Carl Albert State College
A Component Unit of the State Of Oklahoma

Financial Statements
June 30, 2020

(With Independent Auditor's Report Thereon)

Carl Albert State College
A Component Unit of the State Of Oklahoma

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INDEPENDENT AUDITOR'S REPORT

Board of Regents
Carl Albert State College
Poteau, Oklahoma

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Carl Albert State College (the College), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Regents
Carl Albert State College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College as of June 30, 2020, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Accounting Standards Update

As discussed in Note 1 to the financial statements, the Carl Albert State College Development Foundation (the Foundation) has been included as a discretely presented component unit in the College's financial statements. As discussed in Note 12J to the financial statements, in 2020, the Foundation adopted the Financial Accounting Standards Board Accounting Standards Updates No. 2014-19, *Revenue from Contracts with Customers* and No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Landmark PLC
Certified Public Accountants

Fort Smith, Arkansas
October 20, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

A Component Unit of the State of Oklahoma
Management's Discussion and Analysis
Year Ended June 30, 2020

Introduction

This section of Carl Albert State College's (CASC) Comprehensive Annual Report presents management's discussion and analysis of CASC's financial performance during the fiscal year ended June 30, 2020, with fiscal year 2019 data presented for comparative purposes. Since this management discussion and analysis is designed to focus on current activities, resulting change and current known facts, please read it in conjunction with CASC's financial statements and the footnotes.

Using This Report

The Annual Financial Report is presented in five parts: management's discussion and analysis, independent accountants' report, financial statements, notes to financial statements, and required supplemental information.

The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows display information about the College as an entity. The statements are prepared treating the College as a business-type activity. Business-type activities are financed in whole or in part by fees charged to external parties for the goods or services provided. The College charges fees to its students to help cover all or part of the cost of providing services. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These three statements report the College's net position and cash and changes in them. The reader can think of the College's net position – the difference between assets and liabilities – as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in enrollment trends, student retention, construction projects, physical plant condition, etc., to assess the overall health of the College.

Financial Analysis of the College as a Whole

As of June 30, 2020, CASC's net position increased by $811,802 to $12,586,057. Operating expenses for the fiscal year ended June 30, 2020, were $25,771,499, an increase of approximately $1,873,360 from fiscal year 2019, due primarily to increased expenditures that were necessary because of decreased expenditures the last few years. Operating revenue totaled $9,704,767, an increase of $754,177 from fiscal 2019. This is due primarily to an increase in auxiliary enterprise charges. This increase was somewhat enhanced by an increase in federal grants and contracts, but offset by a decrease in tuition and state and local grants. Operating revenue includes tuition and fees, federal and state grants and contracts, and auxiliary services. Non-operating revenues include state appropriations and some federal and state grants. State appropriations increased by $243,368 and net non-operating revenues as a whole increased $75,792 as compared to fiscal 2019.

CASC has a capital lease obligation to the Oklahoma Capital Improvement Authority (OCIA), which originated during the fiscal year ended June 30, 2006. This obligation is in the amount of $8,648,000 for the construction of new buildings on both the Poteau and Sallisaw campuses, which is being paid by OCIA as on-behalf payments. In 2010, CASC obtained bond funding for construction of the Deanna J. Reed Science and Math Center in the amount of $7,121,000. In 2020, the 2010 bonds were restructured through new bonds in the amount of $4,332,000. Monthly payments of principal and interest are paid by CASC and supported through facility fees paid by students.

The Statement of Net Position

The statement of net position reports CASC's financial position. Net position – the difference between assets and liabilities – is one way to measure the College's health, or position. Over time, increases or decreases in the College's net position are an indicator of whether or not its financial health is improving. Non-financial factors, such as student enrollment and condition of campus buildings, are also important to consider.

This statement includes all assets and liabilities using the accrual basis of accounting. The following summarizes the College's assets, liabilities, and net position as of June 30:

Statement of Net Position at June 30

	2020	*2019*
Current Assets	$ 14,778,561	$ 13,863,676
Noncurrent Assets	22,608,597	23,100,940
Total Assets	37,387,158	36,964,616
Deferred Outflows of Resources	2,908,107	2,693,652
Current Liabilities	1,332,811	1,143,385
Noncurrent Liabilities	23,466,332	22,698,766
Total Liabilities	24,799,143	23,842,151
Deferred Inflows of Resources	2,910,065	4,041,862
Net Investment in Capital Assets	12,878,961	11,814,164
Restricted	1,453,489	2,372,548
Unrestricted	(1,746,393)	(2,412,457)
Total Net Position	$ 12,586,057	$ 11,774,255

Account Analysis

The following paragraphs explain the changes in the major categories of the accompanying financial statements for the current year.

Assets

Assets are presented in two major classifications. Current assets represent resources that are available to meet current operational needs. Cash equivalents represent investments with the State Cash Management Program, which is managed by the Oklahoma State Treasurer.

These investments are immediately convertible to cash as the need arises. Accounts receivable represent monies due to the College, which are expected to be collected within a short amount of time.

Non-current assets represent resources that will not be available to meet current obligations. A major component of non-current assets is capital assets. Capital assets are made up of the College's land, buildings, equipment, library resources and improvements related to land and buildings. Capital assets are reported net of accumulated depreciation. Capital asset activity is summarized in *Note 5* to the financial statements.

Liabilities

Liabilities are also separated into current and non-current classifications. Current liabilities are those obligations that are due immediately and will be paid from current resources. Current liabilities increased slightly over fiscal year 2019 due primarily to an increase in accounts payable and accrued expenses as well as an increase in unearned revenue.

Non-current liabilities are comprised primarily of bonds payable and capital lease obligations. The College entered into a lease agreement with the Oklahoma Capital Improvement Authority (OCIA) in 1999 which resulted in a lease obligation payable to OCIA. The debt incurred through obtaining bond financing for the Deanna J. Reed Science and Math Center is also reflected in the non-current liabilities section of this audit report. Both revenue bonds and capital lease agreements related to the College are discussed in greater detail in *Note 6* to the financial statements. Non-current liabilities increased from 2019 as a result of a larger increase in the OTS pension liability than the pay-down of the capital lease obligations.

The Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position reports the results of CASC's activities and their effect on net position. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following summarizes CASC's revenues, expenses, and changes in net position for the years ending June 30:

CARL ALBERT STATE COLLEGE
EST. 1933

Operating Results for Years Ended June 30

	2020	2019
Operating Revenues		
Tuition and fees, net	$ 2,068,603	$ 2,456,655
Federal grants and contracts	3,356,129	2,625,346
State and private grants	1,873,322	2,098,130
Auxiliary enterprises, net	2,042,147	1,534,712
Other	364,566	235,747
Total Operating Revenues	9,704,767	8,950,590
Operating Expenses	(25,771,499)	(23,898,139)
Operating Loss	(16,066,732)	(14,947,549)
Nonoperating Revenues (Expenses)		
State appropriations	5,388,853	5,144,985
Federal grants	8,558,006	8,233,924
State grants	731,380	666,661
On-behalf payments for OTRS	771,402	724,772
Interest on capital asset-related debt	(222,836)	(423,465)
Contributions and other nonoperating expenses	618,695	1,046,755
State appropriations restricted for capital purposes	772,011	330,792
OCIA on-behalf payments for capital leases	261,523	1,078,318
Net Nonoperating revenues	16,878,534	16,802,742
Net Increase (Decrease) in Net Position	811,802	1,855,193
Net Position, Beginning of Year	11,774,255	9,919,062
Net Position, End of Year	$ 12,586,057	$ 11,774,255

Revenues

Revenues are classified as either operating or non-operating. As noted above, operating revenues for 2020 increased by $754,177 from 2019 while non-operating revenues decreased $124,837 from 2019. Federal, state, and private grants and contracts made up 54% of total operating revenues in 2020. Tuition and fees accounted for 22% of total operating revenues. Auxiliary revenue accounts for 21% of operating revenues. State appropriations accounted for 32% of non-operating revenues in 2019. Federal and state grants comprised 55% of non-operating revenues.

Expenses

Expenses are classified as either operating or non-operating. As with most organizations, employee compensation represents the largest category of expense. Total compensation (salaries, benefits, and pensions) represented 50% of total operating expenses for 2020.

CARL ALBERT STATE COLLEGE
EST. 1933

The Statement of Cash Flows

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

Cash Flows for the Years Ended June 30

	2020	**2019**
Cash Flows Provided (Used) By		
Operating activities	$ (12,813,811)	$ (12,085,117)
Noncapital financing activities	14,677,739	14,045,570
Investing activities	(2,680,755)	(1,489,516)
Capital and related financing activities	459,483	(93,959)
Net Increase (Decrease) in Cash	(357,344)	376,978
Cash and Equivalents, Beginning of Year	14,121,420	13,744,442
Cash and Equivalents, End of Year	$ 13,764,076	$ 14,121,420

Economic Factors that Will Affect the Future

Funding provided by the State of Oklahoma has a major impact on the economic position of Carl Albert State College. FY20 and FY19 resulted in slight increases in state appropriations after several years of reductions. The CASC Board of Regents have been able to maintain affordable tuition and fees during this period. The future appears to hold stable or slightly increasing enrollment numbers as CASC expands further into online education. The College maintains a very strong cash reserve and effectively manages all funds per budget plans. CASC also actively pursues non-state sources of revenue to provide programs and educational opportunities. While the financial outlook for the State of Oklahoma as a whole may appear in doubt, Carl Albert State College remains a viable and financially sound institution of higher learning.

Request for Information

This financial report is designed to provide a general overview of Carl Albert State College's finances for all those with an interest. Questions concerning any of the information provided in this report should be addressed to: Brian E. Roberts, CPA, Chief Financial Officer, c/o Carl Albert State College,1507 South McKenna, P.O. Box 369, Poteau, Oklahoma 74953-5208.

FINANCIAL STATEMENTS

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Net Position
June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
ASSETS		
Current Assets		
Cash and cash equivalents	$ 13,344,688	$ 1,721,401
Investments	-	6,652,448
Accounts receivable, net of allowance for doubtful accounts	399,772	164,804
Pledge receivable	-	7,650
Grants receivable	707,284	-
Inventories	326,817	-
Total Current Assets	14,778,561	8,546,303
Other Assets		
Restricted cash and cash equivalents	419,388	-
Capital assets, net of accumulated depreciation	22,050,435	2,117,642
Net OPEB asset	138,774	-
Total Other Assets	22,608,597	2,117,642
Deferred Outflows of Resources		
Deferred amounts related to pensions	2,891,332	-
Deferred amounts related to OPEB	16,775	-
Total Deferred Outflows of Resources	2,908,107	-
TOTAL ASSETS	$ 40,295,265	$ 10,663,945

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Net Position
June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current Liabilities		
Current portion of capital lease obligations	$ 276,256	$ -
Accounts payable and accrued expenses	511,623	45,386
Accrued compensated absences	166,833	-
Unearned revenue	378,099	-
Total Current Liabilities	1,332,811	45,386
Long-Term Liabilities		
Capital lease obligations	8,612,931	-
Net OTRS pension liability	14,853,401	-
Total Long-Term Liabilities	23,466,332	-
Total Liabilities	24,799,143	45,386
Deferred Inflows of Resources		
Deferred gain on lease restructure	282,287	-
Deferred amounts related to OPEB	70,726	-
Deferred amounts related to pensions	2,557,052	-
Total Deferred Inflows of Resources	2,910,065	-
Net Postion		
Without donor restrictions		
Board designated	-	1,997,740
Undesignated	-	3,077,549
With donor restrictions	-	5,543,270
Net investment in capital assets	12,878,961	-
Restricted for:		
Nonexpendable inventories	326,817	-
Expendable		
Capital projects	419,388	-
Federal and state grants	707,284	-
Unrestricted	(1,746,393)	-
Total Net Position	12,586,057	10,618,559
TOTAL LIABILITIES , DEFERRED INFLOWS, AND NET POSITION	$ 40,295,265	$ 10,663,945

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
OPERATING REVENUES		
Tuition and fees, net of scholarship discounts and allowances of $3,584,000	$ 2,068,603	$ -
Federal grants and contracts	3,356,129	-
State and local grants and contracts	1,873,322	-
Auxiliary enterprise charges, net of scholarship discounts and allowances of $830,000	2,042,147	-
Investment income	-	301,723
Operating contributions	-	1,097,006
Other operating revenues	364,566	358,173
Total Revenue	9,704,767	1,756,902
OPERATING EXPENSES		
Compensation	12,754,485	-
Contract services	465,794	-
Supplies and materials	2,469,291	-
Utilities	492,572	43,533
Other operating expenses	1,893,202	245,312
Scholarships and fellowships	5,703,319	559,453
Depreciation	1,992,836	97,302
Total Expenses	25,771,499	945,600
OPERATING INCOME (LOSS)	(16,066,732)	811,302

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
NONOPERATING REVENUE (EXPENSES)		
State appropriations	5,388,353	-
OTRS on behalf contributions	771,402	-
Federal grants and contracts	8,558,006	-
State and local grants and contracts	731,380	-
Contributions and other nonoperating revenues	618,695	-
Interest expense	(222,836)	-
State appropriations restricted for capital purposes	772,011	-
OCIA on behalf payments for capital lease obligations	261,523	-
Total Nonoperating Revenue (Expenses)	16,878,534	-
CHANGE IN NET POSITION	811,802	811,302
NET POSITION, BEGINNING OF YEAR	11,774,255	9,807,257
NET POSITION, END OF YEAR	$ 12,586,057	$ 10,618,559

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Cash Flows
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees, net of scholarship discounts and allowances	$ 2,302,161	$ -
Grants and contracts	4,927,120	-
Contributions and other nonoperating revenues	618,695	657,871
Auxiliary enterprise charges, net of scholarship discounts and allowances	2,042,147	-
Other operating revenues	364,566	345,627
Payments to employees for salaries and benefits, net of on behalf payments	(12,240,832)	-
Payments for scholarships	-	(546,243)
Payments to suppliers	(10,827,668)	(286,138)
Net Cash Provided by (Used in) Operating Activities	(12,813,811)	171,117
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for capital assets	(2,680,755)	(74,762)
Purchase of investments	-	(1,297,599)
Proceeds from sales and maturities of investments	-	1,466,610
Net Cash Provided by (Used in) Investing Activities	(2,680,755)	94,249
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	5,388,353	-
Grants and contracts	9,289,386	-
Net Cash Provided by Noncapital Financing Activities	14,677,739	-

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Cash Flows
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	772,011	-
Restricted contributions	-	26,285
Principal paid on capital lease obligations	(229,167)	-
Interest paid on capital lease obligations	(83,361)	-
Net Cash Provided by Capital And Related Financing Activities	459,483	26,285
NET CHANGE IN CASH AND CASH EQUIVALENTS	(357,344)	291,651
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,121,420	1,429,750
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,764,076	$ 1,721,401

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Cash Flows
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ (16,066,732)	$ 811,302
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,992,836	97,302
Contributions	618,695	-
Restricted contributions	-	(26,285)
In-kind contributions of property and equipment	-	(421,000)
Investment income	-	(168,855)
State of Oklahoma on behalf contributions to OTRS	771,402	-
Change in:		
Accounts receivable	152,342	(145,414)
Pledge receivable	-	8,150
Grants receivable	(302,331)	-
Inventories	49,575	-
Net OPEB asset	8,447	-
Deferred outflows of resources	(214,455)	-
Accounts payable and accrued expenses	127,535	15,917
Accrued compensated absences	14,055	-
Unearned revenue	81,216	-
Net OTRS pension liability	1,085,401	-
Deferred inflows of resources	(1,131,797)	-
Total adjustments	3,252,921	(640,185)
Net Cash Provided by (Used in) Operating Activities	$ (12,813,811)	$ 171,117
NONCASH INVESTING AND FINANCING ACTIVITIES		
On behalf principal and interest paid by OCIA	$ 235,860	$ -
Amortization of deferred gain on lease restructure	25,663	-
Proceeds from refinance of capital lease obligations	4,302,405	-
Principal paid during refinance of capital lease obligations	(4,940,000)	-
Bond premium allocated during refinance of capital lease obligations	637,595	-
In-kind contribution for land	-	421,000

See accompanying notes to financial statements.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Statements of Cash Flows
Year Ended June 30, 2020

	CASC	CASC DEVELOPMENT FOUNDATION
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Current Assets:		
Cash and cash equivalents	$ 13,344,688	$ 1,721,401
Noncurrent Assets:		
Restricted cash and cash equivalents	419,388	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,764,076	$ 1,721,401

See accompanying notes to financial statements.

NOTE 1: NATURE OF OPERATIONS

Carl Albert State College (the College), is a two-year state supported educational institution operating under the jurisdiction of the Board of Regents of Carl Albert State College (the Board of Regents). The College is part of the Oklahoma System of Higher Education, which is under the governance of the Oklahoma State Regents for Higher Education (the State Regents). The College is accredited by the North Central Association of Colleges and Schools.

Reporting Entity

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

The accompanying financial statements include the accounts and funds of the College. The College is a component unit of the State of Oklahoma (the State) and is included in the general-purpose financial statements of the State as part of the higher education component unit.

Carl Albert State College Development Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation is organized for the purpose of receiving and administering gifts intended for the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Separate financial statements of the Foundation can be requested from the Foundation's controller.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) standards over accounting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents
For purposes of the Statements of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Deposits and Investment
The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the College has disclosed its deposit and investment policies related to the risks identified in GASB Statement No. 40. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable and Other Receivables
Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Oklahoma. Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts are written off for financial reporting purposes when deemed uncollectible. Recoveries of student accounts receivable previously written off are recorded when received.

A student account receivable and student loan receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester. Interest and late charges are not generally assessed and, if they are assessed, are not included in income until received.

Other receivables include amounts due from Federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Other accounts receivable also include amounts due from the Oklahoma Development Finance Authority (ODFA) and Oklahoma Capital Improvement Authority (OCIA) for proceeds from the capital bond improvement program allocated to the College. No allowance for doubtful accounts has been provided for other receivables.

Inventories
Inventories consist of books and supplies held for resale at the bookstore, which are valued at the lower of cost (first-in, first-out basis) or net realizable value.

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

Capital Assets

Capital assets are stated at cost, or fair value if acquired by gift at date of donation, less accumulated depreciation. The College's capitalization policy for equipment includes all items with a unit cost of $500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Depreciation is provided using the straight-line method over useful lives of the assets, generally 40 years for buildings and improvements, 3-7 years for computers and other equipment, and 10 years for furniture, vehicles, and library materials. Routine repairs and maintenance are charged to operating expense in the year in which the expense occurs.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Accrued Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statements of Net Position, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses and Changes in Net Position.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Deferred Outflows of Resource

Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. For the year ended June 30, 2020, the College's deferred outflows of resources were comprised of deferred amounts related to pensions and other post-employment benefits.

Deferred Inflows of Resource

Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. For the year ended June 30, 2020, the College's deferred inflows of resources were comprised of a deferred gain on lease restructure and on deferred amounts related to pensions and other post-employment benefits.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Net OPEB liability or asset and plan deferrals are recognized as of the measurement date. Payments from the measurement date to the date of the Statements of Net Position are reported as deferred outflows. See Note 8.

Pensions
For purposes of measuring the net Oklahoma Teachers Retirement System (OTRS) pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the OTRS and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Net pension liability and plan deferrals are recognized as of the measurement date. Payments from the measurement date to the date of the Statements of Net Position are reported as deferred outflows. See Note 7.

Long-term Liabilities
Long-term liabilities include principal amounts of capital lease obligations with contractual maturities greater than one year.

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

Net investment in capital assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position - nonexpendable: Restricted nonexpendable net position consists of inventories which do not constitute "available spendable resources" even though they are a component of net current assets.

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

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

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

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

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

Classification of Revenues

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

> Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) Federal, state and local grants and contracts, and (4) interest on institutional student loans.
>
> Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, student aid revenues, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances

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

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College deposits its funds with the Office of the State Treasurer. Oklahoma statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The College's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine, in the State's name.

Of the $13,764,076 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2020, $6,844,344 represents the amount held within *OK INVEST,* an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*.

Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at *http://www.ok.gov/treasurer/*. The amounts on deposit with *OK INVEST* are treated as demand accounts and reported as cash equivalents.

	Cost	Market Value
U.S. Agency Bonds	$ 2,110,355	$ 2,163,196
Money Market Mutual Funds	346,173	346,173
Certificates of deposit	97,933	97,933
Mortgage backed agency securities	2,491,477	2,601,144
Municipal bonds	8,508	8,797
Foreign bonds	68,956	68,902
U.S. Treasury obligations	1,538,199	1,558,199
Total	$ 6,661,601	$ 6,844,344

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2020:

Student tuition and fees	$ 389,549
Auxiliary enterprises and other operating activities	181,554
	571,103
Allowance for doubtful accounts	(171,331)
Accounts receivable, net of allowance for doubtful accounts	$ 399,772

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases (Decreases)	Transfers	Retirements	Ending Balance
Capital Assets not being depreciated					
Land	$ 2,642,052	$ 60,089	$ -	$ -	$ 2,702,141
Construction in progress	914,817	(215,253)	-	-	699,564
	3,556,869	(155,164)	-	-	3,401,705
Capital Assets being depreciated					
Buildings and building improvements	34,682,513	2,348,825	-	-	37,031,338
Infrastucture	1,398,398	-	-	-	1,398,398
Furniture, fixtures & equipment	6,502,144	487,094	-	(201,520)	6,787,718
Library materials	1,895,211	-	-	-	1,895,211
	44,478,266	2,835,919	-	(201,520)	47,112,665
Accumulated Depreciation					
Buildings and building improvements	(18,124,295)	(1,229,061)	-	-	(19,353,356)
Infrastucture	(1,089,811)	(276,789)	-	-	(1,366,600)
Furniture, fixtures & equipment	(5,623,349)	(463,802)	-	201,520	(5,885,631)
Library materials	(1,835,164)	(23,184)	-	-	(1,858,348)
	(26,672,619)	(1,992,836)	-	201,520	(28,463,935)
Capital Asset Summary					
Capital assets not being depreciated	3,556,869	(155,164)	-	-	3,401,705
Capital assets being depreciated, net	17,805,647	843,083	-	-	18,648,730
Capital Assets, net	$ 21,362,516	$ 687,919	$ -	$ -	$ 22,050,435

NOTE 6: LONG-TERM LIABILITIES

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

	Maturity Through	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Amounts Due Within One Year
Capital Lease Obligations:						
ODFA Master Lease 2020A	5/1/2035	$ -	$ 4,332,000	$ -	$ 4,332,000	$ 233,750
OCIA 2014A Series	7/1/2030	3,919,592	-		3,919,592	-
OCIA 2014B Series-Building	7/1/2030	16,158	-	(16,158)	-	-
OCIA 2014B Series-Land	7/1/2030	33,019	-	(33,019)	-	-
ODFA Master Lease 2010A	6/1/2023	5,169,167	-	(5,169,167)	-	-
Total Capital Leases		9,137,936	4,332,000	(5,218,344)	8,251,592	233,750
Other Liabilities						
Premium on capital lease obligations		102,466	637,595	(102,466)	637,595	42,506
Total Other Liabilities		102,466	637,595	(102,466)	637,595	42,506
Total Long-Term Liabilities		$ 9,240,402	$ 4,969,595	$ (5,320,810)	$ 8,889,187	$ 276,256

Capital Lease Obligations

Oklahoma Capital Improvement Authority Lease Obligations

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the State Regents allocated approximately $8,648,000 to the College. Concurrently with the allocation, the College entered into a lease agreement with OCIA, for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the College.

On April 9, 2014, the College's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. As a result, the total liability of the remaining 2005F bonds refunded and the amount of the 2014A bonds acquired resulted in a gain on lease restructure of $461,925, which was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2020, the unamortized gain totaled $282,287. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $553,556, which approximates the economic savings of the transaction. Lease principal and interest payments to OCIA, totaling $186,683 during the year ended June 30, 2020, were made by the State of Oklahoma on behalf of the College. These payments have been recorded as part of the on behalf payments for OCIA capital leases in the Statements of Revenues, Expenses, and Changes in Net Position.

In 2004, the OCIA issued bond series 2004A to refund a significant portion of the older bonds. The lease agreement associated with the older bonds will act as security for the 2004A bond issue over the term of the lease through the year 2020.

In 2014, the College's remaining 2004A lease agreement with OCIA was restructured through new bonds issued by OCIA, Series 2014B Building Renovation and Series 2014B Land Purchase, to accomplish the refunding. As a result, the total liability of the remaining 2004A bonds was paid off. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. Lease principal and interest payments to OCIA totaling $49,177 during the year ended June 30, 2020 were made by the State of Oklahoma on behalf of the College. These payments have been recorded as part of the on behalf payments for OCIA capital leases in the Statements of Revenues, Expenses, and Changes in Net Position. As of June 30, 2020, the Bond Series 2014B Building Renovation and Series 2014B Land Purchase have been paid in full.

Lease principal and interest payments to OCIA, totaling $235,860 during the year ended June 30, 2020, were made by the State of Oklahoma on behalf of the College. These payments have been recorded as part of the on behalf payments for OCIA capital leases in the Statements of Revenues, Expenses, and Changes in Net Position.

Oklahoma Development Finance Authority Lease Obligations

On September 15, 2010, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2010A in the amount of $7,121,000. Proceeds from the obligation were used for the construction of a new science and math building. For the year ended June 30, 2020, principal and interest payments totaled $388,620.

In 2020, the College's remaining 2010A lease agreement with ODFA was restructured through new bonds issued by ODFA, Series 2020A Real Property ML Bonds, to accomplish the refunding. As a result, the total liability of the remaining 2010A bonds refunded and the amount of the 2020A bonds acquired resulted in a premium of $637,595, which was recorded and will be amortized over the life of the bond. The restructured lease agreement with ODFA secures the ODFA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with ODFA was automatically restructured to secure the new bond issues. Total lease payments over the term of the agreement, beginning May 1, 2020 through May 1, 2035, will be $4,332,000. Payments on principal will be made annually. Lease principal and interest payments to ODFA totaled $-0- during the year ended June 30, 2020.

Future minimum lease payments under the College's obligations to the OCIA and ODFA as of June 30, 2020, are as follows:

Year ending June 30,	Principal	Interest	Total Lease Payments
2021	$ 276,256	$ 375,131	$ 651,387
2022	633,631	350,613	984,244
2023	661,204	323,979	985,183
2024	680,168	295,877	976,045
2025	706,835	269,490	976,325
2026-2030	4,009,311	872,958	4,882,269
2031-2035	1,921,782	207,933	2,129,715
Total	$ 8,889,187	$ 2,695,981	$ 11,585,168

NOTE 7: RETIREMENT PLANS

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

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

Benefit provisions include:

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

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

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

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service. Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

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

Contributions

The 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 7.70% for any employees' salaries covered by Federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program. Contributions to the pension plan from the College were $1,038,578. The State of Oklahoma also made on behalf contributions to OTRS, of which $771,402 was recognized by the College; these on behalf payments did not meet the criteria of a special funding situation.

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

At June 30, 2020, the College reported a liability of $14,853,401 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plans for all participating employers as of June 30, 2019. Based upon this information, the College's proportion was .2244%.

For the year ended June 30, 2020, the College recognized pension expense of $1,608,462 and included in Compensation expense. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 762,482	$ 636,512
Changes of assumptions	779,835	501,271
Net difference between projected and actual earnings on pension plan investments	100,735	-
Changes in College's proportionate share of contributions	208,223	1,401,999
Differences between College contributions and proportionate share of contributions	1,479	17,270
College contributions subsequent to the measurement date	1,038,578	-
Total	$ 2,891,332	$ 2,557,052

The amount reported as deferred outflows of resources related to pensions of $1,038,578 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

Year ending June 30,	
2021	$ 81,949
2022	(813,358)
2023	(332,759)
2024	314,739
2025	45,131
Total	$ (704,298)

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

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

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

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

Discount Rate

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

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

The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 20,930,064	$ 14,853,401	$ 9,769,970

Pension Plan Fiduciary Net Position

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

Teachers Insurance and Annuity Association (TIAA)

All eligible full-time employees of the College enrolled in the OTRS, are eligible to make employee voluntary contributions to the Teachers Insurance and Annuity Association (TIAA), a defined contribution pension plan (the Plan) administered by the College's Board of Regents. Eligible employees are not required to make contributions to the Plan. The Plan provides retirement benefits to eligible employees and their beneficiaries. Benefit provisions and contribution requirements are contained in the Plan document and were established and can be amended by the action of the College's Board of Regents. The College does not make employer contributions to the Plan.

NOTE 8: POST RETIREMENT PLANS – OPEB

Plan Description

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

Benefits Provided

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

Contributions

Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 7; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were $5,883.

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

At June 30, 2020, the College reported an asset of $138,774 its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. The College's proportion of the net OPEB asset was based on the College's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2019. Based upon this information, the College's proportion was .224435%.

For the year ended June 30, 2020, the College recognized OPEB expense of ($19,340). At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 50,723
Net difference between projected and actual earnings on OPEB plan investments	-	19,912
Differences between College contributions and proportionate share of contributions	10,892	91
College contributions subsequent to the measurement date	5,883	-
Total	$ 16,775	$ 70,726

The amount reported as deferred outflows of resources related to OPEB of $5,883 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2021.

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

Year ending June 30,		
2021	$	(22,743)
2022		(22,743)
2023		(9,019)
2024		(1,287)
2025		(3,255)
Therafter		(787)
Total	$	(59,834)

Actuarial Assumptions
The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as if June 30, 2019 using the following actuarial assumptions:

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.5%)	Current Discount Rate	1% Increase (8.5%)
Employers' net OPEB liability (asset)	$ (46,502)	$ (138,774)	$ (217,614)

OPEB Plan Fiduciary Net Position

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

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

In July 2010, the College began participating in the Federal Direct Student Loan Program (Direct Lending Program) that replaced the FFEL Program. The Direct Lending Program requires the College to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the Direct Lending Program. Failure to perform such functions may require the College to reimburse the U.S. Department of Education. For the year ended June 30, 2020, approximately $1,802,000 of Direct Loan Program loans was provided to College students.

During the course of ordinary business, the College may be subjected to various lawsuits and civil action claims. At June 30, 2020, there were no pending lawsuits or claims against the College that management believes would result in a material loss to the College in the event of an adverse outcome.

NOTE 10**:** ***RISK MANAGEMENT***

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

The College, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund which are public entity risk pools currently operating as a common risk management and insurance program for its members. The College pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The College is self-insured for unemployment liabilities. Payments are made to the State Employment Security Commission on a claim paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

NOTE 11: RELATED PARTY TRANSACTIONS

The Foundation is a tax-exempt organization whose objective is the betterment of the College and its related activities. The College is the ultimate beneficiary of the Foundation. The College has entered into a written agreement with the Foundation whereby the College agrees to provide certain administrative services to the Foundation in exchange for scholarships to College students, funds for capital improvements, and other services from the Foundation totaling approximately $588,000 for the year ended June 30, 2020.

NOTE 12: CARL ALBERT STATE COLLEGE DEVELOPMENT FOUNDATION, INC.

NOTE 12A: NATURE OF ACTIVITIES

Carl Albert State College Development Foundation, Inc. (the Foundation) is organized for the benefit of Carl Albert State College (the College), Poteau, Oklahoma, its faculty, its student body, and its programs. The Foundation provides scholarships and support and enhances the further development of the College. The Foundation receives contributions from the public which are generally to be used for the benefit of the College. The Foundation also receives certain program service revenues which support the various departmental activities at the College.

Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

NOTE 12B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues, gains and other support are recognized in the period in which they are earned. Expenses and losses are recognized in the period in which they are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Codification Topic *Not-for-Profit Entities.* Under this Codification Topic, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change include the valuation of investments and pledges receivable. Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investments, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position. Significant fluctuations in fair values could occur from year to year and the amounts the Foundation will ultimately realize could differ materially.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased, excluding cash and cash equivalent funds held in the Foundation's investment portfolio, to be cash equivalents. Uninvested cash held in managed investment accounts is not considered cash or cash equivalents as these funds are not readily available for paying the Foundation expenses.

Investments

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at a lower cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividends, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Marketable Securities

Marketable securities are stated at fair value. Fair values are generally determined based upon quoted market prices. Realized gains and losses on sales of marketable securities are computed on the first-in, first-out basis.

The Foundation utilizes various investment instruments. Marketable securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Significant fluctuations in fair values could occur from year to year and the amounts the Foundation will ultimately realize could differ materially.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment additions with a cost basis, or fair value on the gift date if donated, which exceed $500. Property and equipment is depreciated using the straight-line methods as follows:

Dormitory	30 years
Building improvements	30 years
Computer equipment	5 years

Depreciation expense was $97,302 for the year ended June 30, 2020.

Contributions

The Foundation recognizes contributions received and made, including unconditional pledges receivable, as revenue in the period received or made. Contributions, including gifts of cash and other assets are recorded as revenues without donor restrictions or revenues with donor restrictions. Contributions are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net position with donor restrictions are reclassified to net position without donor restrictions and reported in the Statements of Activities as net position released from restrictions. Contributions that are restricted by the donor are reported as increases in net position without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

Gifts of land, buildings, equipment and donated financial assets are presented as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services, including in-kind contributed services provided by the College, which increase non-financial assets such as property or inventory, as well as services contributed by individuals with specialized skills which would have otherwise been purchased, are reported as without donor restrictions. Other contributed services that enhance the Foundation's programs, but are not so essential that they would otherwise be purchased, are not recorded as support. The Foundation received no significant contributed services meeting the specified criteria in 2020.

Investment Revenue
Income and gains on investments are reported as increases in net position with donor restrictions if the terms of the gift that gave rise to the investment require such amounts be added to the permanent endowment or the terms of the gift or applicable law imposed restrictions on the use of the income and as increases in net position without donor restrictions in all other cases, except in the case of income earned on donor-restricted endowment funds which is classified as net position with donor restrictions. Generally, losses on investments of endowments reduce net position without donor restrictions to the extent donor-imposed restrictions on the net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce net position without donor restrictions. Subsequent investment gains are applied first to net position without donor restrictions to the extent that losses have previously been recognized, and then to net position with donor restrictions.

Income Taxes
The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Generally, all revenue earned outside the purpose for which the Foundation is created is taxable as earned income.

Accounting for Uncertain Tax Positions
Management has evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to or disclosure in the financial statements.

Net Asset Classifications
The Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was enacted in the state of Oklahoma effective November 1, 2007 (OK UPMIFA). The Foundation's Board of Trustees' (the Trustees) interpretation of OK UPMIFA and other required endowment disclosures are included in Note 12G.

Net position, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation is required to report information regardng its finanical position and activites according to two classes of net position as follows:

<u>Net position without donor restrictions:</u> Net position for which there are no donor-imposed restrictions that the assets be used for a specific purpose or held for a certain period of time.

<u>Net position with donor restrictions:</u> Net position subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

Concentrations of Credit Risk
The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents. The Foundation's uninsured/uncollateralized bank balances were approximately $1,470,000 at June 30, 2020.

NOTE 12C: CASH AND CASH EQUIVALENTS

The Foundation maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by the Foundation based upon how its deposits were insured at June 30, 2020. FDIC regulations state time and savings accounts are insured up to a $250,000 maximum.

Category 1 - Insured by FDIC or collateralized with securities held by the Foundation or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.

Category 3 – Uninsured and uncollateralized.

As of June 30, 2020, the Foundation had cash equivalents totaling approximately $1,363,000.

NOTE 12D: FAIR VALUE MEASUREMENT

The Foundation follows ASC Topic 820, *Fair Value Measurements*, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurments).

The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

The Foundation has certain investments which are measured at net asset value per share (NAV). If the Foundation has the ability to redeem its investment with the investee at NAV at the measurement date or within ninety days of the measurement date, the fair value of the asset is categorized as a Level 2 fair value measurement. If the Foundation will never have the ability to redeem its investment with the investee at NAV or the Foundation cannot redeem its investment within ninety days of the measurement date, the Foundation categorizes the asset as a Level 3 measurement.

Financial assets and liabilities carried at fair value on a recurring basis include investments. The Foundation had no assets or liabilities carried at fair value on a non-recurring basis at June 30, 2019.

The methods and assumptions used to estimate the fair value of investments in the finanical statements, including a description of the methodologies used for the classifications within the fair value hierarchy for finanical instruments carried at fair value, are as follows:

> *Mutual funds*: Valued at the net asset value (NAV) of shares held by the Foundation at year end.
>
> *Certificates of deposit*: Valued at year end cost.
>
> *Savings bonds, government and agency securities, preferred stocks, and corporate bonds,*: Valued at the closing price reported on the active market on which the individual securities are traded.

Investments measured at fair value are classified within the fair value hierarchy as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Mutual funds	$ 3,314,910	$ -	$ -	$ 3,314,910
Savings bonds	218,928	-	-	218,928
Government and agency securities	108,320	-	-	108,320
Certificates of deposit	469,279	-	-	469,279
Preferred stocks	7,627	-	-	7,627
Corporate bonds	2,533,384	-	-	2,533,384
	$ 6,652,448	$ -	$ -	6,652,448

NOTE 12E: CAPITAL ASSETS

Capital assets consist of the following:

Dormitories	$ 2,652,320
Building and improvements	128,443
Land	421,000
Computer equipment	138,899
	3,340,662
Less accumulated depreciation	1,223,020
	$ 2,117,642

NOTE 12F: RELATED PARTY TRANSACTIONS

Based upon an exchange of service agreement, the College provides the Foundation with the necessary office space at no cost to the Foundation. In exchange, the College received scholarships, funds for capital improvements, and other services from the Foundation. The value of such services has been determined by management to be insignificant and is, therefore, not recorded on the finanical statements as in-kind contributions.

NOTE 12G: ENDOWMENTS

The Foundation's endowment consists of approximately 202 endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net position associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

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

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

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 10% annually. Actual returns in any given year may vary from this amount.

Strategies for Achieving Objectives

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

Spending Policy

The Foundation has a policy of appropriating for distribution each year the equivalent of up to 5% of its endowment fund's fair value as of the immediately preceding July 1. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1.16% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net position for the year ended June 30, 2020 are as follows:

	Board Designated Endowments	Endowments	
	Without Donor Restrictions	With Donor Restrictions	Total
July 1, 2019 Balances:	$ 2,175,546	$ 5,199,110	$ 7,374,656
Net investment income	79,336	215,040	294,376
Contributions	-	546,043	546,043
Appropriation of endowment assets for expenditure	(257,142)	(416,923)	(674,065)
June 30, 2020 Balance	$ 1,997,740	$ 5,543,270	$ 7,541,010

NOTE 12H: NET POSITION

Net position with donor restrictions and without donor restrictions consist of the following:

	With Donor Restrictions	Board Designated
Capital expansion	$ 210,635	$ -
Dormitories	251,137	-
Endowed professorships	955,907	-
Foundation support	-	1,003,452
Leader program	-	273,050
Lectureships	177,750	-
Scholarships	3,947,841	721,238
	$ 5,543,270	1,997,740
Undesignated		3,077,549
Total net position without donor restrictions		$ 5,075,289

Net position released from donor restrictions for scholarships during the year ended June 30, 2020 totaled $359,453.

Net position released from donor restrictions for endowed professorships during the year ended June 30, 2020 totaled $57,470.

NOTE 12I: NONCASH INVESTING AND FINANCING ACTIVITIES

During the year ended June 30, 2020, land was gifted to the Foundation from the City of Poteau. Contribution revenue totaling $421,000 is included on the Statements of Activities as "Contributions" without donor restrictions.

NOTE 12J: ACCOUNTING PRONOUNCEMENTS

Adoption of Accounting Pronouncements
On May 28, 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The ASU's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU also includes expanded disclosure requirements that result in an organization providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization's contracts with customers. The Foundation adopted the ASU effective July 1, 2019, the first day of the Foundation's fiscal year, using the modified retrospective approach. There were no adjustments to opening net assets in relation to adoption of this ASU.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and made. The amendments of this ASU should assist organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance. The ASU also determines whether a contribution is conditional. The Foundation has adopted the ASU for the year ended June 30, 2020. The ASU did not have a significant impact on the Foundation's results of operations.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. This ASU will be effective for the Foundation for the year ending June 30, 2023. The Foundation does not expect this ASU to have a material impact on its financial statements.

NOTE 13: RISKS AND UNCERTAINTIES

The COVID-19 pandemic has had an adverse impact on both domestic and global financial markets and operations since it was declared a global pandemic by the World Health Organization on March 11, 2020. Management is unable to accurately predict how the COVID-19 pandemic will affect the results of the College's operations due to uncertainties surrounding the severity of the disease and the duration of the outbreak.

NOTE 14: SIGNIFICANT ACCOUNTING PRONOUNCEMENTS

In June 2018, the GASB issued Statement Number 88 (GASB 88), *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* – effective for fiscal years beginning after June 15, 2019. GASB 88 will enhance debt related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The implementation of this statements did not significantly impact the College.

GASB has issued the following statements which the College has not yet adopted and which require adoption subsequent to June 30, 2020:

GASB Statement No. 84, *Fiduciary Activities.* GASB 84 provides for greater consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. GASB 84 is effective for periods beginning after December 15, 2019, with earlier application encouraged.

GASB Statement No. 87, *Leases*. GASB 87 improves consistency in accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 is effective for periods beginning after December 15, 2020, with earlier application encouraged.

In June 2018, the GASB issued Statement Number 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period* – effective for fiscal years beginning after December 15, 2020. GASB 89 will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period.

Management does not believe the future implementation of these statements will have a significant impact on the College's financial statements.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 20, 2020, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Carl Albert State College
A Component Unit of the State Of Oklahoma

Schedules of Required Supplementary Information
Schedule of College's Proportionate Share of
Net Pension Liability
Oklahoma Teachers Retirement System
Last 10 Fiscal Years*

	2020	**2019**	**2018**	**2017**	**2016**	**2015**
College's proportion of the net pension liability	0.2244%	0.2278%	0.2260%	0.2661%	0.2667%	0.2565%
College's proportionate share of the net pension liability	$ 14,853,401	$ 13,768,000	$ 14,966,591	$ 22,207,419	$ 16,198,996	$ 13,801,572
College's covered payroll	$ 9,918,977	$ 9,229,093	$ 8,786,819	$ 10,753,419	$ 10,056,546	$ 9,698,001
College's proportionate share of the net pension liability as a percentage of its covered payroll	150%	149%	170%	207%	161%	142%
Plan fiduciary net position as a percentage of the total pension liability	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

Notes to Schedule:

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

The Plan's net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board. The most notable change was the lowering of the System's discount rate from 8.0% to 7.5%.

Carl Albert State College
A Component Unit of the State Of Oklahoma

Schedules of Required Supplementary Information
Schedule of the College's Pension Contributions
Last 10 Fiscal Years *

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,038,578	$ 1,047,607	$ 975,365	$ 926,921	$ 1,130,508	$ 1,065,243
Contributions in relation to the contractually required contribution	1,038,578	1,047,607	975,365	926,921	1,130,508	1,065,243
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 9,455,510	$ 9,918,977	$ 9,229,093	$ 8,786,819	$ 10,753,419	$ 10,056,546
Contributions as a percentage of covered payroll	10.98%	10.56%	10.57%	10.55%	10.51%	10.59%

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

Notes to Schedule:

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

Carl Albert State College
A Component Unit of the State Of Oklahoma

Schedules of Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability (Asset)
Supplemental Health Insurance Program
Last 10 Fiscal Years*

	2020	2019	2018
College's proportion of the net OPEB liability (asset)	0.2244%	0.2278%	22.6000%
College's proportionate share of the net OPEB liability (asset)	$ (138,774)	$ (147,221)	$ (100,798)
College's covered payroll	$ 9,918,977	$ 9,229,093	$ 8,786,819
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.40%	-1.60%	-1.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	115.07%	115.41%	110.40%

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

Notes to Schedule:

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

Carl Albert State College
A Component Unit of the State Of Oklahoma

Schedules of Required Supplementary Information
Schedule of College's OPEB Contributions
Supplemental Health Insurance Program
Last 10 Fiscal Years*

	2020	2019	2018
Contractually required contribution	$ 5,883	$ 7,066	$ 15,487
Contributions in relation to the contractually required contribution	5,883	7,066	15,487
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered payroll	$ 9,455,510	$ 9,918,977	$ 9,229,093
Contributions as a percentage of covered payroll	0.06%	0.07%	0.17%

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

Notes to Schedule:

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

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Regents
Carl Albert State College
Poteau, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Carl Albert State College (the College), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control over Financial Reporting

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

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

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

Board of Regents
Carl Albert State College

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Landmark PLC
Certified Public Accountants

Fort Smith, Arkansas
October 20, 2020