset Class	Target Allocation %	Minimum Target Allocation %	Maximum Target Allocation %

GROWTH ASSETS:

Domestic Equity	18	12	45
International Equity	15	5	25
Global Equity	10	0	10
Growth Fixed Income	5	0	10
Private Equity	15	0	15
Total, Growth Assets	63		

RISK REDUCTION ASSETS:

Domestic/Fixed Income	7	5	30
International Fixed Income	2	0	10
Absolute Return (Hedge Funds)	15	0	25
Cash	1	0	15
Total, Risk Reduction Assets	25		

INFLATION PROTECTED ASSETS :

Domestic Inflation Protected Fixed	0	0	10
REITS/Real Assets	12	0	15
Total, Inflation Protected Assets	12		

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE D—DEPOSITS AND INVESTMENTS *(continued)*

Investments: Asset Allocation *(continued)*

William P. Willis Trust Fund

The principal of the fund, defined as the total legislative appropriations, may be treated as quasi-endowment funds and invested in up to sixty percent (60%) equity and equity-like investments. The remainder of the principal should be held in fixed income investments and cash.

Retirement Funds

The Retirement Fund's investing activities are managed under the custody of investment managers. The long-term horizon of these funds permits exposure to volatility associated with equity investments. Equity and equity like investments should comprise no more than 70% of the portfolio.

Investment of All Other Funds

All other funds investing activities, managed under the custody of investment managers shall be restricted to fixed income investments.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE E—CAPITAL ASSETS/ LEASE COMMITMENTS

The Regents adopted GASB 87 with a date of initial application of July 1, 2021, using the retrospective approach. The related leases are discussed in the Lease Obligation subsection of the Long-Term Liabilities in Note H.

A summary of the changes in capital assets and lease assets is as follows for the year ended June 30, 2022:

	Restated Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2022</u>
<i>Business-type activities</i>				
Capital assets				
Buildings	\$ 9,759,297	\$ 49,246	\$ -	\$ 9,808,543
Equipment	70,259,593	1,824,363	(5,837,345)	66,246,611
Motor vehicles	438,512	-	-	438,512
Lease building	1,621,056	8,436,305		10,057,361
Lease equipment	403,483	28,729		432,212
Total capital assets	<u>82,481,941</u>	<u>10,338,643</u>	<u>(5,837,345)</u>	<u>86,983,239</u>
Less accumulated depreciation				
Buildings	(7,139,804)	(113,943)	-	(7,253,747)
Equipment	(61,792,489)	(3,674,064)	5,801,874	(59,664,679)
Motor vehicles	(438,512)	-	-	(438,512)
Total accumulated depreciation	<u>(69,370,805)</u>	<u>(3,788,007)</u>	<u>5,801,874</u>	<u>(67,356,938)</u>
Less accumulated amortization				
Lease building	(1,171,732)	(888,382)	-	(2,060,114)
Lease equipment	(87,794)	(93,540)	-	(181,334)
Total accumulated amortization	<u>(1,259,526)</u>	<u>(981,922)</u>	<u>-</u>	<u>(2,241,448)</u>
Capital assets, net	<u>\$ 11,851,610</u>	<u>\$ 5,568,714</u>	<u>\$ (35,471)</u>	<u>\$ 17,384,853</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE E—CAPITAL ASSETS/ LEASE COMMITMENTS *(continued)*

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
<i>Fiduciary Fund</i>				
Capital assets				
Equipment	\$ 249,304	\$ -	\$ -	\$ 249,304
Total capital assets	249,304	-	-	249,304
Less accumulated depreciation				
Equipment	(249,304)	-	-	(249,304)
Total accumulated depreciation	(249,304)	-	-	(249,304)
Capital assets, net	\$ -	\$ -	\$ -	\$ -

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS

Personnel of the Regents are covered by various retirement plans. The plans available to Regents' personnel include the Oklahoma Teachers' Retirement System, which is a state of Oklahoma public employee's retirement system and provides pension and other post-employment benefits, the Oklahoma State Regents for Higher Education Supplemental Retirement Plan, and the Oklahoma State Regents for Higher Education Retiree Medical Plan.

Oklahoma Teachers' Retirement System

Plan description: As the employer, the Regents participate in the Oklahoma Teachers' Retirement Plan. The plan is 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 retirement requirements. The Regents also participate in medical supplemental plan – a cost-sharing multiple-employer defined benefit OPEB plan administered by 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. The financial reports for OTRS are available to the public at www.ok.gov/TRS.

Pension Benefit provisions: Members become 100% vested in retirement benefits earned to date after five years (joined the system prior to November 1, 2017) or seven years (joined the system on or after November 1, 2017) of creditable service. OTRS provides retirement, disability, and death benefits to members of the plan.

- **Eligibility for Distribution**

Normal retirement:

1. Member before July 1, 1992 – age 62 or when the member's age and years of service total 80 points.
2. Member after July 1, 1992, and before November 1, 2011 – age 62 or when the member's age and years of service total 90 points.
3. Member on or after November 1, 2011 – age 65 or when the member's age is at least 60 and years of creditable service total at least 90 points.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

Reduced benefits are available for clients who have not reached full retirement eligibility under regular retirement. Reduction factors vary depending on age and date of membership when joining the System.

- 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 credited service.
- 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 codes.

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

Pension Funding Policy: Contribution requirements of the plan are at an established rate determined 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 7.90% for any employees' salaries covered by federal funds. The Regents pay both employer and employee contributions. OTRS' allocation of employer contributions to the pension plan from the Regents totaled \$1,420,209. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$974,018 was recognized by the Regents; these on-behalf payments did not meet the criteria of special funding situation.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

Health insurance funding policy: Employer and employee OPEB contribution are made based upon 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 above under the pension funding policy; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. FY22 cost of the subsidy averages 0.12% of normal cost, as determined by an actuarial valuation on June 30, 2021. OTRS' allocation of employer contributions to the OPEB plan from the Regents totaled \$17,556.

Pension/OPEB Liabilities (assets), Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB: At June 30, 2022, the Regents reported a liability of \$14,733,116 for its proportionate share of the net pension liability and \$367,319 for its proportionate share of the net OPEB assets. The amounts were measured as of June 30, 2021, and the total liability used to calculate these amounts were determined by an actuarial valuation as of June 30, 2021. The Regents' proportion of these amounts was based on the Regents' contributions received by the plans relative to the total contributions received by the plans for all participating employers as of June 30, 2021. Based upon this information, the Regents' proportionate share was 0.2884%.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

For the year ended June 30, 2022, the Regents recognized pension benefit of \$221,496 on OTRS – Pension Plan. At June 30, 2022, the Regents reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Oklahoma Teachers' Retirement System - Pension Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual plan investment earnings		\$ 7,652,202
Net differences between expected and actual experience	971,460	547,874
Change in assumptions	2,291,878	146,723
Change in proportion		4,966,746
Regents' contributions subsequent to the measurement date	1,413,646	
	<u>\$ 4,676,984</u>	<u>\$ 13,313,545</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

The \$1,413,646 reported as deferred outflows reflected above will be recognized as a reduction of the net pension liability in next period. The amortization of other deferred outflows and inflows related to pension plan at June 30, 2022 is as follows:

Oklahoma Teachers' Retirement System - Pension Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Year ended June 30:		
2023	\$ 1,115,005	\$ 3,789,674
2024	1,115,005	3,182,021
2025	890,479	3,156,845
2026	142,848	3,156,845
2027	-	28,160
	<u>\$ 3,263,338</u>	<u>\$ 13,313,545</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

For the year ended June 30, 2022 the Regents recognized benefit of \$56,344 on OTRS – OPEB Plan. At June 30, 2022, the Regents reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

Oklahoma Teachers' Retirement System - OPEB Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual plan investment earnings	\$ -	\$ 197,004
Net differences between expected and actual experience		57,506
Change in assumption	49,927	
Change in proportion		1,387
Regents' contribution subsequent to the measurement date	17,556	
	<u>\$ 67,483</u>	<u>\$ 255,897</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Oklahoma Teachers' Retirement System (*continued*)

The \$17,556 reported as deferred outflows above will be recognized as an increase of the net OPEB asset in next period. The amortization of the OPEB deferred outflows and inflows at June 30, 2022 is as follows:

Oklahoma Teachers' Retirement System - OPEB Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Year ended June 30:		
2023	\$ 15,608.79	\$ 72,369.94
2024	15,609	64,490
2025	12,639	59,958
2026	5,059	56,354
2027	1,012	2,337
Thereafter	-	388
	<u>\$ 49,927</u>	<u>\$ 255,897</u>

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class 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>
Domestic Equity	43.0%	16.3%
International Equity	19.0%	11.4%
Fixed Income	22.0%	5.3%
Real Estate	9.0%	4.5%
Private Capital	7.0%	23.1%
TOTAL	<u>100.0%</u>	

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Oklahoma Teachers' Retirement System (continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability and the net OPEB asset of the System's employers calculated using the discount rate of 7.00 % as well as what the employers' liability or asset would be if it were calculated using a discount rate that is 1 percent point lower or 1 percent point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	<u> </u>	<u> </u>	<u> </u>
<u>Defined Benefit Pension Plan</u>			
Employer's net pension liability (asset)	<u>\$ 24,081,520</u>	<u>\$ 14,733,116</u>	<u>\$ 6,993,907</u>
 <u>OPEB Plan</u>			
Employer's net pension liability (asset)	<u>\$ (235,984)</u>	<u>\$ (367,319)</u>	<u>\$ (478,604)</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (continued)

Oklahoma Teachers' Retirement System (continued)

Actuarial Assumptions: The total pension liability and the total OPEB asset as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Inflation – 2.25 percent
- 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 percent
- 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 – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

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

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (continued)

Oklahoma State Regents for Higher Education Supplemental Retirement Plan

Plan Description: The Supplemental Retirement Plan was established by the Oklahoma State Regents to provide supplemental retirement benefits to employees who: (a) were hired prior to March 12, 1999, (b) have been a member of the Oklahoma Teachers' Retirement System (OTRS) for a minimum of 10 years, and (c) have been a full-time permanent employee for at least 10 years. The primary components of the Supplemental Retirement Plan consist of (1) the calculation of the guaranteed retirement benefit, and (2) the calculation of the sources that will fund the guaranteed retirement benefit: Oklahoma Teachers' Retirement System, Social security, TIAA-CREF Annuity and, if necessary, the Regents' supplement. Specific calculation methods can be found in the Plan on file with the Oklahoma State Regents for Higher Education. The Supplemental Benefit Plan does not issue a stand-alone financial report nor is it included in the financial report of another entity. The benefits payable under this plan are supplemental to the benefits that the participants receive under OTRS, TIAA, and Social Security. The authority to amend the Supplemental Benefit Plan's benefit provisions rests with the Regents.

Funding Policy: Contribution requirements of the Regents are established and may be amended by the Regents. All contributions are made by the Regents. Eligible employees are not required to make contributions to the Plan. Benefits are funded under a "pay as you go" funding method; however, expenses are recorded as benefits accumulate. Contributions required to fund the cost of pension and other benefits provided by the Plan shall be made solely by the Regents.

The Regents shall contribute to the Plan from time to time such sums as are required by the actuary to pay benefits from the Plan, in accordance with actuarial practices acceptable to the Internal Revenue Service. Actual payment of a contribution may be made at any time permitted by law and regulations. Contributions by the participant are neither permitted nor required under this Plan. All payments made and increments thereon pursuant to this Plan shall be held and disbursed in accordance with the provisions of the Plan. No person shall have any interest in, or right to, any part of the funds so held in the Plan, except as expressly provided in the Plan.

Covered Employees: As of the measurement date, there were 20 active employees and 66 inactive employees (or their beneficiaries) currently receiving benefits, totaling 86 Plan participants.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Oklahoma State Regents for Higher Education Supplemental Retirement Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the Regents reported an asset of \$1,696,523. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2021.

For the year ended June 30, 2022, the Regents recognized pension expense of \$466,859. At June 30, 2022, the Regents reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Supplemental Retirement Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 78,994	\$ 532,175
Differences between projected and actual earnings on pension plan investments	726,762	3,065,752
Change in assumption	-	211,750
	<u>\$ 805,756</u>	<u>\$ 3,809,677</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Oklahoma State Regents for Higher Education Supplemental Retirement Plan (continued)

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

Supplemental Retirement Plan

Annual Amortization of Deferred Outflows (Inflows)
Year ended June 30:

2023	\$ (808,354)
2024	(499,176)
2025	(530,796)
2026	(552,443)
2027	(613,152)
	\$ (3,003,921)

The components of the net pension asset at June 30, 2022 were as follows:

	FY22		
	Total Pension Liability	Fiduciary Net Position	Net Pension Asset
Beginning net pension liability	\$14,195,752	\$12,079,698	\$ 2,116,054
Service cost	47,274	-	47,274
Interest cost	806,628	-	806,628
Change in assumption	(134,139)	-	(134,139)
Differences between expected and actual experience	(532,175)	-	(532,175)
Benefit payments	(1,086,850)	(1,086,850)	-
Employer contribution	-	240,561	(240,561)
Net investment income	-	3,759,604	(3,759,604)
Net Pension Liability/(Asset) - end of year	\$13,296,490	\$14,993,013	\$ (1,696,523)

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Oklahoma State Regents for Higher Education Supplemental Retirement Plan (continued)

Sensitivity of the net pension asset to changes in the discount rate - The following shows how the net pension asset would be affected by changes to the blended discount rate. A blended discount rate of 6.0% was used. Results are shown assuming a 1% reduction in the blended discount rate (to 5.0%) and a 1% increase in the blended discount rate (to 7.0%).

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Employer's net pension liability (Asset) Supplemental Plan	<u>\$ (403,795)</u>	<u>\$ (1,696,523)</u>	<u>\$ (2,797,078)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method – Individual Entry Age Normal Cost Method
- Long-Term Rate of Return on Plan Assets – 6.0%
- Salary Increase Rate – 2.5%
- Single Blended Discount Rate – 6.0%
- Retirement Age – Earlier of: (a) attainment of age 62 and completion of 10 years of OTRS service, or (b) when age plus OTRS service total at least 80 (90 for members joining OTRS after June 30, 1992).
- Mortality – Pub-2010 Pubic Retirement Plans General Mortality (PubG-2010)
 - Pre-Retirement: PubG-2010 generational table for non-annuitants projected with scale MP-2020
 - Post-Retirement: PubG-2010 generational table for annuitants projected with scale MP-2020

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Other Post-Employment Benefits (OPEB) – Retiree Medical Plan

Plan Description - As authorized by Title 70, Section 3205, of the Oklahoma State Statutes, the Regents cover the cost of health and dental insurance for any employee retiring after March 12, 1999 who has been a full-time employee for not less than ten (10) years immediately preceding the date of retirement and has been a member of the OTRS during that time and elected to receive a monthly life annuity under the provisions of OTRS regulations immediately upon retirement, less any amount paid by OTRS for that purpose through the month in which the retiree reaches age 65 and becomes eligible for Medicare. If the retiree receives Medicare benefits, the Regents will continue to pay on behalf of the retiree the Medicare supplemental insurance costs, less any amount paid by OTRS for that purpose, for the remaining life of the employee.

Funding Policy - Contribution requirements of the Regents are established and may be amended by the State Board of Regents. All contributions are made by the Regents. Benefits are funded under a “pay as you go” funding method; however, expenses are recorded as benefits accumulate. The annual contribution for 2022 was determined as part of an actuarial valuation on June 30, 2022, using the entry age normal as a level percentage of payroll method.

The actuarial assumptions included (a) discount rate of 4.07% per year compounded annually, (b) retirement at the earlier of (1) attainment of age 62 or attained age if greater, and completion of 10 years of OTRS service, or (2) when age plus OTRS service total at least 80 (90 for members joining OTRS after June 30, 1992), and (c) medical, dental, and vision rates increasing 3-7.5% annually.

Covered Employees: As of the measurement date, there were 156 active employees and 106 inactive employees (or their beneficiaries) currently receiving benefits, totaling 262 Plan participants.

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

At June 30, 2022, the Regents reported a net OPEB liability of \$7,116,775. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Other Post-Employment Benefits (OPEB) – Retiree Medical Plan

Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Projections include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective.

For the year ended June 30, 2022, the Regents recognized pension expense of \$476,094. The Regents reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TIAA - OPEB Plan

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net differences between expected and actual experience	\$ -	\$ 3,966,543
Changes in assumptions	6,785,927	1,436,374
Net differences between projected and actual earnings	2,833,615	2,754,780
	<u>\$ 9,619,542</u>	<u>\$ 8,157,697</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Other Post-Employment Benefits (OPEB) – Retiree Medical Plan

The balance on June 30, 2022 of the deferred outflows/(inflows) of resources will be recognized in pension expense in the future fiscal years as noted below:

TIAA - OPEB Plan Deferred Outflows and (Inflows)

Year ended June 30:

2023	\$ 489,495
2024	(407,810)
2025	(440,163)
2026	(4,349,280)
2027	292,609
Thereafter	5,876,994
	<hr/>
	\$ 1,461,845

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS *(continued)*

Other Post-Employment Benefits (OPEB) – Retiree Medical Plan (continued)

The components of the OPEB liability at June 30, 2022 were as follows:

	FY22		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning net OPEB liability	\$21,938,323	\$21,851,864	\$ 86,459
Service cost	642,607	-	642,607
Interest cost	879,086	-	879,086
Change in assumption	3,550,609	-	3,550,609
Differences between expected and actual experienc	-	(3,542,019)	3,542,019
Benefit payments	(678,301)	(678,301)	-
Employer contribution	-	700,175	(700,175)
Net investment income	-	915,704	(915,704)
Administrative expenses		(31,874)	31,874
Net OPEB Liability - end of year	<u>\$26,332,324</u>	<u>\$19,215,549</u>	<u>\$ 7,116,775</u>

Sensitivity of the net OPEB liability to changes in the discount rate: The following shows how the net OPEB liability would be affected by changes to the blended discount rate. A blended discount rate of 4.07% was used. Results are shown assuming a 1% reduction in the blended discount rate (to 3.07%) and a 1% increase in the blended discount rate (to 5.07%).

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
Employer's net OPEB liability	<u>\$ 11,713,453</u>	<u>\$ 7,116,775</u>	<u>\$ 1,899,704</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE F—EMPLOYEE RETIREMENT BENEFITS (*continued*)

Other Post-Employment Benefits (OPEB) – Retiree Medical Plan (continued)

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

- Actuarial Cost Method – Entry Age Normal as a Level Percentage of Payroll
- Salary Increases – Average salary increase used for the Entry Age Normal actuarial cost method is assumed to be 3.00%
- Investment Rate of Return – 4.07%
- Mortality – Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre- and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019

NOTE G—TRANSFERS TO SYSTEM INSTITUTIONS

Transfers to system institutions consist principally of funds for educational and general operations, capital improvements, and technical and other educational programs. Such transfers are made for designated purposes subsequent to official resolutions of the Regents.

NOTE H—LONG-TERM LIABILITIES

Master Equipment Lease – Series 2019B

In November 2019, the State Regents entered into a five-year capital lease agreement with the Oklahoma Development Finance Authority as a beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Lease Revenue Bonds, Series 2019B. The amount of \$3,016,000 is held in trust for the State Regents for the purchase of data processing and fiber optic telecommunications equipment.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE H—LONG-TERM LIABILITIES (*continued*)

Master Equipment Lease – Series 2019B (continued)

The following is a schedule of annual future minimum payments as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 614,500	\$ 76,688
2024	645,083	45,963
2025	<u>274,167</u>	<u>13,708</u>
Total	<u><u>\$ 1,533,750</u></u>	<u><u>\$ 136,359</u></u>

OCIA Bonds – Endowed Chairs Funding Program – Series 2010

The Oklahoma Capital Improvement Authority (“Authority”) issued \$132,075,000 aggregate original principal amount of its bonds, designated as Oklahoma Capitol Improvement Authority, Oklahoma Regents for Higher Education Endowed Chairs Funding and Refunding Program Bonds, Federally Taxable Series 2010.

The Series 2010 Bonds, dated as of the date of delivery, were issued pursuant to a Resolution adopted by the Authority on September 29, 2004, as supplemented by a 2010 Supplemental Resolution adopted by the Authority on April 21, 2010 and collectively with the Original Resolution. Under the Resolution, the State Treasurer serves as Paying Agent and Registrar for the Series 2010 Bonds.

The proceeds from the sale of the Series 2010 Bonds will be issued (i) to fund a portion of the State of Oklahoma matching contribution to the Oklahoma Regents’ Endowment Trust Fund established pursuant to Title 70, Oklahoma Statutes 2001, Sections 3951 *et seq.*, (ii) to advance refund \$28,670,000 principal amount of the Series 2006 Bonds maturing July 1, 2011-2016, inclusive, and (iii) to pay costs of issuance of the Series 2010 Bonds.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE H—LONG-TERM LIABILITIES (*continued*)

OCIA Bonds – Endowed Chairs Funding Program – Series 2010 (continued)

The Series 2010 Bonds are payable solely from payments to be received by the Authority from the Regents pursuant to the terms of an Amended Agreement for Use of Bond Proceeds dated July 1, 2010. The payments under the Agreement are payable from monies budgeted and appropriated by the Oklahoma State Legislature and allocated by the Regents to such payments.

The following is a schedule of annual future minimum payments as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 7,525,000	\$ 4,143,123
2024	7,910,000	3,767,187
2025	8,320,000	3,372,051
2026	8,745,000	2,956,563
2027	9,230,000	2,498,273
2028-2030	<u>30,930,000</u>	<u>4,659,667</u>
Total	<u>\$ 72,660,000</u>	<u>\$ 21,396,864</u>

OCIA Bonds – Endowed Chairs Funding Program – Series 2021A

The Oklahoma Capital Improvement Authority (“Authority”) issued \$161,640,000 aggregate original principal amount of its bonds, designated as Oklahoma Capitol Improvement Authority Oklahoma State Regents for Higher Education Endowed Chairs Funding Program Bonds, Federally Series 2021A (the “Series 2021A Bonds”). The Series 2021A bonds, dated as of the date of delivery, are being issued pursuant to a Resolution adopted by the Authority on September 8, 2021.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE H—LONG-TERM LIABILITIES *(continued)*

OCIA Bonds – Endowed Chairs Funding Program – Series 2021A (continued)

The proceeds from the sale of the Series 2021A Bonds will be used to (i) provide funding for the matching share of the State of Oklahoma pertaining to private gifts to create endowed chairs, professorships, lectureships, and positions for artists in residence at various institutions in the Oklahoma State System of Higher Education, and (ii) pay the costs of issuance of the Series 2021A bonds.

The Series 2021A Bonds are secured by and payable solely from payments to be received by the Authority from the State Regents pursuant to the terms of an Amended Agreement for Use of Bond Proceeds dated November 1, 2021 between the Authority and the State Regents with respect to the Endowed Charis Program financed with the Series 2021A Bonds. The payments under the Agreement are payable from legally available funds from any source for such purpose including but not limited to moneys budgeted and appropriated by the Oklahoma state Legislature and allocated by the State Regents to such payments.

The following is a schedule of annual future minimum payments as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 6,430,000	\$ 3,568,940
2024	6,480,000	3,517,542
2025	6,555,000	3,443,612
2026	6,645,000	3,350,892
2027	6,755,000	3,241,018
2028-2032	35,875,000	14,113,540
2033-2037	40,395,000	9,591,826
2038-2042	<u>46,540,000</u>	<u>3,452,450</u>
Total	<u>\$ 155,675,000</u>	<u>\$ 44,279,820</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE H—LONG-TERM LIABILITIES (*continued*)

Long-Term Lease Obligation

The following lease agreements qualify as other than short-term leases under GASB 87, and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. For implementation of GASB 87, State of Oklahoma has decided to use the Internal Revenue Service's Applicable Federal Rate for mid-term debt, the applicable rate for lease agreements without stated discount rates is 1.02%.

Building Leases: The Regents leases buildings for its office space, storage, rack, power space and data center. The lease for office space typically runs for a period of 10 years, and of other buildings for four to six years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Approximately \$69,392 lease payments in FY22 are for common area utilities, janitorial services and power which are non-lease components and not included in lease liability. Utility cost for rack is included in the lease liability since it is not separable.

Other Leases: The Regents leases equipment and dark fiber cable with lease terms of three to six years. Service charge of \$660 for copiers are non-lease components and not included in lease liability. In FY22, copiers' variable payment of \$1,519 is for excess prints. Since it is not practicable for the Regents to separate equipment maintenance costs, they are included in the lease liability.

Year Ending June 30,	Principal	Interest	Total
2023	\$ 866,343	\$ 81,284	\$ 947,627
2024	918,105	72,224	990,329
2025	844,605	63,013	907,618
2026	898,611	54,145	952,756
2027	849,309	45,204	894,513
2028-2032	3,971,897	88,539	4,060,436
Total	<u>\$ 8,348,870</u>	<u>\$ 404,409</u>	<u>\$ 8,753,279</u>

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE H—LONG-TERM LIABILITIES (*continued*)

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

	Restated Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
<i>Business-type activities</i>					
Compensated absences	\$ 1,773,581	\$ 1,055,562	\$ (1,069,358)	\$ 1,759,785	\$ 1,069,358
Net pension liability - OTRS	28,448,868	-	(13,715,752)	14,733,116	-
Net pension liability - TIAA OPEB	86,459	7,030,316	-	7,116,775	-
Net pension liability - Supplemental	2,116,054	-	(2,116,054)	-	-
Master equipment leases payable	2,123,667	-	(589,917)	1,533,750	614,500
Unamortized bond premium	180,400	-	(52,800)	127,600	52,800
Lease liabilities	765,013	8,465,034	(881,177)	8,348,870	866,343
Business-type activities total	<u>\$ 35,494,042</u>	<u>\$ 16,550,912</u>	<u>\$ (18,425,058)</u>	<u>\$ 33,619,896</u>	<u>\$ 2,603,001</u>
<i>Governmental Activities</i>					
OCIA lease payable	<u>\$ 79,820,000</u>	<u>\$ 161,640,000</u>	<u>\$ (13,125,000)</u>	<u>\$ 228,335,000</u>	<u>\$ 13,955,000</u>

NOTE I—RISK MANAGEMENT

The Regents are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regents pay an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss, and general liability insurance coverage. The Regents purchase commercial employee life insurance. The Regents, as a state agency, participates in the Oklahoma State and Education Employee's Group Insurance Board (the Board), a public entity risk pool. The Regents pay an annual premium to the Board for its employee health insurance coverage. The Board is self-insured and self-sustaining through member premiums. The Regents carry insurance with the State Insurance Fund for other risks of loss including workers' compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE J—COMMITMENTS AND CONTINGENCIES

The Regents have received certain federal and state grants that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Regents' management believes that disallowances, if any, would not be material.

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures. Since then, extraordinary actions have been taken by federal, state, and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19. These actions include travel bans, quarantines, "stay-at home" orders, and similar mandates for many individuals to substantially restrict daily activities and for many organizations to curtail or cease normal operations. The full impact of the COVID-19 pandemic will depend on future developments, such as the ultimate duration and scope of the outbreak, its impact on tribal citizens and customers, the rate at which economic conditions and operations return to pre-COVID-19 levels, and the risk of a recession in key geographic markets due to the effects of the pandemic. The ultimate impact cannot be determined; however, funding from federal awards is generally assured and is not expected to be adversely affected.

NOTE K—NEW PROUNCEMENTS

New Accounting Statements Issued Not Yet Adopted:

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The objective of GASB 91 is to provide a single method of reporting for conduit debt obligations issued and eliminate diversity in practice regarding 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The Regents will adopt GASB 91 on July 1, 2022, for the June 30, 2023, reporting year. The Regents does not expect GASB 91 to have a significant impact on the financial statements.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE K—NEW PRONOUNCEMENTS (*continued*)

New Accounting Statements Issued Not Yet Adopted (*continued*):

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94). GASB 94 defines and provides financial reporting requirements for Public-Private or Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). A PPP is an arrangement between a government (transferor) and an operator (governmental or non-governmental) to provide public services by conveying the right to control or use a nonfinancial or infrastructure asset for a period of time in an exchange-like transaction. An APA is a similar arrangement where the operator may also be compensated for services that include designing, constructing, financing and maintaining a nonfinancial asset for a period of time. The Regents will adopt GASB 94 on July 1, 2022, for the June 30, 2023, reporting year. The Regents does not expect GASB 94 to have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Regents will adopt GASB 96 on July 1, 2022, for the June 30, 2023, reporting year. The Regents has not determined the impact of GASB 96 on the financial statements.

In April 2022, GASB issued Statement No. 99, Omnibus 2022 (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Regents adopted the sections that were effective immediately for the June 30, 2022, reporting year. The remaining sections will be adopted by the Regents as required at for either the June 30, 2023, or June 30, 2024, reporting years, as required by GASB 99. The Regents does not expect GASB 99 to have a significant impact on the financial statements.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE K—NEW PRONOUNCEMENTS (*continued*)

New Accounting Statements Issued Not Yet Adopted (*continued*):

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Regents will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Regents does not expect GASB 100 to significantly impact the financial statements.

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Regents will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Regents has not determined the impact of GASB 101 on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - LAST 10 YEARS*
OKLAHOMA TEACHERS' RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

As of plan year-end of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
OSRHE percentage of the net pension liability	0.28838555%	0.29976997%	0.30878580%	0.33575179%	0.36576708%	0.38266503%	0.3883751%	0.4660000%
OSRHE proportionate share of the net pension liability	\$ 14,733,116	\$ 28,448,868	\$ 20,435,443	\$ 20,293,214	\$ 24,218,595	\$ 31,935,538	\$ 23,585,081	\$ 25,068,901
OSRHE's covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743	\$ 11,945,582	\$ 12,630,188	\$ 12,691,019
OSRHE's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.33%	262.15%	174.13%	178.54%	213.03%	267.34%	186.74%	197.53%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS*
OKLAHOMA TEACHERS' RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

As of plan year-end of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,413,646	\$ 1,415,974	\$ 1,538,617	\$ 1,444,346	\$ 1,435,360	\$ 1,526,867	\$ 1,620,231	\$ 1,892,016
Contributions in relation to the contractually required contribution	\$ 1,413,646	\$ 1,415,974	\$ 1,538,617	\$ 1,444,346	\$ 1,435,360	\$ 1,526,867	\$ 1,620,231	\$ 1,892,016
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
OSRHE covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743	\$ 11,945,582	\$ 12,630,188	\$ 12,691,019
Contributions as a percentage of covered-employee payroll	12.12%	13.05%	13.11%	12.71%	12.63%	12.78%	12.83%	14.91%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CHANGES IN OSRHE NET PENSION LIABILITY AND RELATED RATIOS - Last 10 Fiscal Years*
OSRHE Supplemental Retirement Plan

As of plan year-end of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
<u>Total pension liability</u>								
Service cost	\$ 47,274	\$ 52,624	\$ 53,248	\$ 54,945	\$ 67,401	\$ 80,760	\$ 79,527	\$ 71,268
Interest cost	806,628	788,426	846,590	791,601	793,068	774,935	877,209	913,757
Changes in benefit terms	-	-	-	-	-	-	-	309,899
Experience (Gain)/Loss	(532,175)	342,306	(187,555)	153,678	(16,519)	190,784	(1,332,369)	16,570
Assumption changes	(134,139)	(336,316)	(20,807)	971,445	14,070	(21,053)	626,712	(753,553)
Benefit payments	(1,086,850)	(1,046,513)	(1,028,390)	(932,674)	(813,097)	(773,797)	(754,715)	-
Net change in total pension liability	(899,262)	(199,473)	(336,914)	1,038,995	44,923	251,629	(503,636)	557,941
Total pension liability - beginning	\$ 14,195,752	\$ 14,395,225	\$ 14,732,139	13,693,144	13,648,221	13,396,592	13,900,228	13,342,287
Total pension liability - ending (a)	\$ 13,296,490	\$ 14,195,752	\$ 14,395,225	\$ 14,732,139	\$ 13,693,144	\$ 13,648,221	\$ 13,396,592	\$ 13,900,228
<u>Plan fiduciary net position</u>								
Contributions - employer	\$ 240,561	\$ 175,000	\$ 142,079	\$ 763,584	\$ 513,741	\$ 1,291,647	\$ -	\$ 13,076,131
Net investment income	3,759,604	415,944	627,300	33,808	94,436	630,259	132,505	286,003
Benefit payments	(1,086,850)	(1,046,513)	(1,028,390)	(932,674)	(813,097)	(773,797)	(754,715)	(753,553)
Net change in plan fiduciary net position	\$ 2,913,315	\$ (455,569)	\$ (259,011)	\$ (135,282)	\$ (204,920)	\$ 1,148,109	\$ (622,210)	\$ 12,608,581
Plan fiduciary net position - beginning	\$ 12,079,698	\$ 12,535,267	\$ 12,794,278	12,929,560	13,134,480	11,986,371	12,608,581	-
Plan fiduciary net position - ending (b)	\$ 14,993,013	\$ 12,079,698	\$ 12,535,267	\$ 12,794,278	\$ 12,929,560	\$ 13,134,480	\$ 11,986,371	\$ 12,608,581
 OSRHE net pension liability/(asset) - ending (a) - (b)	 \$ (1,696,523)	 \$ 2,116,054	 \$ 1,859,958	 \$ 1,937,861	 \$ 763,584	 \$ 513,741	 \$ 1,410,221	 \$ 1,291,647
Plan fiduciary net position as a percentage of the total pension liability	112.8%	85.1%	87.1%	86.8%	94.4%	96.2%	89.5%	90.7%
 Covered-employee payroll	 \$ 2,424,275	 \$ 2,704,245	 \$ 3,137,034	 \$ 3,385,085	 \$ 4,391,867	 \$ 5,232,408	 \$ 5,645,441	 \$ 5,660,742
OSRHE net pension liability/(asset) as a percentage of covered-employee payroll	-70.0%	78.2%	59.3%	57.2%	17.4%	9.8%	25.0%	22.8%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS*
OSRHE Supplemental Retirement Plan

As of plan year-end of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 240,561	\$ 175,000	\$ 142,079	\$ 763,584	\$ 513,741	\$ 1,291,647	\$ -	\$ 13,076,131
Contributions in relation to the contractually required contribution	\$ 240,561	\$ 175,000	\$ 142,079	\$ 763,584	\$ 513,741	\$ 1,291,647	\$ -	\$ 13,076,131
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered-employee payroll	\$ 2,424,275	\$ 2,704,245	\$ 3,137,034	\$ 3,385,085	\$ 4,391,867	\$ 5,232,408	\$ 5,645,441	\$ 5,660,742
Contributions as a percentage of covered-employee payroll	9.92%	6.47%	4.53%	22.56%	11.70%	24.69%	0.00%	231.00%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - LAST 10 YEARS*
OKLAHOMA TEACHERS' RETIREMENT SYSTEM - OPEB PLAN

As of plan year-end of June 30,	2022	2021	2020	2019	2018
OSRHE percentage of the net pension liability (asset)	0.28838555%	0.29976997%	0.30878580%	0.33575179%	0.36576708%
OSRHE proportionate share of the net pension liability (asset)	\$ (367,319)	\$ (29,697)	\$ (190,930)	\$ (216,981)	\$ (163,110)
OSRHE's covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743
OSRHE's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-3.1497%	-0.2737%	-1.6269%	-1.9090%	-1.4347%
Plan fiduciary net position as a percentage of the total pension liability	129.91%	102.30%	115.07%	115.41%	110.40%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS*
OKLAHOMA TEACHERS' RETIREMENT SYSTEM - OPEB PLAN

As of plan year-end of June 30,	2022	2021	2020	2019	2018
Contractually required contribution	\$ 17,556	\$ 2,742	\$ 2,710	\$ 9,779	\$ 23,823
Contributions in relation to the contractually required contribution	\$ 17,556	\$ 2,742	\$ 2,710	\$ 9,779	\$ 23,823
Contribution deficiency (excess)	-	-	-	-	-
OSRHE covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743
Contributions as a percentage of covered-employee payroll	0.15%	0.03%	0.02%	0.09%	0.21%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CHANGES IN OSRHE OPEB LIABILITY AND RELATED RATIOS - Last 10 Fiscal Years*
OSRHE Post Employment Benefits Other Than Pension Plan (OPEB) - Retiree Medical Plan

As of plan year-end of June 30,

	2022	2021	2020	2019	2018	2017
<u>Total OPEB liability</u>						
Service cost	\$ 642,607	\$ 480,423	\$ 790,373	\$ 821,102	\$ 809,411	\$ 945,053
Interest	879,086	829,100	846,110	911,024	929,313	766,195
Changes of assumptions	3,550,609	3,888,636	(6,941,448)	149,283	495,920	2,160,581
Differences between expected and actual experience	-	-	(571,881)	(870,953)	(1,583,415)	(304,581)
Benefit payments	(678,301)	(479,906)	(433,081)	(396,273)	(314,584)	(283,126)
Net change in total OPEB liability	4,394,001	4,718,253	(6,309,927)	614,183	336,645	3,284,122
Total OPEB liability - beginning	21,938,323	17,220,070	23,529,997	22,915,814	22,579,169	19,295,047
Total OPEB liability - ending (a)	\$ 26,332,324	\$ 21,938,323	\$ 17,220,070	\$ 23,529,997	\$ 22,915,814	\$ 22,579,169
<u>Plan fiduciary net position</u>						
Contributions - employer	\$ 700,175	\$ 556,944	\$ 1,379,860	\$ 1,265,703	\$ 1,000,000	\$ 1,000,000
Net investment income	915,704	969,306	1,022,435	866,104	63,842	248,311
Differences between expected and actual experience	(3,542,019)	4,177,517	-	-	-	-
Benefit payments, including refunds of employee contributions	(678,301)	(479,906)	(433,081)	(396,273)	(314,584)	(283,126)
Administrative expense	(31,874)	(28,379)	(20,823)	(19,662)	(18,293)	(16,845)
Net change in plan fiduciary net position	\$ (2,636,315)	\$ 5,195,482	\$ 1,948,391	\$ 1,715,872	\$ 730,965	\$ 948,340
Plan fiduciary net position - beginning	21,851,864	16,656,382	14,707,991	12,992,119	12,261,154	11,312,814
Plan fiduciary net position - ending (b)	\$ 19,215,549	\$ 21,851,864	\$ 16,656,382	\$ 14,707,991	\$ 12,992,119	\$ 12,261,154
 OSRHE net OPEB liability - ending (a) - (b)	 \$ 7,116,775	 \$ 86,459	 \$ 563,688	 \$ 8,822,006	 \$ 9,923,695	 \$ 10,318,015
Plan fiduciary net position as a percentage of the total OPEB liability	73.0%	99.6%	96.7%	62.5%	56.7%	54.3%
Covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743	\$ 11,945,582
OSRHE net OPEB liability as a percentage of covered-employee payro	61.0%	0.8%	4.8%	77.6%	87.3%	86.4%

* Note - Information to present a 10 year schedule is not currently available.

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS*
OSRHE Post Employment Benefits Other Than Pension Plan (OPEB) - Retiree Medical Plan

As of plan year-end of June 30,	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 700,175	\$ 556,944	\$ 1,379,860	\$ 1,265,703	\$ 1,000,000	\$ 1,000,000
Contributions in relation to the contractually required contribution	\$ 700,175	\$ 556,944	\$ 1,379,860	\$ 1,265,703	\$ 1,000,000	\$ 1,000,000
Contribution deficiency (excess)	-	-	-	-	-	-
OSRHE covered-employee payroll	\$ 11,662,200	\$ 10,851,927	\$ 11,735,920	\$ 11,366,508	\$ 11,368,743	\$ 11,945,582
Contributions as a percentage of covered-employee payroll	6.00%	5.13%	11.76%	11.14%	8.80%	8.37%

* Note - Information to present a 10 year schedule is not currently available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE A—SUPPLEMENTAL RETIREMENT PLAN (PENSION)

The information presented in the required supplementary information in relation to the Regents' Supplemental Retirement Plan was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

The total pension liability as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method – Individual Entry Age Normal Cost Method
- Long-Term Rate of Return on Plan Assets – 6.0%
- Salary Increase Rate – 2.5%
- Single Blended Discount Rate – 6.0%
- Retirement Age – Earlier of: (a) attainment of age 62 and completion of 10 years of OTRS service, or (b) when age plus OTRS service total at least 80 (90 for members joining OTRS after June 30, 1992).
- Mortality – Pub-2010 Pubic Retirement Plans General Mortality (PubG-2010)

Pre-Retirement: PubG-2010 generational table for non-annuitants projected with scale MP-2020

Post-Retirement: PubG-2010 generational table for annuitants projected with scale MP-2020

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE B—RETIREE MEDICAL PLAN (OPEB)

The information presented in the required supplementary information in relation to the Regents' Other Post-Employment Benefits (OPEB) Retiree Medical Plan was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

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

- Actuarial Cost Method - Entry Age Normal as a Level Percentage of Payroll
- Salary Increases – Average salary increase used for the Entry Age Normal actuarial cost method is assumed to be 3.00%
- Investment Rate of Return – 4.07%
- Mortality – Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019

NOTE C—ANNUAL BUDGET-TO-ACTUAL COMPARISON

The Regents' governmental funds consist only of a permanent fund. Therefore, an annual budget-to-actual comparison required by GASB Statement No. 34, *Basic Financial statements—and Management's Discussion and Analysis—for State and Local Governments*, as required supplementary information is not required to be presented.

OTHER SUPPLEMENTARY INFORMATION

STATEMENT OF NET POSITION--OCAP COST CENTER
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 June 30, 2022

ASSETS

Restricted assets

Current assets

Cash and cash equivalents	\$	32,748,350
Receivables		
Receivables between funds		1,629,332
Administrative cost allowance		117,536
Interest		<u>31,921</u>
Total current assets		34,527,139

Noncurrent assets

Capital assets, net		<u>41,398</u>
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TOTAL ASSETS 34,568,537

LIABILITIES

Liabilities payable from restricted assets

Current liabilities

Accounts payable and accrued expenses		480,480
Compensated absences		<u>74,250</u>
Total current liabilities		<u>554,730</u>

Long-term liabilities

Compensated absences		<u>99,509</u>
Total long-term liabilities		<u>99,509</u>

TOTAL LIABILITIES 654,239

NET POSITION

Net investment in capital assets		41,398
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Restricted

Oklahoma College Assistance Program		<u>33,872,900</u>
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\$ 33,914,298

STATEMENT OF ACTIVITIES--OCAP COST CENTER
 OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
 Year Ended June 30, 2022

OPERATING REVENUES

Default loan collections	\$	7,677,906
Administrative fees		499,646
Default aversion fees		273,781
Other		48

TOTAL OPERATING REVENUES	<u>8,451,381</u>
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OPERATING EXPENSES

Compensation	1,643,136
Rent	96,167
Processing charges	370,699
Postage	598
Collection agency fees	629,367
Default aversion fees	190,669
Other operating expenses	6,015,598
Depreciation and amortization	7,339

TOTAL OPERATING EXPENSES	<u>8,953,573</u>
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OPERATING INCOME (LOSS)	<u>(502,192)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	<u>348,750</u>
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NET NONOPERATING REVENUES	<u>348,750</u>
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DECREASE IN NET POSITION	(153,442)
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NET POSITION AT BEGINNING OF YEAR	<u>34,067,740</u>
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NET POSITION AT END OF YEAR	<u><u>\$ 33,914,298</u></u>
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NOTES TO OTHER SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE A—BASIS OF PRESENTATION

The supplemental balance sheet and income statement of the Oklahoma College Assistance Program (OCAP) cost center are presented on the accrual basis of accounting; however, these schedules do not recognize pension and other post employee benefit obligations as those are presented under the Oklahoma State Regents for Higher Education (the “Regents”). The statements are not intended to present financial position or results of operations in accordance with generally accepted accounting standards.

NOTE B—NATURE OF OPERATIONS

The Oklahoma College Assistance Program, a cost center of the Regents, is responsible for the guarantee of federal student loans by certain lending institutions to students attending post-secondary schools, in compliance with operating agreements (the Agreements) with the U.S. Department of Education (the USDE) pursuant to Section 428 of the Higher Education Act of 1965 (HEA), as periodically amended.

The Federal Family Education Loan Program (FFELP) under which OCAP operates was established by Congress as a means of making loans available to students attending colleges, universities, and post-secondary educational and vocational schools. The FFELP provides for OCAP to guarantee the repayment of principal and accrued interest to lenders for each eligible loan. OCAP had been responsible for processing loans submitted for guarantee, issuing loan guarantees, providing financial literacy and college access activities, informing lenders and schools of FFELP regulations, providing default aversion assistance to lenders for delinquent loans, paying lender claims for loans in default and collecting loans on which default claims have been paid.

NOTES TO OTHER SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE B—NATURE OF OPERATIONS (*continued*)

On March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act (H.R. 4872). The Student Aid and Fiscal Responsibility Act (SAFRA), an attachment to H.R. 4872, ended OCAP's authority to guarantee new loans under the FFELP after June 30, 2010. All new Federal Stafford, PLUS, and Consolidation student loans were made under the William D. Ford Federal Direct Loan Program beginning July 1, 2010. OCAP continues to maintain loan guarantees for the existing FFELP portfolio, including compliance and program reviews, providing default aversion assistance to lenders for delinquent loans, paying lender claims for loans that default, and collecting on the defaulted loan portfolio. OCAP also continues to provide student support services including financial literacy and college access activities. OCAP's student support initiatives were further supported by an amendment to our enabling statute which authorizes the Regents to contract with any necessary parties to provide these types of services.

Effective July 1, 2012, OCAP expanded its student loan guaranty servicing system agreement with Sallie Mae, Inc., now known as Navient Solutions, LLC, to handle transaction services for lender claims review processing and post-default collection activities. This expansion continued to provide the most robust and cost-effective servicing solution to allow OCAP to provide student support services as part of our business model.

Effective July 1, 2018, the student loan guaranty servicing system agreement including the default aversion services on behalf of OCAP's FFELP portfolio, the transaction services for lender claims review processing and the post-default collection activities was assigned by Navient Solutions, LLC and assumed by Educational Credit Management Corporation (ECMC).

The OCAP Cost Center and a Federal Reserve Fund (Federal Fund) are used to account for the FFELP activities. The assets and earnings of the Cost Center may be used generally for guarantee agency related activities and other student financial aid related activities. The Federal Fund is considered property of the Federal Government, and its assets and earnings are restricted in use.

NOTES TO OTHER SUPPLEMENTARY INFORMATION

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE B—NATURE OF OPERATIONS (*continued*)

The OCAP Cost Center receives no appropriations from the State of Oklahoma. OCAP's revenue is primarily derived from loan collection fees, administrative allowances paid by the Department of Education, and investment income.

- At June 30 2022, the Cost Center's net position decreased to \$33,914,298 from \$34,067,740 in 2021.
- Total operating and non-operating revenues decreased by \$526,167 from \$9,326,298 to \$8,800,131 primarily due to decreased default loan collections income, administrative fees, and default aversion fee income as a result of the continued decline in the outstanding portfolio and the impact of the COVID-19 National Emergency and the related Federal Student Aid guidance providing repayment moratoriums for student loan borrowers.
- Total operating expenses increased by \$927,874 from \$8,025,699 to \$8,953,573. This increase was primarily due to an increase in portfolio management fees associated with the lost revenue transfers as instructed by the Dear Colleague Letter GEN-21-03.
- At June 30, 2022, the Cost Center recorded net capital assets of \$41,398 with a total of \$911,857 in capital assets and \$870,459 in accumulated depreciation.
- At June 30, 2022, the Cost Center had long-term liabilities of \$173,759. The current portion due within one year is \$74,250.

**INDEPENDENT AUDITORS' 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**

Coordinating Board of Control
Oklahoma State Regents for Higher Education

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oklahoma State Regents for Higher Education (the "Regents"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Regents' basic financial statements, and have issued our report thereon dated October 31, 2022. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on Internal Control Over Financial Reporting

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

(Continued)

**INDEPENDENT AUDITORS' 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*, CONTINUED**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regents' 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 Regents' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regents' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 31, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Coordinating Board of Control
Oklahoma State Regents for Higher Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Oklahoma State Regents for Higher Education (the “Regents”), a component unit of the State of Oklahoma, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Regents’ major federal programs for the year ended June 30, 2022. The Regents’ major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Regents complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Regents and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Regents’ compliance with the compliance requirements referred to above.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Regents' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Regents' compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Regents' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Regents' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Regents' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Regents' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 31, 2022

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

For the Year Ended June 30, 2022				
	Federal			
Federal Grantor/Pass-Through	Assistance	Pass-through	Passed	Total
Grantor/Program or Cluster Title	Listing	Grantor and	Through to	Federal
	Number	Number	Subrecipients	Expenditures
U.S. Department of Health and Human Services:				
477 Cluster:				
Temporary Assistance for Needy Family (477 Cluster)	93.558		\$ 2,216,088	2,316,088
Total Temporary Assistance for Needy Families Cluster			2,216,088	2,316,088
CCDF Cluster:				
Child Care and Development Block Grant	93.575		2,021,651	2,730,146
Total CCDF Cluster			2,021,651	2,730,146
Other Programs:				
Oklahoma State Opioid Response Grants	93.788	SAMHSA	73,047	73,047
Total Other Programs			73,047	73,047
Total U.S. Department of Health and Human Services			4,310,786	5,119,281
U.S. Department of Education:				
Other Programs:				
Federal Family Education Loans	84.032		-	39,952,016
Gaining Awareness and Readiness for Undergraduate Programs	84.334		1,330,009	3,559,319
Elementary and Secondary School Emergency Relief Fund of the American Rescue Plan Act	84.425	OSDE	1,820,000	1,820,000
Total U.S. Department of Education			3,150,009	45,331,335
National Science Foundation				
Other Programs:				
Computer and Information Science and Engineering	47.070		-	59,928
Total expenditures of federal awards			\$ 7,460,795	50,510,544

See Independent Auditors' Report.

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Oklahoma State Regents for Higher Education (the “Regents”) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regents, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regents.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Regents have elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—FEDERAL FAMILY EDUCATION LOAN PROGRAM

The Regents, through its Oklahoma College Assistance Program (OCAP) continues to maintain loan guarantees for the Federal Family Education Loan (FFEL) Program. No new loans are being made under the federal program, but OCAP is responsible for the existing loan portfolio that totals \$1,000,584,592.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for the major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?

☐ Yes ☒ No

Identification of major federal programs:

**Federal AL
Number**

**Name of
Federal Program or Cluster**

84.032

Federal Family Education Loans

84.425

Elementary and Secondary School
Relief—American Rescue Plan

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS—continued

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SUMMARY SCHEDULE OR PRIOR AUDIT FINDINGS

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

For the Year Ended June 30, 2022

There were no audit findings noted in the prior year audit for the year ended June 30, 2021.