

TULSA COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

FINANCIAL STATEMENTS
June 30, 2023

TULSA COMMUNITY COLLEGE

FINANCIAL STATEMENTS
June 30, 2023

CONTENTS

INTRODUCTORY SECTION

| | |
|---|---|
| TRANSMITTAL LETTER..... | 1 |
| INDEPENDENT AUDITOR'S REPORT | 3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS..... | 6 |

FINANCIAL STATEMENTS

| | |
|---|----|
| STATEMENT OF NET POSITION – COLLEGE | 13 |
| STATEMENT OF FINANCIAL POSITION – FOUNDATION..... | 15 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – COLLEGE..... | 16 |
| STATEMENT OF ACTIVITIES – FOUNDATION | 17 |
| STATEMENT OF FUNCTIONAL EXPENSES – FOUNDATION | 18 |
| STATEMENT OF CASH FLOWS – COLLEGE..... | 19 |
| STATEMENT OF CASH FLOWS – FOUNDATION | 21 |
| NOTES TO FINANCIAL STATEMENTS | 22 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|----|
| SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OTRS | 52 |
| SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS - OTRS..... | 53 |
| SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREE HEALTH..... | 54 |

SUPPLEMENTARY INFORMATION

| | |
|--|----|
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 55 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS..... | 57 |

| | |
|--|----|
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 58 |
|--|----|

| | |
|--|----|
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE..... | 60 |
|--|----|

| | |
|---|----|
| SCHEDULE OF FINDINGS AND QUESTION COSTS | 63 |
|---|----|



**OFFICE OF THE PRESIDENT & CEO
LEIGH B. GOODSON, Ph.D.**

**Tulsa Community College
Annual Financial Report
Year Ended June 30, 2023**

Members of the Board of Regents,

I am pleased to submit the Annual Financial Report for Fiscal Year 2023 to the Board and the citizens of Tulsa County. This document presents the record of Tulsa Community College's financial operations.

TCC provides exceptional higher education for approximately 20,000 students annually (Summer-Fall-Spring) in Tulsa and the surrounding area through credit, transfer, workforce development, concurrent enrollment and continuing education, including 102 degree and certificate programs for the 2022-2023 academic year.

In fiscal year 2023, TCC conferred 2,811 degrees and certificates upon 2,432 students. This total number of credentials conferred is a 22.2% increase to fiscal year 2016 (2,300). TCC continues to be a leader in providing higher education as the third largest institution in the state.

TCC is an active founding member of the Tulsa Higher Education Consortium, established in June 2021 and made possible by the Charles and Lynn Schusterman Family Philanthropies. Many TCC departments including International Student Services, Institutional Research, Prospective Student Services, Marketing, and University Transfer have been engaged in Consortium-led Communities of Practice with partners Rogers State University, Oklahoma State University-Tulsa, University of Oklahoma-Tulsa, University of Tulsa, Langston University, Northeastern State University and Southern Nazarene University-Tulsa. These communities of practices continue to have a major impact on higher education access in the Tulsa region, and more collaborative work is on the horizon in 2024.

The University Transfer Office also concluded its work of the Equity Transfer Initiative through the American Association of Community Colleges with partners NSU and OSU-Tulsa. This project led to several successful events and faculty and advisor collaborations in 2022-2023, including a joint marketing campaign featuring TCC students and highlighting high-impact careers in the Tulsa area. College Park, a partnership of OSU-Tulsa and TCC, entered its second year and launched a new major: Engineering. Students can now complete a Business, Psychology or Engineering associate degree at TCC and transfer seamlessly into one of 12 bachelor's degree options at OSU-Tulsa. The first cohort of College Park students (11 total) graduated from TCC in Spring 2023.

The University Transfer Office also continues to increase the scope and impact of academic partnerships with regional universities. In 2022-2023, TCC signed 152 transfer pathways to bachelor's degree programs to support students in their path to a four-year degree.

TCC is a key resource in responding to the workforce preparation needs of Tulsa's business community, with 15 percent of our students choosing to enroll in one of numerous workforce development programs, according to our 2022 Fall End of Term Enrollment Report. A robust collection of STEM-related degrees makes TCC a vital resource in preparing graduates for Oklahoma's growing science, technology, manufacturing, engineering, and aviation/aerospace sectors.

As part of the College's commitment to develop the whole student, engagement with the community is a priority. TCC has encouraged students to engage in service-learning as part of their college experience since 1994. In the years since, TCC students have contributed thousands of hours in community service to organizations in the Tulsa area. Tulsa Achieves students, who are required to perform 40 hours of community service annually to maintain program eligibility, have given more than 936,660 hours as volunteers in the community since 2007.

The TCC Foundation, an invaluable partner and ally for the College, supports students, faculty, and staff each year with scholarships and resources. Much of the funding comes from the Foundation's annual Vision Dinner. At Vision Dinner 2022, more than \$460,000 was raised, which included more than \$50,000 given to the Vision Dinner Scholarship fund during the event. In addition, the year's event recognized three honorees – a TCC graduate, a TCC Trustee and a former TCC Regent. Other sources of funding include private donations from corporate partners, individuals, family foundations and employee giving. During the fiscal year 2022-23, the Foundation funded more than \$3,700,000 in projects and programs, in addition to awarding more than \$460,000 in scholarships.

I would like to express my appreciation for the continued support of the community, members of the TCC Board of Regents, Trustees of the TCC Foundation, and members of TCC's faculty and staff. Their dedication to TCC will continue to help us make our vision of an educated, employed, and thriving community a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "Lh Goodson". The signature is fluid and cursive, written over a light blue horizontal line.

Leigh B. Goodson, Ph.D.
President and CEO

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Tulsa Community College
Tulsa, Oklahoma

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and discretely presented component unit of Tulsa Community College (the College), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Tulsa Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the College has adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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.

Required Supplementary Information

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

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Crowe LLP

Indianapolis, Indiana
October 27, 2023

Overview of the Financial Statements and Financial Analysis

The following management's discussion and analysis of the financial performance of Tulsa Community College (the College) provides an overview of the College's financial activities for the fiscal year ended June 30, 2023. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's financial statements.

The objective of the management's discussion and analysis is to help readers of the College's financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2023. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Comparative information for the year ended June 30, 2022 has also been provided in this discussion.

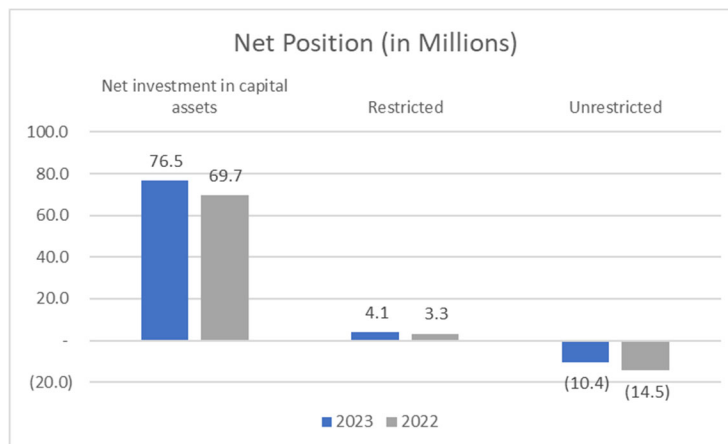
Statement of Net Position

The statement of net position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of the end of the fiscal year. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of the College. The difference between current and noncurrent assets is discussed in the notes to financial statements. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions.

Net Position – The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is one way to measure the College's financial health or position. Over time, changes in the College's net position are an indicator of its overall financial health. Nonfinancial factors are also important to consider, including student recruitment, enrollment, and retention and the condition of campus facilities.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment, net of related debt. The next category, restricted net position, provides the College's assets that must be spent for purposes as determined by donors and/or external entities. Unrestricted net position is available to the College for any lawful purpose of the institution.

The College's financial position, as a whole, increased during the fiscal year ended June 30, 2023. Net position increased \$11.7 million from June 30, 2022 to June 30, 2023.



(Continued)

TULSA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2023 (in millions):

| | <u>2023</u> | <u>2022</u> | <u>\$ Change from 2022</u> |
|---------------------------------------|----------------|----------------|--------------------------------|
| Assets | | | |
| Current assets | \$ 85.4 | \$ 77.0 | \$ 8.4 |
| Capital assets, net | 95.3 | 91.5 | 3.8 |
| Other | <u>6.4</u> | <u>10.7</u> | <u>(4.3)</u> |
| Total assets | <u>187.1</u> | <u>179.2</u> | <u>7.9</u> |
| Deferred Outflows of Resources | <u>29.8</u> | <u>26.4</u> | <u>3.4</u> |
| Liabilities | | | |
| Current liabilities | 19.1 | 18.4 | 0.7 |
| Noncurrent liabilities | <u>122.1</u> | <u>86.6</u> | <u>35.5</u> |
| Total liabilities | <u>141.2</u> | <u>105.0</u> | <u>36.2</u> |
| Deferred Inflows of Resources | <u>5.5</u> | <u>42.1</u> | <u>(36.6)</u> |
| Net Position | | | |
| Net investment in capital assets | 76.5 | 69.7 | 6.8 |
| Restricted | 4.1 | 3.3 | 0.8 |
| Unrestricted | <u>(10.4)</u> | <u>(14.5)</u> | <u>4.1</u> |
| Total net position | <u>\$ 70.2</u> | <u>\$ 58.5</u> | <u>\$ 11.7</u> |

Total assets of the College increased \$7.9 million from June 30, 2022. The College's unrestricted cash and cash equivalents at June 30, 2023, totaled \$71.6 million compared to \$51.9 million at June 30, 2022. *Note 2* of the financial statements provides additional information regarding cash and cash equivalents asset activities and balances.

Total liabilities of the College increased \$36.2 million from June 30, 2022, while net pension liability increased \$36.0 million from July 1, 2022 to June 30, 2023. This change in the net pension liability also contributed to the \$3.4 million increase in deferred outflows of resources and the \$36.6 million decrease in deferred inflows of resources. *Note 7* of the financial statements provides additional information regarding the OTRS pension plan.

(Continued)

TULSA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is used to display the sources and uses of funds of the College during the fiscal year. This information must be viewed over a period of time to determine if the goals of the institution are being met. Public institutions will normally not have an excess of operating revenues over operating expenses as state appropriations are considered nonoperating revenues under generally accepted accounting principles.

| | <u>2023</u> | <u>2022</u> | <u>\$ Change from 2022</u> |
|---------------------------------------|----------------|----------------|--------------------------------|
| Operating revenues | \$ 42.7 | \$ 41.2 | \$ 1.5 |
| Operating expenses | <u>152.0</u> | <u>151.9</u> | <u>0.1</u> |
| Operating loss | (109.3) | (110.7) | 1.4 |
| Nonoperating revenues and expenses | <u>118.0</u> | <u>133.5</u> | <u>(15.5)</u> |
| Income before other appropriations | 8.7 | 22.8 | (14.1) |
| Other appropriations | <u>3.0</u> | <u>5.8</u> | <u>(2.8)</u> |
| Increase in net position | <u>\$ 11.7</u> | <u>\$ 28.6</u> | <u>\$ (16.9)</u> |

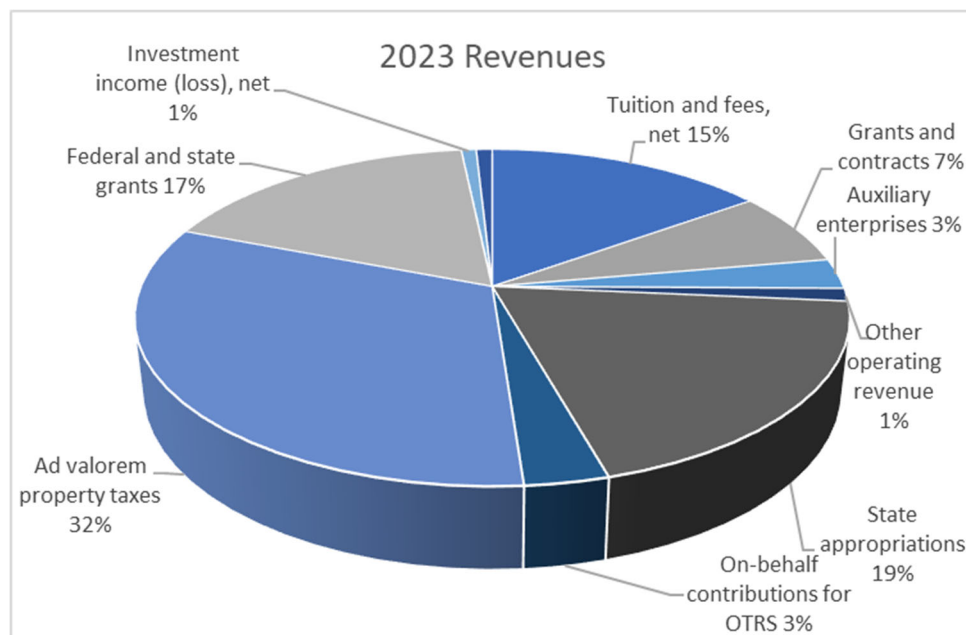
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TULSA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Statement of Revenues

The following table and chart illustrate the revenue streams for the College. To highlight the major sources: 19% is comprised of state appropriations; 32% is ad valorem property taxes; 18% is nonoperating federal and state grants and contracts; and 28% is operating revenue including tuition and fees, auxiliary enterprises, and operating federal and state grants and contracts for the year ended June 30, 2023. The College continues to make revenue diversification an ongoing priority, along with cost containment. This is necessary as the College continues to face financial pressure with uncertain state budget projections, uncertain enrollment projections, and increased compensation and benefit costs.

| | <u>2023</u> | <u>2022</u> | <u>\$ Change from 2022</u> |
|--|-----------------|-----------------|--------------------------------|
| Operating revenues | | | |
| Tuition and fees, net | \$ 24.4 | \$ 23.8 | \$ 0.6 |
| Grants and contracts | 11.6 | 10.3 | 1.3 |
| Auxiliary enterprises | 4.7 | 4.4 | 0.3 |
| Other operating revenue | <u>2.0</u> | <u>2.7</u> | <u>(0.7)</u> |
| Total operating revenues | 42.7 | 41.2 | 1.5 |
| Nonoperating revenues | | | |
| State appropriations | 31.0 | 28.9 | 2.1 |
| On-behalf contributions for OTRS | 5.2 | 3.5 | 1.7 |
| Ad valorem property taxes | 51.8 | 48.6 | 3.2 |
| Federal and state grants | 28.2 | 53.6 | (25.4) |
| Gain on disposal of assets | 1.4 | - | 1.4 |
| Interest expense on capital-related debt | (0.9) | (0.8) | (0.1) |
| Investment income, net | <u>1.3</u> | <u>(0.3)</u> | <u>1.6</u> |
| Nonoperating revenues | <u>118.0</u> | <u>133.5</u> | <u>(15.5)</u> |
| Total revenues | <u>\$ 160.7</u> | <u>\$ 174.7</u> | <u>\$ (14.0)</u> |



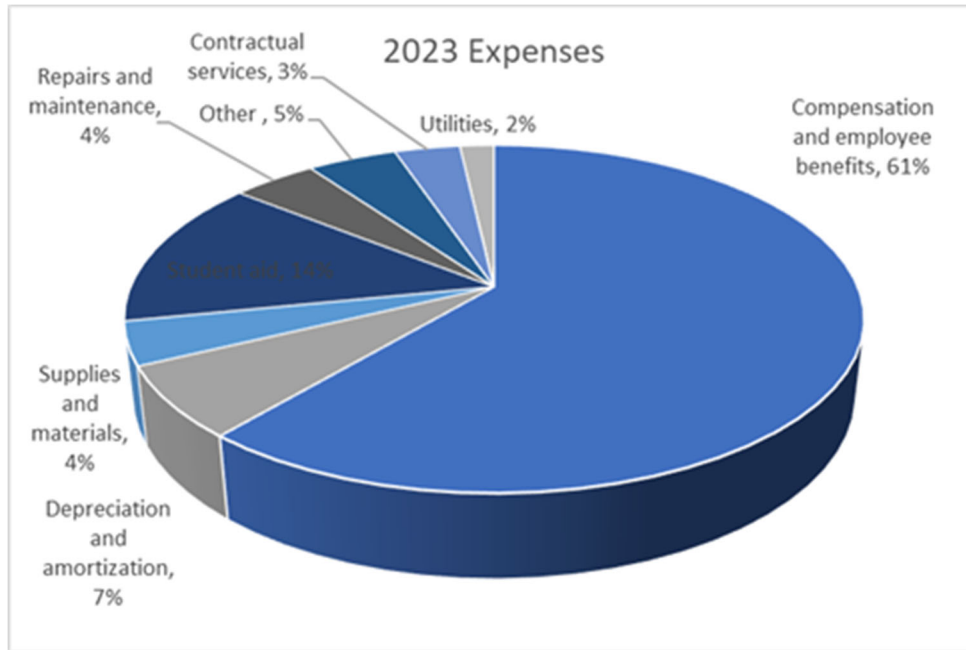
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TULSA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Statement of Expenses

A summary of the College's expenses for the years ended June 30, 2023, can be viewed below. Compensation and employee benefits accounted for approximately 61% of total expenses compared to 55% of total expenses for the prior year.

| | <u>2023</u> | <u>2022</u> | <u>\$ Change from 2022</u> |
|----------------------------------|-----------------|-----------------|--------------------------------|
| Operating expenses | | | |
| Compensation and employee | | | |
| Benefits | \$ 93.0 | \$ 84.6 | \$ 8.4 |
| Contractual services | 5.2 | 4.5 | 0.7 |
| Supplies and materials | 6.1 | 4.9 | 1.2 |
| Depreciation and amortization | 10.1 | 7.6 | 2.5 |
| Rental expenses | 1.9 | 2.6 | (0.7) |
| Utilities | 2.7 | 2.4 | 0.3 |
| Repairs and maintenance | 6.7 | 6.4 | 0.3 |
| Student aid | 21.1 | 34.9 | (13.8) |
| Other operating expenses | <u>5.2</u> | <u>4.0</u> | <u>1.2</u> |
| Total operating expenses | 152.0 | 151.9 | 0.1 |
| Nonoperating expenses | | | |
| Interest on capital-related debt | <u>0.9</u> | <u>0.8</u> | <u>0.1</u> |
| Total expenses | <u>\$ 152.9</u> | <u>\$ 152.7</u> | <u>\$ 0.2</u> |



(Continued)

TULSA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of the College during the year. It also aids in the assessment of the College's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

The College's overall liquidity increased during the current year, with a net increase to cash and cash equivalents of \$21.7 million. The increase is related to a decrease in net cash used in operating activities compared to the prior year.

The following table summarizes the College's cash flows for the years ended June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> | <u>\$ Change from 2022</u> |
|---|----------------|----------------|--------------------------------|
| Net Cash Provided by (Used in) | | | |
| Operating activities | \$ (84.9) | \$ (112.5) | \$ 27.6 |
| Noncapital financing activities | 110.6 | 130.8 | (20.2) |
| Capital and related financing activities | (13.3) | (9.6) | (3.7) |
| Investing activities | <u>9.3</u> | <u>0.1</u> | <u>9.2</u> |
| Increase in Cash and Cash Equivalents | 21.7 | 8.8 | 12.9 |
| Cash and Cash Equivalents, Beginning of Year | <u>54.4</u> | <u>45.6</u> | <u>8.8</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 76.1</u> | <u>\$ 54.4</u> | <u>\$ 21.7</u> |

Cash used in operating activities during fiscal year 2023 of \$84.9 million decreased \$27.6 million (24.5%) when compared to the prior year (\$112.5 million). Major sources of operating funds were tuition and fees (\$24.4 million), grants and contracts (\$24.7 million), and auxiliary enterprises (\$4.7 million), which were offset by payments for compensation and benefits (\$92.3 million) and payments to suppliers and other operating payments (\$48.5 million).

Cash provided by noncapital financing activities during fiscal year 2023 of \$110.6 million decreased by \$20.2 million compared to the prior year (\$130.8 million). Major sources of noncapital financing activities were state appropriations (\$31.0 million), ad valorem property taxes received (\$51.5 million), and federal and state (\$28.2 million).

Cash used in capital and related financing activities during fiscal year 2023 of \$13.3 million decreased by \$3.7 million when compared to the prior year (\$9.6 million). Major sources of capital and related financing activities were capital appropriations received (\$1.7 million) and proceeds from the sale of assets (\$1.5 million) which were offset by purchases of capital assets (\$17.2 million) and principal and interest payments on capital debt and leases (\$5.0 million).

Cash provided by (used in) investing activities during fiscal year 2023 of \$9.3 million increased by \$9.2 million when compared to the prior year (\$0.1 million). The increase is related to the sale of investments (\$8 million) combined with interest received (\$1.3 million).

(Continued)

Capital Assets

Capital assets, net increased \$3.8 million during the year ended June 30, 2023. This is mostly related to additions during the year, offset with depreciation and amortization expense of \$10.1 million. Major additions include HVAC and boiler installations, improved door controls, and camera upgrades at all campuses.

Long-Term Debt Activity

There was no new long-term debt activity during the year ended June 30, 2023 other than principal and interest payments being made and a new lease liability related to the implementation of GASB Statement No.96. See Note 1 of the basic financial statements for more details on the impact of the implementation.

COVID-19

As a result of the COVID-19 pandemic, the College moved all spring 2020 and summer 2020 in-person classes to online learning. The College transitioned back to in person and blended learning in fall 2020. The College was awarded \$61.2 million of funds through the Higher Education Emergency Relief Fund (HEERF) for emergency grants to students and to cover institutional costs associated with significant changes to the delivery of instruction due to COVID-19. The awarded amount of \$61.2 million has been fully utilized as of June 30, 2023.

Economic Outlook

Management believes the College has a solid financial foundation by which to continue accomplishing its mission of improving the community through intellectual achievement, creative energy, and responsible citizenship of its students, faculty, and staff by their engagement in teaching, learning and service opportunities that transform and enrich lives. The College's financial foundation permits the College to further its commitment to providing innovative, flexible, and affordable public higher education that responds to a dynamic global environment. The College's financial position has been strengthening over the last few years, including a \$11.7 million increase in net position in 2023. This strength is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting, which has improved the decision-making process. The local economy remains stable, including low unemployment and a strong real estate market. Management believes the College is well positioned to continue its focus through strategic investments that continue to improve student success in the form of better retention and graduation rates.

Acknowledgements

The College's financial statements are the responsibility of management. The preparation of the College's financial statements was made possible by the dedicated service of the Controller's Office personnel and others who have management's sincere appreciation.

TULSA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

Current assets

| | |
|---|------------------|
| Cash and cash equivalents (Note 2) | \$ 71,613,936 |
| Cash and cash equivalents – restricted (Note 2) | 4,450,066 |
| Investments – restricted (Note 2) | 1,389 |
| Accounts receivable, net (Note 3) | 5,406,451 |
| Property tax receivable (Note 12) | 1,538,064 |
| Federal and state grants receivable | 290,288 |
| Private grants receivable | 500,963 |
| Prepaid expenses | <u>1,556,673</u> |
| Total current assets | 85,357,830 |

Noncurrent assets

| | |
|--|--------------------|
| Investments (Note 2) | 267,549 |
| Property tax receivable (Note 12) | 864,983 |
| Net pension asset – SRP (Note 7) | 115,167 |
| Net OPEB asset – OTRS (Note 8) | 551,092 |
| Right-to-use leased assets, net (Note 4) | 804,413 |
| Subscription-based assets, net (Note 4) | 3,782,378 |
| Nondepreciable capital assets (Note 4) | 10,346,500 |
| Depreciable capital assets, net (Note 4) | <u>84,986,095</u> |
| Total noncurrent assets | <u>101,718,177</u> |

Total assets 187,076,007

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|-------------------|
| Deferred outflows – OTRS Pension (Note 7) | 29,322,022 |
| Deferred outflows – OTRS OPEB (Note 8) | 399,053 |
| Deferred outflows – Retiree Health OPEB (Note 8) | <u>78,039</u> |
| Total deferred outflows of resources | <u>29,799,114</u> |

Total assets and deferred outflows of resources \$ 216,875,121

See accompanying notes to financial statements.
(Continued)

TULSA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2023

LIABILITIES

Current liabilities

| | |
|---|----------------|
| Accounts payable | \$ 4,695,196 |
| Accrued liabilities | 3,091,183 |
| Accrued compensated absences | 2,186,300 |
| Interest payable | 21,756 |
| Unearned revenues | 4,907,733 |
| Long-term liabilities – current portion (Note 5) | 2,300,600 |
| Lease liabilities – current portion (Note 5) | 202,241 |
| Subscription-based liability – current portion (Note 5) | 1,487,597 |
| Deposits held in custody for others | <u>208,635</u> |
| Total current liabilities | 19,101,241 |

Noncurrent liabilities

| | |
|--|------------------|
| ODFA bonds (Note 5) | 10,164,043 |
| OCIA bonds (Note 5) | 6,598,210 |
| Lease liabilities – noncurrent portion (Note 6) | 481,274 |
| Subscription-based liability – noncurrent portion (Note 6) | 2,374,225 |
| Net pension liability – OTRS (Note 7) | 100,554,219 |
| Total OPEB liability – Retiree Health (Note 8) | <u>1,916,647</u> |
| Total noncurrent liabilities | 122,088,618 |

Total liabilities 141,189,859

DEFERRED INFLOWS OF RESOURCES

| | |
|---|----------------|
| Deferred inflows – OTRS Pension (Note 7) | 4,944,238 |
| Deferred inflows – OTRS OPEB (Note 8) | 221,537 |
| Deferred inflows – Retiree Health OPEB (Note 8) | <u>286,437</u> |
| Total deferred inflows of resources | 5,452,212 |

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 76,526,124 |
| Restricted – expendable: | |
| Capital | 2,048,568 |
| Grants | 2,018,058 |
| Debt service | <u>1,153</u> |
| Total restricted – expendable | 4,067,779 |
| Unrestricted | <u>(10,360,853)</u> |
| Total net position | 70,233,050 |

Total liabilities, deferred inflows and net position \$ 216,875,121

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

| | |
|-------------------------------|---------------|
| Cash and cash equivalents | \$ 6,837,698 |
| Investments | 14,696,594 |
| Other assets | 57,179 |
| Contributions receivable, net | <u>44,101</u> |

Total assets \$ 21,635,572

LIABILITIES AND NET ASSETS

Liabilities

| | |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | \$ <u>89,213</u> |
| Total liabilities | 89,213 |

Net assets

| | |
|----------------------------|-------------------|
| Without donor restrictions | 426,096 |
| With donor restrictions | <u>21,120,263</u> |
| Total net assets | <u>21,546,359</u> |

Total liabilities and net assets \$ 21,635,572

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2023

| | |
|--|-----------------------------|
| Operating revenues | |
| Tuition and fees, net (Note 1) | \$ 24,441,621 |
| Federal grants and contracts | 2,213,988 |
| State and private grants and contracts | 9,344,007 |
| Sales and services of auxiliary enterprises | 4,724,329 |
| Other operating revenues | <u>2,022,310</u> |
| Total operating revenues | 42,746,255 |
| Operating expenses | |
| Compensation and employee benefits (Note 7) | 92,985,727 |
| Contractual services | 5,202,870 |
| Supplies and materials | 6,127,727 |
| Depreciation (Note 4) | 7,962,479 |
| Amortization (Note 4) | 2,087,514 |
| Rental expenses | 1,942,194 |
| Utilities | 2,683,024 |
| Repairs and maintenance | 6,736,671 |
| Student aid | 21,115,468 |
| Other operating expenses | <u>5,248,422</u> |
| Total operating expenses | <u>152,092,096</u> |
| Operating loss | (109,345,841) |
| Nonoperating revenues (expenses) | |
| State appropriations | 31,010,700 |
| State appropriations – in-kind OTRS pension contributions (Note 7) | 5,199,663 |
| Ad valorem property taxes (Note 12) | 51,794,280 |
| Federal and state grants | 28,160,224 |
| Investment income, net | 1,342,362 |
| Interest expense on capital-related debt | (898,061) |
| Gain on disposal of assets | <u>1,437,012</u> |
| Net nonoperating revenues (expenses) | <u>118,046,180</u> |
| Income before other revenues, expenses, gains, and losses | 8,700,339 |
| Other revenues, expenses, gains, and losses | |
| State appropriations restricted for capital purposes (Note 13) | 1,716,400 |
| OCIA on-behalf state appropriations | 1,148,986 |
| Capital contributions | <u>139,662</u> |
| Change in net position | 11,705,387 |
| Net position, beginning of year | <u>58,527,663</u> |
| Net position, end of year | <u>\$ 70,233,050</u> |

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Revenues and support | | | |
| Contributions | | | |
| Without donor restrictions | \$ 474,972 | \$ - | \$ 474,972 |
| Purpose and time restrictions | - | 1,792,877 | 1,792,877 |
| Contributions of nonfinancial assets | 78 | 23,598 | 23,676 |
| Interest and dividends, net | 220,170 | 224,810 | 444,980 |
| Net realized and unrealized gain on investments | - | 1,397,406 | 1,397,406 |
| Net assets released from restrictions | | | |
| Purpose and time restrictions | <u>4,062,185</u> | <u>(4,062,185)</u> | <u>-</u> |
| Total revenues and support | <u>4,757,405</u> | <u>(623,494)</u> | <u>4,133,911</u> |
| Expenses | | | |
| Program services | | | |
| College support | 4,206,585 | - | 4,206,585 |
| Support services | | | |
| Management and general | 218,088 | - | 218,088 |
| Fundraising | <u>276,729</u> | <u>-</u> | <u>276,729</u> |
| Total support services | <u>494,817</u> | <u>-</u> | <u>494,817</u> |
| Total expenses | <u>4,701,402</u> | <u>-</u> | <u>4,701,402</u> |
| Change in net assets | 56,003 | (623,494) | (567,491) |
| Net assets, beginning of year | <u>370,093</u> | <u>21,743,757</u> | <u>22,113,850</u> |
| Net assets, end of year | <u>\$ 426,096</u> | <u>\$ 21,120,263</u> | <u>\$ 21,546,359</u> |

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

| | <u>College Support</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------|----------------------------|-----------------------------------|--------------------|---------------------|
| Grants | \$ 3,429,544 | \$ - | \$ - | \$ 3,429,544 |
| Community relations | - | 48,998 | - | 48,998 |
| Salaries and benefits | - | 92,000 | - | 92,000 |
| Scholarships | 466,359 | - | - | 466,359 |
| Signature Symphony | 310,682 | - | 93,613 | 404,295 |
| Other | <u>-</u> | <u>77,090</u> | <u>183,116</u> | <u>260,206</u> |
| | <u>\$ 4,206,585</u> | <u>\$ 218,088</u> | <u>\$ 276,729</u> | <u>\$ 4,701,402</u> |

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

| | |
|---|----------------------|
| Cash flows from operating activities | |
| Tuition and fees | \$ 24,585,327 |
| Grants and contracts | 24,685,099 |
| Payments to suppliers and other operating payments | (48,593,375) |
| Payments to employees | (92,281,341) |
| Auxiliary enterprises sales and services | 4,724,329 |
| Other operating revenue | <u>2,022,310</u> |
| Net cash used in operating activities | (84,857,651) |
| Cash flows from noncapital financing activities | |
| State appropriations | 31,010,700 |
| Ad valorem property taxes received | 51,468,899 |
| Federal and state grants | 28,160,224 |
| Deposits held in custody for others | <u>(31,008)</u> |
| Net cash provided by noncapital financing activities | 110,608,815 |
| Cash flows from capital and related financing activities | |
| Purchases of capital assets | (11,860,838) |
| Proceeds from sale of assets | 1,510,650 |
| Capital contributions received | 139,662 |
| Capital appropriations received | 1,716,400 |
| Principal and interest paid on leases, subscriptions, and bonds | <u>(4,841,918)</u> |
| Net cash used in capital and related financing activities | (13,336,044) |
| Cash flows from investing activities | |
| Proceeds from sales of investments | 8,068,880 |
| Purchases of investments | (141,859) |
| Investment income received | <u>1,342,362</u> |
| Net cash provided by investing activities | <u>9,269,383</u> |
| Increase in cash and cash equivalents | 21,684,503 |
| Cash and cash equivalents, beginning of year | <u>54,379,499</u> |
| Cash and cash equivalents, end of year | <u>\$ 76,064,002</u> |

See accompanying notes to financial statements.
(Continued)

TULSA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

| | |
|--|------------------------|
| Reconciliation of operating loss to net cash used in operating activities | |
| Operating loss | \$ (109,345,841) |
| Adjustment to reconcile operating loss to net cash used in operating activities | |
| Depreciation and amortization | 10,049,993 |
| Changes in operating assets and liabilities | |
| Receivables, net | (328,182) |
| Prepaid expenses | (439,384) |
| Accounts payable and accrued liabilities | (530,555) |
| Accrued compensated absences | 202,242 |
| Unearned revenues | 471,888 |
| Deferred outflows – OTRS and OPEB | (3,384,713) |
| Deferred inflows – OTRS and OPEB | (36,648,907) |
| Net pension liability and net OPEB asset/liability | 41,968,704 |
| Grants receivable | <u>13,127,104</u> |
| Net cash used in operating activities | <u>\$ (84,857,651)</u> |
| Noncash investing and financing activities | |
| OTRS contributions paid by state agency on behalf of the College | \$ 5,199,663 |
| Principal and interest on capital debt paid by state agency on behalf of the College | 1,148,986 |
| Non-cash proceeds from capital debt, subscriptions, and leases | <u>42,057</u> |
| | <u>\$ 6,390,706</u> |
| Reconciliation of cash and cash equivalents to the statement of net position | |
| Current assets | |
| Cash and cash equivalents | \$ 71,613,936 |
| Cash and cash equivalents – restricted | <u>4,450,066</u> |
| | <u>\$ 76,064,002</u> |

See accompanying notes to financial statements.

TULSA COMMUNITY COLLEGE
TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

| | |
|---|---------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ (567,491) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Net realized and unrealized gain on investments | (1,397,406) |
| Contributions restricted for endowment | (123,547) |
| Change in operating assets and liabilities | |
| Contributions receivable | 55,747 |
| Other assets | (46,327) |
| Accounts payable and accrued expenses | <u>(148,369)</u> |
| Net cash used in operating activities | (2,227,393) |
| Cash flows from investing activities | |
| Proceeds from sales of investments | 14,025,888 |
| Purchases of investments | <u>(14,038,548)</u> |
| Net cash provided by investing activities | (12,660) |
| Cash flows from financing activities | |
| Proceeds from contributions restricted for endowment | <u>123,547</u> |
| Net cash provided by financing activities | <u>123,547</u> |
| Change in cash and cash equivalents | (2,116,506) |
| Cash and cash equivalents, beginning of year | <u>8,954,204</u> |
| Cash and cash equivalents, end of year | <u>\$ 6,837,698</u> |

See accompanying notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Tulsa Community College (the College) is a two-year college operating under the jurisdiction of the Board of Regents and the Oklahoma State Regents for Higher Education (the State Regents). Under Oklahoma statutes, the College is the only state-supported institution of higher education that can offer lower division undergraduate courses in Tulsa County.

Reporting Entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The College is a member of the Oklahoma State System of Higher Education, a component unit of the State of Oklahoma, and is included in the general purpose financial statements of the State as part of the higher education component unit.

The accompanying financial statements include the accounts of the College and the Tulsa Community College Technology Center School District (the School District), which are agencies of the State of Oklahoma. The School District has been presented as a blended component unit because the School District's governing body is substantially the same as the governing body of the College, and the School District provides services almost entirely to the College, which is the primary government. Separate financial statements of the School District have been prepared and can be obtained by contacting the College's Controller and Chief Financial Officer.

The Tulsa Community College Foundation (the Foundation) is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the College as a whole, including both the College and the School District. While the resources received and held by the Foundation are entirely or almost entirely held for the benefit of the College, the Foundation's Board of Trustees are not appointed by the College. Due to the College's belief that it would be misleading to exclude, the Foundation is presented as a discretely presented component unit in the financial statements of the College. The Foundation is reported under Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC), including FASB ASC 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial report for these differences. Separate financial statements are issued for the Foundation and requests for additional financial information related to the Foundation should be addressed to the Chief Financial Officer, Tulsa Community College, 909 S. Boston Ave., Tulsa, Oklahoma 74119.

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: For the purposes of preparing the accompanying statements of cash flows, the College considers all liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents, excluding balances held with trustees for bond issuances. Funds invested through the State Treasurer's Cash Management Program are also considered cash equivalents.

Investments: The College accounts for its investments in money market funds and certificates of deposit at amortized cost. The College does not currently hold any investments carried at fair value.

Investment income (loss) includes dividends and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

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

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma.

Student accounts receivable are carried at the unpaid balance of the original amount billed to students. The receivable is less an allowance made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts, using historical experience applied to an aging of accounts, and considering the general economy and the industry as a whole. Student accounts receivable are written off when deemed uncollectible. Recoveries of student accounts receivable previously written off are credited to the allowance for doubtful accounts.

A student account receivable is considered past due if any portion of the receivable balance is outstanding after the end of the respective semester to which it relates. Late fees are assessed one month after the end of the semester on any unpaid accounts. Interest may also be charged on unpaid accounts at an annual rate of 18%. Late charges and interest were included in other operating income and accounts receivable through February of 2023, upon which the College eliminated the charging of interest on unpaid accounts at a 18% rate.

Federal and State Grants Receivable: Federal and state grants receivable include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation (except for intangible right-to-use lease assets, the measurement of which is discussed below). For equipment, the College's capitalization policy includes all items with a unit cost of \$2,500 or more and an estimated useful life 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.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|--|-------------|
| Buildings | 40 years |
| Renovations, infrastructure, and land improvements | 10–25 years |
| Furniture, fixtures, and equipment | 3–20 years |
| Right-to-use leased equipment | 3–5 years |
| Right-to-use property | 10 years |

Impairment of Long-Lived Assets: In accordance with GAAP, the College reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the year ended June 30, 2023.

Leases: At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the College determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and lease payments.

The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets and liabilities are reported on a separate right of use asset and lease liabilities lines on the statement of net position.

Subscription-based Information Technology Arrangements (SBITA): At the commencement of the arrangement, the College initially measures the subscription-based liability at the present value of payments expected to be made during the term. Subsequently, the subscription-based liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the subscription commencement date. Subsequently, the asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments related to these arrangements include how the College determines the discount rate it uses to discount the expected payments to present value, the term, and payments.

The College uses the interest rate charged within the arrangement agreement as the discount rate. When the interest rate isn't included within the arrangement agreement, the College generally uses its estimated incremental borrowing rate as the discount rate for the arrangement. The arrangement term includes the noncancellable period of the arrangement. Payments included in the measurement of the subscription-based liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College monitors changes in circumstances that would require a remeasurement of its arrangements and will remeasure the subscription-based asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription-based liability. Subscription-based assets are reported on a separate subscription-based asset and subscription-based liabilities line on the statement of net position.

Compensated Absences: Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued compensated absences in the accompanying statements of net position and as a component of compensation and employee benefits expense in the accompanying statements of revenues, expenses, and changes in net position as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the College. The College's policy is to record sick leave as an operating expenditure or expense in the period taken, since such benefits do not vest nor is payment probable.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Cost-Sharing Defined Benefit Pension Plan: For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teachers' Retirement System (OTRS) and additions to/deductions from OTRS' 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.

Deferred Outflows of Resources: The College reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

Deferred Inflows of Resources: The College reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statements of net position.

Noncurrent Liabilities: Noncurrent liabilities include 1) principal amounts of revenue, ODFA, and OCIA bonds payable, and premiums associated with such obligations and 2) other liabilities that will not be paid within the next fiscal year.

Net Position: GASB requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These net position classifications are defined as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of outstanding debt obligations, including plant fund payables, 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.

(Continued)

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the 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. As of June 30, 2023, the College's unrestricted net position is in a deficit position as a direct result of the unfunded net pension liability, OTRS.

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 toward restricted resources and then toward unrestricted resources.

Ad Valorem Property Taxes: Annually, an Estimate of Needs report is submitted to the County Excise Board by the School District to determine the ad valorem tax levy. The county assessor is required to file a tax roll report on or before October 1 of each year with the county treasurer indicating the net assessed valuation of all real, personal, and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). Ad valorem tax is levied each October 1 on the assessed valuation of nonexempt real property located in the School District as of the preceding January 1, the assessment date. Ad valorem taxes are due and become a legally enforceable lien on November 1 following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1, the second installment is not delinquent until April 1). Ad valorem taxes are collected by the county treasurer of Tulsa County, Oklahoma, and are remitted to the School District. Ad valorem taxes include interest earned on tax receipts held by the county prior to transfer to the School District.

Additionally, the School District levies an annual two mills general fund tax on all taxable property within the School District. The proceeds of the general fund levy are transferred to the State Treasurer for deposit into a fund constituting the educational and operating budget of the College. The receipts of the current two mills general fund levy are to be used for the purposes of supplementing post-secondary vocational and technical or adult education programs offered by the College.

In February 1994, the voters of Tulsa County approved a five mills local tax incentive levy, which became effective July 1, 1994, in addition to all other school tax levies on the assessed valuation of all taxable property within the School District. This special levy, which is for the general operations of the School District, is now a permanent levy until it is repealed by a majority of the voters.

Classification of Revenues and Expenses: The College has classified its revenues and expenses as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB, including state appropriations, local property taxes, and investment income. Revenues and expenses are classified according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances; 2) most federal, state, and local grants and contracts; and 3) sales and services of auxiliary enterprises. All expenses are considered operating expenses, except for interest on capital-related debt.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonoperating Revenues and Expenses – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell grants, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income. Interest expense on capital related debt is the only nonoperating expense.

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 accompanying statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the 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, which totaled \$16,054,732 for the year ended June 30, 2023.

Joint Venture: In November 1993, the College became a participant in a joint venture with Tulsa County Technology Center School District (Tulsa Vo-Tech) (formerly Tulsa County Area Vocational Technical Center School District No. 18). The joint venture was created to administer and operate the building for which both parties purchased an undivided one-half interest. The operating committee is composed of six members, three selected by the College and three selected by Tulsa Vo-Tech. The operating committee has the authority to make decisions with respect to the day-to-day operations of the property. All operating expenses are shared on a 50-50 basis. Tulsa Vo-Tech is responsible for the payment of maintenance and operating costs and the receipt of revenue generated from property leases or other income. Tulsa Vo-Tech bills the College for 50% of the net of these revenues and expenses on a quarterly basis. During the year ended June 30, 2023, the College expended \$210,242 to Tulsa Vo-Tech for maintenance and operating costs, net of revenues. This joint venture concluded during the year ended June 30, 2023, as the building aforementioned was sold, with both parties receiving 50% of the net proceeds of the transaction.

New Accounting Pronouncement Adopted in Fiscal Year 2023: Accounting statements adopted by the College during the fiscal year ending June 30, 2023, as required by the GASB, are described below:

Statement 91, Conduit Debt Obligations. This statement requires a single method of reporting conduit debt obligations by issuers. It is effective for periods beginning after December 15, 2021. The College has implemented this standard with no material impact to its financial statements.

Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement specifies accounting and reporting requirements, including revenue recognition, related to public-private and public-public partnerships, including service concession arrangements. It is effective for periods beginning after June 15, 2022. The College has implemented this standard with no material impact to its financial statements.

Statement 96, Subscription-Based Information Technology Arrangements. This statement requires the recognition of an intangible asset and corresponding liability, as well as note disclosures for arrangements that meet the definition of a subscription-based information technology arrangement (SBITA). It also requires capitalization for outlays other than subscription payments, including implementation costs of a SBITA. This statement is effective for periods beginning after June 15, 2022. The College implemented this statement during its fiscal year ending June 30, 2023.

As a result of implementation, the College reported a subscription-based asset of \$5,312,003 and a corresponding subscription-based liability for the same amount as of July 1, 2022. There was no net impact on beginning net position as a result of implementation.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB statements and (b) accounting and financial reporting for financial guarantees. The College has implemented this standard with no material impact to its financial statements.

Recent Accounting Pronouncement: As of June 30, 2023, the GASB has issued the following statements which the College has not yet implemented:

Statement 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The College will implement this statement during its fiscal year ending June 30, 2024.

Statement 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The College will implement this statement during its fiscal year ending June 30, 2025.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash, cash equivalents, and investments included in the accompanying statements of net position consist of the following:

| | |
|---------------------------|----------------------|
| Cash and cash equivalents | |
| Current | \$ 71,613,936 |
| Current, restricted | <u>4,450,066</u> |
| | <u>\$ 76,064,002</u> |
| Investments | |
| Current | \$ - |
| Noncurrent | 267,549 |
| Current, restricted | 1,389 |
| Noncurrent, restricted | <u>-</u> |
| | <u>\$ 268,938</u> |

Interest Rate Risk: The College's management does not believe that it has significant exposure to fair value losses arising from increasing interest rates.

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 that is consistent with the terms of the gift as stipulated by the donor and with the provision of any applicable laws.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The Board 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.

Concentration of Credit Risk: There is no limit on the amount the College may invest in any one issuer. However, all investments are in money market funds, U.S. treasury bills, and non-negotiable certificates of deposit.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned. 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 the Federal Deposit Insurance Corporation (FDIC), 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 indentures, be insured by the FDIC, 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, 2023, the carrying amounts of the College's deposits with the State Treasurer and other financial institutions are as follows:

| | |
|--|----------------------|
| Deposits with the State Treasurer | \$ 21,944,918 |
| Deposits with the State Treasurer – <i>OK INVEST</i> | 5,022,184 |
| U.S. Treasury obligations | 12,697,711 |
| U.S. financial institutions | <u>36,399,189</u> |
| | <u>\$ 76,064,002</u> |

At June 30, 2023, the related bank balances of the College's deposits totaled \$76,770,382 of which \$27,656,128 were held with the State Treasurer.

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 banks or invested as the State Treasurer may determine in the State's name. Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in *OK INVEST* and some deposits with the State Treasurer are placed in *OK INVEST*.

Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Preservation, liquidity, and return on investment are the objectives that establish the framework for the day-to-day *OK INVEST* management with an emphasis on preservation of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements and diversification percentages and specify the types and maturities of allowable investments; the specifics regarding these policies can be found on the State Treasurer's website at <http://www.treasurer.state.ok.us/>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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 three years. *OK INVEST* maintains an overall weighted-average maturity of less than 270 days. 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. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

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

The deposits with the State Treasurer invested in *OK INVEST* are part of an investment pool that values the assets at amortized cost and for financial reporting purposes are classified as cash equivalents. The distribution of deposits in *OK INVEST* is as follows:

| | | |
|-----------------------------------|----|---------------------|
| U.S. agency securities | \$ | 836,314 |
| Certificates of deposit | | 374,489 |
| Money market mutual funds | | 12,832 |
| Mortgage-backed agency securities | | 930,800 |
| Foreign bonds | | 14,785 |
| U.S. Treasury obligations | | <u>2,852,964</u> |
| | | <u>\$ 5,022,184</u> |

Fair Value: If applicable, the College categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. As of June 30, 2023, there were no financial instruments required to be leveled. The College had money market funds of \$1,389 at June 30, 2023, certificates of deposit of \$267,549 at June 30, 2023, which are valued at amortized cost.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following at June 30, 2023:

| | | |
|--|----|---------------------|
| Student tuition and fees | \$ | 15,811,091 |
| Auxiliary enterprises and other operating activities | | <u>3,062,801</u> |
| | | 18,873,892 |
| Less allowance for doubtful accounts | | <u>(13,467,441)</u> |
| Accounts receivable, net | | <u>\$ 5,406,451</u> |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - CAPITAL ASSETS

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

| | **Restated Balance, July 1, 2022 | Additions | Disposals | Transfers | Balance, June 30, 2023 |
|--|-------------------------------------|--------------|-------------|--------------|---------------------------|
| Nondepreciable | | | | | |
| Land | \$ 5,834,408 | \$ - | \$ - | \$ - | \$ 5,834,408 |
| Collections | 200,000 | - | - | - | 200,000 |
| Construction in progress | 5,536,405 | 10,561,209 | - | (11,785,522) | 4,312,092 |
| Total nondepreciable assets | 11,570,813 | 10,561,209 | - | (11,785,522) | 10,346,500 |
| Depreciable | | | | | |
| Buildings and improvements | 217,573,350 | - | (1,235,411) | 11,785,522 | 228,123,461 |
| Land/infrastructure improvement | 10,958,268 | 280,887 | - | - | 11,239,155 |
| Furniture, fixtures, and equipment | 30,337,117 | 1,018,749 | (262,898) | - | 31,092,968 |
| Total depreciable assets | 258,868,735 | 1,299,636 | (1,498,309) | 11,785,522 | 270,455,584 |
| Amortizable | | | | | |
| Right-to-use leased assets | 1,857,111 | 42,052 | - | - | 1,899,163 |
| Subscription-based assets | 5,312,003 | - | - | - | 5,312,003 |
| Total amortizable assets | 7,169,114 | 42,052 | - | - | 7,211,166 |
| Less accumulated depreciation | | | | | |
| Buildings and improvements | (151,138,870) | (6,234,065) | 1,235,410 | - | (156,137,525) |
| Land/infrastructure improvement | (5,713,618) | (374,301) | - | - | (6,087,919) |
| Furniture, fixtures, and equipment | (22,079,192) | (1,354,113) | 189,260 | - | (23,244,045) |
| Total accumulated depreciation | (178,931,680) | (7,962,479) | 1,424,670 | - | (185,469,489) |
| Less accumulated amortization | | | | | |
| Right-to-use leased assets | (536,861) | (557,889) | - | - | (1,094,750) |
| Subscription-based assets | - | (1,529,625) | - | - | (1,529,625) |
| Total accumulated amortization | (536,861) | (2,087,514) | - | - | (2,624,375) |
| Total accumulated depreciation and amortization | (179,468,541) | (10,049,993) | 1,424,670 | - | (188,093,864) |
| Capital assets, right of use lease assets, and subscription-based assets, net | \$ 98,140,121 | \$ 1,852,904 | \$ (73,639) | \$ - | \$ 99,919,386 |

** The following balances within the column have been restated as a result of the adoption of GASB Statement 96, *Subscription-Based Information Technology Arrangements*

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - NONCURRENT LIABILITIES

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

| | **Restated Balance, July 1, 2022 | Additions | Reductions | Balance, June 30, 2023 | Amounts Due Within One Year |
|---------------------------------------|-------------------------------------|------------------|-----------------------|---------------------------|-----------------------------------|
| Revenue bonds, Series 2012 | \$ 605,000 | \$ - | \$ (605,000) | \$ - | \$ - |
| Total revenue bonds | 605,000 | - | (605,000) | - | - |
| Direct borrowings: | | | | | |
| ODFA, Series 2014A | 1,908,083 | - | (143,583) | 1,764,500 | 150,500 |
| ODFA, Series 2014E | 464,250 | - | (237,833) | 226,417 | 226,417 |
| ODFA, Series 2015B | 4,472,000 | - | (276,917) | 4,195,083 | 288,250 |
| ODFA, Series 2019A | 129,500 | - | (66,250) | 63,250 | 63,250 |
| ODFA, Series 2019A | 4,010,250 | - | (460,417) | 3,549,833 | 483,417 |
| ODFA, Series 2020A | 571,335 | - | (188,668) | 382,667 | 196,583 |
| ODFA, Series 2020D | 764,250 | - | (93,000) | 671,250 | 93,083 |
| | 12,319,668 | - | (1,466,668) | 10,853,000 | 1,501,500 |
| Premium and discounts | 997,516 | - | (184,973) | 812,543 | - |
| Total ODFA bonds | 13,317,184 | - | (1,651,641) | 11,665,543 | 1,501,500 |
| OCIA, Series 2014A | 8,157,755 | - | (760,445) | 7,397,310 | 799,100 |
| Total OCIA bonds | 8,157,755 | - | (760,445) | 7,397,310 | 799,100 |
| Subscription-based liability (Note 6) | 5,312,003 | - | (1,450,181) | 3,861,822 | 1,487,597 |
| Lease liability (Note 6) | 1,267,033 | 42,057 | (625,575) | 683,515 | 202,241 |
| Total long-term liabilities | \$ 28,658,975 | \$ 42,057 | \$ (5,092,842) | \$ 23,608,190 | \$ 3,990,438 |

** The following balances within the column have been restated as a result of the adoption of GASB Statement 96, *Subscription-Based Information Technology Arrangements*

Revenue Bonds Payable: The Board of Regents authorized the College to issue Revenue Bonds, Series 2012 (the Series 2012 Bonds) dated January 1, 2012, in the amount of \$7,665,000, which mature on July 1 of each year beginning July 1, 2012 through July 1, 2022, in annual amounts ranging from \$405,000 to \$795,000, interest rates ranging from 2.00% to 3.25%. The Series 2012 Bonds are payable from pledged revenues derived from a student center fee, a student activity fee, and the net revenues from the operation of the student center system. The Series 2012 Bonds are subject to mandatory redemption prior to maturity, on 30 days' notice at any time in inverse order of maturity, out of required payments to the principal account at the principal amount thereof plus accrued interest to the date for fixed redemption. At June 30, 2023, the College paid the remaining \$605,000 in principal.

For 2023, revenues of \$3,796,822 were pledged as security on the revenue bonds.

Oklahoma Development Finance Authority (ODFA) Master Lease Bonds

Bond Series 2014A – In February 2014, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014A. The College received a net amount of \$3,016,237 of the proceeds for renovation of the aviation center facility. Monthly payments are payable through the maturity in June 2033. At June 30, 2023, the outstanding balance was \$1,764,500.

Bond Series 2014E – In October 2014, the College entered into a 10-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014E. The College received a net amount of \$2,261,559 of the proceeds for renovation of the student union facility at the southeast campus. Monthly payments are payable through the maturity in June 2024. At June 30, 2023, the outstanding balance was \$226,417.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - NONCURRENT LIABILITIES (Continued)

Bond Series 2015B – In July 2015, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2015B. The College received a net amount of \$6,279,975 of the proceeds for energy and conservation improvements campus-wide. Monthly payments are payable through the maturity in June 2035. At June 30, 2023, the outstanding balance was \$4,195,083.

Bond Series 2019A – In May 2019, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2019A. The College received a net amount of \$341,984 of the proceeds for the refunding of Bond Series 2009C. Monthly payments are payable through the maturity in June 2024. At June 30, 2023, the outstanding balance was \$63,250.

Bond Series 2019A – In December 2019, the College entered into a 10-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2019A. The College used the proceeds for the refunding of Bond Series 2009B. Monthly payments are payable through the maturity in November 2029. At June 30, 2023, the outstanding balance was \$3,549,833.

Bond Series 2020A – In June 2020, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2020A. The College used the proceeds for the refunding of Bond Series 2010A. Monthly payments are payable through the maturity in May 2025. At June 30, 2023, the outstanding balance was \$382,667.

Bond Series 2020D – In September 2020, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2020D. The College used the proceeds for the refunding of Bond Series 2011A. Monthly payments are payable through the maturity in August 2030. At June 30, 2023, the outstanding balance was \$671,250.

Future principal and interest payments to be made in accordance with the Master Lease Bond agreements at June 30, 2023, are as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 1,501,500 | \$ 429,117 | \$ 1,930,617 |
| 2025 | 1,246,917 | 364,183 | 1,611,100 |
| 2026 | 1,101,583 | 312,966 | 1,414,549 |
| 2027 | 1,145,167 | 270,265 | 1,415,432 |
| 2028 | 1,189,833 | 225,013 | 1,414,846 |
| 2029–2033 | 3,867,167 | 529,576 | 4,396,743 |
| 2034–2035 | <u>800,833</u> | <u>44,641</u> | <u>845,474</u> |
| Total | <u>\$ 10,853,000</u> | <u>\$ 2,175,761</u> | <u>\$ 13,028,761</u> |

Oklahoma Capital Improvement Authority (OCIA) Bonds

Series 2014A – In September 2014, the College’s 2005 Series F lease agreement with OCIA was restructured through a partial refunding of the remaining OCIA’s 2005F bond debt. OCIA issued one new bond, Series 2014A. In June 2014, the College’s 2004 Series A lease agreement with OCIA was restructured through a refunding of OCIA’s 2004A bond debt. The College’s lease agreement with OCIA secures the OCIA bond debt and any future debt that might be issued to refund earlier bond issues.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - NONCURRENT LIABILITIES (Continued)

During the year ended June 30, 2023, OCIA made principal and interest payments totaling \$388,540, on behalf of the College for all outstanding OCIA Bond Issues while the College makes the remaining balance of the payment. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the accompanying statements of revenues, expenses, and changes in net position.

The scheduled principal and interest payments related to the OCIA bonds at June 30, 2023, are as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 799,100 | \$ 351,900 | \$ 1,151,000 |
| 2025 | 819,666 | 312,956 | 1,132,622 |
| 2026 | 854,355 | 278,336 | 1,132,691 |
| 2027 | 896,231 | 236,352 | 1,132,583 |
| 2028 | 937,115 | 195,343 | 1,132,458 |
| 2029–2031 | <u>3,090,843</u> | <u>306,973</u> | <u>3,397,816</u> |
| Total | <u>\$ 7,397,310</u> | <u>\$ 1,681,860</u> | <u>\$ 9,079,170</u> |

NOTE 6 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Lease Liabilities – The College has entered into multiple lease agreements for various equipment, and vehicles that extend through fiscal year 2027 and a lease agreement for the use of land through fiscal year 2032. As of June 30, 2023, the value of the lease liability is \$683,515.

The College is required to make annual principal and interest payments that range from \$3,300 to \$435,000 per year. The leases have interest rates that range from 1.09% to 3.32%. The equipment, and vehicles have an estimated useful life of three to five years, while the land improvements have an estimated useful life of 20 years. The total value of the leased assets as of the end of the current fiscal year was \$1,899,163 and had accumulated amortization of \$1,094,750.

The future principal and interest lease payments as of June 30, 2023, were as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 202,241 | \$ 22,656 | \$ 224,897 |
| 2025 | 186,890 | 15,978 | 202,868 |
| 2026 | 111,094 | 9,773 | 120,867 |
| 2027 | 34,684 | 6,085 | 40,769 |
| 2028 | 34,593 | 4,934 | 39,527 |
| 2029–2032 | <u>114,013</u> | <u>7,863</u> | <u>121,876</u> |
| Total | <u>\$ 683,515</u> | <u>\$ 67,289</u> | <u>\$ 750,804</u> |

Subscription-based information technology arrangements (SBITA) – The College has entered multiple SBITA agreements for various software that extend through fiscal year 2027. As of June 30, 2023, the value of the subscription-based liability is \$3,861,822.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(Continued)

The College is required to make monthly or annual principal and interest payments. Annual payments range from approximately \$12,100 to \$496,600 per year. The SBITA agreements have interest rates of 3.15%. The software has an estimated useful life of three to five years. The total value of the SIBTA assets as of the end of the current fiscal year was \$5,312,003 and had accumulated amortization of \$1,529,625.

The future principal and interest lease payments as of June 30, 2023, were as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 1,487,597 | \$ 121,648 | \$ 1,609,245 |
| 2025 | 1,121,947 | 74,788 | 1,196,735 |
| 2026 | 711,884 | 39,447 | 751,331 |
| 2027 | <u>540,394</u> | <u>17,023</u> | <u>557,417</u> |
| Total | <u>\$ 3,861,822</u> | <u>\$ 252,906</u> | <u>\$ 4,114,728</u> |

NOTE 7 - RETIREMENT PLANS

The College's academic and nonacademic personnel are covered by various retirement plans. The plans available to college personnel include the Oklahoma Teachers' Retirement System (the OTRS), which is a State of Oklahoma public employees' retirement system, and a 403(b) annuity plan, which is a privately administered plan. The College does not maintain the accounting records, hold the investments for, or administer these plans. If the previously mentioned plans do not provide a computed minimum benefit amount, the College provides the difference under a Supplemental Retirement Plan, a privately administered plan, for those employees meeting certain eligibility requirements. This plan is no longer open to new employees but is still available to employees hired before the plan was frozen.

Oklahoma Teachers' Retirement System

Plan Description: The College contributes to the OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. The OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of the OTRS. The OTRS does not provide for a cost-of-living adjustment. The OTRS issues a publicly available financial report that includes financial statements and supplementary information for the OTRS. That report may be obtained by writing to the Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, or by calling 405.521.2387, or at the OTRS website at www.trs.state.ok.us.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - RETIREMENT PLANS (Continued)

Benefits Provided: Prior to July 1, 1995, contributions under this system were based on pay up to a maximum dollar amount. Members could choose between \$40,000 maximum and a \$25,000 maximum. The member's Final Average Compensation was limited by the same maximum, so the member's election affected both benefits and contributions. The maximum was removed for most members effective July 1, 1995. It no longer applies in determining the required member and employee contributions; however, it does still have an impact. Benefits based on service earned before July 1, 1995, are limited by the \$40,000 or \$25,000 maximum that was elected. This cap may be modified for members in the Education Employees Service Incentive Plan (EESIP). In addition, the cap on salary continued to apply after June 30, 1995, to members employed by one of the comprehensive universities who entered the system before July 1, 1995. The cap on salary for contribution purposes is shown below. All caps were removed effective July 1, 2007.

Contributions: The authority to define or amend employer contribution rates is given to the Board of Trustees of the OTRS by Oklahoma statute, Title 70, Section 17-106; all other contribution rates are defined or amended by the Oklahoma legislature. OTRS members are required to contribute 7% of their regular annual compensation, not to exceed the member's maximum compensation level. The College is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate for 2023 was 9.5% and is applied to annual compensation and is determined by state statute.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2023. The College's contributions to the OTRS for the year ended June 30, 2023 were \$6,851,315, which are equal to the required contributions for the year paid directly by the College.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2023, the State of Oklahoma contributed 5.25% of state revenues from sales and use taxes and individual income taxes to the OTRS on behalf of participating employers. The College has estimated the amounts contributed to the OTRS by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for the OTRS for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2023, the total amount contributed to the OTRS by the State of Oklahoma on behalf of the College was \$5,199,663. For the year ended June 30, 2023, the State of Oklahoma contributed 5.25% of sales and use tax. These on-behalf payments have been recorded as state appropriations – in-kind OTRS pension contributions revenues in the accompanying statements of revenues, expenses, and changes in net position.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The amount recognized by the College as its proportionate share of the net pension liability was \$100,554,219 at June 30, 2023.

The net pension liability at June 30, 2023 was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the College's proportion was 1.22%. This represents a slight decrease from the College's proportionate share at June 30, 2022, which was 1.26%.

For the year ended June 30, 2023, the College recognized pension expense of \$9,220,892 and revenue of \$5,199,663 for support provided by the State of Oklahoma.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - RETIREMENT PLANS (Continued)

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 3,221,294 | \$ 1,257,828 |
| Change in assumptions | 6,784,564 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 9,572,780 | - |
| Changes in proportion and differences between OTRS contributions and proportionate share of contributions | 2,892,069 | 3,686,410 |
| Contributions subsequent to the measurement date | <u>6,851,315</u> | <u>-</u> |
| Total | <u>\$ 29,322,022</u> | <u>\$ 4,944,238</u> |

At June 30, 2023, the College reported \$6,851,315 as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and inflows of resources at June 30, 2023, related to pensions will be recognized in pension expense as follows:

| | |
|-------|----------------------|
| 2024 | \$ 6,039,946 |
| 2025 | 4,685,385 |
| 2026 | (1,304,061) |
| 2027 | 8,176,838 |
| 2028 | <u>(71,639)</u> |
| Total | <u>\$ 17,526,469</u> |

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.25% |
| Cost of Living Increases | None |
| Salary Increases | 2.25% wage inflation, including 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. |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - RETIREMENT PLANS (Continued)

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.

Changes Since Prior Year Measurement Date: There were no changes between the prior year measurement date of the collective net pension liability and the current year measurement date that are expected to have a significant effect on the College's proportionate share of the collective net pension liability.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the College's reporting date that are expected to have a significant effect on the College's proportionate share of the collective net pension liability.

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

| Asset class | <u>Target Allocation</u> | <u>Long-Term Nominal Rate of Return</u> |
|-----------------------|--------------------------|---|
| Domestic equity | 38.30% | 4.90% |
| International equity | 16.70% | 5.50% |
| Domestic fixed income | 22.00% | 1.30% |
| Real estate | 10.00% | 3.50% |
| Private equity | 8.00% | 7.60% |
| Private debt | 5.00% | 4.60% |
| Total | <u>100.00%</u> | |

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for 2023. The discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - RETIREMENT PLANS (Continued)

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability of the College, calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|-------------------------------|--|-------------------------------|
| Proportionate share of the collective net pension liability | \$ 141,580,939 | \$ 100,554,219 | \$ 66,825,435 |

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OTRS financial report.

403(b) Annuity Plan

All eligible employees of the College can elect to participate in a 403(b) tax-deferred annuity plan (the 403(b) Plan), a defined contribution pension plan administered by an independent fiduciary. Pension expense is recorded for the amount of the College's required contributions, determined in accordance with the terms of the 403(b) Plan. Eligible employees who elect to participate are required to make a minimum contribution to the 403(b) Plan in an amount equal to 1% of total annual compensation, as defined by the 403(b) Plan. The 403(b) Plan provides retirement benefits to participating employees and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan document and were established and can be amended by action of the College's Board of Regents. The College's contribution rate for the year ended June 30, 2023 was 3% of an eligible employee's annual base salary, as defined in the plan document. Contributions made by the College and participants during fiscal year 2023 totaled \$913,000.

Supplemental Retirement Plan

The College's Supplemental Retirement Plan (the SRP) is a single-employer, defined-benefit pension plan administered by an administrative committee appointed by the College's Board of Regents. The SRP was established by the College's Board of Regents to provide supplemental retirement and death benefits to the College's employees who meet certain eligibility requirements (i.e., were hired prior to July 1, 1987), or to those eligible employees' beneficiaries. The authority to amend the SRP's benefit provisions rests with the College's Board of Regents. The SRP is a closed plan. The SRP does not issue a standalone financial report nor is it included in the financial report of another entity. Management deemed the SRP to not be material to the overall financial statements of the College and elected not to disclose GASB Statement No. 68-related information in the notes or required supplemental information as it relates to the SRP. The College has a net pension asset of \$115,167 for this plan as of June 30, 2023.

(Continued)

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)

Retiree Health Insurance

Plan Description: The College established and administers a retiree health insurance plan through the Plan's bylaws which provides postemployment benefits to eligible employees upon retirement. Retirees are offered medical coverage through a single-employer defined benefit plan. The plan benefit formula is based on years of service and retirees can choose from a PPO or an HMO plan. All employees meeting the following requirements below are eligible for retiree health benefits:

- Age 55 with 5 years of service hired before October 31, 2011
- Age 60 with 5 years of service hired on or after November 1, 2011 and before November 1, 2017
- Age 60 with 7 years of service hired on or after November 1, 2017
- Any age with 30 years of service hired before October 31, 2011, or
- "Rule of" defined by OTRS:
 - Rule of 80 (age plus service equals or exceeds 80) for employees hired prior to July 1, 1992
 - Rule of 90 for employees hired on or after July 1, 1992 and before November 1, 2011
 - Rule of 90 and age 60 for employees hired on or after November 1, 2011 and before November 1, 2017
 - Rule of 90 and age 60 with 7 years of service for employees hired on or after November 1, 2017

The plan does not issue a separate financial report.

Funding Policy: The contribution requirements and benefits provided by the College are established and may be amended by the College through the plan bylaws. Benefits are paid on a pay-as-you-go basis and there are no assets accumulated in a trust. Contributions to the plan to cover benefit payments was \$247,296 for the year ended June 30, 2023.

As of June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms:

| | |
|----------------------|-----|
| Active participants | 655 |
| Retiree participants | 43 |
| Total participants | 698 |

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The amount recognized by the College as the net OPEB liability was \$1,916,647 at June 30, 2023. For the year ended June 30, 2023, the College recognized OPEB expense of \$140,535.

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings on OPEB investments | \$ - | \$ - |
| Change in assumptions | 78,039 | 167,293 |
| Differences between expected and actual experience | - | 119,144 |
| Contributions subsequent to the measurement date | - | - |
| Total | \$ 78,039 | \$ 286,437 |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Deferred outflows and inflows of resources at June 30, 2023, related to OPEB will be recognized in OPEB expense as follows:

| | | |
|------------|--|--------------|
| 2024 | | \$ (35,227) |
| 2025 | | (35,227) |
| 2026 | | (35,224) |
| 2027 | | (50,226) |
| 2028 | | (52,494) |
| Thereafter | | - |
| Total | | \$ (208,398) |

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

| Measurement Date: | June 30, 2023 | | | | | | | | | | | | | | |
|--------------------------|--|-----|-------|---|-------|---|-------|----|-------|----|-------|----|-------|-----|-------|
| Actuarial Cost Method: | Entry Age Normal Level of % Salary | | | | | | | | | | | | | | |
| Discount: | 4.13%, based on S&P Municipal Bond 20-Year High Grade Rate Index | | | | | | | | | | | | | | |
| Inflation: | 3.0% per year | | | | | | | | | | | | | | |
| Salary Increases: | Salary increases are based on the Oklahoma Teachers Retirement System's actuarial valuation as of June 30, 2020. The rates are 3.00% plus the rates shown in the table below: | | | | | | | | | | | | | | |
| | <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">YOS</th> <th style="text-align: center; border-bottom: 1px solid black;">Rates</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">0</td><td style="text-align: center;">8.00%</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">1.00%</td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;">1.00%</td></tr> <tr><td style="text-align: center;">15</td><td style="text-align: center;">0.75%</td></tr> <tr><td style="text-align: center;">20</td><td style="text-align: center;">0.50%</td></tr> <tr><td style="text-align: center;">25+</td><td style="text-align: center;">0.00%</td></tr> </tbody> </table> | YOS | Rates | 0 | 8.00% | 5 | 1.00% | 10 | 1.00% | 15 | 0.75% | 20 | 0.50% | 25+ | 0.00% |
| YOS | Rates | | | | | | | | | | | | | | |
| 0 | 8.00% | | | | | | | | | | | | | | |
| 5 | 1.00% | | | | | | | | | | | | | | |
| 10 | 1.00% | | | | | | | | | | | | | | |
| 15 | 0.75% | | | | | | | | | | | | | | |
| 20 | 0.50% | | | | | | | | | | | | | | |
| 25+ | 0.00% | | | | | | | | | | | | | | |
| Retirement Age: | Experience-based table of rates based on age, service, and gender. | | | | | | | | | | | | | | |
| Mortality Rates: | Member: SOA Pub-2010 Teacher Headcount-Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses and beneficiaries: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 | | | | | | | | | | | | | | |
| Health Care Trend Rates: | 7.0% for 2024, decreasing 0.5% per year to 4.5% by 2029. | | | | | | | | | | | | | | |

Changes Since Prior Year Measurement Date: The discount rate increased from 4.09% to 4.13%.

Changes Since Measurement Date: There were no changes between the measurement date of the total OPEB liability and the College's reporting date that are expected to have a significant effect on the College's total OPEB liability.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Changes in the Total OPEB Liability

| | |
|--|-------------------------|
| Balance at June 30, 2022 | \$ 2,130,080 |
| Service cost | 89,969 |
| Interest | 85,793 |
| Changes in assumptions | (4,376) |
| Differences between expected and actual experience | (137,523) |
| Benefit payments | <u>(247,296)</u> |
| Net changes | <u>(213,433)</u> |
| Balance at June 30, 2023 | <u>\$ 1,916,647</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the College, calculated using the current discount rate of 4.13%, as well as what the College's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

| | <u>1% Decrease</u> <u>(3.13%)</u> | <u>Current</u> <u>Discount Rate</u> <u>(4.13%)</u> | <u>1% Increase</u> <u>(5.13%)</u> |
|----------------------|--------------------------------------|--|--------------------------------------|
| Total OPEB liability | \$ 2,028,903 | \$ 1,916,647 | \$ 1,810,640 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

| | <u>1% Decrease</u> | <u>Current</u> <u>Trend Rates</u> | <u>1% Increase</u> |
|----------------------|--------------------|--------------------------------------|--------------------|
| Total OPEB liability | \$ 1,748,963 | \$ 1,916,647 | \$ 2,112,199 |

OTRS OPEB Plan

Plan Description: The College contributes to the OTRS Retiree Medical Benefit Fund, a cost-sharing multiple-employer OPEB plan sponsored by the State of Oklahoma. The OTRS OPEB plan provides supplemental medical insurance benefits based on members' final compensation, age, and term of service. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of the OTRS. The OTRS issues a publicly available financial report that includes financial statements and supplementary information for the OTRS. That report may be obtained by writing to the Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, or by calling 405.521.2387, or at the OTRS website at www.trs.state.ok.us.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

All employees meeting the following requirements below are eligible for retiree health benefits:

- Age 55 with 5 years of service hired before October 31, 2011
- Age 60 with 5 years of service hired on or after November 1, 2011 and before November 1, 2017
- Age 60 with 7 years of service hired on or after November 1, 2017
- Any age with 30 years of service hired before October 31, 2011, or
- "Rule of" defined by OTRS:
 - Rule of 80 (age plus service equals or exceeds 80) for employees hired prior to July 1, 1992
 - Rule of 90 for employees hired on or after July 1, 1992 and before November 1, 2011
 - Rule of 90 and age 60 for employees hired on or after November 1, 2011 and before November 1, 2017
 - Rule of 90 and age 60 with 7 years of service for employees hired on or after November 1, 2017

OPEB Asset, OPEB Expense Offset, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The amount recognized by the College as the net OPEB asset was \$551,092 at June 30, 2023. For the year ended June 30, 2023, the College recognized OPEB expense offset of \$53,300.

The net OPEB asset at June 30, 2023 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The College's proportion of the net pension asset was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the College's proportion was 1.26%. There was no change from the College's proportionate share at June 30, 2022, which was also 1.26%.

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ - | \$ 183,447 |
| Change in assumptions | 166,184 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 230,419 | - |
| Changes in proportion and differences between OTRS contributions and proportionate share of contributions | 2,450 | 38,090 |
| Contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total | <u>\$ 399,053</u> | <u>\$ 221,537</u> |

Deferred outflows and inflows of resources at June 30, 2023, related to OPEB will be recognized in OPEB expense (expense offset) as follows:

| | |
|------------|-------------------|
| 2024 | \$ 10,436 |
| 2025 | 4,856 |
| 2026 | (46,546) |
| 2027 | 215,689 |
| 2028 | (6,102) |
| Thereafter | <u>(817)</u> |
| Total | <u>\$ 177,516</u> |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Actuarial Assumptions: The total OPEB asset was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.25% |
| Cost of Living Increases | None |
| Salary Increases | 2.25% wage inflation, including 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. |

Changes Since Measurement Date: There were no changes between the prior year measurement date of the total OPEB asset and the College's reporting date that are expected to have a significant effect on the College's total OPEB asset.

Changes Since Measurement Date: There were no changes between the measurement date of the total OPEB asset and the College's reporting date that are expected to have a significant effect on the College's total OPEB asset.

The long-term expected return on plan assets was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic expected real rates of return for each major class as of June 30, 2022, are summarized in the following table:

| Asset class | Target Allocation | Long-Term Nominal Rate of Return |
|-----------------------|----------------------|--|
| Domestic equity | 38.30% | 4.90% |
| International equity | 16.70% | 5.50% |
| Domestic fixed income | 22.00% | 1.30% |
| Real estate | 10.00% | 3.50% |
| Private equity | 8.00% | 7.60% |
| Private debt | 5.00% | 4.60% |
| Total | <u>100.00%</u> | |

(Continued)

NOTE 8 - OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for 2023. The discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

Sensitivity of the College’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate: The following table presents the net OPEB asset of the College, calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|-------------------------------|--|-------------------------------|
| Proportionate share of the collective net pension asset (liability) | \$ (22,960) | \$ 551,092 | \$ 1,037,186 |

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued OTRS financial report.

NOTE 9 - RELATED-PARTY TRANSACTIONS

The Foundation has an agreement with the College whereby the Foundation has agreed to forego its rights to independently acquire office space, hire support personnel, and otherwise provide for independent support services for its activities, so those monies may instead be used for scholarships or other forms of support for the College. In addition, the financial records of the Foundation are administered by individuals who are employees of the College. In consideration of the College providing the staff and clerical support and other services to be performed by the College pursuant to this agreement, the Foundation has agreed to pay the College \$24,000 per year plus a portion of certain college employees’ salaries and benefits. For the years ended June 30, 2023 and 2022, the Foundation paid the College \$116,000 and \$118,000, respectively, as a result of this agreement.

For the years ended June 30, 2023 and 2022, the Foundation also awarded scholarships totaling \$466,359 and \$203,670, respectively, to students of the College and contributed \$3,740,226 and \$7,349,233, respectively, as other college support, which included such items as capital projects, expenses relating to the Signature Symphony orchestra, academic support, and campaign-related activities.

(Continued)

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The College conducts certain programs pursuant to various grants and contracts that are subject to financial and compliance audits by the grantors, their representatives, or federal and state agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the College that the amount, if any, would not be significant.

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2023, that management believes would result in a material loss to the College in the event of an adverse outcome. The College is a defendant in various lawsuits and is vigorously defending those lawsuits. Although the outcome of these lawsuits is not presently determinable, the College's management believes the resolution of these matters will not have a material impact on the financial statements of the College.

NOTE 11 - RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. The College pays an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss, and general liability insurance coverage. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. The College, as a state agency, participates in the Oklahoma State and Education Employee's Group Insurance Board (the Plan), a public entity risk pool. The College pays an annual premium to the Plan through member premiums. The College carries insurance with the State Insurance Fund for other risks of loss including workers' compensation and employee accident and health insurance. The College has purchased commercial medical malpractice insurance, which covers substantially all faculty and students participating in the College's medical services curriculum. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years. During fiscal year 2023, there were no significant reductions in insurance coverage from the previous years.

NOTE 12 - AD VALOREM PROPERTY TAXES

The voters of Tulsa County have approved a local tax levy (in addition to all other school tax levies) on the assessed valuation of all taxable property within the School District. This tax levy, which is for the general operations of the College through the School District, is a permanent levy until such time as it is repealed by a majority of the voters of Tulsa County. Ad valorem property tax revenue for general operations for the year ended June 30, 2023 totaled \$51,794,280. There was a receivable of \$2,403,047 related to unpaid taxes at June 30, 2023.

For the year ended June 30, 2022, the College did not have any abated property taxes. Based on abatement agreements currently in place, the total abated taxes for the College will be approximately \$99,000 over the next five years. The terms of each abatement vary based on the agreements with each entity.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - SECTION 13 OFFSET PROGRAM

The State Regents allocate funds to institutions who are not beneficiaries of the Section 13 and New College Trust Funds under the Section 13 Offset Program. These funds are to be used by an institution for projects that are on the approved campus master plan.

The College has been allotted funds under this program to use for capital repairs or expansions. The College was allotted and expended \$1,716,400 under this program for the year ended June 30, 2023.

NOTE 14 - DEPOSITS WITH OKLAHOMA STATE REGENTS

In connection with the State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The State match amounts, plus any retained accumulated earnings, totaled approximately \$4,500,000 at June 30, 2023 and are invested by the State Regents on behalf of the College. The College is entitled to receive an annual distribution of 5% of the fair value at year-end on these funds. As legal title of the State Regents' matching endowment funds is retained by the State Regents, the funds are available for distribution.

NOTE 15 - CONDENSED COMBINING INFORMATION

GASB Statement No. 61 requires that combining information be presented for business-type activities that included a blended component unit within a single column on the basic financial statements.

The following summarizes the combining information for the statements of net position as of June 30, 2023:

| | <u>College</u> | <u>School District</u> | <u>Combined</u> |
|---|----------------------|----------------------------|----------------------|
| Current assets | \$ 34,722,867 | \$ 50,634,963 | \$ 85,357,830 |
| Capital, lease, and subscription-based assets, net | 99,919,386 | - | 99,919,386 |
| Other noncurrent assets | <u>666,258</u> | <u>1,132,533</u> | <u>1,798,791</u> |
| Total assets | <u>135,308,511</u> | <u>51,767,496</u> | <u>187,076,007</u> |
| Deferred outflows of resources | <u>29,799,114</u> | <u>-</u> | <u>29,799,114</u> |
| Total assets and deferred outflows of resources | <u>165,107,625</u> | <u>51,767,496</u> | <u>216,875,121</u> |
| Current liabilities | 19,101,241 | - | 19,101,241 |
| Long-term liabilities | <u>122,088,618</u> | <u>-</u> | <u>122,088,618</u> |
| Total liabilities | <u>141,189,859</u> | <u>-</u> | <u>141,189,859</u> |
| Deferred inflows of resources | <u>5,452,212</u> | <u>-</u> | <u>5,452,212</u> |
| Net investment in capital assets | 76,526,124 | - | 76,526,124 |
| Restricted for expendable | 4,067,779 | - | 4,067,779 |
| Unrestricted | <u>(62,128,349)</u> | <u>51,767,496</u> | <u>(10,360,853)</u> |
| Total net position | <u>\$ 18,465,554</u> | <u>\$ 51,767,496</u> | <u>\$ 70,233,050</u> |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 - CONDENSED COMBINING INFORMATION (Continued)

The following summarizes the combining information for the statements of revenues, expenses, and changes in net position for the year ended June 30, 2023:

| | <u>College</u> | <u>School District</u> | <u>Combined</u> |
|---|----------------------|----------------------------|----------------------|
| Operating revenues | | | |
| Tuition and fees, net | \$ 24,441,621 | \$ - | \$ 24,441,621 |
| Grants and contracts | 11,557,995 | - | 11,557,995 |
| Sales and services of auxiliary enterprises | 4,724,329 | - | 4,724,329 |
| Other operating revenues | <u>2,022,310</u> | <u>-</u> | <u>2,022,310</u> |
| Total operating revenues | 42,746,255 | - | 42,746,255 |
| Operating expenses | | | |
| Depreciation and amortization | 10,049,993 | - | 10,049,993 |
| Other operating expenses | <u>142,042,103</u> | <u>-</u> | <u>142,042,103</u> |
| Total operating expenses | <u>152,092,096</u> | <u>-</u> | <u>152,092,096</u> |
| Operating loss | (109,345,841) | - | (109,345,841) |
| Nonoperating revenues (expenses) | | | |
| State appropriations | 36,210,363 | - | 36,210,363 |
| Ad valorem property taxes | - | 51,794,280 | 51,794,280 |
| Federal and state grants | 28,160,224 | - | 28,160,224 |
| Other nonoperating revenues (expenses) | <u>46,042,983</u> | <u>(44,161,670)</u> | <u>1,881,313</u> |
| Total nonoperating revenues (expenses) | <u>110,413,570</u> | <u>7,632,610</u> | <u>118,046,180</u> |
| Income before other appropriations | 1,067,729 | 7,632,610 | 8,700,339 |
| Capital appropriations and contributions | <u>3,005,048</u> | <u>-</u> | <u>3,005,048</u> |
| Increase in net position | 4,072,777 | 7,632,610 | 11,705,387 |
| Net position, beginning of year | <u>14,392,777</u> | <u>44,134,886</u> | <u>58,527,663</u> |
| Net position, end of year | <u>\$ 18,465,554</u> | <u>\$ 51,767,496</u> | <u>\$ 70,233,050</u> |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 - CONDENSED COMBINING INFORMATION (Continued)

The following summarizes the combining information for the statements of cash flows for the years ended June 30, 2023:

| | <u>College</u> | <u>School District</u> | <u>Combined</u> |
|--|----------------------|----------------------------|----------------------|
| Net cash provided by (used in) | | | |
| Operating activities | \$ (84,857,651) | \$ - | \$ (84,857,651) |
| Noncapital financing activities | 104,127,167 | 6,481,648 | 110,608,815 |
| Capital and related financing activities | (13,336,044) | - | (13,336,044) |
| Investing activities | <u>1,585,660</u> | <u>7,683,723</u> | <u>9,269,383</u> |
| Change in cash and cash equivalents | 7,519,132 | 14,165,371 | 21,684,503 |
| Cash and cash equivalents, beginning of year | <u>19,447,969</u> | <u>34,931,530</u> | <u>54,379,499</u> |
| Cash and cash equivalents, end of year | <u>\$ 26,967,101</u> | <u>\$ 49,096,901</u> | <u>\$ 76,064,002</u> |

NOTE 16 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES

Nature of Operations: Tulsa Community College Foundation (the Foundation) is a public nonprofit institution established for the benefit of Tulsa Community College (the College). The Foundation awards scholarships to students of the College and provides other support to the College, including funds for textbooks for qualified students, college and community activities and events, capital projects, recognized academic programs, and the concert series and educational classes of the College's Signature Symphony orchestra.

The Board of Trustees, which governs the Foundation, is separate and distinct from the Board of Regents, the governing body of the College, however, the College has determined that the Foundation is a component unit and therefore the Foundation is discretely presented in the College's financial statements.

Disclosures About Fair Value of Assets and Liabilities: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

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

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

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

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The reported fair value of money market funds, mutual funds, and marketable alternative investments is based on quoted prices in active markets as of the measurement date (Level 1 inputs). The following is a summary of investments at June 30:

| | <u>2023</u> |
|------------------------------------|----------------------|
| Money market funds | \$ 728,855 |
| Mutual funds | |
| Equity securities | 9,570,748 |
| Debt securities | 2,897,156 |
| Marketable alternative investments | |
| Registered investment companies | <u>1,499,835</u> |
| | <u>\$ 14,696,594</u> |

As of June 30, 2023, all investments were considered Level 1 investments to include quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Net Assets: Net assets with donor restrictions as of June 30, 2023 are for the following purposes:

| | |
|--|----------------------|
| Subject to expenditure for specified purpose | |
| Signature Symphony | \$ 120,790 |
| Clearing the Pathway Multi-Year Campaign | 2,556,302 |
| Cyber Skills Center | 1,220,152 |
| AEP Credit Counts | 861,477 |
| Other | <u>1,664,948</u> |
| | 6,423,669 |
| Endowments | |
| Subject to appropriation and expenditure when a specified event occurs | |
| Endowed chairs | 1,995,064 |
| Scholarships | 1,732,732 |
| Lectureships | 129,063 |
| TCC Textbook Trust | 32,712 |
| Nursing and Allied Health Services | 83,775 |
| Professorships | 156,968 |
| Signature Symphony | <u>12,373</u> |
| | 4,142,687 |
| Subject to endowment spending policy and appropriation | |
| Endowed chairs | 2,645,093 |
| Scholarships | 5,917,875 |
| Lectureships | 300,000 |
| TCC Textbook Trust | 1,000,000 |
| Nursing and Allied Health Services | 340,939 |
| Professorships | 250,000 |
| Signature Symphony | <u>100,000</u> |
| | <u>10,553,907</u> |
| Total endowments | <u>14,696,594</u> |
| | <u>\$ 21,120,263</u> |

(Continued)

TULSA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Net assets without donor restrictions as of June 30, 2023 are as follows:

| | |
|--------------|------------|
| Undesignated | \$ 426,096 |
|--------------|------------|

NOTE 17 - COVID-19 IMPACT

The College received grants through the Higher Education Emergency Relief Fund (HEERF) for emergency grants to students and to cover institutional costs associated with significant changes to the delivery of instruction due to COVID-19. The College was awarded approximately \$61.2 million in COVID relief funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus and Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act. During fiscal year 2023, \$1.9 million in student emergency grants were awarded to students and \$3.6 million in institutional funds were used. All HEERF funding had been expended as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

TULSA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - OTRS
(In Thousands)
Years ended June 30, 2015 through 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| College's proportion of the net pension liability (asset) | 1.22% | 1.26% | 1.27% | 1.19% | 1.26% | 1.18% | 1.39% | 1.45% | 1.34% |
| College's proportionate share of the net pension liability (asset) | \$ 100,554 | \$ 64,365 | \$ 120,665 | \$ 78,793 | \$ 76,233 | \$ 77,943 | \$ 115,770 | \$ 88,130 | \$ 72,076 |
| College's covered payroll | \$ 64,825 | \$ 67,520 | \$ 63,268 | \$ 61,858 | \$ 56,259 | \$ 54,830 | \$ 55,406 | \$ 58,775 | \$ 59,988 |
| College's proportionate share of the net pension liability as a percentage of its covered payroll | 155.12% | 95.33% | 190.72% | 127.38% | 135.50% | 142.15% | 208.95% | 149.94% | 120.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.05% | 80.80% | 63.47% | 71.56% | 72.74% | 69.32% | 62.24% | 70.31% | 72.43% |

Notes:

- The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.
- This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.
- There have been no changes in benefit terms.

Changes in Assumptions:

- For the year ended June 30, 2021, the OTRS Board of Trustees adopted new assumptions in July 2020 impacting the June 30, 2020 valuation. The discount rate was decreased from 7.50% to 7.00%, inflation rate was decreased from 2.50% to 2.25%, salary increases assumption decreased from 3.25% to 2.25%, retirement age assumptions were updated with five-year experience student ending June 30, 2019, and mortality tables for retirees and active members were updated.
- Beginning with the year ended June 30, 2018, an actuarially determined portion of the employers' contributions (0.07% of pay for FY 2018 and 0.16% of pay for FY 2017) is allocated to the OPEB Subaccount and reported under GASB 74. As a result, these contributions are not included in either the actual or actuarially determined contributions.

TULSA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS - OTRS
(In Thousands)
Years ended June 30, 2015 through 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 6,851 | \$ 6,826 | \$ 6,286 | \$ 6,158 | \$ 5,678 | \$ 5,529 | \$ 5,598 | \$ 5,893 | \$ 6,059 |
| Contributions in relation to the contractually required contribution | (6,851) | (6,826) | (6,286) | (6,158) | (5,678) | (5,529) | (5,598) | (5,893) | (6,059) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| College's covered payroll | \$ 64,825 | \$ 67,520 | \$ 63,268 | \$ 61,858 | \$ 56,259 | \$ 54,830 | \$ 55,406 | \$ 58,775 | \$ 59,998 |
| Contributions as a percentage of covered payroll | 10.57% | 10.10% | 9.94% | 9.96% | 10.09% | 10.08% | 10.10% | 10.03% | 10.10% |

- This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

TULSA COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE HEALTH
(In Thousands)
Years ended June 30, 2021 through 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 89,969 | \$ 154,317 | \$ 141,228 |
| Interest cost | 85,793 | 52,404 | 63,723 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (137,523) | (40,196) | (41,964) |
| Assumption changes | (4,376) | (161,695) | 57,819 |
| Benefit payments | <u>(247,296)</u> | <u>(225,364)</u> | <u>(247,510)</u> |
| Net change in total OPEB liability | (213,433) | (220,534) | (26,704) |
| Total OPEB liability – beginning of year | <u>2,130,080</u> | <u>2,350,614</u> | <u>2,377,318</u> |
| Total OPEB liability – ending of year | <u>\$ 1,916,647</u> | <u>\$ 2,130,080</u> | <u>\$ 2,350,614</u> |
| Covered employee payroll | \$ 51,205,506 | \$ 47,397,131 | \$ 49,123,643 |
| Total OPEB liability as a percentage of covered employee payroll | 3.74% | 4.50% | 4.84% |

Notes:

- This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.
- Fiscal year 2021 is the first year that the total OPEB liability was calculated and reported, therefore no information for previous years is available.
- There are no assets accumulated in a trust to pay related benefits.
- There have been no changes in benefit terms or actuarial assumptions.

SUPPLEMENTARY INFORMATION

TULSA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

| <u>Federal Grantor/Pass-Through Grantor Program Title</u> | <u>Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|----------------------------------|---|-----------------------------|
| <u>U.S. Department of Justice</u> | | | |
| DOJ COPS - Public Safety Partnership and Community Policing Grants | 16.710 | n/a | \$ 31,837 |
| Research & Development Programs Cluster | | | |
| <u>National Service Foundation</u> | | | |
| STEM Education | 47.076 | n/a | 60,545 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <i>Passed through Oklahoma University Health Sciences Center</i> | | | |
| Biomedical Research and Research Training | 93.859 | RS20181585-98 | 51,105 |
| <u>U.S. Department of Education</u> | | | |
| <i>Passed through SRI International and the Community College Research Center</i> | | | |
| Education Research, Development, and Dissemination | 84.305C | None | 375 |
| Title III Part A SIP-Pathways to Early Engagement, Academic Success, and Career Readiness | 84.031A | n/a | <u>365,456</u> |
| Total U.S. Department of Education | | | 365,831 |
| <u>The Institute of Museum and Library Services</u> | | | |
| <i>Passed through East Central University</i> | | | |
| National Leadership Grants | 45.312 | ECU-TCC-IMLS2020-TCC22-02 | <u>52,056</u> |
| Total Research & Development Programs Cluster | | | <u>529,537</u> |
| <u>National Endowment for the Arts</u> | | | |
| <i>Passed through Oklahoma Arts Council</i> | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | GR 14-23-8070-1 | 4,050 |
| <u>National Endowment for the Humanities</u> | | | |
| <i>Passed through American Library Association</i> | | | |
| NEH American Rescue Plan: Humanities Grants for Libraries | 45.164 | None | 5,806 |
| <u>U.S. Department of Education</u> | | | |
| Student Financial Assistance Cluster | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | n/a | 612,762 |
| Federal Work-Study Program | 84.033 | n/a | 233,827 |
| Federal Pell Grant Program | 84.063 | n/a | 20,475,926 |
| Federal Direct Student Loans | 84.268 | n/a | <u>14,248,458</u> |
| Total Student Financial Assistance Cluster | | | <u>35,570,973</u> |

(Continued)

TULSA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

| <u>Federal Grantor/Pass-Through Grantor Program Title</u> | <u>Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|----------------------------------|---|-----------------------------|
| COVID-19 – Education Stabilization Fund | | | |
| Student Aid Portion | 84.425E | n/a | \$ 977,848 |
| Institutional Portion | 84.425F | n/a | 2,422,886 |
| Strengthening Institutions Portion | 84.425M | n/a | <u>2,165,255</u> |
| Total COVID-19 – Education Stabilization Fund | | | <u>5,565,989</u> |
| TRIO Cluster | | | |
| Student Support Services | 84.042A | n/a | 258,524 |
| Educational Opportunity Centers | 84.066A | n/a | <u>250,145</u> |
| Total TRIO Cluster | | | <u>508,669</u> |
| <i>Passed through Oklahoma Department of Career and Technology Education</i> | | | |
| Carl Perkins | 84.048 | CP-PS-1074 | <u>473,538</u> |
| Total U.S. Department of Education | | | <u>42,119,169</u> |
| <u>U.S. Department of Commerce</u> | | | |
| <i>Passed through Tulsa Community Foundation</i> | | | |
| Economic Development Cluster | | | |
| Economic Adjustment Assistance | 11.307 | None | 3,450 |
| <u>U.S. Department of Treasury</u> | | | |
| <i>Passed through HWTC</i> | | | |
| COVID-19- Coronavirus State and Local Fiscal Recovery Funds | 21.027 | None | 1,558,403 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <i>Passed through Oklahoma State Regents for Higher Education</i> | | | |
| CCDF Cluster | | | |
| Child Care and Development Block Grant | 93.575 | None | 164,200 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | n/a | 140,980 |
| HRSA – Community Project Funding of Regional and National Significance | 93.493 | n/a | <u>360,427</u> |
| Total U.S. Department of Health and Human Services | | | <u>665,607</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 44,917,859</u> |

See accompanying notes to schedule of federal awards.

TULSA COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - FEDERAL LOAN PROGRAMS

The College also participates in the Federal Direct Student Loan Programs, including Federal Direct Loans and Federal PLUS Loans (PLUS). The dollar amounts are listed in the Schedule although the College is not the recipient of the funds. Such programs are considered a component of the student financial assistance cluster. Loans processed by the College under these loan programs for the year ended June 30, 2023, included:

| | |
|---|----------------------|
| Federal Direct Student Loan Programs Stafford | |
| Subsidized | \$ 6,297,271 |
| Unsubsidized | 7,876,842 |
| PLUS | <u>74,345</u> |
| | <u>\$ 14,248,458</u> |

INDEPENDENT AUDITOR'S 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*

Members of the Board of Regents
Tulsa Community College
Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and discretely presented component unit of Tulsa Community College (the College) as of and for the year ended June 30, 2023, 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 27, 2023. The financial statements of Tulsa Community College Foundation (Foundation), the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report doesn't include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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 or significant deficiencies may exist that have not been identified.

(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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Indianapolis, Indiana
October 27, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Members of the Board of Regents
Tulsa Community College
Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tulsa Community 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, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Indianapolis, Indiana
October 27, 2023

TULSA COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the
 Financial statements audited were prepared
 In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified not
 considered to be material weaknesses? 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 deficiencies identified not
 considered to be material weaknesses? Yes None Reported

Type of auditor’s report issued on compliance for
 major 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 programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|--|
| 84.007 | Student Financial Assistance Cluster |
| 84.033 | Federal Supplemental Educational Opportunity Grants |
| 84.063 | Federal Work-Study Program |
| 84.268 | Federal Pell Grant Program |
| 84.425 | Federal Direct Student Loans |
| 21.027 | COVID-19 - Education Stabilization Fund |
| | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) |

Dollar threshold used to distinguish between Type A and Type B programs: \$1,347,536

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

Note noted.

Section III – Federal Award Findings and Questioned Costs

None noted.
