Murray State College

Financial Statements
with Independent Auditor's Report

June 30, 2022

HINKLE & COMPANY PC
Strategic Business Advisors

Murray State College
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June 30, 2022

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Regents
Murray State College
Tishomingo, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Murray State College (the College), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of The Murray State College Foundation, Inc. Those financial statements were audited by other auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditor.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 11 of the financial statements, which describes the merger between Murray State College and University Center of Southern Oklahoma. Per Governmental Accounting Standards Board Statement Number 69, the merger is recognized as a restatement of a beginning of year restatement of net position. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and other analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Hinkle & Company, PC

Tulsa, Oklahoma
October 28, 2022

OVERVIEW

The discussion and analysis of Murray State College's (the College) financial statements provides an overview of the financial activities for the year ended June 30, 2022. Since the management's discussion and analysis is designed to focus on current activities, resulting change and current known fact, it should be read in conjunction with the basic financial statements and the notes to the financial statements. FY21 financial data is provided in some cases along with FY22 for comparison purposes.

As a whole, the financial position for the College increased from all activities for fiscal year ended June 30, 2022.

As of July 1, 2021, Murray State College merged with the University Center of Southern Oklahoma (UCSO) in Ardmore after the Governor signed Oklahoma House Bill 2943 into effect on May 18, 2021. As a result of this merger, Murray State College took over all assets and liabilities of UCSO and, therefore, beginning net position has been restated with an increase of $13,555,155.

USING THIS REPORT

In June 1999, the Government Accounting Standards Board (GASB) released statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Changes in statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. In November 1999, GASB issued statement No. 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities" which applies these standards to public colleges and universities. The State of Oklahoma and its agencies adopted these standards early in preparation for the actual required date of fiscal year ending 2003. The GASB standards required several changes to the basic financial statements as well as the requirement for the recording of depreciation expense for fixed assets.

Report statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is consistent with the accounting used by private sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

FINANCIAL HIGHLIGHTS

The report that follows consists primarily of three basic financial statements:

1. **Statement of Net Position**
2. **Statement of Revenues, Expenses, and Changes in Net Position**
3. **Statement of Cash Flows**

The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information on the College as a whole and will reflect whether the institution is better or worse off as a result of the year's activities. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses reflects the College's operating results. These two statements report the College's net position and changes in it.

Current assets represent resources that are available to meet current operational needs. Noncurrent assets represent resources that are not available to meet current obligations. Cash and investments designated for construction or other capital projects are included in this category. The major component of this category is the College's investment in property, buildings and equipment. The financial statements contain a summary of capital asset activity.

Liabilities are also separated into current and noncurrent classifications. Current liabilities are those obligations that are due within the current year and will be paid from current resources. Noncurrent liabilities are primarily made up of long-term debt. The financial statements provide detail related to long-term liabilities.

Net Position, the difference between assets, deferred outflows, liabilities and deferred inflows, reflect one way to measure the institution's financial health, or financial position. Over time, increases or decreases in the net position is one indicator of whether financial health is improving or deteriorating. Other non-financial factors including freshman class size, student retention, programmatic offerings, etc. must be considered as well to assess the overall health of the institution.

The Statement of Cash Flows is another way to assess the financial health of an institution. The primary purpose of the statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flow, its ability to meet obligations as they come due, and its need for external financing.

Statement of Net Position

Schedule A is prepared from the College's Statement of Net Position and summarizes the assets, deferred outflows, liabilities, deferred inflows and net position as of June 30. Comparative data for the preceding year is provided.

Schedule A
Condensed Statement of Net Position
As of June 30, 2022 and 2021

	2022	(Restated) 2021	Percent Change
Current Assets	$ 88,375,132	$ 65,744,802	34%
Non Current Assets			
Capital Assets, Net of Depreciation	55,618,715	55,978,014	-1%
Other	379,257	118,612	220%
Total Assets	144,373,104	121,841,428	18%
Deferred Outflows	5,726,348	5,754,934	0%
Current Liabilities	1,916,080	2,256,178	-15%
Noncurrent Liabilities			
Compensated Absences	123,479	98,333	26%
Total OPEB Liability	837,054	882,275	-5%
Net Pension Obligation	10,880,896	16,724,855	-35%
Long-term debt	14,408,526	15,405,476	-6%
Total Liabilities	28,166,035	35,367,117	-20%
Deferred Inflows	9,087,456	4,284,936	112%
Net Position			
Net Investment in Capital Assets	40,233,046	39,989,590	1%
Restricted	76,593,114	54,662,578	40%
Unrestricted	(3,980,199)	(6,707,859)	41%
Total Net Position	$ 112,845,961	$ 87,944,309	28%

Current assets increased by approximately $22.6 million or 34% primarily due to increased mineral rights valuation within the Lynn Colbert Trust. Deferred inflows increased 112%, and Net Pension Obligation decreased 35% all due to the reporting requirements in regards to accounting for pensions. Other assets increased by 220% due to the reporting requirements for other-post employment benefits provided by OTRS. Restricted net position increased by approximately $21.9 million or 40% due to increased investment value within the Lynn Colbert Trust. Also, unrestricted net position increased by approximately $2.7 million or 41% due to the reduced valuation of the OTRS net pension obligation.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the College's results of operations for the year and the effect on net position. Operating revenues and expenses are generated from exchange transactions that arise in the course of normal activity for the organization. Tuition and fees, sales of services and merchandise, and similar transactions are considered operating revenues and all of the expenses required to provide these services are considered operating expenses. Nonoperating revenue and expenses are characterized as non-exchange and include such items as gifts and contributions, investment income or expense, Federal Pell grants, and most significantly, state appropriations.

Schedule B is prepared from the College's Statement of Revenues, Expenses and Changes in Net Position.

Schedule B
Condensed Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022 and 2021

Operating Revenue	2022	(Restated) 2021	Percent Change
Tuition and fees	$ 5,601,473	$ 5,560,499	1%
Sales, service, and other revenue	2,748,080	2,249,908	22%
Operating gifts, grants and contracts	2,373,883	1,802,556	32%
Total	10,723,436	9,612,963	12%
Less Operating Expense	(25,332,007)	(24,773,406)	2%
Net Operating Loss	(14,608,571)	(15,160,443)	-4%
Nonoperating and Other Revenue & Expense			
Governmental appropriations	6,935,197	6,287,215	10%
On-behalf payment for OCIA Debt	140,272	140,272	0%
On-behalf payment for OTRS	580,223	575,425	1%
Investment income	25,158,383	9,854,105	155%
Other revenue	124,300	(499,934)	-125%
Interest expense	(638,448)	(622,729)	3%
Nonoperating grants	7,210,296	8,477,176	-15%
Total	39,510,223	24,211,530	63%
Change in Net Assets	24,901,652	9,051,087	175%
Net Assets, Beginning of Year (Restated)	87,944,309	78,893,222	11%
Net Assets, End of Year	$ 112,845,961	$ 87,944,309	28%

Sales, service and other revenue increased by 22% due to receipt of increased donation revenue. Operating expenses held steady year over year. Investment income increased by approximately $15.3 million or 155% during FY22 due to increased investment and mineral rights valuations. Other revenue increased by 125% primarily due to a loss on disposal of CIP reported in FY21.

Schedule C is prepared from the College's Statement of Revenues, Expenses and Changes in Net Position.

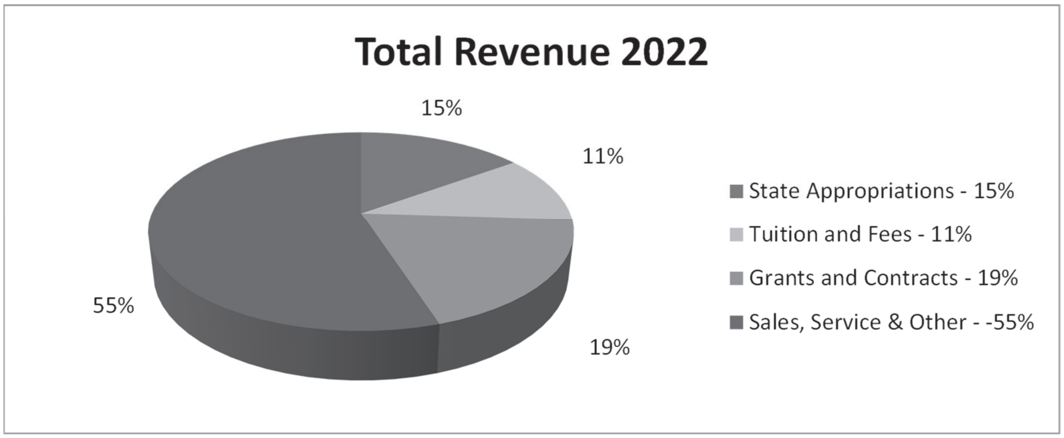
Schedule C
Operating Expenses Detail
As of June 30, 2022 and 2021

Operating Expense	2022	(Restated) 2021	Percent Change
Salaries	$ 10,805,321	$ 13,661,871	-20.9%
Contractual Services	1,983,976	2,479,230	-20.0%
Supplies & Materials	3,762,862	2,194,850	71.4%
Travel	243,097	96,207	152.7%
Miscellaneous	1,002,493	683,059	46.8%
Communication	139,671	136,936	2.0%
Scholarships & Student Aid	4,012,015	1,418,201	182.9%
Student reengagement expense	495,825	1,719,021	100.0%
Utilities	570,161	418,701	36.2%
Depreciation	2,316,586	1,965,330	17.9%
Total	$ 25,332,007	$ 24,773,406	2.3%

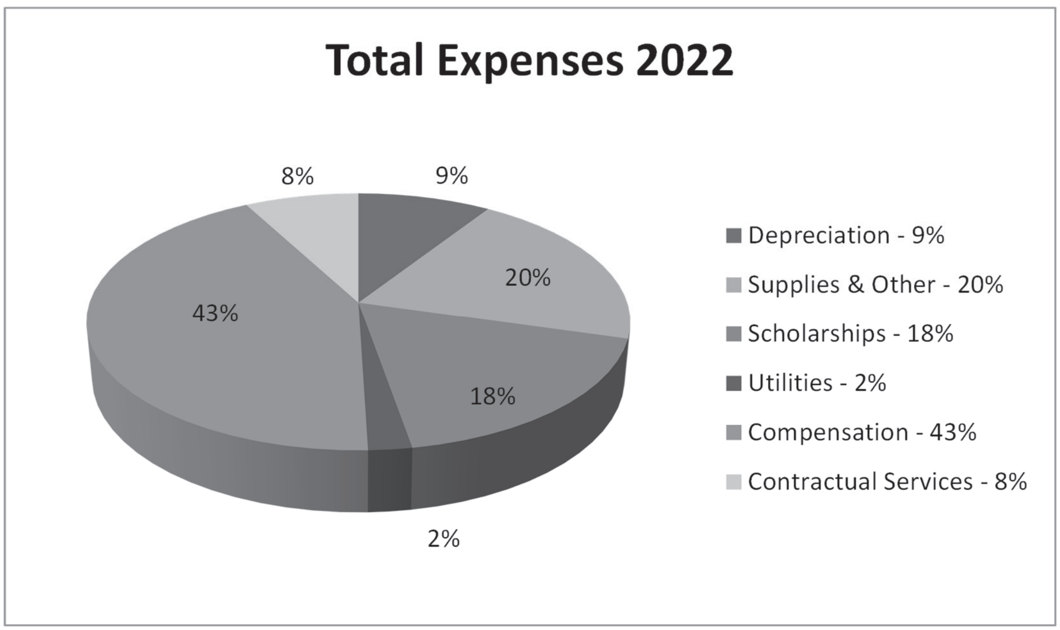
Revenues and Expenses

Revenues and Expenses impact total Net Position. Operating revenue which includes tuition/fees, auxiliary operations, gifts/grants/other contracts plus non-operating revenue which includes state appropriations, on-behalf payments and investment income less expenses will result in a change to total net position. As a result of increased investment income and mineral rights valuations, net position at the end of the year increased by $24,901,652.

The following graph represents sources and percentages of revenue during the year.



The following graph represents sources and percentages of expenses during the year.



Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and distributions 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.

Schedule D is a summary of the cash flows for the year compared to the previous year and is prepared from the Statement of Cash Flows.

Schedule D
Statement of Cash Flows
As of June 30, 2022 and 2021

Cash provided (used) by	2022	(Restated) 2021	Percent Change
Operating Activities	$ (12,875,783)	$ (11,363,172)	13%
Non Capital Financing Activities	13,245,493	13,935,766	-5%
Capital and Related Financing	(2,277,091)	(5,231,816)	-56%
Investing Activities	2,444,978	2,418,777	1%
Net Increase (Decrease) in Cash	537,597	(240,445)	
Cash, Beginning of Year	10,316,442	10,556,887	-2%
Cash, End of Year	$ 10,854,039	$ 10,316,442	5%

Capital Assets

At year end, the College had approximately $61.5 million invested in capital assets, net of accumulated depreciation of more than $21.5 million. Details of balances of capital assets are shown below in Schedule E.

Schedule E
Capital Assets, Net
As of June 30, 2022 and 2021

Capital Assets	2022	(Restated) 2021	Percent Change
Land	$ 1,316,702	$ 1,316,702	0%
Land Improvements	186,044	169,744	10%
Building	65,775,075	54,646,379	20%
Equipment	10,789,454	10,385,755	4%
Library Materials	245,772	195,509	26%
Livestock	158,000	169,500	-7%
Infrastructure	3,106,376	2,998,887	4%
Construction In Progress	267,055	10,995,825	-98%
Leased equipment	84,492	84,492	0%
Total	81,928,970	80,962,793	1%
Less Accumulated Depreciation and Amortization	(26,310,255)	(24,900,287)	6%
Net Capital Assets	$ 55,618,715	$ 56,062,506	-1%

COMPONENT UNIT

The Lynn Colbert Charitable Foundation Trust is a nonprofit organization incorporated in the State of Oklahoma in 1971 to promote the education of students from Stephens County, Oklahoma and other students attending Murray State College. It is considered a component unit of the College and its amounts and disclosures have been included in the College's accompanying financial statements.

The Murray State College Foundation is a nonprofit organization incorporated in the State of Oklahoma in 1979 to promote the education, scientific and benevolent purposes of Murray State College. It is considered a component unit of the College and the financials are presented discretely in the audit of the College. The Murray State College Foundation Student Housing LLC is a nonprofit limited liability organization organized in 2003. The sole member of the LLC is the Murray State College Foundation. The LLC was formed for the purpose of constructing student housing on property owned by Murray State College.

ECONOMIC OUTLOOK

Murray State College's current financial position has remained strong while navigating through a volatile economy. The economic position of all state agencies is closely tied to that of the State of Oklahoma. State appropriated funds make up a large portion of the College's operating budget. Projections for FY 2023 and beyond remain unclear as the economy continues to react to uncertain conditions that have resulted in increased costs across most industries.

The current budgetary climate is challenging and the College is relying on the experience of our management team and our team approach to problem solving to meet these challenges. We believe that many of the actions that have been taken in the recent past and those planned for the future will help us weather any potential hardships and result in a stronger, more efficient and effective organization. We realize that serving our students and maintaining quality academic programs is dependent on receiving an adequate level of state and federal appropriations in the future and we will continue to work diligently toward that objective.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

The College's financial statements are designed to provide financial statement readers with a general overview of the College's finances and to show accountability for the money it receives. If you have questions about the College's financial statements or need additional financial information, contact the Business Office at One Murray Campus, Tishomingo, OK 73460.

Murray State College
Statement of Net Position
June 30, 2022

	Murray State College 2022	Murray State College Foundation 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 10,400,694	$ 355,057
Restricted cash and cash equivalents	366,267	-
Restricted investment – U.S. Treasury bill	-	-
Accounts receivable, net	1,158,741	-
Federal and state grants receivable	218,618	-
Other receivable, net	14,349	24,648
Other asset	-	-
Restricted investments	75,620,912	-
Certificates of deposit	-	-
Investments	-	3,560,064
Interest and divi	-	-
Inventory	595,551	-
Total current assets	88,375,132	3,939,769
Noncurrent Assets		
Restricted cash and cash equivalents	87,078	-
Certificates of deposit	25,296	-
Restricted net OPEB asset	266,883	-
Capital assets, net	55,618,715	2,695,705
Total noncurrent assets	55,997,972	2,695,705
Total assets	144,373,104	6,635,474
Deferred Outflows		
Related to OPEB	122,849	-
Related to pensions	5,603,499	-
Total deferred outflows	5,726,348	-
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	459,333	13,637
Interest payable	-	-
Unearned revenue	412,124	-
Accrued compensated absences	164,567	-
Current maturities of long-term debt	880,056	77,812
Total current liabilities	1,916,080	91,449
Noncurrent Liabilities		
Accrued compensated absences	123,479	-
Total OPEB liability	837,054	-
Net pension obligation	10,880,896	-
Long-term debt	14,408,526	3,112,959
Total noncurrent liabilities	26,249,955	3,112,959
Total liabilities	28,166,035	3,204,408
Deferred Inflows		
Deferred gain on lease restructuring	97,088	-
Related to OPEB	1,269,544	-
Related to pensions	7,720,824	-
Total deferred inflows	9,087,456	-
Net Position		
Net investment in capital assets	40,233,046	-
Restricted for:		
Nonexpendable for scholarships	-	2,500,584
Expendable:		
Scholarships and other	76,246,678	1,485,805
Capital projects	79,553	-
OPEB	266,883	
Unrestricted	(3,980,199)	(555,323)
Total net position	$ 112,845,961	$ 3,431,066

Murray State College

Statement of revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

	Murray State College	Murray State College Foundation
Operating Revenues		
Tuition and fees, net	$ 5,601,473	$ -
Federal grants and contracts	1,104,442	-
State and private grants and contracts	1,269,441	-
Sales and services of auxiliary enterprises, net	959,001	-
Other operating revenues	1,789,079	-
Total operating revenues	10,723,436	-
Operating Expenses		
Compensation and benefits	10,805,321	-
Contractual services	1,983,976	-
Supplies and materials	3,762,862	-
Scholarships and fellowships	4,012,015	277,316
Student reengagement expense	495,825	-
Communications	139,671	-
Depreciation and amortization	2,316,586	102,734
Utilities	570,161	-
Other	1,245,590	49,163
Total operating expenses	25,332,007	429,213
Operating Loss	(14,608,571)	(429,213)
Nonoperating Revenues (Expenses)		
State appropriations	6,035,197	-
Federal grants - nonoperating	6,325,665	-
State grants -nonoperating	884,631	-
Contributions and other receipts	-	421,435
OTRS on-behalf contributions	580,223	-
Forgiveness of debt	124,300	-
Investment income	25,158,383	(645,650)
Interest on capital asset-related debt	(638,448)	(142,858)
Net nonoperating revenues	38,469,951	(367,073)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	23,861,380	(796,286)
State appropriations restricted for capital purposes	900,000	-
OCIA debt service on-behalf payments	140,272	-
Increase (Decrease) in Net Position	24,901,652	(796,286)
Net Position, Beginning of Year (restated)	87,944,309	4,227,352
Net Position, End of Year	$ 112,845,961	$ 3,431,066

Murray State College

Statement of Cash Flows
Year Ended June 30, 2022

	Murray State College
Cash Flows from Operating Activities	
Tuition and fees	$ 5,322,006
Grants and contracts	3,249,645
Auxiliary enterprises sales and services	974,817
Payments to suppliers	(12,632,533)
Payments to employees	(11,578,797)
Other operating receipts	1,789,079
Net cash used in operating activities	(12,875,783)
Cash Flows from Noncapital Financing Activities	
State appropriations	6,035,197
Non-operating grants	7,210,296
Net cash provided by noncapital financing activities	13,245,493
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(1,991,669)
Principal paid on capital leases and bonds	(654,337)
Interest paid on capital leases and bonds	(531,085)
Capital appropriations – state	900,000
Net cash used in capital and related financing activities	(2,277,091)
Cash Flows from Investing Activities	
Purchase of investments	(20,365,921)
Proceeds from maturities of investments	15,162,666
Investment income received	7,648,233
Net cash provided by investing activities	2,444,978
Net Increase in Cash and Cash Equivalents	537,597
Cash and Cash Equivalents, Beginning of Year	10,316,442
Cash and Cash Equivalents, End of Year	$ 10,854,039

(Continued)

Murray State College

Statement of Cash Flows (Continued)
Year Ended June 30, 2022

	Murray State College
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used in Operating Activities	
Operating loss	$ (14,608,571)
Depreciation and amortization expense	2,316,586
Net loss on disposal of capital asset	118,874
OTRS on-behalf contributions	580,223
Changes in operating assets and liabilities	
Receivables, net	(254,211)
Other receivables	875,762
Restricted net OPEB asset	(249,643)
Deferred outflows related to OPEB	(28,802)
Deferred outflows related to pensions	57,388
Inventories	(11,881)
Accounts payable and other accrued liabilities	(529,426)
Unearned revenue	(9,440)
Deferred inflows related to OPEB	16,216
Deferred inflows related to pensions	4,798,341
Total OPEB liability	(45,221)
Net pension obligation	(5,843,959)
Compensated absences	(58,019)
Net Cash Used in Operating Activities	$ (12,875,783)
Noncash Investing, noncapital financing and Capital and Related Financing Activities	
Principal and interest on capital debt paid by state agency	$ 140,272
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets	
Current assets	
Cash and cash equivalents	$ 10,400,694
Restricted cash and cash equivalents	366,267
Noncurrent assets	
Restricted cash and cash equivalents	87,078
	$ 10,854,039

Note 1: Summary of Significant Accounting Policies

Nature of Operations
Murray State College (the College) is a two-year, state supported college operating under the jurisdiction of the Board of Regents of Murray State College (the Board of Regents) and the Oklahoma State Regents for Higher Education. The College is a component unit of the State of Oklahoma and is included in the financial statements of the State of Oklahoma. The College has campuses located in Tishomingo and in Ardmore.

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 Lynn Colbert Charitable Foundation Trust (the Trust). The Trust has been presented in the College's financial statements as a blended component unit because the majority of the Trust's governing body is appointed by the governing body of the College, and the Trust provides services entirely to the College, which is the primary government.

Discrete Component Unit
The Murray State College Foundation, Inc. (the Foundation) and Murray State College Foundation Student Housing, LLC (the LLC) are reported as legally separate, tax-exempt component units 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. The LLC is organized for the purpose of constructing and financing housing facilities for the benefit of the College. The sole member of the LLC is the Foundation and therefore the LLC is a blended component unit of the Foundation, and its accounts are included in the Foundation's accounts in the accompanying financial statements.

The Foundation and the LLC are private nonprofit organizations that report 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 1: Summary of Significant Accounting Policies (Continued)

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 statement 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 Investments

The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the 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 statement of revenues, expenses, and changes in net position. Investment income also includes royalty income received from the mineral interests held by the Trust.

Inventories

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 statement of net position. Restricted investments also includes the Trust's investment in oil and gas mineral interests.

Capital assets
Capital assets are stated at cost, or fair value if acquired by gift, less accumulated depreciation. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense occurs. Library books and livestock are not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, infrastructure and improvements, 4 to 10 years for equipment. Leases assets are amortized over the life of the associated contract.

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

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

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 statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Leases
The College is a party as lessor for various non-cancellable long-term leases of equipment and vehicles. The corresponding lease receivable or lease payable, are recorded in an amount equal to the present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate.

Noncurrent Liabilities
Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates. For leases the College uses an estimate based on municipal bond rate yield curves as the discount rate unless the rate that the lessor/vendor charges is known.

Net Position

The College's net position is classified as follows:

Invested in capital assets, net of related debt

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 – 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.

Restricted net position – nonexpendable

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

Unrestricted net position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. The included auxiliary enterprises 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 restricted resources, and then towards unrestricted resources.

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).

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, student aid revenues, and other revenue sources that are defined as non-operating 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 non-operating 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 a scholarship discount and allowance.

Deferred outflows of resources
Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. At year-end the College's deferred outflows of resources were comprised of deferred charges related to net pension and OPEB obligations.

Deferred inflows of resources
Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At year-end, the College's deferred inflows of resources were comprised of credits realized on debt restructures and deferred inflows related to net pension and OPEB obligations.

Other Post-employment Benefits (OPEB)
For purposes of measuring the net OPEB liability (asset) information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Adoption of New Accounting Standards
The College adopted the following new accounting pronouncements during the year ended June 30, 2021:

GASB Statement No. 87, *Leases*

GASB 87 was issued in June 2017; the primary objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College adopted GASB 87 for the June 30, 2022, reporting year and the implementation had an immaterial effect net on the College's financials.

Note 2: Deposits and Investments

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

Trust's Funds
At June 30, 2022, none of the Trust's balances of $366,267 were exposed to custodial credit risk as a result of being uninsured or uncollateralized.

Note 2: Deposits and Investments (Continued)

College's Pooled Funds
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.

There are $10,484,272 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2022. Of this amount on deposit with the State Treasurer as of June 30, 2022, $4,350,761 represent amounts 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 College considers its amounts on deposit with *OK INVEST* to be demand accounts and reports them as cash equivalents.

Interest Rate Risk
The College does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk
Generally, concentration of credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College is authorized to invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Regents.

Investments

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

Note 2: Deposits and Investments (Continued)

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs consist of unobservable inputs which are used when observable inputs are unavailable and reflect an entity's own assumptions about the assumptions that the market participants would use in pricing the assets or liabilities. Mineral interests held as investments are valued as level 3 inputs. Mineral interests are valued using an income approach in which the value is estimated at four times the previous calendar years mineral income. There has been no change in valuation methodologies used at June 30, 2022.

The following is a summary of financial assets measured at fair value on a recurring basis as of June 30, 2022:

Types of Investment	Fair Value Heirarchy	Credit Rating	Maturity	
Mutual funds - fixed income	Level 1	N/A	Less than One	$ 17,246,832
Mutual funds - equity	Level 1	N/A	Less than One	27,284,903
Mineral interests	Level 3	N/A	N/A	31,089,177
Total investments				$ 75,620,912

Note 3: Accounts Receivable

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

Student tuition and fees	$ 3,615,419
Auxiliary enterprises and other operating activities	685,403
Total accounts receivable	4,300,822
Less: Allowance for doubtful accounts	(3,142,081)
Net accounts receivable	$ 1,158,741

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital Assets not being depreciated:	(Restated)				
Land	$ 1,316,702	$ -	$ -	$ -	$ 1,316,702
Livestock	169,500	-	(11,500)	-	158,000
Library Books	195,509	51,538	(1,275)	-	245,772
Construction in Progress	10,995,825	1,700,891	-	(12,429,661)	267,055
Total Capital Assets not being depreciated	12,677,536	1,752,429	(12,775)	(12,429,661)	1,987,529
Capital Assets being depreciated:					
Land Improvements	169,744	16,300	-	-	186,044
Equipment	10,385,755	125,810	(1,012,717)	1,290,606	10,789,454
Builings & Improvements	54,646,379	97,130	-	11,031,566	65,775,075
Infrasture	2,998,887	-	-	107,489	3,106,376
Total Captial Assets being depreciated	68,200,765	239,240	(1,012,717)	12,429,661	79,856,949
Less: Accumulated Depreciation for:					
Land Improvements	(51,330)	(10,300)	-	-	(61,630)
Equipment	(9,109,438)	(554,362)	906,618	-	(8,757,182)
Builings & Improvements	(14,429,282)	(1,590,935)	-	-	(16,020,217)
Infrasture	(1,310,237)	(132,647)	-	-	(1,442,884)
Total Accumulated Depreciation	(24,900,287)	(2,288,244)	906,618	-	(26,281,913)
Total Capital Assets being depreciated, net	43,300,478	(2,049,004)	(106,099)	12,429,661	53,575,036
Total Capital Assets	55,978,014	(296,575)	(118,874)	-	55,562,565
Lease Assets being amortized:					
Equipment	84,492	-	-	-	84,492
Total Lease Assets being amortized	84,492	-	-	-	84,492
Less: Accumulated Amortization for:					
Equipment	-	(28,342)	-	-	(28,342)
Total Accumulated Amortization	-	(28,342)	-	-	(28,342)
Capital Asset Summary					
Capital Assets not being depreciated	12,677,536	1,752,429	(12,775)	(12,429,661)	1,987,529
Capital Assets being depreciated and amortiz	68,285,257	239,240	(1,012,717)	12,429,661	79,941,441
Total Capital Assets	80,962,793	1,991,669	(1,025,492)	-	81,928,970
Less: Accumulated Depreciation & Amortizati	(24,900,287)	(2,316,586)	906,618	-	(26,310,255)
Total Capital Assets, net	$ 56,062,506	$ (324,917)	$ (118,874)	$ -	$ 55,618,715

Note 5: Long-Term Liabilities

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Capital Lease Obligations:	(Restated)				
OCIA Series 2014A	$ 2,664,137	$ -	$ -	$ 2,664,137	$ 248,344
ODFA Master Lease 2014A	5,055,833	-	(159,667)	4,896,166	142,667
ODFA Master Lease 2014C	5,101,500	-	(164,166)	4,937,334	147,333
ODFA Master Lease 2015C	116,750	-	(29,750)	87,000	27,583
ODFA Master Lease 2020A	1,175,667	-	(122,166)	1,053,501	107,584
OCIA Series 2014A-UCSO	281,003	-	-	281,003	26,194
ODFA Master Lease 2014 - UCSO	1,283,333	-	(151,667)	1,131,666	131,250
PPP Loan - UCOS	124,300	-	(124,300)	-	-
Leases payable	84,492	-	(27,190)	57,302	28,228
	15,887,015	-	(778,906)	15,108,109	859,183
Other Liabilities					
Premium on Bonds					
ODFA Master Lease 2014A	35,342	-	(1,612)	33,730	1,612
ODFA Master Lease 2014C	4,811	-	(220)	4,591	220
ODFA Master Lease 2015C	5,152	-	(1,316)	3,836	1,316
ODFA Master Lease 2020A	158,047	-	(17,725)	140,322	17,725
Compensated absences	346,065	187,812	(245,831)	288,046	164,567
	549,417	187,812	(266,704)	470,525	185,440
Total Long-Term Liabilities	$ 16,436,432	$ 187,812	$ (1,045,610)	$ 15,578,634	$ 1,044,623

Note Payable Obligations

Oklahoma Capital Improvement Authority 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 $6,800,000 to the College and $600,000 to UCSO. Concurrently with the allocation, the College entered into an agreement with OCIA for capital improvements being funded by the OCIA bonds. The agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 25 years.

In 2011, the OCIA issued Bond Series 2010A to partially refund the Series 2005F Revenue Bonds. The advance partial refunding was to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring the debt service. As a result, the total liability of the remaining 2005F bonds combined with the new 2010A bond issues will be more than the original outstanding liability for the 2005F bonds. Consequently, the agreement with OCIA was automatically restructured to secure the new bond issues.

Note 5: Long-Term Liabilities (Continued)

Note Payable Obligations (Continued)

Oklahoma Capital Improvement Authority Obligations

In 2014, the OCIA issued bond series 2014A that refunded a significant portion of the 2005F bonds. The agreement will no longer secure the 2005F bond issue but will now act as security for the 2014A bond issue over the term of the agreement through the year 2031. This agreement restructuring has resulted in a gain on restructuring that has been recorded as a gain of $159,008 on restructuring as a deferred inflow of resources that will be amortized over a period of 18 years. The unamortized amount of the deferred debt restructuring gain at June 30, 2022 was $97,088.

Principal and interest payments to OCIA totaling $140,272 during the year ended June 30, 2022, were made by the State of Oklahoma on behalf of the College. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the statement of revenues, expenses and changes in net position.

Oklahoma Development Finance Authority Obligations

In 2014, the College entered into an obligation for the ODFA Master Revenue Bonds, Series 2014A in the amount of $5,985,000. Total payments over the term of the agreement, beginning March 15, 2014 through May 15, 2043, will be $10,471,940. Payments will be made monthly ranging from approximately $29,600 to $31,600. Proceeds from the obligation are being used to construct the new Life Sciences Agriculture building. A bond issuance premium of $47,163 is being amortized over the term of the agreement.

In 2014, the College entered into an obligation for the ODFA Master Revenue Bonds, Series 2014C in the amount of $6,030,000. Total payments over the term of the agreement, beginning May 15, 2014 through May 15, 2043, will be $10,194,276. Payments will be made monthly ranging from approximately $26,600 to $29,500. Proceeds from the obligation are being used to construct the new Nursing Allied Health building. A bond issuance premium of $6,388 is being amortized over the term of the agreement

In 2016, the College entered into an obligation for the ODFA Master Revenue Bonds, Series 2015C in the amount of $251,000. Total payments over the term of the agreement, beginning in January 2016 through May 2025, will be $292,390. Payments will be made monthly ranging from approximately $2,400 to $2,800. Proceeds from the obligation were used to construct lights at the baseball field. A bond issuance premium of $12,390 is being amortized over the term of the agreement.

Note 5: Long-Term Liabilities (Continued)

Note Payable Obligations (Continued)

In 2020, the College entered into an obligation for the ODFA Master Revenue Bonds, Series 2020A in the amount of $1,292,000 to refinance the 2010A Series. Total payments over the term of the agreement, beginning in July 2020 through May 2030, will be $1,593,351. Payments will be made monthly ranging from approximately $13,250 to $14,981. A bond issuance premium of $249,536 is being amortized over the term of the agreement.

In 2015, the College (then UCSO) entered into an obligation for the ODFA Master Revenue Bonds, Series 2014H in the amount of $1,735,000. Total payments over the term of the agreement, beginning in March 2015 through November 2029, will be $2,121,579. Payments will be made monthly ranging from approximately $3,200 to $14,400. Proceeds from the obligation were used to construct the new Classroom building in Ardmore. A bond issuance discount of $4,009 is being amortized over the term of the agreement

Future debt service requirements under the College's obligations to the OCIA and ODFA for the year ended June 30, 2022, are as follows:

	Principal	Interest	Total
Years Ending June 30:			
2023	$ 830,955	$ 568,415	$ 1,399,370
2024	920,161	571,200	1,491,361
2025	947,251	533,835	1,481,086
2026	945,859	500,725	1,446,584
2027	984,143	465,262	1,449,405
2028-2032	4,317,270	1,743,746	6,061,016
2033-2037	2,458,417	1,080,150	3,538,567
2038-2042	3,021,583	527,307	3,548,890
2043	625,168	26,576	651,744
Total	$ 15,050,807	$ 6,017,216	$ 21,068,023

In 2021, the College (then UCSO) entered into a note payable obligation with BancFirst through the U.S. Small Business Administration's Paycheck Protection Program Round 2 that was established by the Federal CARES Act in the amount of $124,300. Through the PPP program, if the proceeds are used to cover qualifying expenses such as payroll, mortgage, and utilities, the loan may be partially or fully forgiven. If not forgiven, the total payments over the term of the agreement beginning March 4, 2021, through February 4, 2026, will be $126,592. Payments will be made monthly in the amount of $2,944 beginning August 4, 2022. This loan was forgiven by the U.S. Small Business Administration on September 28, 2021, and the College recognized a gain on forgiveness of debt of $124,300.

Note 5: Long-Term Liabilities (Continued)

Leases Payable

The College as a lessee, has entered into lease agreements involving various equipment and vehicles summarized below.

Leases of equipment, such as vehicles and mailing equipment.: Annual installments totaling $29,786 with interest rates raninging from 0.62% to 6.38%, and due dates ranging from October 2023 to October 2025.	$ 57,302

	Principal	Interest	Total
2023	$ 28,228	$ 1,559	$ 29,787
2024	18,640	325	18,965
2025	6,947	48	6,995
2026	3,487	8	3,495
	$ 57,302	$ 1,940	$ 59,242

Note 6: Retirement Plans

The College's academic and non-academic personnel are covered by various retirement plans. The plans available to College personnel include the Oklahoma Teachers' Retirement System (the "OTRS"), which is a State of Oklahoma public employee's retirement system. The College also sponsors a 403(b) annuity plan, a defined contribution plan. The College matches 1% of contributions made by employees to the 403(b) plan. The College does not maintain the accounting records, hold the investments for, or administer these plans. The College also sponsors a supplemental retirement plan for one former President that is no longer open to employees.

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)
Supplemental Retirement Obligation	$ 176,466	$ -	$ -	$ (9,199)
OTRS Pension Obligation	10,704,430	5,603,499	7,720,824	479,296
Total	$ 10,880,896	$ 5,603,499	$ 7,720,824	$ 470,097

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System

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 (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 benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (Continued)

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

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

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

Contributions

The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 7.70% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note 7. Contributions to the pension plan from the College were $856,104. The State of Oklahoma also made on-behalf contributions to OTRS, of which $580,223 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, 2022, the College reported a liability of $10,704,430 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The 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 plan for all participating employers as of June 30, 2021. Based upon this information, the College's proportion was 0.2095 percent.

For the year ended June 30, 2022, the College recognized pension expense of $479,296. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 705,819	$ 398,061
Changes of assumptions	1,665,177	106,603
Net difference between projected and actual earnings on pension plan investments	-	5,559,751
Changes in College's proportionate share of contributions	2,307,534	1,528,553
Differences between College contributions and proportionate share of contributions	68,865	127,856
College contributions subsequent to the measurement date	856,104	-
Total	$ 5,603,499	$ 7,720,824

The $856,104 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	$	(983,251)
2024		(380,194)
2025		(452,911)
2026		(1,266,453)
2027		109,380
	$	(2,973,429)

Actuarial Assumptions

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

- Actuarial Cost Method - Entry Age
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Composed of 2.25% inflation, including 0.70% price inflation, plus a step-rated promotional increases for members with less than 25 years of service.

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (Continued)

- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

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

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (Continued)

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

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

	1% Decrease to 6.0%	Current Discount Rate 7.0%	1% Increase to 8.0%
Employers' net pension liability	$ 17,496,566	$ 10,704,430	$ 5,081,464

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/TRS .

Defined Benefit Plan

Plan description

The College contributes to a single-employer public employee retirement system through the Supplemental Retirement Plan (the Plan), sponsored by the State Regents. The Plan was adopted on July 1, 1985, and was substantially replaced by the funded TIAA/CREF plan adopted in July 1991. The Plan provides employees who retire from the Oklahoma Teacher's Retirement System (OTRS) a guarantee-based monthly retirement allowance. This guaranteed allowance is determined by the average of the highest three years of salary times 2% for each of the first 25 years of service in Oklahoma's system of public education, plus an additional 0.5% for each year of service prior to July 1, 1985, and 1% for each of year of service after July 1, 1985, up to a maximum of 60% of final salary entitlement. The Plan pays the difference, if any, between the guaranteed retirement allowance and the combined benefits under OTRS, TIAA/CREF and social security. Benefits vest upon retirement. There is currently 1 retired employee receiving benefits and no active employees, as the Plan is closed to any new entrants. The annual benefit amount may be amended by the Board of Trustees.

Funding Policy

Benefits are funded on a "pay as you go" basis, so there are no assets accumulated to pay these benefits. During the fiscal year ended June 30, 2022, the College made benefit payments of $22,000.

Note 6: Retirement Plans (Continued)

Defined Benefit Plan (Continued)

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

At June 30, 2022, the College reported a liability of $176,466 for its net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

For the years ended June 30, 2022, the College recognized pension expense (benefit) of ($9,199).

Schedule of Changes in Total Pension Liability

The College's changes in total pension liability are as follows for the years ended June 30:

Beginning net pension liability	$ 207,665
Interest	4,413
Change of assumptions	(12,584)
Difference between actual and expected experience	29,036
Benefit payments	(52,064)
Ending net pension liability	$ 176,466

Actuarial Assumptions

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

- Actuarial Cost Method - Entry Age
- Amortization Method - Level Percentage of Payroll
- Discount Rate – 3.55% (Based on Bond Buyers General Obligation Municipal Bond Index)
- Mortality Rates after Retirement – RPA-2000 Mortality Table projected to 2020.

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

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

Note 6: Retirement Plans (Continued)

Defined Benefit Plan (Continued)

	1% Decrease (2.55%)	Current Discount Rate (3.55%)	1% Increase (4.55%)
Employers' net pension liability	$ 185,698	$ 176,466	$ 168,050

Note 7: Post-Employment Benefits

	Net OPEB Obligation (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense
Health Insurance Benefit Plan	$ 720,629	$ 65,218	$ 1,065,716	$ (145,816)
Health Insurance Benefit Plan -UCSO	116,425	-	-	(34,045)
OTRS Supplemental Health Insurance Plan	(266,883)	57,631	203,828	(40,142)
Total	$ 570,171	$ 122,849	$ 1,269,544	$ (220,003)

OTRS Supplemental Health Insurance Program

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/TRS

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.

Note 7: Post-Employment Benefits (Continued)

OTRS Supplemental Health Insurance Program (Continued)

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 0.12% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were $10,582.

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

At June 30, 2022, the College reported an asset of $266,883 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The 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, 2021. Based upon this information, the College's proportion was 0.2095 percent.

For the year ended June 30, 2022, the College recognized OPEB expense (benefit) of ($40,142). At June 30, 2022, 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	$ -	$ 41,782
Changes of assumptions	36,275	-
Net difference between projected and actual earnings on OPEB plan investments	-	143,137
Change in proportionate share	5,122	9,606
Changes in proportion and differences between College contributions and proportionate share of contributions	5,652	9,303
College contributions subsequent to the measurement date	10,582	-
Total	$ 57,631	$ 203,828

Note 7: Post-Employment Benefits (Continued)

OTRS Supplemental Health Insurance Program (Continued)

The $10,582 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2023	$	(39,542)
2024		(32,340)
2025		(34,661)
2026		(45,379)
2027		(3,793)
Thereafter		(1,064)
Total	$	(156,779)

Actuarial Assumptions

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

- Actuarial Cost Method - Entry Age
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Composed of 2.25% inflation, including 0.70% price inflation, plus a step-rated promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Note 7: Post-Employment Benefits (Continued)

OTRS Supplemental Health Insurance Program (Continued)

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

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

Discount Rate

A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. 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 Change in the Discount Rate

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

	1% Decrease to 6%	Current Discount Rate 7.0%	1% Increase to 8.0%
Employers' net opeb liability (asset)	$ (171,458)	$ (266,883)	$ (347,739)

Note 7: Post-Employment Benefits (Continued)

OTRS Supplemental Health Insurance Program (Continued)

OPEB plan fiduciary net position

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

Health Insurance Benefit Plan

Plan description

The College's defined benefit OPEB plan, MSC Retiree Benefits Plan, provides OPEB to eligible retirees and their dependents. The College's Board of Trustees has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

The College provides medical, dental, and vision benefits to eligible retirees and their dependents through the Oklahoma Higher Education Employee Interlocal Group. The College pays the full contribution rate for the retiree's coverages if they have retired from OTRS under the Rule of 80 or 90 and worked for the College for at least 20 years. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees not meeting the previous requirements may still stay on the insurance plan, but must pay the full contribution rate for the retiree's coverages and for any other elected dependent dental and vision coverages on their own. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College.

Employees covered by benefit terms

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

Active Employees	125
Inactives or beneficiaries currently receiving benefit payments	6
Total	131

Total OPEB liabilities

The College's total OPEB liability of $720,629 was measured as of June 30, 2022, and was determined by an actuarial valuation rollforward as of that date.

Note 7: Post-Employment Benefits (Continued)

Health Insurance Benefit Plan (Continued)

Actuarial Assumptions

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

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Inflation - 2.50%
- Salary Scale – 3.25%
- Discount Rate – 3.54%
- Turnover Rates – Developed from assumptions used in the actuarial valuation of the Oklahoma Teachers Retirement System.
- Healthcare cost trend rates - Level 4.50%
- Average per capita claim cost – Range from age 50 of $8,541 to age 64 of $12,920
- Mortality Rates - RPH-2014 Total Table with Projection MP-2021
- Retirement Age - Retirement rates are as shown below and they are based on the College's actual retirement experience in 2011 through 2016.

Age	Male - OTRS	Female – OTRS
55	12.00%	12.50%
60	12.00%	16.00%
61	15.00%	20.00%
62	21.00%	25.00%
63	19.00%	20.00%
64	15.00%	20.00%
65	25.00%	25.00%

- Coverage – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 10% of all actives, projected to have less than 20 years of service at retirement, who currently have individual coverage will continue with individual coverage upon retirement. 100% of retirees eligible for the monthly subsidy will elect individual coverage upon retirement.

Note 7: Post-Employment Benefits (Continued)

Health Insurance Benefit Plan (Continued)

Changes in Total OPEB Liability

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

	Total OPEB Liability
Balances Beginning of Year	$ 731,805
Changes for the Year:	
Service cost	57,746
Interest expense	16,224
Changes of assumptions	(80,099)
Difference between expected and actual experience	71,818
Benefits paid	(76,865)
Net Changes	(11,176)
Balances End of Year	$ 720,629

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

The following presents the total OPEB liability (asset) of the employer calculated using the discount rate of 3.54%, as well as what the Plan's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54) than the current rate:

	1% Decrease to 2.54%	Current Discount Rate 3.54%	1% Increase to 4.54%
Employers' net opeb liability	$ 777,973	$ 720,629	$ 668,165

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

The following presents the total OPEB liability (asset) of the employer calculated using the healthcare cost trend rate of 4.50%, as well as what the Plan's total OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease to 3.5%	Healthcare Cost Trend Rates 4.50%	1% Increase to 5.5%
Employers' net opeb liability	$ 649,512	$ 720,629	$ 808,080

Note 7: Post-Employment Benefits (Continued)

Health Insurance Benefit Plan (Continued)

OPEB Expense

For the year ended June 30, 2020, the College recognized OPEB expense (benefit) of ($145,816).

Health Insurance Benefit Plan – UCSO

Plan Description

The College's defined benefit OPEB plan, Retiree Health Insurance Program - UCSO, provides OPEB to eligible retirees from the former University Center of Southern Oklahoma. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The College provides medical, dental, and vision benefits to two eligible retirees and their dependents through the State of Oklahoma Employee Insurance Group Division. The College pays the full contribution rate for the two current retiree's coverages. This plan is no longer available to new employees. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College.

Employees covered by benefit terms:

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

Active Employees	0
Inactives or beneficiaries currently receiving payments	2
	2

Total OPEB Liability

The College's total OPEB liability of $116,425 in 2022, was determined based on an alternative actuarial valuation performed as of June 30, 2022, which is the measurement date.

Note 7: Post-Employment Benefits (Continued)

Health Insurance Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 4.06 % based on June 30, 2022 Bond Buyers Index
- Retirement Age: 62
- Healthcare cost trend rates

Year	Rate
2022	6.1%
2023	5.8%
2024	5.6%
2025	5.3%
2026	5.1%
2027	4.8%
2028+	4.8%

Changes in Total OPEB Liability

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

Beginning total OPEB liability	$ 150,470
Service cost	8
Interest	6,109
Change of assumptions	(40,162)
Ending total OPEB liability	$ 116,425

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

The following presents the total OPEB liability of the College calculated using the discount rate of 4.06 %, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.06%) or 1 percentage-point higher (5.06%) than the current rate:

Note 7: Post-Employment Benefits (Continued)

Health Insurance Benefit Plan (Continued)

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Center's total OPEB liability	$ 129,018	$ 116,425	$ 105,744

<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</u>

The following presents the total OPEB liability of the College calculated using the healthcare cost trend rate of 6.10% as well as what the College's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentag- point lower (5.10%) or 1-percentage-point higher (7.10%) than the current rate:

	1% Decrease 5.10%	Healthcare Cost Trend Rate 6.10%	1% Increase 7.10%
Center's total OPEB liability	$ 105,211	$ 116,425	$ 129,410

Note 8: 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.

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.

The College participates in the Federal Direct Student Loan Program (Direct Lending Program). The College is required to perform certain administrative functions under the Program. Failure to perform such functions may require the College to reimburse the loan guarantee agencies.

Note 9: Commitments and Contingencies (Continued)

For the year ended June 30, 2022, approximately $2,970,000 of Direct Lending 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. There were no pending lawsuits to claims against the College at June 30, 2022, 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, 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 claims paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

The College participates in the Oklahoma Higher Education Employee Interlocal Group Health Insurance Pool "OKHEEI". College employees are provided health insurance coverage through OKHEEI. OKHEEI is an Interlocal Cooperative Act Agency organized as a public entity risk pool health insurance program for participating Colleges and Universities in the State. The College pays monthly health insurance premiums to OKHEEI for employee health insurance coverage based on the health coverage elected by the employee and the maximum benefit provide by the College for health coverage. Amounts of premiums exceeding benefits are payable by the employee. The governing agreement for OKHEEI specifies that the pool will be self-sustaining through premiums received and with additional stop-loss coverages obtained. If health care claims exceed reserves and reinsurance coverages, additional assessments may be made to participating colleges and universities. As of June 30, 2021 additional assessments did not occur.

Note 11: UCSO Merger and Restatement

As of July 1, 2021, Murray State College merged with the University Center of Southern Oklahoma (Center) after the Governor of Oklahoma signed House Bill 2943 into effect on May 18, 2021. Per the Bill all real property, buildings, furniture, equipment, supplies, records, assets, current and future liabilities, fund balances, encumbrances, obligations, indebtedness, legal agreements, powers, duties and responsibilities associated with the Center will be transferred to Murray State College's control.

The College's beginning net position was restated by the carrying values of UCSO of $13,555,155 to the amounts shown in the table below.

As of and for the year ended June 30, 2021

	Murray State College	UCSO	Total
CONDENSED STATEMENT OF NET POSITION			
ASSETS			
Current assets	$ 65,099,949	$ 644,853	$ 65,744,802
Capital assets, net	40,092,170	15,885,844	55,978,014
Other assets	117,594	1,018	118,612
Total assets	105,309,713	16,531,715	121,841,428
DEFERRED OUTFLOWS	5,465,097	289,837	5,754,934
LIABILITIES			
Current liabilities	2,103,117	153,061	2,256,178
Non-current liabilities	30,226,365	2,884,574	33,110,939
Total liabilities	32,329,482	3,037,635	35,367,117
DEFERRED INFLOWS	4,056,174	228,762	4,284,936
NET POSITION			
Net investment in capital assets	25,675,133	14,314,457	39,989,590
Restricted	54,608,109	54,469	54,662,578
Unrestricted	(5,894,088)	(813,771)	(6,707,859)
Total net position	$ 74,389,154	$ 13,555,155	$ 87,944,309

Note 12: Illustrative Disclosure of Segment Information

As noted in the reporting entity section above, the College's financials contain a blended component unit, the Lynn Colbert Charitable Foundation Trust (the "Trust"). Summary financial information for the College and the Trust is presented below.

Note 12: Illustrative Disclosure of Segment Information (Continued)

As of and for the year ended June 30, 2022

	College	Trust	Total
CONDENSED STATEMENT OF NET POSITION			
ASSETS			
Current assets	$ 12,379,892	$ 75,995,240	$ 88,375,132
Capital assets, net	55,618,715	-	55,618,715
Other assets	379,257	-	379,257
Total assets	68,377,864	75,995,240	144,373,104
DEFERRED OUTFLOWS	5,726,348	-	5,726,348
LIABILITIES			
Current liabilities	1,916,080	-	1,916,080
Non-current liabilities	26,249,955	-	26,249,955
Total liabilities	28,166,035	-	28,166,035
DEFERRED INFLOWS	9,087,456	-	9,087,456
NET POSITION			
Net investment in capital assets	40,233,046	-	40,233,046
Restricted	597,874	75,995,240	76,593,114
Unrestricted	(3,980,199)	-	(3,980,199)
Total net position	$ 36,850,721	$ 75,995,240	$ 112,845,961
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	$ 10,723,436	$ -	$ 10,723,436
Depreciation and amortization	(2,316,586)	-	(2,316,586)
Other operating expenses	(23,009,821)	(5,600)	(23,015,421)
Operating loss	(14,602,971)	(5,600)	(14,608,571)
Non-operating Revenues (Expenses)			
State appropriations	6,035,197	-	6,035,197
Federal grants	6,325,665	-	6,325,665
State grants	884,631	-	884,631
OTRS on-behalf contributions	580,223	-	580,223
Investment income	44,168	25,114,215	25,158,383
Forgiveness of debt	124,300	-	124,300
Interest on capital asset-related debt	(638,448)	-	(638,448)
Capital appropriations - state	900,000	-	900,000
OCIA debt services on-behalf payments	140,272	-	140,272
Transfers from (to)	2,457,731	(2,457,731)	-
Change in net position	2,250,768	22,650,884	24,901,652
Beginning net position	34,599,953	53,344,356	87,944,309
Ending net position	36,850,721	75,995,240	112,845,961
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	(12,870,183)	(5,600)	(12,875,783)
Noncapital financing activities	15,703,224	(2,457,731)	13,245,493
Capital and related financing activities	(2,277,091)	-	(2,277,091)
Investing activities	42,798	2,402,180	2,444,978
Net increase (decrease)	598,748	(61,151)	537,597
Cash and Cash Equivalents, Beginning of Year	9,889,024	427,418	10,316,442
Cash and Cash Equivalents, End of Year	$ 10,487,772	$ 366,267	$ 10,854,039

Note 13: Murray State College Foundation, Inc.

The following are significant disclosures of the Foundation:

Cash and Cash Equivalents

The Foundation defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less.

Investments

Investments are reported at fair value and holding gains and losses are included in investment income.

Investments consist of the following at June 30, 2022:

	Cost	Fair Value	Carrying Value
Money Market Funds	$ 77,000	$ 77,000	$ 77,000
Certificates of Deposit	44,697	44,697	44,697
Common Stocks and equity based mutual funds/ETFs	2,667,509	2,393,255	2,393,255
Bonds and fixed income based mutual funds/ETFs	1,020,025	902,076	902,076
Variable Annuity	100,000	143,036	143,036
Total investments	$ 3,909,231	$ 3,560,064	$ 3,560,064

Property and Equipment

Property and equipment are stated at cost or at estimated fair value at date of donation. The Foundation provides for depreciation using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are expensed as incurred, whereas major improvements in excess of $500 are capitalized.

Note 13: Murray State College Foundation, Inc. (Continued)

Net Position

The financial statements of the Foundation have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Net position is classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted – Net position that is not subject to donor-imposed restrictions. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted – Net position whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted – Net position subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Such assets primarily include the Foundation's permanent endowment funds and irrevocable trusts held by others for the beneficial interest of the Foundation.

Fair Value Measurements

Fair value is defined by GAAP as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a three level hierarchy for measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022.

Note 13: Murray State College Foundation, Inc. (Continued)

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 77,000	$ -	$ -	$ 77,000
Certificates of Deposit	-	44,697	-	44,697
Common Stocks and equity based mutual funds/ETFs	2,393,255	-	-	2,393,255
Bonds and fixed income based mutual funds/ETFs	902,076	-	-	902,076
Variable Annuity	-	143,036	-	143,036
Total investments	$ 3,372,331	$ 187,733	$ -	$ 3,560,064

Endowments

The Foundation's endowments consist of approximately 140 individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: In accordance with the requirements of FAS 117-1, and the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as permanently restricted (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, (3) all realized and unrealized gains and losses of the endowment, and (4) less any income distribution in accordance with the spending policy which will be classified as temporarily restricted. In accordance with OUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purpose of the foundation and the donor-restricted endowment fund;
(3) The possible effect of inflation and deflation;
(4) The expected total return from income and the appreciation of investments;
(5) Other resources of the foundation;
(6) 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 7% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Note 13: Murray State College Foundation, Inc. (Continued)

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives while reducing risk to acceptable levels.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year amounts necessary to fund donor-designated uses. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net position composition by type of fund as of June 30, 2022:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	$ —	$ 1,485,805	$ 2,500,584
Board-designated endowment funds	—	—	—
Total endowment funds	$ —	$ 1,485,805	$ 2,500,584

Note 13: Murray State College Foundation, Inc. (Continued)

Changes in Endowment net position for the year ending June 30, 2022:

	Unrestricted	Endowment Earnings	Permanently Restricted
Endowment net position - beginning	$ —	$ 759,845	$ 2,476,059
Reclassification	—	61,324	—
Investment return	—	(605,250)	—
Contributions	—	2,000	24,525
Appropriations for expenditure	—	(208,721)	—
Total endowment funds	$ —	$ 9,198	$ 2,500,584

Notes Payable

Long-term debt consists of the following:

Note Payable, U.S. Department of Agriculture (A)	$ 3,190,771
Less: Current Maturities	(77,812)
	$ 3,112,959

(A) Payable in annual installments of $217,408 at rate of 4.375%, through June 30, 2046. Collateralized by a mortgage and security interest in the housing project revenues.

Future minimum debt service for the year ended June 30, 2022, are as follows:

	Principal	Interest	Total
Years Ending June 30:			
2023	$ 77,812	$ 139,596	$ 217,408
2024	81,216	136,192	217,408
2025	84,770	132,638	217,408
2026	88,477	127,931	216,408
2027	92,349	125,059	217,408
2028-2032	526,001	561,039	1,087,040
2033-2037	651,582	435,458	1,087,040
2038-2042	807,145	279,895	1,087,040
2043-2046	781,419	88,213	869,632
Total	$ 3,190,771	$ 2,026,021	$ 5,216,792

Required Supplementary Information

Murray State College
Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA TEACHERS RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
College's proportion of the net pension liability	0.2129%	0.2066%	0.2058%	0.2222%	0.1777%	0.1807%	0.1638%	0.2095%
College's proportionate share of the net pension liability	$ 11,452,416	$ 12,549,259	$ 17,177,332	$ 14,714,300	$ 10,738,894	$ 11,956,426	$ 15,542,812	$ 10,704,430
College's covered-employee payroll	$ 8,296,004	$ 8,623,624	$ 8,482,503	$ 9,080,272	$ 8,562,834	$ 8,637,032	$ 8,675,393	$ 8,917,572
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	138%	146%	203%	162%	125%	138%	179%	120%
Plan fiduciary net position as a percentage of the total pension liability	72.43%	70.31%	72.43%	69.32%	72.74%	71.56%	63.47%	80.80%

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

Notes to Schedule:

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

Murray State College
Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 866,113	$ 874,442	$ 838,609	$ 850,758	$ 857,647	$ 860,932	$ 850,507	$ 856,104
Contributions in relation to the contractually required contribution	866,113	874,442	838,609	850,758	857,647	860,932	850,507	856,104
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 8,623,624	$ 8,482,503	$ 9,080,272	$ 8,562,834	$ 8,637,032	$ 8,675,393	$ 8,917,572	$ 8,430,585
Contributions as a percentage of covered-employee payroll	10%	10%	9%	10%	10%	10%	10%	10%

Notes to Schedule:

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

MURRAY STATE COLLEGE

SCHEDULE OF THE COLLEGE'S CHANGE IN PENSION LIABILITY
SUPPLEMENTAL RETIREMENT ANNUITY
Last 4 Fiscal Years

	2017	2018	2019	2020	2021	2022
Beginning net pension liability, restated	$ 212,519	$ 211,436	$ 201,486	$ 191,536	$ 199,601	$ 207,665
Interest	7,608	6,449	6,449	7,966	7,965	4,413
Change of assumptions	6,456	(9,951)	(9,951)	19,448	19,448	(12,584)
Difference between actual and expected experience	6,853	15,552	15,552	2,651	2,651	29,036
Benefit payments	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)	(52,064)
Ending net pension liability	$ 211,436	$ 201,486	$ 191,536	$ 199,601	$ 207,665	$ 176,466

Notes to Schedule:

Only the last 5 fiscal years are presented because the 10-year data is not yet available.

Murray State College
Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OKLAHOMA TEACHERS RETIREMENT SYSTEM
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years*

	2018	2019	2020	2021	2022
College's proportion of the net OPEB liability (asset)	0.2222%	0.1777%	0.1807%	0.1638%	0.2095%
College's proportionate share of the net OPEB liability (asset)	$ (99,100)	$ (114,826)	$ (111,723)	$ (16,222)	$ (266,883)
College's covered-employee payroll	$ 9,080,272	$ 8,562,834	$ 8,637,032	$ 8,675,393	$ 8,917,572
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.09%	-1.34%	-1.29%	-0.19%	-2.99%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.07%	102.30%	110.40%

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

Notes to Schedule:

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

Murray State College
Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years

	2018	2019	2020	2021	2022
Contractually required contribution	$ 13,508	$ 5,785	$ 1,622	$ 1,602	$ 10,582
Contributions in relation to the contractually required contribution	13,508	5,785	1,622	1,602	10,582
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 8,562,834	$ 8,637,032	$ 8,675,393	$ 8,917,572	$ 8,430,585
Contributions as a percentage of covered-employee payroll	0.16%	0.07%	0.02%	0.02%	0.13%

Notes to Schedule:

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

Murray State College
Schedules of Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Health Insurance Benefit Plan
Last 10 Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	$ 166,382	$ 172,838	$ 172,838	$ 57,746	$ 57,746
Interest	75,074	74,919	88,616	17,777	16,224
Change in assumptions	-	-	(1,574,215)	3,492	(80,099)
Differences between expected and actual experience	-	-	-	(70,182)	71,818
Benefit payments, including refunds of member contributions	(79,076)	(79,076)	(56,079)	(47,313)	(76,865)
Net change in total OPEB liability	162,380	168,681	(1,368,840)	(38,480)	(11,176)
Total OPEB liability - beginning	1,808,064	1,970,444	2,139,125	770,285	731,805
Total OPEB liability - ending (a)	$ 1,970,444	$ 2,139,125	$ 770,285	$ 731,805	$ 720,629
Covered employee payroll	$ 6,285,620	$ 6,285,620	$ 6,269,492	$ 6,269,492	$ 5,817,846
Net OPEB liability (asset) as a percentage of covered-employee payroll	31.35%	34.03%	12.29%	11.67%	12.39%
Discount rate used	3.88%	3.88%	2.21%	2.16%	3.54%

Notes to Schedule:

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

MURRAY STATE COLLEGE
Schedule of Changes in Total OPEB Liability and Related Ratios
Health Insurance Program -UCSO
Last 3 Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	$ 14,735	$ 14,735	$ 5,673	$ 8	8
Interest	13,341	13,341	11,874	6,554	6,109
Change in assumptions	(42,857)	(42,857)	(251,394)	(159,540)	(40,162)
Differences between expected and actual experience	85,405	85,405	-	-	-
Benefit payments, including refunds of member contributions	(20,686)	(20,686)	-	-	-
Net change in total OPEB liability	49,938	49,938	(233,847)	(152,978)	(34,045)
Total OPEB liability - beginning	437,419	487,357	537,295	303,448	150,470
Total OPEB liability - ending	$ 487,357	$ 537,295	$ 303,448	$ 150,470	$ 116,425
Covered employee payroll	$ 464,323	$ 431,075	$ 434,205	$ 333,473	$ -
Total OPEB liability as a percentage of covered-employee payroll	104.96%	124.64%	69.89%	45.12%	100.00%

Notes to Schedule:

Only 5 years are presented because 10-year data is not yet available.
The discount rate used for 2022 is 4.06%
The discount rate used for 2021 is 2.16%
The College switched to the alternative measurement method in 2020 and the discount rate changed to 2.21%
The discount rate used for 2019 and 2018 is 3.88%.

Reports Required by *Government Auditing Standards* and Uniform Guidance

HINKLE & COMPANY PC
Strategic Business Advisors

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
Murray State College
Tishomingo, 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 Murray State College, a component unit of the State of Oklahoma (the College) which is a component unit of the State of Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 28, 2022.

Report on 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 designed 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Hinkle & Company, pc

Tulsa, Oklahoma
October 28, 2022

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Regents
Murray State College
Tishomingo, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Murray State College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

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

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Hinkle & Company.pc

Tulsa, Oklahoma
October 28, 2022

Murray State College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	*Assistance Listing Number*	*Pass-Through Entity Identifying Number*	*Provided to Subrecipients*	*Federal Expenditures*
U.S. Department of Education				
Student financial aid cluster				
Federal Pell Grants	84.063	N/A	$ -	$ 2,967,386
Federal Supplemental Education Opportunity Grants	84.007	N/A	-	65,268
Federal Work Study Program	84.033	N/A	-	47,378
Federal Direct Loan Program	84.268	N/A	-	2,305,887
Total Student Financial Aid Cluster			-	5,385,919
TRIO program cluster				
TRIO-Student Support Services	84.042	N/A	-	322,973
Total TRIO program cluster			-	322,973
Other Programs				
Strengthening Minority-Serving Institutions	84.382	N/A	-	53,711
Pass-Through Oklahoma State Department of Vocational Education				
Vocational Education National Centers for Career and Technical Education	84.048	V048A160036	-	95,779
Total Other Programs			-	149,490
CARES Act				
Higher Education Emergency Relief Fund	84.425E	N/A	-	2,170,207
Higher Education Emergency Relief Fund	84.425F	N/A	-	1,126,075
			-	3,296,282
Total U.S. Department of Education			**-**	**9,154,665**
U.S. Department of Agriculture				
Rural Utilities Service				
Distance Learning and Telemedicine Program	10.855	Oklahoma 753-B16	-	126,580
Total U.S. Department of Agriculture			**-**	**126,580**
U.S. Department of Health and Human Services				
National Institutes of Health				
Pass-Through Program From:				
Oklahoma State Department of Human Services				
Temporary Assistance for Needy Families (TANF)	93.558	0310559	-	387,500
Oklahoma State Regents for Higher Education				
Child Care Development Block Grant Scholars for Excellence Program	93.575	1936002309	-	62,214
Total U. S. Department of Health and Human Services			**-**	**449,714**
Total Expenditures of Federal Awards			**$ -**	**$ 9,730,959**

Murray State College
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with how the college presents its basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Federal Direct Student Loan Program

Under the Federal Direct Student Loan Program ("Direct Loan Program"), the U.S. Department of Education makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. The Direct Loan Program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The College administers the origination and disbursement of the loans to eligible students or parents. The College is not responsible for the collection of these loans.

Note 4: Subrecipients

During the year ended June 30, 2022, the College did not provide any federal awards to subrecipients.

Murray State College
Schedule of Finding and Questioned Costs
June 30, 2022

<u>Summary of Auditor's Results</u>

1. The opinion expressed in the independent auditor's report was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent auditor's report on internal control over financial reporting described:

   Significant deficiencies ☐ Yes ☒ None reported

   Material weaknesses? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

   Significant deficiencies? ☐ Yes ☒ None reported

   Material weaknesses? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? ☐ Yes ☒ No

Murray State College
Schedule of Finding and Questioned Costs
June 30, 2022

Summary of Auditor's Results *(Continued)*

7. The College's major program were:

Cluster/Program	Federal Assistance Listing Number
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Loan Program	84.268
Federal Work Study	84.033
Higher Education Emergency Relief Fund Cluster	
CARES Act (Students)	84.425E
CARES Act (Institution)	84.425F

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

9. The College qualified as a low-risk auditee as that term is defined in Uniform Guidance. ☒ Yes ☐ No

Section II - Findings Required to be Reported by *Government Auditing Standards*

None to report for the year ended June 30, 2022.

Section III - Findings Required to be Reported by the Uniform Guidance

None to report for the year ended June 30, 2022.

Murray State College
Schedule of Prior Year Finding and Questioned Costs
June 30, 2022

No matters were reportable.