Northern Oklahoma College

Financial Statements

June 30, 2022
(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Northern Oklahoma College (the "College"), collectively 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and its discretely presented component unit of the College as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages i through x and the schedules of the College's pension and OPEB information on pages 37 through 41 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 supplemental information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards on pages 47 and 48 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 26, 2022

Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2022 and 2021

The following discussion and analysis of the financial performance of Northern Oklahoma College (the College) provides an overview of the College's financial activities for the fiscal years ended June 30, 2022 and 2021. The analysis is intended to provide you, the reader, with a summary of significant financial activities and information and should be read in conjunction with the College's financial statements.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The 2022 and 2021 financial statements were prepared in accordance with the Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis* for State and Local Governments (GASB 34) and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* (GASB 35). GASB 34 and 35 provides not only for the presentation of management's discussion and analysis but also provides for the following statements.

Statement of net position: This is a financial statement of the College as a whole. It is prepared on the accrual basis of accounting and presents all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College.

Statement of revenues, expenses and changes in net position: This statement is also prepared on the accrual basis of accounting and presents the overall operations of the College for the years ended June 30, 2022 and 2021.

Statement of cash flows: This statement is presented to provide a summary of how the College generated cash during the current year. This is basically done by taking the statement of revenues, expenses and changes in net position and presenting it on a cash basis. In accordance with GASB 34, the direct method of presentation is used to prepare this statement.

The College is presenting all of its financial statements as a business-type activity and has no "Fund" financial statements, as defined by GASB 34. The statement of net position is similar to a business balance sheet, which presents assets, liabilities and equity. In the College's case, equity is considered net position. The statement of revenues, expenses, and change in net position is equivalent to a business income statement, i.e., the results of operations for the current year. The statement of cash flows is very similar to that being used by businesses; in that it presents the cash activity of the College for the current year.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year. From the data presented, readers of the statement are able to determine the assets available to continue the operations of the College. They also are able to determine how much the College owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net assets (assets plus deferred outflows and minus liabilities and deferred inflows) and their availability to pay expenses of the College or as one way to measure the College's financial health or financial position.

Over time, increases and decreases in the College's net position are one indicator of whether its financial health is improving or worsening. You will also need to consider non-financial factors, however such as changes in the College's programs and degrees offered and accreditations status, enrollment levels, in addition to the condition of its physical facilities, to fully assess the overall health of the College.

Condensed Statement of Net Position

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Current assets	$ 19,761,846	$ 15,702,968	4,058,878	26%
Noncurrent assets	47,910,142	51,162,504	(3,252,362)	-6%
Total Assets	67,671,988	66,865,472	806,516	1%
Deferred Outflows of Resources	5,522,788	9,378,880	(3,856,092)	-41%
Liabilities				
Current liabilities	4,200,649	3,824,140	376,509	10%
Noncurrent liabilities	42,927,603	58,660,052	(15,732,449)	-27%
Total liabilities	47,128,252	62,484,192	(15,355,940)	-25%
Deferred Inflows of Resources	11,396,989	3,266,627	8,130,362	249%
Net assets:				
Net investment in capital assets	19,076,510	20,825,983	(1,749,473)	-8%
Restricted for purposes	6,407,224	6,613,745	(206,521)	-3%
Unrestricted	(10,814,199)	(16,946,195)	6,131,996	-36%
Total net position	$ 14,669,535	$ 10,493,533	4,176,002	40%

Statement of Net Position (Continued)

During the period July 1, 2021 to June 30, 2022, the College's net position increased by $4,176,002. Net position totaled $14,669,535, with $19,076,510 as net investment in capital assets, i.e., this is property and equipment less bonded indebtedness. There is $3,177,966 restricted for scholarships, $97,639 restricted for OPEB, and $3,131,619 restricted for capital projects. Net position for unrestricted is $(10,814,199) as a result of accounting for the implementation of GASB 68 and 75.

An increase in current assets of $4,058,878 and a decrease of $3,252,362 in noncurrent assets resulted in a total increase of $806,516 in total assets. The increase in the current assets resulted primarily from an increase in cash and cash equivalents of $7,238,319 offset by a decrease of $2,328,139 in grants receivable associated with Higher Education Emergency Relief Funding (HEERF), a decrease in other receivables of $841,280, and an increase in accounts receivable of $20,767. In addition, current assets were impacted by a decrease in restricted cash and cash equivalents of $26,973, and a decrease in inventories of $3,816.

Current assets consist primarily of cash and cash equivalents totaling $17,120,383. Included in cash equivalents are short-term investments that the College makes with the state treasurer. These dollars are invested in short-term repurchase agreements, and the College can use the monies on a daily basis. As such, these are considered cash equivalents.

Also included in current assets is $1,225,746 of accounts receivable, $3,817 of restricted cash and cash equivalents, $964,148 due from federal grants, and $202,143 of other receivables. Inventories of $245,609, which consists primarily of the bookstore inventories, are also included current assets.

The decrease in the noncurrent assets resulted from increases in acquisitions of capital assets of $323,243, and construction in progress of $107,782 offset by depreciation expense of $4,098,158. The effects of GASB statement numbers 68, 73, and 75 related to OPEB and pensions continue to have a significant impact on the College's financial statements. The decrease in deferred outflows of resources of $3,856,092, the decrease in non-current liabilities of $13,336,478, and the increase in deferred inflows of $8,149,319 in FY 2022 are all primarily due to the change in market value and proportionate share of the OTRS net pension liability and OPEB for the College.

Noncurrent assets consist of capital assets (land, buildings, structures, etc.) net of accumulated depreciation totaling $47,552,081 and $358,061 of restricted Net OTRS OPEB asset.

Current liabilities include $538,732 of accounts payable and accrued liabilities, $36,078 of accrued payroll, $818,121 of unearned revenue, $383,769 of accrued compensated absences, and $2,423,949 of amounts due on principal of bonds and capitalized lease obligations in the next 12 months. Noncurrent liabilities consist primarily of capital lease obligations less the current portion of $25,898,380 and net OTRS pension liability and OPEB obligation of $17,029,223.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the College's financial results by reporting the major sources and uses of cash. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section also reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section reflects cash flows from capital and related financing activities. This section also deals with the cash used for the acquisition and construction of capital and related assets. The fourth reflects the cash flows from investing activities and shows the purchases and proceeds of sales of investments, and interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The following summarizes the College's cash flow for the years ended June 30, 2022 and 2021.

Condensed Statement of Cash Flows

	2022	2021
Cash (used in) provided by:		
Operating activities	$ (25,567,937)	$ (17,867,700)
Noncapital financing activities	33,173,972	18,021,382
Capital and related financing activities	(492,691)	(1,170,831)
Investing activities	98,002	75,653
Net change in cash	7,211,346	(941,496)
Cash, beginning of the year	9,912,854	10,854,350
Cash, end of year	$ 17,124,200	$ 9,912,854

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expense incurred during the year. A public college's dependency on state appropriations and gifts will result in operating income (losses). GASB requires state appropriations and gifts to be classified as non-operating revenues.

The purpose of this statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent. Operating revenues are generally received for providing goods and services to various customers of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

State appropriations are considered as non-operating revenues and are reported under "Non-operating Revenues (Expenses)."

The following summarizes the College's revenues, expenses, and changes in net position for the years ended June 30, 2022 and 2021.

Operating Results

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Operating revenues:				
Tuition and fees, net	$ 10,067,824	$ 11,365,004	(1,297,180)	-11%
Grants and contracts	2,302,822	2,091,604	211,218	10%
Auxiliary	3,613,324	2,919,524	693,800	24%
Other	95,972	75,082	20,890	28%
Total operating revenues	16,079,942	16,451,214	(371,272)	-2%
Less operating expenses	45,371,630	41,383,715	3,987,915	10%
Net operating loss	$ (29,291,688)	$ (24,932,501)	(4,359,187)	-17%

During the period July 1, 2021, to June 30, 2022, the College's total operating revenues decreased $371,272 and operating expenses increased by $3,987,915. The decrease in operating revenues is attributable to an increase in tuition and fees rates offset by a decline in credit hour production resulting in a decrease in tuition and fees revenue of $1,297,180, an increase in grants and contracts of $211,218, an increase in other income of $20,890, and an increase in auxiliary services of $693,800. The decrease in tuition and fees was primarily a result of a decrease in enrollment.

Operating revenues consist primarily of tuition and fees of $10,067,824 and federal grants and contracts of $2,302,822. There is also $3,613,324 included in operating revenues from sales and services of the auxiliary enterprises (i.e., bookstore, residence halls, etc.).

The increase in operating expenses is primarily attributable to increases in financial aid of $7,034,510, supplies and materials of $1,317,206, and utilities of $176,287, and offset by decreases in compensation of $4,533,761, contractual services of $111,289 and communications of $25,982. Operating expenses are presented in their natural classification, with the largest expense being compensation.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Non-Operating Results

	June 30			Increase	Percent
	2022		2021	(Decrease)	Change
Non-operating revenues (expenses):					
State appropriations	$ 8,565,995		$ 8,150,554	415,441	5%
On-behalf payments (teachers' retirements)	778,476		984,261	(205,785)	-21%
Grants and contracts	21,930,466		12,304,406	9,626,060	78%
Investment income	98,002		75,653	22,349	30%
Other Revenue	200,000		1,460	198,540	13599%
Interest expense	(1,014,644)		(1,072,911)	58,267	-5%
Total non-operating revenues	$ 30,558,295		$ 20,443,423	10,114,872	49%

During the period July 1, 2021 to June 30, 2022, the College's non-operating revenues and expenses increased by $10,114,872. The change is attributable primarily to an increase in federal and state grants and contracts of $9,626,060, an increase of $415,441 in the State appropriations the College received during 2022, and a decrease in on-behalf payments of $205,785. The increase in federal and state grants was primarily a result of the HEERF grant received for the Student portion and for the Institutional portion and an increase in federal student aid. Investment income increased by $22,349 and interest expense decreased by $58,267. Other revenue increased by $198,540 due to a one-time gift received from the NOC Foundation.

Non-operating revenues and expenses consist primarily of state appropriations of $8,565,995 and on-behalf contributions for OTRS of $778,476, along with investment income of $98,002 and interest expense of $1,014,644. Non-operating revenues also include federal grants and contracts such as HEERF, Pell and SEOG totaling $21,930,466.

Also included in the Statement of Revenues, Expenses and Changes in Net Position are Other Revenue, Expenses, and Gains and Losses. These items consist of $2,662,307 of state appropriations restricted for capital purposes, and $247,088 of OCIA on-behalf appropriations.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Net Position Summary

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Net change in net position	$ 4,176,002	$ (1,518,139)	5,694,141	375%
Net position, beginning of year	10,493,533	12,011,672	(1,518,139)	-13%
Net position, end of year	$ 14,669,535	$ 10,493,533	4,176,002	40%

For the year ended June 30, 2022, the College had an increase in net position of $4,176,002.

Capital Assets

As of June 30, 2022, the College had a net book value of fixed assets of $47,552,081 compared to $51,219,215 (restated) at June 30, 2021. In the current year, additions to construction in progress, improvements and buildings were $341,309, while purchases of machinery and equipment were $89,716. Depreciation recorded for 2022 and 2021 was $4,098,158 and $4,096,653, respectively.

Capital Financing

The College's long-term liabilities consisted of OCIA and ODFA capital lease obligations. These obligations include: one lease for the Construction of New Residence Halls on the Tonkawa and Enid Campuses, one for Renovation of Residence Halls/Cafeterias on the Tonkawa and Enid Campuses, and one lease associated with the performance contract for energy management, and one for the construction of the NOC Stillwater Building. The remaining lease is associated with the OCIA Bond issue for Wilkin Hall – Phase II Renovation, Nursing and Communications Building, Enid Campus Renovations, and the Vineyard Library/Administration Renovation and Expansion.

In November 2016, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2016G in the amount of $15,159,000. Total lease payments over the term of the agreement, beginning December 15, 2016, will be $20,379,970. Payments will be made monthly ranging from $43,318 to $97,350. Proceeds from the obligation were used for the construction of NOC Stillwater Classroom Building.

Capital Financing (Continued)

In July 2014, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2014D in the amount of $3,868,000. Total lease payments over the term of the agreement, beginning August 15, 2014, through May 15, 2029, will be $5,061,127. Payments will be made monthly ranging from $14,130 to $14,741. Proceeds from the obligation were used for the renovation of residence halls known as Earl Butts, Threlkeld, and Boehme on the Enid and Tonkawa campuses.

On April 24, 2014, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2014C in the amount of $9,856,000. Total lease payments over the term of the agreement, beginning May 15, 2014, through May 15, 2034, will be $14,162,748. Payments will be made monthly ranging from $26,868 to $29,551. Proceeds from the obligation were used for the construction of dormitories on the Enid and Tonkawa campuses known as Jets and Mavericks Halls.

In fiscal year 2006, the Oklahoma Capital Improvement Authority issued State Facilities Revenue Bonds (Higher Education Projects) Series 2005F and 2005G for which the College entered into a lease agreement with OCIA for a portion of these bond proceeds totaling $14,293,235. The revenue bond projects for Northern Oklahoma College include Wilkin Hall – Phase II Renovation, Nursing and Communications Building, Enid Campus Renovations, Vineyard Library/Administration Renovation and Expansion, and North Classroom Building-Stillwater. In August 2010, the College's 2005F lease agreement with the OCIA was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. On April 9, 2014, the College's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $941,724, which approximates the economic savings of the transaction.

In 2013, the College entered into a capital lease of $5,153,100 with an interest rate of 2.95% maturing August 2025 to finance the performance contract for energy management improvements on the Tonkawa and Enid campuses.

Additional details concerning the College's capital financing activities can be found in Note I to the financial statements.

DESCRIPTION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULTS OF OPERATIONS

Northern Oklahoma College has received notification of awarded grant funding through the Higher Education Emergency Relief Fund (HEERF) authorized by Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP). The CARES Act allows institution to use up to one half of the total funds received to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus and one half of the total funds received to be directly disbursed to students. The CARES Act Institutional portion awarded was $985,508 as of June 30, 2020. The CARES Act Student portion awarded was $985,509 as of June 30, 2020. In addition, Northern Oklahoma College was awarded $229,917 under Section 18004(a)(2) of the CARES Act for Minority Serving Institutions under the Strengthening Native American-Serving Nontribal Institutions (NASNTI) at June 30, 2020. The CRRSAA Institutional portion awarded was $3,436,300 as of June 30, 2021. The CRRSAA Student portion awarded was $985,509 as of June 30, 2021. In addition, Northern Oklahoma College was awarded $466,156 under Section 18004(a)(2) of the CRRSAA for Minority Serving Institutions under the Strengthening Native American-Serving Nontribal Institutions (NASNTI) as of June 30, 2021. As part of the American Rescue Plan funding, Northern Oklahoma College was also awarded $3,947,651 for Student funds, $3,768,852 for Institutional funds, and $778,348 for Minority Serving Institutions. Northern Oklahoma College expended a total accumulated $15,409,350 of HEERF grant funds as of June 30, 2022. The remaining $174,400 of HEERF Act funds is expected to be expended in FY2023.

As a result of the COVID-19 pandemic, the College transitioned to offer additional remote classes and have seen a continued shift to remote and online instruction delivery. In addition, changes in college admission standards at research and regional colleges and universities may continue to impact enrollment trends in the future. As a result of the COVID-19 pandemic, economic uncertainties have arisen and continue to arise which may negatively affect the financial position, results of operations and cash flows of the College. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimate at this time.

The operating budget for the year July 1, 2022, to June 30, 2023, has been approved, and the estimated amount of state appropriations to be received is $8,823,125 which reflects a 7.02% increase in funding for Northern Oklahoma College as compared to the adjusted base for year ended June 30, 2022. The College did implement a tuition and mandatory fee increase of 4% for the fiscal year ended June 30, 2023 to fund mandatory cost increases and budget priorities. The College continually monitors revenue and expenditures in order to maintain adequate reserve balances to ensure the College's financial viability. The College will continue to monitor enrollment as well as the state and national economic conditions as part of our financial decision-making process and will strive to develop scenarios to reduce costs and increase operating revenues to protect critical academic programming, while being sensitive to our student needs. Presently, the College does not anticipate any other significant change in operations, nor are there any items pending that could have a significant effect on the financial position or operating results of the College.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the College's finances for all those with an interest. Questions concerning any of the information provided in this report should be addressed to the Vice President of Financial Affairs c/o Northern Oklahoma College, 1220 East Grand, P.O. Box 310, Tonkawa, Oklahoma 74653-0310.

NORTHERN OKLAHOMA COLLEGE

STATEMENTS OF NET POSITION

June 30, 2022

	Northern Oklahoma College	Northern Oklahoma College Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 17,120,383	666,386
Restricted cash and cash equivalents	3,817	-
Accounts receivable, net	1,225,746	3
Grants receivable	964,148	-
Other receivables	202,143	-
Inventories	245,609	-
Total current assets	19,761,846	666,389
Noncurrent Assets		
Investments	-	13,474,371
Capital assets—nondepreciable	1,494,842	-
Capital assets—depreciable, net	46,057,239	-
Restricted net OPEB asset—OTRS	358,061	-
Total noncurrent assets	47,910,142	13,474,371
Total assets	67,671,988	14,140,760
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	4,651,967	-
Deferred amounts related to OPEB	870,821	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 5,522,788	-

(Continued)

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

STATEMENTS OF NET POSITION—CONTINUED

June 30, 2022

	Northern Oklahoma College	Northern Oklahoma College Foundation
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 538,732	19,007
Unearned revenue	818,121	-
Accrued payroll	36,078	-
Accrued compensated absences	383,769	-
Current portion of capital leases payable to OCIA	483,598	
Current portion of capital leases payable to ODFA	1,428,653	-
Current portion of capital lease payable to Capital One	483,720	
Current portion of lease obligations	27,978	-
Total current liabilities	4,200,649	19,007
Noncurrent Liabilities		
Notes payable to OCIA	4,704,244	-
Notes payable to ODFA, net of current portion	20,017,225	-
Notes payable to Capital One, net of current portion	1,176,911	-
Net pension liability	14,361,969	-
Total OPEB liability	2,667,254	-
Total noncurrent liabilities	42,927,603	-
Total liabilities	47,128,252	19,007
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on OCIA lease restructure	153,238	-
Deferred amounts related to pension	10,112,524	-
Deferred amounts related to OPEB	1,131,227	-
TOTAL DEFERRED INFLOWS OF RESOURCES	11,396,989	-
NET POSITION		
Net investment in capital assets	19,076,510	-
Restricted for:		
With donor restrictions	-	10,981,112
OPEB	97,639	
Capital projects	3,131,619	-
Scholarships—expendable	3,177,966	-
Unrestricted (deficit)	(10,814,199)	3,140,641
TOTAL NET POSITION	$ 14,669,535	14,121,753

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

NORTHERN OKLAHOMA COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2022

	Northern Oklahoma College	Northern Oklahoma College Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship discounts and allowances of $4,060,000	$ 10,067,824	-
Auxiliary services, net of scholarship discounts and allowances of $1,457,000	3,613,324	-
Federal and state grants and contracts	2,302,822	-
Other sources	95,972	205,105
TOTAL OPERATING REVENUES	16,079,942	205,105
OPERATING EXPENSES		
Compensation and benefits expense	16,599,124	-
Contractual services	333,160	-
Supplies and materials	7,186,613	-
Depreciation expense	4,098,159	-
Utilities	1,283,168	-
Communications	19,662	-
Financial aid	15,257,100	296,606
Other operating expenses	594,644	853,677
TOTAL OPERATING EXPENSES	45,371,630	1,150,283
OPERATING LOSS	(29,291,688)	(945,178)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	8,565,995	-
On-behalf contributions for OTRS	778,476	-
Federal and state grants and contracts	21,930,466	-
Investment income (loss)	98,002	(1,675,289)
Contributions and other nonoperating revenue	200,000	1,070,883
Interest expense	(1,014,644)	-
NET NONOPERATING REVENUES (EXPENSES)	30,558,295	(604,406)
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	1,266,607	(1,549,584)
State appropriations restricted for capital purposes	2,662,307	-
OCIA on-behalf appropriations	247,088	-
CHANGE IN NET POSITION	4,176,002	(1,549,584)
NET POSITION AT BEGINNING OF YEAR	10,493,533	15,671,337
NET POSITION AT END OF YEAR	$ 14,669,535	14,121,753

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

NORTHERN OKLAHOMA COLLEGE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

		Northern Oklahoma College
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	10,210,551
Federal and state grants and contracts		2,153,450
Auxiliary enterprises sales and services		3,596,587
Other operating receipts		95,972
Payments to employees		(17,566,886)
Payments to suppliers		(24,057,611)
NET CASH USED IN OPERATING ACTIVITIES		(25,567,937)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		8,565,995
Federal direct loan program receipts		4,745,745
Federal direct loan program disbursements		(4,745,745)
Federal and state grants and contracts		24,407,977
Other sources		200,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		33,173,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(469,777)
Principal paid on capital leases and bonds		(1,838,555)
Interest paid on capital leases and bonds		(846,666)
Capital appropriations received		2,662,307
NET CASH USED IN FINANCING ACTIVITIES		(492,691)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments		98,002
NET CASH PROVIDED BY INVESTING ACTIVITIES		98,002
NET DECREASE IN CASH AND CASH EQUIVALENTS		7,211,346
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,912,854
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	17,124,200

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

NORTHERN OKLAHOMA COLLEGE

STATEMENT OF CASH FLOWS—CONTINUED

Year Ended June 30, 2022

		Northern Oklahoma College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$	(29,291,688)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense		4,098,159
On-behalf payments		778,476
Changes in assets and liabilities:		
Accounts receivable		(20,768)
Grants and other receivables		691,908
Inventories		3,816
Accounts payable and accrued liabilities		(228,359)
Unearned revenue		146,757
Accrued payroll		(62,931)
Compensated absences and employee accruals		(23,667)
Net OPEB asset—OTRS		(328,573)
Total OPEB liability—NOC		554,093
Net pension liability		(13,890,571)
Deferred amounts related to pension and OPEB		12,005,411
NET CASH USED IN OPERATING ACTIVITIES	$	(25,567,937)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations for on-behalf capital lease payments	$	247,088
On-behalf payments for Oklahoma Teachers' Retirement System		778,476
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents	$	17,120,383
Restricted cash and cash equivalents		3,817
Total cash and cash equivalents	$	17,124,200

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Northern Oklahoma College (the "College") is a two-year, state supported college operating under the jurisdiction of the Board of Regents of Northern Oklahoma 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 general-purpose financial statements of the State of Oklahoma. The College has three campuses located in Tonkawa, Enid, and Stillwater.

Reporting Entity: The Northern Oklahoma College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing and amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are 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 Foundation is a nonprofit organization that reports under 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 the Governmental Accounting Standards Board (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.

Although the College is the exclusive beneficiary of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary or affiliate of the College and is not directly or indirectly controlled by the College. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Trustees of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Third parties dealing with the College should not rely upon the financial statements of the Foundation for any purpose without consideration of all of the foregoing conditions and limitations.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Measurement Focus and Basis of Accounting: The College's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34), and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities* (GASB 35). Under GASB Statements No. 34 and 35, the College is required to present a statement of net position classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position, with separate presentation for operating and nonoperating revenues and expenses, and a statement of cash flows using the direct method.

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 and Cash Equivalents: For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of 3 months or less to be cash and cash equivalents.

Deposits and Investments: The College accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gains (losses) on the carrying values of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or purchase capital or other noncurrent assets are classified as restricted assets in the statements of net position. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3* (GASB 40), the College has disclosed its deposit and investment policies related to the risks identified in GASB 40.

As noted above, investments are recorded at fair value, as determined by quoted market prices. In accordance with generally accepted accounting principles (GAAP) authoritative guidance on fair value measurements and disclosures, the College's investments measured and reported at fair value are classified according to the following hierarchal input levels:

Level 1—Unadjusted quoted prices in active markets for identical assets.

Level 2—Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.

Level 3—Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3. At June 30, 2022, the College had no investments.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Inventories: Inventories consist of books and supplies held for resale at the bookstore, which are valued at the lower of cost, determined using the first-in, first-out method, or market.

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.

Grants Receivable: Grants receivable 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. All grant receivable are considered collectable. Therefore, no allowance for doubtful accounts has been made for grants receivable.

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

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.

Capital Assets: Capital assets are recorded at cost on the date of the acquisition or the acquisition value if acquired by gift. 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 was incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leases assets are amortized over the life of the associated contract. The following estimated useful lives are being used by the College:

Land improvements	5-20 years
Buildings and improvements	up to 40 years
Furniture, fixtures and equipment	5-10 years
Infrastructure	5-20 years

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

Leases assets (intangible) are capitalized when a lease liability is recorded. Leased assets are amortized over the life of the associated lease contract or the table provided above whichever period is shorter.

See Independent Auditors' Report.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Compensated Absences: Employees of the College earn accrued vacation or leave at the rate of 8 to 12 hours per month, depending on the length of employment. The liability for and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net position.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and lease obligations with contractual maturities greater than 1 year, and (2) net pension liability and total OPEB liability.

Leases: The College is a party as lessee for various non-cancellable long-term leases of outdoor billboard space and mailroom equipment. The corresponding lease payable is recorded in an amount equal to the present value of the expected future minimum lease payments respectively, discounted by an applicable interest rate. For development of the applicable interest rate, the College generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known.

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

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

> *Net investment in capital assets:* This represents the College's capital assets, net of accumulated depreciation, reduced by 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 net investment in capital assets.
>
> *Restricted net position—expendable*: Restricted expendable net position include 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 represent 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 education and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and of auxiliary enterprises, net of scholarship discounts and allowances, and (3) certain federal, state and nongovernmental grants and contracts.

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.

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).

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

Deferred Outflows of Resources and Deferred Inflow of Resources: Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2022, the College's deferred outflows and deferred inflows of resources were related to pension and OPEB sources.

Pension and Other Postemployment Benefits: For purposes of measuring the net pension liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB 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.

For purposes of measuring the total OPEB liability and OPEB expense for the single employer health incurrence substantive plan. The measurement has been prepared in accordance with GASB Statement No. 75.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

New Accounting Pronouncements:

Accounting Standards Adopted in Fiscal Year 2022

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments 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 GASB 87, 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 effective July 1, 2021, for the June 30, 2022, reporting year.

The implementation of GASB 87 resulted in the following restatement as of July 1, 2021:

Capital assets-leased assets	$ 86,199
Lease obligations	(86,199)
Net position	$ -

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. The College adopted GASB 91 effective July 1, 2021, for the June 30, 2022, reporting year, which did not have a significant impact on the College's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). GASB 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The College adopted GASB 92 effective July 1, 2021, for the June 30, 2022, reporting year, which did not have a significant impact on the College's financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97). GASB 97 seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB 97 also seeks to mitigate reporting costs for certain defined-contribution, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Portions of GASB 97 were effective immediately for the June 30, 2020, reporting year. The College adopted sections of GASB 97 related to IRC Section 457 plans on July 1, 2021, for the June 30, 2022, reporting year, which did not have a significant impact on the College's financial statements.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

New Accounting Pronouncements, Continued:

Accounting Standards Adopted in Fiscal Year 2022, Continued

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98). GASB 98 establishes a new name and acronym for the comprehensive annual financial report, due to the previous acronym being objectionable in certain cultures. Consequently, the comprehensive annual financial report will now be titled the "Annual Comprehensive Financial Report" and use the "ACFR" acronym. The College adopted GASB 98 on July 1, 2021, for the June 30, 2022, reporting year, which did not have a significant impact on the College's financial statements.

Accounting Standards Issued Not Yet Adopted

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). GASB 93 is to address other accounting and financial reporting implications that result from the replacement of Interbank Offered Rates. The College will adopt GASB 93 effective July 1, 2022, for the June 30, 2023, reporting year. The College does not expect GASB 93 to have a significant impact on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The College will adopt GASB 94 effective July 1, 2022, for the June 30, 2023, reporting year. The College does not expect GASB 94 to have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The College will adopt GASB 96 effective July 1, 2022, for the June 30, 2023, reporting year. The College has not determined the impact of GASB 96 on the financial statements.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

New Accounting Pronouncements, Continued:

Accounting Standards Issued Not Yet Adopted, Continued

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

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

Subsequent Events: Management has evaluated subsequent events through October 26, 2022, the date which the financial statements were available to be issued. See Note P for a discussion of significant subsequent event.

NOTE B—DEPOSITS AND INVESTMENTS

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

Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The 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.

The College requires that balances on deposit with financial institutions, including trustees related to the College's bond indenture and capital lease agreements, be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations in the College's name.

At June 30, 2022, the carrying amount of the College's deposits was $17,124,200. This amount consisted of deposits with the State Treasurer of $17,120,383, net of outstanding checks, and $3,817 in restricted cash and cash equivalents on deposit with a financial institution at June 30, 2022.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool, *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in obligations of the U.S. government, its agencies and instrumentalities, including agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments, and foreign bonds. Various other investments, as allowed by law, may be added to the *OK INVEST* portfolio, as the State Treasurer determines, without formal revision to its policy statement. Amounts invested in *OK INVEST* totaled $12,084,952. For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents.

NOTE B—DEPOSITS AND INVESTMENTS—CONTINUED

Deposits—Continued: 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 which establish the framework for the day-to-day *OK INVEST* management, with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements and diversification percentages and specify the types and maturities of allowable investments. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity, as well as in U.S. government securities with a maturity of up to 10 years. *OK INVEST* maintains an overall weighted average maturity of no more than 4 years.

Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk.

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

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.

Cash equivalents on deposit with the Oklahoma State Regents' Endowment Trust fund at June 30, 2022, totaled $54,600. The Oklahoma State Regents for Higher Education holds for the College endowed gifts totaled $1,525,033. Any earnings distributed are to be used for the College's activities associated with the endowment program.

Credit Risk: All U.S. government obligations are held by the Federal Reserve Bank in the name of the College. Title 70, Section 4306 of the Oklahoma Statutes directs, authorizes, and empowers the College's Board of Regents to hold, invest, or sell donor-restricted endowments in a manner which is consistent with the terms of the gift as stipulated by the donor and with the provision of any applicable laws.

The Board of Regents has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the U.S. government and its agencies, certificates of deposit, and demand deposits. The Board of Regents has authorized endowment and similar funds to be invested in direct obligations of the U.S. government and its agencies, certificates of deposit, prime commercial paper, bankers' acceptances, demand deposits, corporate debt (no bond below a *Single A* rating by Moody's Investors Service or Standard & Poor's Corporation may be purchased), convertible securities, and equity securities.

NOTE C—ACCOUNTS RECEIVABLE

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

Student tuition and fees	$	10,102,861
Less: Allowance for doubtful accounts		(8,877,115)
	$	1,225,746

NOTE D—GRANTS RECEIVABLE AND OTHER RECEIVABLES

Grants and other receivables consist of the following at June 30, 2022:

Grants receivable	$	964,148
Loans receivable		190,518
Other receivables		11,625
	$	1,166,291

NOTE E—LOANS RECEIVABLE

The current balance of loans receivable consist primarily of Federal Direct Student Loans.

NOTE F—CAPITAL ASSETS

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

		(Restated) Beginning Balance	Increases	Retirements	Transfers	Ending Balance
Capital Assets not being depreciated:						
Land	$	1,387,060	-	-	-	1,387,060
Construction in Progress		-	107,782		-	107,782
Total Capital Assets not being depreciated	$	1,387,060	107,782	-	-	1,494,842
Capital Assets being depreciated:						
Land Improvements	$	1,870,413	101,748	-	-	1,972,161
Infrastructure		2,563,841	-	-	-	2,563,841
Buildings and Building Improvements		97,297,943	131,779	-	-	97,429,722
Leased Assets-Buildings, restated		9,506	-	-	-	9,506
Machinery & Equipment		19,714,967	89,716	-	-	19,804,683
Leased Assets-Equipment, restated		76,693	-	-	-	76,693
Total Capital Assets being depreciated, restated:	$	121,533,363	323,243	-	-	121,856,606
Less Accumulated Depreciation for:						
Land Improvements	$	1,311,164	80,209	-	-	1,391,373
Infrastructure		2,039,879	66,827	-	-	2,106,706
Buildings and Building Improvements		50,954,865	3,372,132	-	-	54,326,997
Accumulated Amortization-Leased Buildings		-	7,129	-	-	7,129
Machinery & Equipment		17,395,300	520,733	-	-	17,916,033
Accumulated Amortization-Leased Equipment		-	51,129	-	-	51,129
Total Accumulated Depreciation, net	$	71,701,208	4,098,159	-	-	75,799,367
Total Capital Assets being depreciated, net, restated	$	49,832,155	(3,774,916)	-	-	46,057,239
Capital Assets, net, restated	$	51,219,215	(3,667,134)	-	-	47,552,081

See Independent Auditors' Report.

NOTE G—FUNDS HELD IN TRUST BY OTHERS

The College has a beneficial interest in the "Section Thirteen Fund State Educational Institutions" and the "New College Fund," administered by the Commissioners of the Land Office, as trustees for the various educational institutions entitled thereto.

The College has the right to receive annually approximately 3.33% of the distributions of income produced by "Section Thirteen Fund State Education Institutions" assets and 100% of the distributions of income produced by the Northern Oklahoma College "New College Fund."

The College received $2,662,307, of share of earnings for the year ended June 30, 2022, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations restricted for capital purposes. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve (market value) for the College held in the trust by the Commissioners of the Land Office was $54,377,261 at June 30, 2022.

The College has pledged future revenues from the "Section Thirteen Fund State Educational Institutions" and the "New College Fund" as repayment on the master leases.

NOTE H—LONG TERM LIABILITIES

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

Long-term liabilities	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts Due Within One Year
Master Leases and Note Payable:					
2016G ODFA Master Lease	$ 12,572,502	-	(620,000)	11,952,502	641,667
2014D ODFA Master Lease	2,317,333	-	(267,500)	2,049,833	266,833
2014C ODFA Master Lease	7,152,165	-	(432,333)	6,719,832	460,000
2014A OCIA capital lease	5,187,842	-	-	5,187,842	483,598
2013 Capital One Note Payable	2,121,132	-	(460,501)	1,660,631	483,720
Premiums on master leases	783,864	-	(60,153)	723,711	60,153
Total Master Leases and Note Payable	30,134,838	-	(1,840,487)	28,294,351	2,395,971
Leases Payable:					
Lease obligations, restated	86,199	-	(58,221)	27,978	27,978
Total Leases Payable, restated	86,199	-	(58,221)	27,978	27,978
Other Liabilities:					
Accrued compensated absences	407,436	383,769	(407,436)	383,769	383,769
Total Other Liabilities	407,436	383,769	(407,436)	383,769	383,769
Total Long-term Liabilities, restated	$ 30,628,473	383,769	(2,306,144)	28,706,098	2,807,718

See Independent Auditors' Report.

NOTE I—MASTER LEASES AND NOTES PAYABLE

Oklahoma Capital Improvement Authority: The leases payable consist of bonds issued by the Oklahoma Capital Improvement Authority (OCIA) to build, improve and remodel facilities at various higher education and other institutions in Oklahoma. Funds are received from OCIA as needed to fund construction projects. The College's pro rata share of bonds has been recorded as leases payable.

Series 2010A and 2014A—The 2006 legislative session authorized the issuance of OCIA Bond Issue 2005F and 2005G, for which the College entered into a lease agreement with OCIA for a portion of these bond proceeds with varying terms of repayment.

In August 2010, the College's 2005F lease agreement with the OCIA was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The College's lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the College's lease agreement with OCIA was automatically restructured to secure the new bond issues. This lease restructuring had extended certain principal payments into the future.

In April 2014, the College's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues.

In August 2018, the College transferred a building, the North Classroom Building, to OSU. OSU also assumed $1,448,365 the related proportionate share of the College's original debt issued by OCIA Series 2005F, and the subsequent debt refinancing by OCIA Series 2010A&B and 2014A, that funded the construction of the North Classroom Building.

The scheduled principal and interest payments related to the OCIA Master Lease at June 30, 2022, are as follows:

Year ending June 30	Principal	Interest	Total
2023	$ 483,598	247,088	730,686
2024	508,179	223,787	731,966
2025	521,258	199,021	720,279
2026	543,319	177,005	720,324
2027	569,949	150,305	720,254
2028-2032	2,561,539	319,442	2,880,981
	$ 5,187,842	1,316,648	6,504,490

See Independent Auditors' Report.

NOTE I— MASTER LEASES AND NOTES PAYABLE —CONTINUED

Oklahoma Development Finance Authority:

In April 2014, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2014C in the amount of $9,856,000. Total lease payments over the term of the agreement, beginning May 15, 2014 through May 15, 2034, will be $14,162,748. Payments will be made monthly ranging from $26,868 to $29,551. Proceeds from the obligation will be used for the construction of dormitories on the Enid and Tonkawa campuses.

In July 2014, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2014D in the amount of $3,868,000. Total lease payments over the term of the agreement, beginning August 15, 2014 through May 15, 2029, will be $5,061,127. Payments will be made monthly ranging from $14,130 to $14,741. Proceeds from the obligation will be used for the construction of dormitories on the Enid and Tonkawa campuses.

In November 2016, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2016G in the amount of $15,159,000. Total lease payments over the term of the agreement, beginning December 15, 2016, will be $20,379,970. Payments will be made monthly ranging from $43,318 to $97,350. Proceeds from the obligation will be used for the construction of Stillwater Classroom Building.

Future minimum lease payments under the College's obligations to ODFA as of June 30, 2022, are as follows:

Year ending June 30	Principal	Interest	Total
2023	$ 1,428,653	732,485	2,161,138
2024	1,487,986	674,345	2,162,331
2025	1,542,736	616,387	2,159,123
2026	1,594,986	564,286	2,159,272
2027	1,652,653	509,695	2,162,348
2028-2032	8,019,793	1,706,927	9,726,720
2033-2037	5,719,071	459,380	6,178,451
	$ 21,445,878	5,263,505	26,709,383

See Independent Auditors' Report.

NOTE I— MASTER LEASES AND NOTES PAYABLE —CONTINUED

2013 Capital One—Energy Savings Improvements Note Payable—The College's lease agreement with Green Campus Partners, LLC is for financing of the performance contract for energy management improvements on the Tonkawa and Enid campuses. The lease was issued in May 2013 for an amount of $5,153,100 with an interest rate of 2.95% maturing in August 2025. The lease was then assigned to Capital One in 2013.

The scheduled principal and interest payments related to the capital lease as of June 30, 2022, are as follows:

	Direct Borrowing		
Year ending June 30	Principal	Interest	Total
2023	$ 483,720	43,696	527,416
2024	507,924	29,161	537,085
2025	532,738	13,904	546,642
2026	136,249	1,005	137,254
	$ 1,660,631	87,766	1,748,397

NOTE J— LEASES OBLIGATIONS

The College as a lessee, has entered into lease agreements involving outdoor billboard space and mailroom equipment. A summary of the College's lease terms and interest rates is as follows:

Annual installments ranging from $2,379 to $25,599
Imputed interest rates ranging from 0.24% to 0.33%
Due dates ranging from October 2022 to December 2022

The balance outstanding at June 30, 2022 was:	$ 27,978

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, the College made variable payments as required by lease agreements totaling $58,211.

Future annual lease payments are as follows:

	Principal	Interest	Total
Year ending June 30, 2023	$ 27,978	25	28,003
Total	$ 27,978	25	28,003

See Independent Auditors' Report.

NOTE K—EMPLOYEE RETIREMENT PLAN

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 or the "System"). 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/TRS.

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 5 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 3 highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest 5 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.

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Benefits Provided—Continued:

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

- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

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

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

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 7.7% 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 L. Contributions to the pension plan from the College were $1,394,704 for the year ended June 30, 2022. The State of Oklahoma also made on-behalf contributions to OTRS, of which $778,476 was recognized by the College for the year ended June 30, 2022; 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 $14,361,969 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 for the year ended June 30, 2021. Based upon this information, the College's proportion was 0.2811%.

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

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

For the year ended June 30, 2022, the College recognized pension expense of $445,276. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 946,987	534,073
Changes of assumptions	2,234,142	143,027
Net difference between projected and actual earnings on pension plan investments	-	7,459,433
Changes in College's proportionate share of contributions	56,295	1,972,729
Differences between College contributions and proportionate share of contributions	19,839	3,262
College contributions subsequent to the measurement date	1,394,704	-
Total	$ 4,651,967	10,112,524

The $1,394,704 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 (benefit) as follows:

Year ended June 30:	
2023	$ (1,757,265)
2024	(1,231,295)
2025	(1,312,022)
2026	(2,470,833)
2027	(83,846)
Total	$ (6,855,261)

See Independent Auditors' Report.

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Actuarial Assumptions: The net 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 Normal
- Inflation—2.25%
- Future Ad Hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increase 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 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.

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.50%	4.30%
International equity	19.00%	5.20%
Fixed income	22.00%	0.40%
Real estate*	9.00%	4.30%
Alternative assets	6.50%	6.50%
	100.00%	

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

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Discount Rate: A single discount rate of 7.0% 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 7.0%. 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 5 years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the College calculated using the discount rate of 7.0%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's net pension liability	$ 23,474,874	$ 14,361,969	$ 6,817,721

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.

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS

The College participates in two employee other post-employment benefit plans as described:

Name of Plan/System	Type of Plan
Supplemental Health Insurance Program (OTRS)	Cost Sharing Multiple Employer – Defined Benefit Plan
NOC Employee Health Plan	Single Employer – Defined Benefit Plan

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

A summary of all the amounts recorded in the College's financial statements for the plans is as follows:

		Plan Totals
Net OPEB Asset:		
Supplemental Health Insurance Plan	$	358,061
Total	$	358,061
Total OPEB Liability:		
NOC Employee Health Plan	$	2,667,254
Total	$	2,667,254
Deferred Outflows of Resources:		
Supplemental Health Insurance Plan	$	80,439
NOC Employee Health Plan		790,382
Total	$	870,821
Deferred Inflows of Resources:		
Supplemental Health Insurance Plan	$	260,422
NOC Employee Health Plan		870,805
Total	$	1,131,227
OPEB (Benefit) Expense:		
Supplemental Health Insurance Plan	$	(50,764)
NOC Employee Health Plan		195,089
Total	$	144,325

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 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.

Contributions—Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in NOTE K; 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 $17,240.

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

OPEB 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 $358,061 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 0.2811%.

For the year ended June 30, 2022, the College recognized OPEB benefit of $50,764. 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	$ -	$ 56,057
Changes of assumptions	48,669	-
Net difference between projected and actual earnings on OPEB plan investments	-	192,039
Changes in proportion	7,680	182
Contributions during measurement date	6,850	12,144
College benefit payments subsequent to the measurement date	17,240	-
Total	$ 80,439	$ 260,422

There was $17,240 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 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 (benefit) expense as follows:

Year ended June 30:	
2023	$ (49,989)
2024	(41,881)
2025	(44,071)
2026	(58,448)
2027	(2,059)
Thereafter	(775)
Total	$ (197,223)

See Independent Auditors' Report.

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

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

- Actuarial cost method—Entry Age Normal
- Inflation—2.25%
- Future Ad Hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increase 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 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.
- Healthcare cost trend rate—not applicable, as the benefit provided is a set dollar amount not impacted by healthcare costs.

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.50%	4.30%
International equity	19.00%	5.20%
Fixed income	22.00%	0.40%
Real estate*	9.00%	4.30%
Alternative assets	6.50%	6.50%
	100.00%	

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

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

Discount Rate—A single discount rate of 7.0% was used to measure the total OPEB asset as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset. The projection of cash flows used to determine this single discount rate assumed that plan member and College 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 5 years of actual contributions.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate—The following presents the net OPEB asset of the College calculated using the discount rate of 7.0%, as well as what the College's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's net OPEB asset	$ (230,036)	$ (358,061)	$ (466,542)

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 obtained at www.ok.gov/TRS.

NOC Employee Health Plan:

Plan Description—The College's defined benefit OPEB plan, NOC Employee Health Plan, provides OPEB to eligible retirees and their dependents. The College's Board of Regents 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 OKHEEI. The College pays the full contribution rate for the retiree's coverages and for any other elected dependent dental and vision coverages if they have retired from OTRS under the Rule of 80 or 90. An employee who chooses to exercise the personal early retirement option at age 58 or older and with at least 15 years of consecutive service may request health and dental be continued with the College covering 50% of the premiums. 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	229
Inactives or beneficiaries currently receiving benefit payments	3
Total	232

See Independent Auditors' Report.

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

NOC Retiree Benefit Plan—Continued:

Total OPEB Liability—The College's total OPEB liability of $2,667,254 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions—The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions. The projections were based on the census information, benefit schedules, and costs from the June 30, 2022 actuarial valuation.

- Actuarial Cost Method - Entry Age Normal Level Percentage of Projected Salary
- Inflation – 2.50%
- Salary Scale - 3.25%
- Discount Rate – 3.54%, based on June 30, 2022, published Bond Pay Go-20 bond index
- Retirement Age - Retirement rates are as shown below and they are based on the College's actual retirement experience in 2012 through 2017.

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%

- Turnover Rates - Developed from assumptions used in the actuarial valuation of the OTRS.
- Healthcare cost trend rates - Level 4.50%
- Average per capita claim cost - Range from age 50 of $12,132 to age 64 of $18,351
- Mortality Rates - RPH-2014 Total Table with Projection MP-2021
- Coverage - 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have individual coverage will continue with individual coverage upon normal retirement age. It is assumed that 30% will continue with individual coverage upon qualifying for early retirement.

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

<u>NOC Retiree Benefit Plan—Continued</u>:

<u>Changes in Total OPEB Liability</u>—The following table reports the components of changes in total OPEB liability for 2022:

	Total OPEB Liability
Balance, beginning of year	$ 2,113,161
Changes for the Year:	
Service cost	144,183
Interest expense	48,123
Change in assumptions	(365,470)
Differences between expected and actual experience	786,078
Benefits paid	(58,821)
Net Changes	554,093
Balance, end of year	$ 2,667,254

<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>—The following presents the total OPEB liability of the College calculated using the discount rate of 3.54%, 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 (2.54%) or 1 percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
College's total OPEB liability	$ 2,930,098	$ 2,667,254	$ 2,421,543

<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 4.50%, 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 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase (5.50%)
College's total OPEB liability	$ 2,314,862	$ 2,667,254	$ 3,090,310

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

NOC Retiree Benefit Plan—Continued:

OPEB Expense—For the year ended June 30, 2022, the College recognized OPEB expense of $ $195,089. The College also 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	$ 692,198	40,240
Changes of assumptions	98,183	830,565
Total	$ 790,381	870,805

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

Year ended June 30:	
2023	$ 2,783
2024	2,783
2025	2,783
2026	2,783
2027	(714)
Thereafter	(90,842)
Total	$ (80,424)

NOTE M—RELATED PARTY TRANSACTIONS

Based upon an exchange of service agreement, the College provides the Foundation with the necessary staffing and office space at no cost to the Foundation. In exchange, the College receives scholarships, funds for capital improvement, and other services from the Foundation. Substantially all expenses are for the benefit of the students, faculty, or activities of the College. Transactions between the Foundation and the College are covered under a written agreement between the Foundation and the College. Under this agreement, the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the College. The Foundation has recorded in-kind contributions received from the College in the amount of $234,300 for the year ended June 30, 2022.

During the year ended June 30, 2022, the Foundation awarded scholarships totaling approximately $197,000 to students of the College. The Foundation also made one time contribution of $200,000 to the College's library renovation project.

NOTE N—RISK MANAGEMENT, COMMITMENTS AND CONTINGENCIES

Risk Management:

The College is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the 3 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 worker's compensation insurance coverage. The Oklahoma Risk Management Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

Grants and Contracts: The College conducts certain programs pursuant to various grants and contracts which are subject to audit by federal and state agencies. Costs questioned as a result of these audits, if any, may result in refunds to these government agencies from various sources of the College.

The College participates in the Federal Direct Student Loan Program (Direct Loan Program). The Direct Loan Program requires the College to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the Direct Loan Program. Failure to perform such functions may require the College to reimburse the U.S. Department of Education. For the year ended June 30, 2022, approximately $4,746,000 of Direct Loan Program loans were provided to College students.

Grant from Enid Economic Development Authority: In June 1999, the College received assistance from the Enid Economic Development Authority (the "Authority") to accomplish the purchase of the Phillips College Campus in Enid. The assistance from the Authority is conditional. The College is required to utilize the facilities primarily for higher education to benefit the Enid area and is restricted from selling the campus. If the campus is sold, the College must repay the full amount of the assistance received, $1,906,250, back to the Authority. A portion of the assets may be sold if proceeds are used for maintenance or improvement of facilities or used to fund academic programs or scholarships.

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

The Foundation is a tax-exempt organization established and organized exclusively for the benefit of the educational, literacy and scientific activities of the College. The principal function of the Foundation is to promote the College and the welfare of its programs and students by providing scholarships, loans and other awards to students, faculty, and staff as deemed appropriate.

The Board of Trustees, which governs the Foundation, is separate and distinct from the Board of Regents, the governing body of the College.

The financial statements of the Foundation included in this report were prepared on an accrual basis of accounting for the year ended June 30, 2022. The stand-alone financial statements of the Foundation were prepared in accordance with Financial Accounting Standards Board not-for-profit financial statement reporting standards, and the Foundation's stand-alone financial statements have been modified as required to conform their financial presentation to a governmental reporting format.

The assets of the Foundation as presented in the accompanying financial statements are in the form of cash and cash equivalents of $666,386, accounts receivable of $3, and investments of $13,474,371. The cash and cash equivalent balances are generally in the form of checking accounts and savings accounts and at June 30, 2022, were substantially covered by FDIC insurance. The investment balances are generally held in domestic and international debt securities.

The net position of the Foundation is generally subject to donor-imposed stipulations, and $7,707,112 of the net position of the Foundation is permanently restricted endowment funds. Earnings on the endowment funds are generally restricted for use in various scholarship and lectureship programs.

Separately issued audited financial statements of the Foundation are available upon request.

NOTE P—SUBSEQUENT EVENT

During September 2022, the College received a letter from the Department of Education notifying the College that the Department intends to impose a fine based on the College's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act.

The College has engaged legal counsel to respond to the Department of Education's action. The financial impact of this issue is unknown at this time.

NORTHERN OKLAHOMA COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA TEACHERS RETIREMENT SYSTEM
*Last 8 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.2811%	0.2977%	0.2967%	0.3273%	0.3358%	0.3331%	0.2938%	0.3175%
College's proportionate share of the net pension liability	$ 14,361,969	28,252,540	19,638,818	19,782,569	22,233,062	27,801,245	14,443,133	17,080,072
College's covered-employee payroll	$ 14,138,719	14,643,804	14,385,295	14,484,300	14,650,947	14,796,716	14,210,434	13,269,725
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102%	193%	137%	137%	152%	188%	102%	129%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

Notes to Schedule:

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

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM

Last 8 Fiscal Years

	2022	2021	2020	2019	2018	*2017	2016	2015
Contractually required contribution	$ 1,394,704	1,398,912	1,447,432	1,399,937	1,401,073	1,381,540	1,415,272	1,375,036
Contributions in relation to the contractually required contribution	1,394,704	1,398,912	1,447,432	1,399,937	1,401,073	1,381,540	1,415,272	1,375,036
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-
College's covered-employee payroll	$ 14,243,048	14,138,719	14,643,804	14,385,295	14,484,300	14,650,947	14,796,716	14,210,434
Contributions as a percentage of covered-employee payroll	9.79% **	9.89% **	9.88% **	9.73% **	9.67% **	9.43%	9.56%	9.68%

Notes to Schedule:

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

*Contribution amount restated due to implementation of GASB Statement No. 75

**The College implemented GASB 75 for OPEB effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68 contribution to OTRS. When combined with the supplemental health insurance plan percentage for OPEB contributions to OTRS, the total amount contributed to OTRS was approximately 10%.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
SUPPLEMENTAL HEALTH INSURANCE PROGRAM—OTRS

*Last 5 Fiscal Years **

	2022	2021	2020	2019	2018
College's proportion of the net OPEB asset	0.2811%	0.2977%	0.2967%	0.3273%	0.3358%
College's proportionate share of the net OPEB asset	$ 358,061	29,488	183,505	211,523	149,739
College's covered-employee payroll	$ 14,138,719	14,643,804	14,385,295	14,484,300	14,650,947
College's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	2.53%	0.20%	1.28%	1.46%	1.02%
Plan fiduciary net position as a percentage of the total OPEB asset	129.91%	102.30%	115.07%	115.41%	110.40%

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

Notes to Schedule:

Information to present a 10 year history is not readily available

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE PROGRAM—OTRS

Last 6 Fiscal Years

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 17,240	2,635	2,726	9,443	22,246	21,936
Contributions in relation to the contractually required contribution	17,240	2,635	2,726	9,443	22,246	21,936
Contribution deficiency (excess)	$ -	-	-	-	-	-
College's covered-employee payroll	$ 14,243,048	14,138,719	14,643,804	14,385,295	14,484,300	14,650,947
Contributions as a percentage of covered-employee payroll	0.12%	0.02%	0.02%	0.07%	0.15%	0.15%

Notes to Schedule:

Information to present a 10 year history is not readily available

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
NOC EMPLOYEE HEALTH PLAN

Last 5 Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 144,183	144,183	166,452	166,452	166,452
Interest	48,123	47,104	67,464	56,962	63,759
Change in assumptions	(365,470)	11,943	37,679	100,090	22,861
Differences between expected and actual experience	786,078	(55,282)	-	-	(835,736)
Benefit payments, including refunds of member contributions	(58,821)	(43,989)	(46,944)	(16,974)	(9,430)
Net change in total OPEB liability	554,093	103,959	224,651	306,530	(592,094)
Total OPEB liability - beginning	2,113,161	2,009,202	1,784,551	1,478,021	2,070,115 *
Total OPEB liability - ending	$ 2,667,254	2,113,161	2,009,202	1,784,551	1,478,021
Covered-employee payroll	$ 14,243,048	14,138,719	14,643,804	14,385,295	14,484,300
Total OPEB liability as a percentage of covered-employee payroll	18.73%	14.95%	13.72%	12.41%	10.20%

Notes to Schedule:

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

The discount rates used for 2022, 2021, 2020, 2019 and 2018, were 3.54%, 2.16%, 2.21%, 3.50% and 3.88%, respectively.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE

INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS **AND**
THE UNIFORM GUIDANCE

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

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Northern Oklahoma College (the "College"), collectively 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 26, 2022. Our report includes a paragraph disclaiming an opinion on required supplementary information.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Finley + Cook, PLLC

Shawnee, Oklahoma
October 26, 2022

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

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Oklahoma 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 auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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.

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.

(Continued)

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

(Continued)

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

Report on Internal Control Over Compliance

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

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

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

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

Finley + Cook, PLLC

Shawnee, Oklahoma
October 26, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P202039/P063P212039	N/A	$ 4,651,695
Federal Supplemental Educational Opportunity Grant	84.007	P007A203430/P007A213430	N/A	179,234
Federal Direct Student Loan Program	84.268	P268K212039/P268K222039	N/A	4,745,745
Federal Work Study Program	84.033	P003A203430/P033A213430	N/A	67,614
Total Student Financial Assistance Cluster				9,644,288
Education Stabilization Fund Program:				
COVID-19 Higher Education Emergency Relief Fund—Student Aid Portion	84.425E	P425E202556	N/A	3,961,796
COVID-19 Higher Education Emergency Relief Fund—Institutional Portion	84.425F	P425F201803	N/A	72,424
COVID-19 Higher Education Emergency Relief Fund—Minority Serving Institutions	84.425L	P425L200443	N/A	2,423
Total Education Stabilization Fund Cluster				4,036,643
TRIO Cluster:				
Upward Bound	84.047A	P047A170123	N/A	333,556
Total TRIO Cluster				333,556
Career and Technical Education:				
Pass-Through Oklahoma Department of Career and Technology Education:				
Basic grants to states—Carl D. Perkins	84.048	CP-PS-1248	N/A	66,636

(Continued)

See Independent Auditors’ Report.
See accompanying notes to schedule of expenditures of federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CONTINUED

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
U.S. Department of Education, Continued:				
United States Department of Education—Other Programs:				
Strengthening Minority-Serving Institutions (NASNTI)	84.382C	P382C210003/ P382C1600014-201	N/A	325,144
Total Other Programs				325,144
Total U.S. Department of Education				14,406,267
U.S. Department of Human Services:				
Passed through OSRHE:				
Temporary Assistance to Need Families	93.558	310559	N/A	160,327
Scholars for Excellence in Child Care	93.575	1936002309	N/A	160,921
Total OSRHE				321,248
Total U.S. Department of Human Services				321,248
Corporation for National and Community Service				
Americorps	94.006	N/A	N/A	13,433
Total Corporation for National and Community Service				13,433
Total expenditures of federal awards				$ 14,740,948

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal awards activity of Northern Oklahoma College (the "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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position, or cash flows of the College.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C—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 D—SUBRECIPIENTS

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

NOTE E—INDIRECT COST RATE

The College has a Negotiated Indirect Cost Rate Agreement issued by the U.S. Department of Health and Human Services as of October 14, 2014. The negotiated rate of 31.9% was applied in accordance with the Agreement for the year ended June 30, 2022, except that certain grants limited the rate charged.

See Independent Auditors' Report.

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ☐ **Yes** ☑ **No**

Significant deficiency(ies) identified? ☐ **Yes** ☑ **None Reported**

Noncompliance material to financial statements noted? ☐ **Yes** ☑ **No**

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ **Yes** ☑ **No**

Significant deficiency(ies) identified? ☐ **Yes** ☑ **None Reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ **Yes** ☑ **No**

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.063, 84.007, 84.268, and 84.033	**Student Financial Assistance Cluster**
84.425E, 84.425F, and 84.425L	**Education Stabilization Fund Program: COVID-19—Higher Education Emergency Relief Fund**

Dollar threshold used to distinguish between type A and type B programs: **$750,000**

Auditee qualified as low-risk auditee? ☑ **Yes** ☐ **No**

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

NORTHERN OKLAHOMA COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

No findings were noted for the year ended June 30, 2021.