Redlands Community College

Financial Statements

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

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certified public accountants

Board of Regents
Redlands Community College
El, Reno, Oklahoma

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

We did not audit the financial statements of the College's discretely presented component unit, Oklahoma City Community College Foundation, Inc. (the Foundation). Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022 the College adopted new accounting guidance, *GASBS No. 87, Leases,* which required opening net position to be restated. Our opinions are not modified with respect to this matter.

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.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, 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 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 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.

Arledge & Associates, P.C.

Edmond, Oklahoma
October 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Redlands Community College's (the "College") financial statements provides an overview by management of the financial activities for the fiscal year ended June 30, 2022. Since Management's Discussion and Analysis is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the basic financial statements and the notes to the financial statements. Where appropriate, year-to-year comparisons have been made and presented for discussion and analysis.

The College implemented GASB 87 during the year ended June 30, 2022. The June 30, 2021 financial statements presented in this Management Discussion and Analysis have not been adjusted for this implementation. If they had been adjusted, it would have resulted in total assets of $36,687,292, total liabilities of $31,702,350, total deferred inflows of $2,998,842 and total net position of $6,568,244.

Financial Highlights

At June 30, 2022, the College's net position was $9,768,228, which reflects an increase of $3,199,984 over last year. Operating revenues including tuition and fees, federal and state grants and contracts, and auxiliary enterprises totaled $10,305,565 for the year ended June 30, 2022. Net non-operating revenues totaled $7,444,109 for the year ended June 30, 2022, which includes governmental appropriations, non-operating federal and state grants, interest earned, oil and gas revenue, and interest and miscellaneous revenues and expenses. Operating expenses totaled $15,661,232 for the year ended June 30, 2022, including the provision for depreciation expense.

Overview of the Financial Statements

This report consists mainly of three basic financial statements: *The Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows.*

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

These two statements report the College's net position and changes in it. Net position – the differences between assets, liabilities, deferred inflows and deferred outflows – reflects one way to measure the institution's financial health, or financial position. Over time, increases or decreases in the net position are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors, including freshmen class size, student retention, programmatic offerings, etc., must be considered as well to assess the overall health of the institution.

Overview of the Financial Statements, Continued

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

Other statistical information from the audit report will be presented in this Management's Discussion and Analysis section for explanatory purposes.

The College has four major sources of revenue: (1) tuition and fees, (2) federal and state grants and contracts, (3) sales and services of auxiliary activities, and (4) state appropriations.

1. As a public college in the state system, tuition and fees are set by the individual college under the guidance of the Oklahoma State Regents for Higher Education (OSRHE), in accordance with legislative policy. Because each public state college is restricted through legislative action to maximum amounts of increases, the opportunities to increase revenue from this source come from larger enrollment numbers rather than from increased costs to enroll.

2. The College explores every opportunity and has been successful in gaining many opportunities for federal and state grants and for contracts and other sources of revenue. Although many times restricted in expense use, these sources are a significant portion of the operational revenue for increasing the programs offered by the College, thereby offering increased incentive for enrollment.

3. Revenue opportunities in the auxiliary services area include the revenue generated by the bookstore and the printing facility. As a governmental agency, the revenue generated from these two enterprises funds the operational expenses and is not designed to increase the overall net position of the College.

4. One of the most important sources of revenue for a public college in the State of Oklahoma is the state appropriation allocated to the OSRHE, which in turn is allocated to each college in the state. Every year, the College campaigns for an increased allocation to support its continued growth and the various programs offered. For several years, the College was consistently funded at approximately ½ of 1 percent of the total budget appropriated to the OSRHE. For 2021 and 2022, the College was funded at approximately ⅔ of 1 percent. Although this is a significant increase over prior years, it still leaves the College as one of the lowest funded colleges in the OSRHE system.

This schedule is prepared from the College’s statements of net position, which is presented on an accrual basis of accounting.

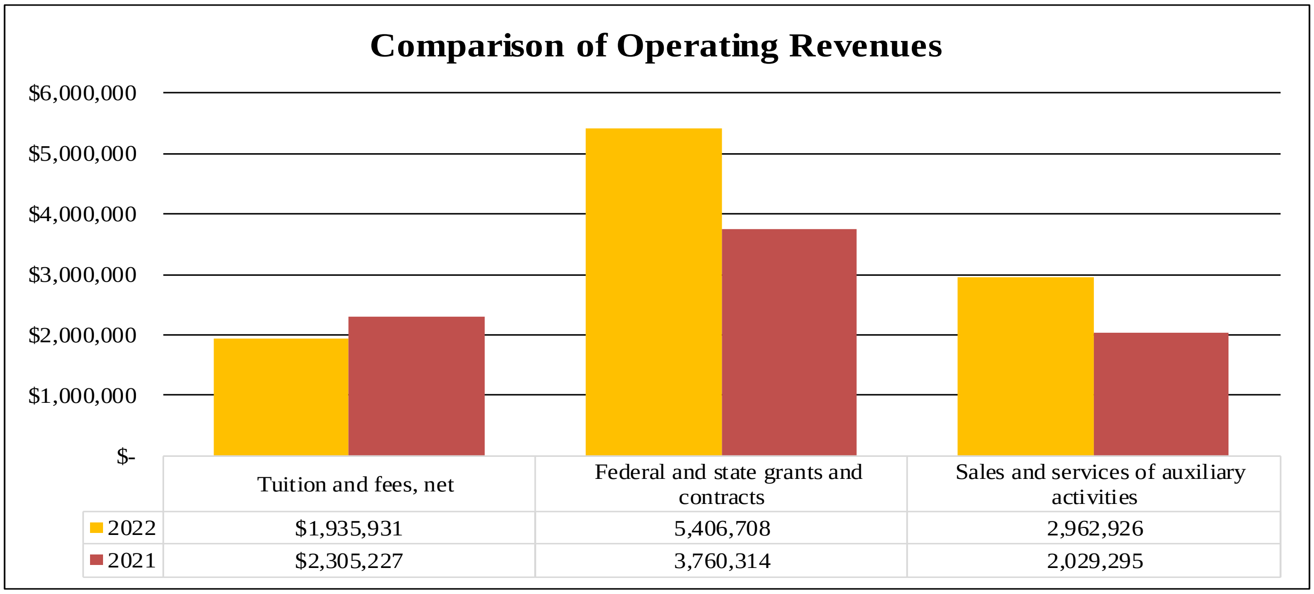
FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE
Comparison of Net Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets	$ 7,392,045	$ 6,475,465
Noncurrent assets:		
Long-term lease receivable	1,427,915	-
Receivable from ODFA	4,000,000	-
Leased assets, net of accumulated amortization	201,685	-
Capital assets, net of accumulated depreciation	31,789,283	28,600,903
Restricted Net OPEB Asset - OTRS	190,245	14,620
Total assets	45,001,173	35,090,988
Deferred Outflows of Resources		
Deferred outflows related to pensions	2,670,573	4,510,002
Deferred outflows related to OPEBs	47,198	72,142
Total deferred outflows of resources	2,717,771	4,582,144
Liabilities		
Current liabilities	2,255,426	1,498,701
Noncurrent liabilities:		
Long-term liabilities	21,343,104	15,867,528
Long-term lease liabilities	96,450	-
Total OPEB liability - OKHEEI	59,209	64,081
Net pension liability	7,631,015	14,003,746
Total liabilities	31,385,204	31,434,056
Deferred Inflows of Resources		
Deferred gain on OCIA lease restructure	101,798	114,392
Deferred inflow related to leases	1,533,136	-
Deferred inflow related to oil & gas	-	148,809
Deferred inflows related to pensions	4,767,647	1,369,905
Deferred inflows related to OPEBs	162,931	56,354
Total deferred inflows of resources	6,565,512	1,689,460
Net Position		
Invested in capital assets	9,277,526	12,096,533
Restricted	157,355	109,903
Unrestricted	333,347	(5,656,820)
Total net position	$ 9,768,228	$ 6,549,616

REDLANDS COMMUNITY COLLEGE
Year Ended June 30, 2022

Comparison of Operating Revenues
Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Tuition and fees, net	$ 1,935,931	$ 2,305,227
Federal and state grants and contracts	5,406,708	3,760,314
Sales and services of auxiliary activities	2,962,926	2,029,295
Other operating revenues	-	-
Total operating revenues	10,305,565	8,094,836
Operating expenses	(15,661,232)	(16,272,143)
Net operating losses	(5,355,667)	(8,177,307)
Non-operating revenues (expenses):		
State appropriations	5,493,262	4,811,010
Federal and state grants—non-operating	1,995,593	2,127,182
On-behalf payments for OTRS	413,632	487,862
Investment income	46,063	25,672
Oil and gas revenue	105,476	110,187
Interest on capital debt and miscellaneous expense	(609,917)	(621,208)
Net non-operating revenues	7,444,109	6,940,705
Other revenues	1,111,542	952,720
Net position:		
Change in net position	3,199,984	(283,882)
Net position at beginning of year	6,568,244	6,833,498
Net position at end of year	$ 9,768,228	$ 6,549,616



REDLANDS COMMUNITY COLLEGE
Year Ended June 30, 2022

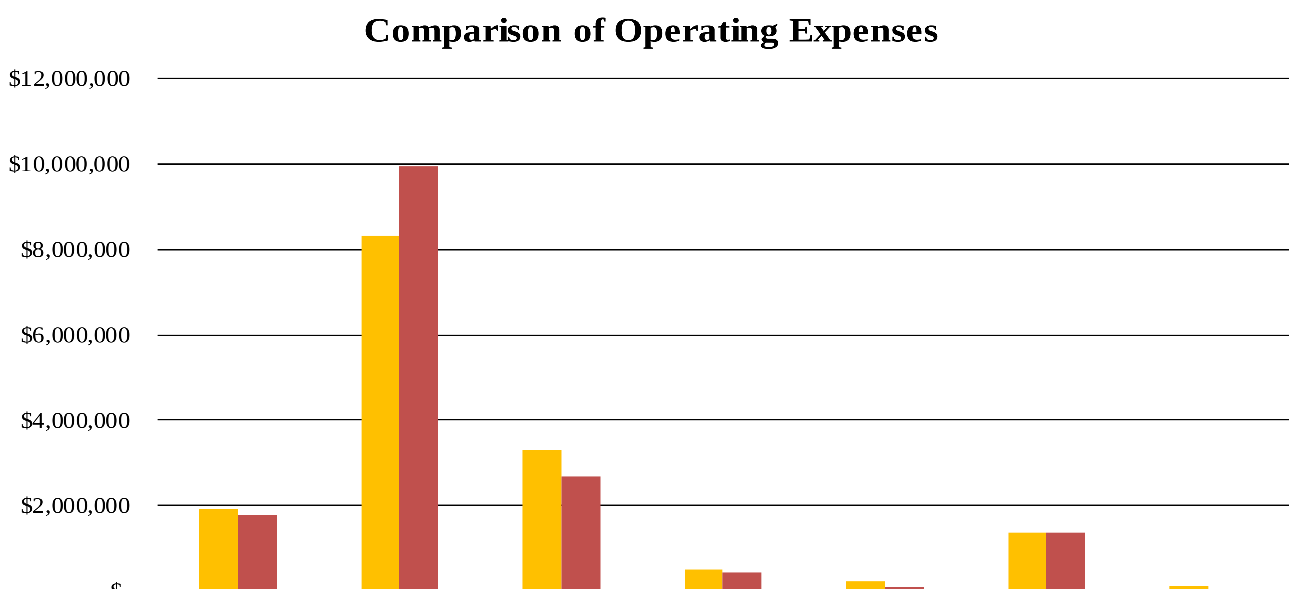
Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash (used in) provided by:		
Operating activities	$ (5,321,183)	$ (5,145,392)
Noncapital financing activities	7,475,288	6,984,835
Capital and related financing	(2,136,445)	(1,336,307)
Investing activities	35,500	25,672
Net increase in cash	53,160	528,808
Cash at beginning of year	5,211,610	4,682,802
Cash at end of year	$ 5,264,770	$ 5,211,610

REDLANDS COMMUNITY COLLEGE
Year Ended June 30, 2022

Comparison of Operating Expenses
Years Ended June 30, 2022 and 2021

	2022	2021
Operating expenses:		
Scholarships and student aid	$ 1,901,868	$ 1,773,475
Salaries and fringe benefits	8,312,207	9,953,375
Supplies, materials, and services	3,285,847	2,671,370
Utilities	500,375	441,095
Travel	205,635	85,585
Depreciation	1,354,383	1,347,243
Amortization	100,917	-
Total operating expenses	**$ 15,661,232**	**$ 16,272,143**

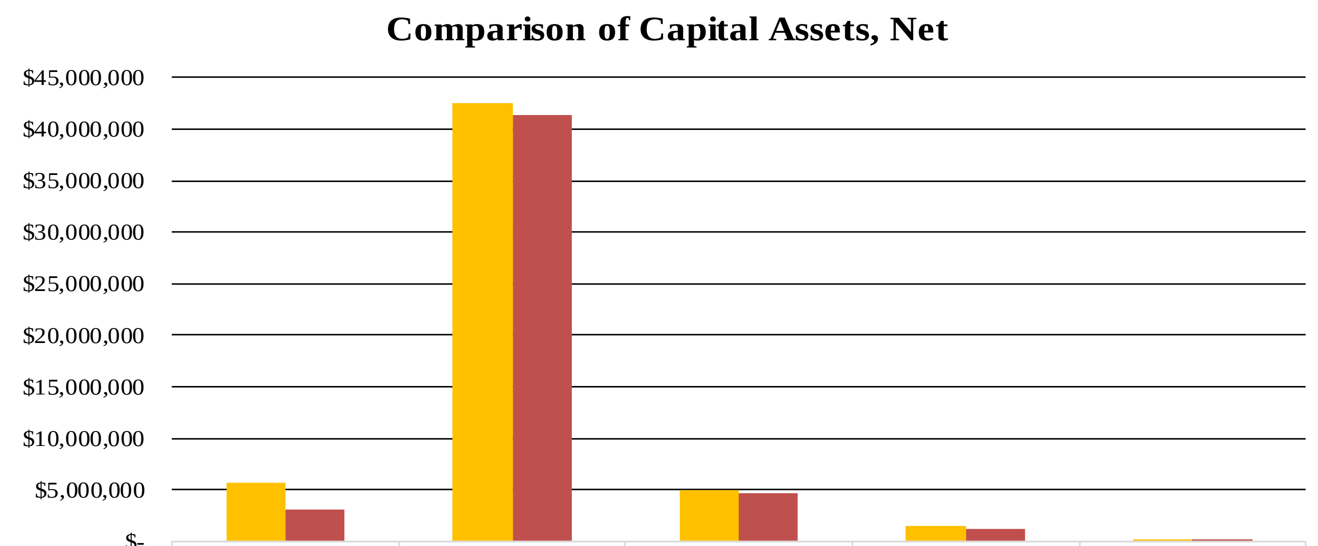


	Scholarships and student aid	Salaries and fringe benefits	Supplies, materials, and services	Utilities	Travel	Depreciation	Amortization
2022	$1,901,868	8,312,207	3,285,847	500,375	205,635	1,354,383	100,917
2021	$1,773,475	9,953,375	2,671,370	441,095	85,585	1,347,243	-

REDLANDS COMMUNITY COLLEGE
Year Ended June 30, 2022

Comparison of Capital Assets, Net
Years Ended June 30, 2022 and 2021

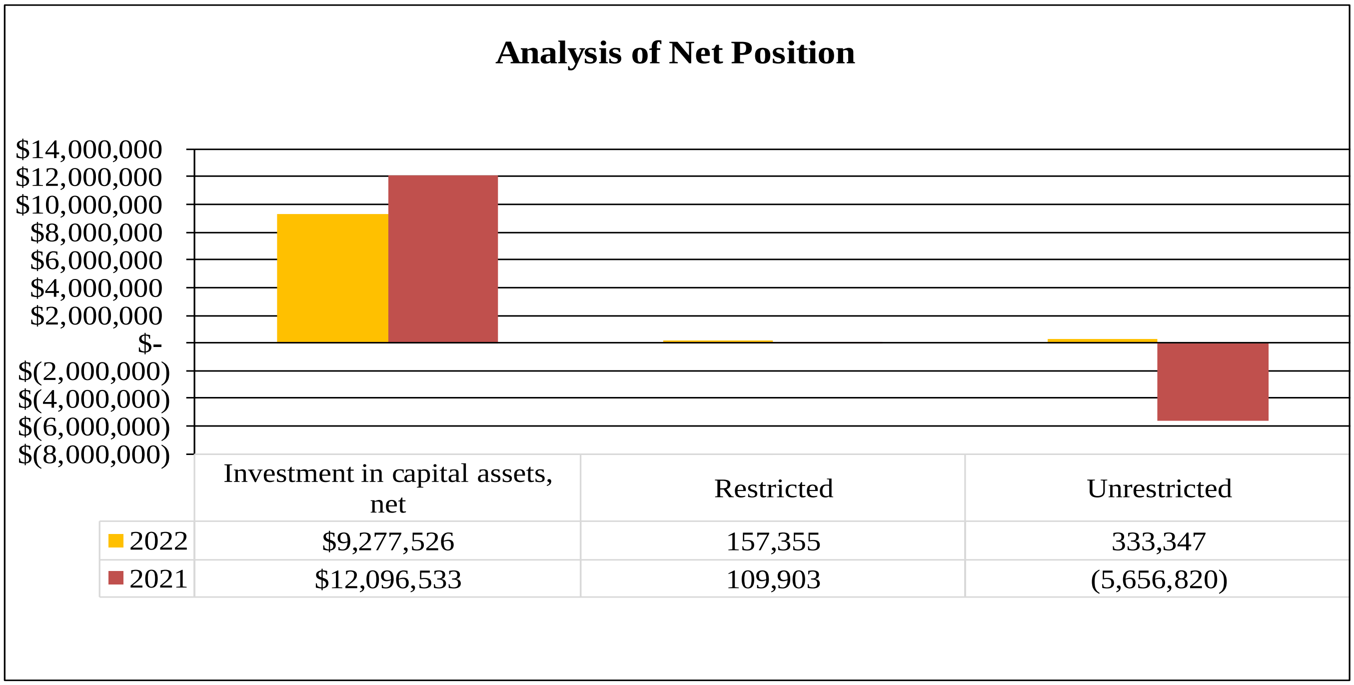
	2022	2021
Capital Assets		
Land and improvements	$ 5,746,290	$ 3,142,726
Buildings and facilities	42,551,966	41,415,628
Equipment and vehicles	4,998,221	4,704,548
Construction in progress	1,545,295	1,185,302
Library holdings	102,076	102,076
Total capital assets	54,943,848	50,550,280
Less accumulated depreciation	(23,154,565)	(21,949,377)
Capital assets, net	$ 31,789,283	$ 28,600,903



	Land and improvements	Buildings and facilities	Equipment and vehicles	Construction in progress	Library holdings
2022	$5,746,290	42,551,966	4,998,221	1,545,295	102,076
2021	$3,142,726	41,415,628	4,704,548	1,185,302	102,076

Analysis of Net Position
Years Ended June 30, 2022 and 2021

	2022	2021
Net Position		
Investment in capital assets, net	$ 9,277,526	$ 12,096,533
Restricted	157,355	109,903
Unrestricted	333,347	(5,656,820)
Net position	$ 9,768,228	$ 6,549,616



Contacting the College's Financial Management

The financial report is designed to provide our customers, grantors, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Vice President/Chief of Staff at Redlands Community College, 1300 South Country Club Road, El Reno, Oklahoma 73036-5304.

REDLANDS COMMUNITY COLLEGE

STATEMENT OF NET POSITION

		Redlands Community College		Redlands Community College Foundation
		June 30, 2022		*January 31, 2022*
Assets				
Current assets:				
Cash and cash equivalents	$	5,264,770	$	686,653
Accounts receivable, net of allowance for doubtful accounts of $191,531 as of June 30, 2022		1,926,004		-
Grants receivable		116,600		-
Accrued interest receivable		17,944		-
Long-term lease receivable, current portion		17,143		-
Other receivables		20,737		-
Inventory		28,847		-
Total current assets		7,392,045		686,653
Noncurrent assets:				
Long-term lease receivable		1,427,915		-
Receivable from ODFA		4,000,000		-
Beneficial interests in assets held by others		-		1,004,103
Other assets		-		80,914
Restricted Net OPEB Asset - OTRS		190,245		-
Leased assets, net of accumulated amortization		201,685		-
Capital assets, net of accumulated depreciation		31,789,283		137,500
Total noncurrent assets		37,609,128		1,222,517
Total assets		45,001,173		1,909,170
Deferred outflows of resources:				
Deferred outflows related to pensions		2,670,573		-
Deferred outflows related to OPEB - OTRS		40,311		-
Deferred outflows related to OPEB - OKHEEI		6,887		-
Total deferred outflows of resources		2,717,771		-

(Continued)

STATEMENT OF NET POSITION, CONTINUED

	Redlands Community College	Redlands Community College Foundation
	June 30, 2022	*January 31, 2022*
Liabilities		
Current liabilities:		
Accounts payable	329,290	-
Accrued expenses	30,596	-
Accrued interest	502	-
Accrued compensated absences	197,296	-
Unearned revenues	238,793	-
Long-term liabilities, current portion	1,168,654	-
Long-term lease liabilities, current portion	105,606	-
Deposits held in custody for others	184,689	80,914
Total current liabilities	2,255,426	80,914
Noncurrent liabilities:		
Long-term liabilities	21,343,104	-
Long-term lease liabilities	96,450	-
Net OPEB liability - OKHEEI	59,209	-
Net pension liability	7,631,015	-
Total noncurrent liabilities	29,129,778	-
Total liabilities	31,385,204	80,914
Deferred inflows of resources:		
Deferred gain on OCIA lease restructure	101,798	-
Deferred inflows related to leases	1,533,136	-
Deferred inflows related to pensions	4,767,647	-
Deferred inflows related to OPEB - OTRS	139,356	-
Deferred inflows related to OPEB - OKHEEI	23,575	-
Total deferred inflows of resources	6,565,512	-
Net Position		
Net investment in capital assets	9,277,526	137,500
Restricted for:		
Endowments—nonexpendable	-	1,004,103
Donor restrictions—expendable	142,052	-
Scholarships—expendable	-	593,681
OPEB	15,303	-
Unrestricted (deficit)	333,347	92,972
Total net position	$ 9,768,228	$ 1,828,256

See accompanying notes to financial statements.

REDLANDS COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Redlands Community College *Year Ended June 30, 2022*	Redlands Community College Foundation *Year Ended January 31, 2022*
Operating revenues:		
Student tuition and fees, net of scholarship allowances of $3,783,000 for the year ended June 30, 2022	$ 1,935,931	$ -
Federal and state grants and contracts	5,406,708	-
Sales and services of auxiliary activities	2,962,926	-
Other operating revenues	-	348,261
Total operating revenues	10,305,565	348,261
Operating expenses:		
Compensation	8,312,207	-
Supplies and materials	3,285,847	-
Depreciation	1,354,383	-
Amortization	100,917	-
Utilities	500,375	-
Travel	205,635	-
Scholarships and fellowships	1,901,868	90,671
Other operating expenses	-	14,732
Total operating expenses	15,661,232	105,403
Operating (loss) income	(5,355,667)	242,858

(Continued)

REDLANDS COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONTINUED

	Redlands Community College	Redlands Community College Foundation
	Year Ended June 30, 2022	*Year Ended January 31, 2022*
Non-operating revenues (expenses):		
State appropriations	5,493,262	-
Federal and state grants	1,995,593	-
On-behalf Teachers' Retirement System contributions	413,632	-
Investment income (loss)	46,063	85,105
Other non-operating revenues (expenses)	17,746	-
Oil and gas revenues	105,476	-
Interest expense	(627,663)	-
Net non-operating revenues	7,444,109	85,105
Earnings before other revenues, expenses, gains, and losses	2,088,442	327,963
Other revenues, expenses, gains, and losses:		
On-behalf Oklahoma Capitol Improvement Authority contributions	211,542	-
Capital appropriations	900,000	-
Other revenues and losses	1,111,542	-
Change in net position	3,199,984	327,963
Net position (deficit) at beginning of year	6,568,244	1,500,293
Net position at end of year	$ 9,768,228	$ 1,828,256

See accompanying notes to financial statements.

REDLANDS COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

	Redlands Community College *Year Ended June 30, 2022*	Redlands Community College Foundation *Year Ended January 31, 2022*
Cash flows from operating activities:		
Tuition and fees	$ 948,242	$ -
Grants and contracts	5,414,345	-
Contributions, fundraising and other	-	75,155
Payments to employees	(8,987,267)	-
Payments to vendors	(5,673,959)	(105,403)
Auxiliary enterprise	2,977,456	-
Net cash used in operating activities	(5,321,183)	(30,248)
Cash flows from noncapital financing activities:		
State appropriations	5,419,032	-
Federal and state grants	1,995,593	-
Oil and gas	42,917	-
Federal Direct Student Loan receipts	644,158	-
Federal Direct Student Loan disbursements	(644,158)	-
Scholarship donations	-	340,418
Other payments, net	17,746	-
Net cash provided by noncapital financing activities	7,475,288	340,418
Cash flows from capital and related financing activities:		
Capital appropriations received	900,364	-
Interest paid on capital debt and leases	(476,404)	-
Payments on capital debt and leases	(692,041)	-
Proceeds from capital lease obligations	2,646,629	-
Purchases of capital assets, net	(4,514,993)	-
Net cash used in capital and related financing activities	(2,136,445)	-
Cash flows from investing activities:		
Distributions from OCCF, net	-	-
Interest on investments	35,500	-
Net cash provided by investing activities	35,500	-
Net change in cash and cash equivalents	53,160	310,170
Cash and cash equivalents, beginning of year	5,211,610	376,483
Cash and cash equivalents, end of year	$ 5,264,770	$ 686,653

(Continued)

REDLANDS COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS, CONTINUED

	Redlands Community College	Redlands Community College Foundation
	Year Ended June 30, 2022	*Year Ended January 31, 2022*
Reconciliation of net operating (loss) income to net cash used in operating activities:		
Operating loss/change in net position, Foundation	$ (5,355,667)	$ 242,858
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	1,455,300	-
On-behalf Teachers' Retirement System contributions	487,862	-
Net loss on disposal of fixed assets	-	-
Changes in assets and liabilities:		
Receivables, net	(953,879)	-
Inventory	949	-
Restricted net OPEB asset	(175,625)	-
Deferred outflows related to pensions	1,839,429	-
Deferred outflows related to OPEB - OTRS	31,810	-
Deferred outflows related to OPEB - OKHEEI	(6,866)	-
Accounts payable	204,499	-
Payables from custody accounts	14,318	-
Accrued expenses	(2,322)	-
Deferred inflows related to leases	137,504	-
Deferred inflows related to pensions	3,397,742	-
Deferred inflows related to OPEB - OTRS	106,474	-
Deferred inflows related to OPEB - OKHEEI	103	-
Compensated absences	23,936	-
Total OPEB liability - OKHEEI	(4,872)	-
Net pension liability	(6,372,731)	-
Unearned revenues	(149,147)	-
Net unrealized and realized gains on investments	-	(273,106)
Net cash used in operating activities	$ (5,321,183)	$ (30,248)
Supplemental cash flow information:		
Net accounts payable for purchase of capital assets	$ 60,687	$ -
Principal and interest paid by OCIA	$ 211,542	$ -

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Redlands Community College (the "College") is a 2-year public college operating under the jurisdiction of the Board of Regents of Redlands Community College (the "Board of Regents") and is part of the Oklahoma System of Higher Education.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and 34*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The accompanying financial statements include the accounts and funds of the College. The College is governed by the Board of Regents and is part of the State of Oklahoma Higher Education System, which is under the governance of the Oklahoma State Regents for Higher Education. The College is a component unit of the State of Oklahoma and is included in the general-purpose financial statements of the State as part of the higher education component unit.

Redlands Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the College. The Foundation is organized for the purpose of receiving and administering gifts intended for the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, and for the benefit of the College, the Foundation is considered a discretely presented component unit of the College, and its financial statements are separately presented in the College's financial statements. The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board's (FASB) *Accounting Standards Codification* (ASC) Topic 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 reporting entity for these differences. In addition, the Foundation's fiscal year ends January 31; as such, the most recent period, for the year ended January 31, 2022, is being presented.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Statement Presentation

The College's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34), and GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities* (GASB 35).

Under GASB 34 and GASB 35, the College is required to present a statement of net position classified between current and noncurrent assets and liabilities; a statement of revenues, expenses, and changes in net position with separate presentation for operating and non-operating revenues and expenses; and a statement of cash flows using the direct method.

Basis of Accounting

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

Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of 3 months or less to be cash equivalents, except for deposits held by the College's trustee related to debt service payments on revenue bonds. Funds invested through the state treasurer are considered cash equivalents.

Use of Estimates

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

The College generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known.

Deposits and Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gains (losses) on the carrying values of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position. Investments that are externally restricted to make debt service payments, maintain

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

sinking or reserve funds, or purchase capital or other noncurrent assets are classified as restricted assets in the statements of net position. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3* (GASB 40), the College has disclosed its deposit and investment policies related to the risks identified in GASB 40.

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

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

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

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

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. Accounts receivable also include amounts due from federal, state, or local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the College's previous loss history, and the condition of the general economy and the industry as a whole. The College writes-off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables increase the allowance for doubtful accounts. A student account receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester. Interest and late charges are generally not assessed; however, if they are assessed, they are not included in income until received.

Grants Receivable

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, make long-term student loans, or purchase capital or other noncurrent assets are classified as noncurrent assets in the statement of net position. There were no noncurrent cash and investments at June 30, 2022.

Unearned Revenues

Unearned revenues include amounts received and/or billed 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.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. The College's capitalization policy for buildings includes all items with a unit cost of $25,000 or more and an estimated useful life of at least 10 years. The College's capitalization policy for improvements other than buildings includes all items with a unit cost of $5,000 or more. The College's capitalization policy for furniture and fixtures includes all items with a unit cost of $2,500 or more and an estimated useful life of greater than 1 year.

The College's capitalization policy for information technology equipment includes all items with a unit cost of $500 or more and an estimated useful life of greater than 1 year. Library books are capitalized at cost if the item becomes part of the volume count for the library. The College does not provide for depreciation of its library books.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for infrastructure and land improvements, and 3 to 7 years for equipment, or the duration of the lease term for capital leases.

Leased assets are amortized over the life of the associated contract.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued expenses in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than 1 year, (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year, and (3) net pension liability and total OPEB liability.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets—This represents the College's capital assets, net of accumulated depreciation, reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Classification of Revenues

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

> *Operating Revenues*—Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and of auxiliary enterprises, and (3) certain federal, state, and nongovernmental grants and contracts.
>
> *Non-Operating Revenues*—Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as state appropriations and investment income.
>
> *Scholarship Discounts and Allowances*—Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Deferred Outflows of Resources and Deferred Inflow of Resources

Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30 2022, the College's deferred outflows and deferred inflows of resources were related to a deferred gain on an OCIA lease restructure, lease activities, and pension and OPEB sources.

Lease-related amounts are recognized at the inception of leases in which the College is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Leases

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

Pensions

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

Income Taxes

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

New Accounting Pronouncements

New Accounting Pronouncements Adopted

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College adopted GASB 87 effective July 1, 2021, for the June 30, 2022 reporting year. The adoption had a significant impact on the financial statements of the College, and the July 1, 2021 beginning lease receivable, leased assets, accrued interest receivable/payable, lease liabilities, deferred inflows and net position were restated.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements, Continued

New Accounting Pronouncements Not Yet Adopted

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 defines a subscription-based information technology arrangements (SBITA) as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of GASB 96 are effective July 1, 2022, for the June 30, 2023 reporting year. Earlier application is encouraged. The College has not determined the impact of GASB 96 on the financial statements.

(2) RESTATEMENT

The July 1, 2021 beginning lease receivable, leased assets, accrued interest receivable/payable, lease liabilities, deferred inflows and net position have been restated to reflect the implementation of GASB 87. The effect of the restatement is as follows:

	Fiscal Year 2022		
	Beginning balance, as previously reported	Implementation of GASB 87	Beginning balance, restated
Accrued interest receivable	$ -	$ 7,381	$ 7,381
Lease receivable	-	1,320,461	1,320,461
Leased assets, net	-	268,462	268,462
Accrued interest payable	-	431	431
Lease liabilities	-	267,863	267,863
Deferred inflow - leases	-	1,395,632	1,395,632
Net position	6,549,616	18,628	6,568,244

(3) DEPOSITS AND INVESTMENTS

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 to it. The College's deposit policy for custodial credit risk is described as follows:

> Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The College's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine, in the State's name.

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

At June 30, 2022, the carrying amount of the College's deposits was $5,264,770. This amount consisted of deposits with the State Treasurer of $5,258,564 at June 30, 2022.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool, *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in obligations of the U.S. government, its agencies and instrumentalities, including agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments, and State of Israel Bonds. Various other investments, as allowed by law, may be added to the *OK INVEST* portfolio, as the State Treasurer determines, without formal revision to its policy statement. Amounts invested in *OK INVEST* totaled $2,179,127 at June 30, 2022. For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents.

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

(3) DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk—Deposits, Continued

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. governmental securities risk* is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State, the FDIC, or any other government agency.

Interest Rate Risk

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

Credit Risk

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

(3) DEPOSITS AND INVESTMENTS, CONTINUED

Credit Risk, Continued

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

(4) STUDENT ACCOUNTS RECEIVABLE, NET

Student accounts receivable consisted of the following at June 30, 2022:

Student tuition and fees	$ 2,117,535
Less allowance for doubtful accounts	(191,531)
	$ 1,926,004

(5) LEASES RECEIVABLE

The College, as a lessor, has entered into lease agreements involving land for oil and gas exploration, land for a communications tower and a portion of a building for office space. A summary of the lease terms and interest rates is as follows:

Leases of land: Annual installments totaling $12,000 with interest rates ranging from .371% to 1.541%.	$1,320,460
Leases of office space: Annual installments totaling $18,252 with an interest rate of .95%.	$ 124,598

(6) CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2022:

	Balance at June 30, 2021 as restated	Additions	Transfers	Retirements	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	$ 939,917	2,603,565	-	-	3,543,482
Construction in progress	1,185,302	1,164,993	(805,000)	-	1,545,295
Library holdings	102,076	-	-	-	102,076
Total capital assets not being depreciated	2,227,295	3,768,558	(805,000)	-	5,190,853
Capital assets being depreciated:					
Land improvements	2,202,809	-	-	-	2,202,809
Building and facilities	41,415,628	331,338	805,000	-	42,551,966
Equipment and vehicles	4,704,548	442,867	-	(149,194)	4,998,221
Total capital assets being depreciated	48,322,985	774,205	805,000	(149,194)	49,752,996
Less accumulated depreciation:					
Land improvements	(1,783,646)	(56,218)	-	-	(1,839,864)
Building and facilities	(16,081,415)	(1,026,680)	-	-	(17,108,095)
Equipment and vehicles	(4,084,316)	(271,485)	-	149,194	(4,206,607)
Total accumulated depreciation	(21,949,377)	(1,354,383)	-	149,194	(23,154,566)
Total capital assets being depreciated, net	26,373,608	(580,178)	805,000	-	26,598,430
Lease assets:					
Equipment and vehicles	359,069	34,140	-	-	393,209
Total lease assets being amortized	359,069	34,140	-	-	393,209
Less accumulated amortization:					
Equipment and vehicles	(90,607)	(100,917)	-	-	(191,524)
Total accumulated amortization	(90,607)	(100,917)	-	-	(191,524)
Total lease assets being amortized, net	268,462	(66,777)	-	-	201,685
Capital assets, net	$ 28,869,365	$ 3,121,603	$ -	$ -	$ 31,990,968

(6) CAPITAL ASSETS, NET, CONTINUED

At June 30, 2022, the costs and related accumulated depreciation of assets held under capital lease obligations and included in capital assets were $17,275,000 and $4,629,202, respectively.

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

(7) LONG-TERM LIABILITIES

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

	Balance at June 30, 2021 as restated	Additions	Reductions	Balance at June 30, 2022	Due Within 1 Year
Bonds and capital lease obligations, net of bond premium or discount:					
OCIA capital lease obligations	$ 3,446,365	-	-	3,446,365	321,262
ODFA master lease revenue bonds	12,842,527	6,646,629	(578,313)	18,910,843	783,244
Total bonds and capital lease obligations	16,288,892	6,646,629	(578,313)	22,357,208	1,104,506
Other liabilities:					
Lease liabilities	267,863	34,140	(99,947)	202,056	105,606
Total OPEB liability - OKHEEI	64,081	-	(4,872)	59,209	-
Net pension liability	14,003,746	-	(6,372,731)	7,631,015	-
Total other liabilities	14,335,690	34,140	(6,477,550)	7,892,280	105,606
Direct borrowings:					
Dell capital lease obligations	215,728	-	(61,178)	154,550	64,148
Total direct borrowings	215,728	-	(61,178)	154,550	64,148
Total long-term liabilities	$ 30,840,310	6,680,769	(7,117,041)	30,404,038	1,274,260

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Capitol Improvement Authority Lease Obligations

In November 2005, the OCIA issued its OCIA Bond Issues, 2005 Series F and G. Of the total bond indebtedness, the State Regents allocated $6,770,000 to the College. Concurrently with the allocation, the College entered into an individual lease agreement with OCIA, representing the project being funded by the OCIA bonds. The lease agreement provides for OCIA to make the required payments on behalf of the College over the respective terms of the agreement, which is for 25 years. The proceeds of the bonds and subsequent lease are to provide for capital improvements at the College.

In August 2010, the College's 2005 Series F lease agreement with the OCIA was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The College's lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the College's lease agreement with OCIA automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring. The College has recorded a charge of $603,090 on restructuring as a deferred cost that was amortized over a period of 6 years. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of $29,806, which also approximates the economic cost of the lease restructuring.

On April 9, 2014, the College's remaining 2005F lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding over a period of 17 years. As a result, the total liability of the remaining 2005F bonds refunded and the amount of the 2014A bonds acquired was a gain on restructuring of $205,695, which was recorded as a deferred inflow of resources that is being amortized over a period of 18 years. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $480,173, which approximates the economic savings of the transaction.

Through June 30, 2010, the College has drawn its total allotment for expenditures incurred in connection with the project. The expenditures have been capitalized as investments in capital assets in accordance with College policy. The College has recorded a lease obligation payable to OCIA for the total amount of the allotment, less repayments made.

During the year ended June 30, 2022, OCIA made lease principal and interest payments totaling $211,542 on behalf of the College. These payments have been recorded as on-behalf OCIA contributions in the statements of revenues, expenses, and changes in net position.

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Capitol Improvement Authority Lease Obligations, Continued

During the year ended June 30, 2022, the College recognized $12,594 of amortization on the deferred gain on lease restructuring on the OCIA Series 2014A lease obligation, leaving a balance of the unamortized deferred gain of $101,798. The unamortized deferred gain is included in the deferred inflows of resources in the accompanying financial statements.

Future minimum lease payments under the College's obligation to the OCIA are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 321,262	$ 164,144	$ 485,406
2024	337,592	148,666	486,258
2025	346,280	132,213	478,493
2026	360,935	117,587	478,522
2027	378,626	99,850	478,476
2028-2032	1,701,670	212,212	1,913,882
	$ 3,446,365	$ 874,672	$ 4,321,037

Oklahoma Development Finance Authority Master Lease Obligations

In December 2006, the College entered into a 15-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2006A. The College financed $806,783 to upgrade the College's real property. This lease was refunded with the proceeds from the ODFA Real Property Master Lease Revenue Bonds, Series 2016G in November 2016, which was paid in full in 2022.

In December 2008, the College entered into a 15-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority State Regents for Higher Education Master Lease Revenue Bonds, Series 2008A. The College received a net amount of $985,768 (includes $17,768 of bond premium) of the proceeds for improvements to the College's equipment.

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Development Finance Authority Master Lease Obligations, Continued

In December 2009, the College entered into a 25-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2009C. The College financed $510,281 (includes $281 of bond premium) for improvements to the College's real property. This lease was refunded with the proceeds from the ODFA Real Property Master Lease Revenue Bonds, Series 2019A in May 2019.

In December 2009, the College entered into a 30-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2009D. The College financed $8,190,000 for the purchase of real property. This lease was refunded with the proceeds from the ODFA Real Property Master Lease Revenue Bonds, Series 2019A in May 2019.

In September 2010, the College entered into a 25-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Real Property Equipment Master Lease Revenue Bonds, Series 2010A. The College financed $599,482 (includes $4,482 of bond premium) for improvements to the College's real property. This lease was refunded with the proceeds from the ODFA Real Property Master Lease Revenue Bonds, Series 2020A in May 2020.

In September 2010, the College entered into a 25-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Taxable Real Property Equipment Master Lease Revenue Bonds, Series 2010B. The College financed $720,000 for improvements to the College's real property. This lease was refunded with the proceeds from the ODFA Taxable Real Property Master Lease Revenue Bonds, Series 2020B in May 2020.

In September 2015, the College entered into a 30-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2015D. The College financed $6,134,000 (includes $58,638 of bond premium) for the purchase of real estate, the Cougar Crossing student apartments.

In November 2016, the College entered into a 5-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2016G. The College financed $309,000 (includes $17,437 of bond premium) for the refunding of the ODFA Series 2006A master lease. This lease was paid in full in 2022.

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Development Finance Authority Master Lease Obligations, Continued

In May 2019, the College entered into a 15-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2019A. The College financed $315,000 (includes $48,820 of bond premium) for the refunding of the ODFA Series 2009C master lease.

In May 2019, the College entered into a 20-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2019A. The College financed $5,839,000 (includes $671,866 of bond premium) for the refunding of the ODFA Series 2009D master lease.

In May 2020, the College entered into a 25-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2020A. The College financed $363,000 (includes $53,378 of bond premium) for the refunding of the ODFA Series 2010A master lease.

In May 2020, the College entered into a 25-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Taxable Master Real Property Lease Revenue Bonds, Series 2020B. The College financed $537,000 for the refunding of the ODFA Taxable Series 2010B master lease.

In June 2022, the College entered into a 20-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2022A. The College financed $3,679,000 (includes $348,858 of bond premium) for improvements to the College’s real property.

In June 2022, the College entered into a 20-year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Master Real Property Lease Revenue Bonds, Series 2022A. The College financed $2,392,000 (includes $226,771 of bond premium) for the purchase of land.

Lease payments made by the College are forwarded to the trustee bank by the State Regents for future principal and interest payments on the Master Lease bonds. The ODFA deposits the lease payments into an interest-bearing sinking fund and may use the interest earnings to reduce the College’s future lease payments. During 2022, the College paid $530,916 in principal and $462,068 in related interest on these bonds.

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Development Finance Authority Master Lease Obligations, Continued

The schedule of maturities of the bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 783,244	$ 774,325	$ 1,557,569
2024	712,173	721,452	1,433,625
2025	744,809	693,762	1,438,571
2026	766,060	664,666	1,430,726
2027	800,893	634,712	1,435,605
2028-2032	4,515,383	2,659,897	7,175,280
2033-2037	5,215,763	1,695,199	6,910,962
2038-2042	4,451,165	689,473	5,140,638
2043-2047	921,353	69,413	990,766
	$ 18,910,843	$ 8,602,899	$ 27,513,742

The ODFA Series 2008A bonds were issued at a premium. The College's pro rata portion of the premium was $17,768. During 2022, the College recognized $1,184 of amortization, leaving a balance of the unamortized bond premium of $1,382. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

The ODFA Master Real Property Lease Revenue Bonds, Series 2015D were issued at a premium. The College's pro rata portion of the premium was $58,638. During 2022, the College recognized $1,954 of amortization, leaving a balance of $45,445. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

The ODFA Master Real Property Lease Revenue Bonds, Series 2016G were issued at a premium. The College's pro rata portion of the premium was $17,437. During 2022, the College recognized $1,453 of amortization. The premium was fully amortized in 2022.

The ODFA Master Real Property Lease Revenue Bonds, Series 2019A for the refunding of the ODFA Series 2009C master lease were issued at a premium. The College's pro rata portion of the premium was $48,820. During 2022, the College recognized $3,255 of amortization, leaving a balance of $38,785. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

(7) LONG-TERM LIABILITIES, CONTINUED

Oklahoma Development Finance Authority Master Lease Obligations, Continued

The ODFA Master Real Property Lease Revenue Bonds, Series 2019A for the refunding of the ODFA Series 2009D master lease were issued at a premium. The College's pro rata portion of the premium was $671,866. During 2022, the College recognized $33,593 of amortization, leaving a balance of $568,287. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

The ODFA Master Real Property Lease Revenue Bonds, Series 2020A for the refunding of the ODFA Series 2010A master lease were issued at a premium. The College's pro rata portion of the premium was $53,378. During 2022, the College recognized $3,559 of amortization, leaving a balance of $45,964. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

The ODFA Master Real Property Lease Revenue Bonds, Series 2022A for the improvements to the College's real property were issued at a premium. The College's pro rata portion of the premium was $348,858. During 2022, the College recognized $1,454 of amortization, leaving a balance of $347,404. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

The ODFA Master Real Property Lease Revenue Bonds, Series 2022A for the purchase of land were issued at a premium. The College's pro rata portion of the premium was $226,771. During 2022, the College recognized $945 of amortization, leaving a balance of $225,826. The unamortized bond premium is included in the ODFA capital lease obligation in the accompanying financial statements.

Lease Obligations

The College, as a lessee, has entered into lease agreements involving copiers and fleet vehicles. A summary of the lease terms and interest rates is as follows:

Leases of equipment: Annual installments totaling $76,468 with interest rates ranging from .326% to .419%.	$ 78,616
Leases of vehicles: Annual installments totaling $34,788 with interest rates ranging from 3.7531% to 6.4114%.	$123,440

(7) LONG-TERM LIABILITIES, CONTINUED

Lease Obligations, Continued

Future annual lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 105,606	$ 5,522	$ 111,128
2024	29,996	3,896	33,892
2025	23,837	2,594	26,431
2026	19,504	1,626	21,130
2027	17,046	723	17,769
2028-2032	6,068	166	6,234
	$ 202,057	$ 14,527	$ 216,584

Direct Borrowings

During October 2019, the College entered into a capital lease with Dell Financial Services to purchase computer equipment. The equipment described in the lease is held as collateral for the debt. The lease terms require payments of $5,842 for the period from November 1, 2019, to October 1, 2024. If payments are not made within 15 days after the date such payment is due, an event of default may occur. Upon an event of default, the College's rights to the equipment could be canceled and the College could be required to return the equipment, as well as be liable for costs in connection with or related to an event of default.

During 2022, the College paid $61,178 in principal and $8,927 in related interest on the lease. The maturities of the payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 64,148	$ 5,957	$ 70,105
2024	67,263	2,842	70,105
2025	23,139	229	23,368
	$ 154,550	$ 9,028	$ 163,578

(8) EMPLOYEE RETIREMENT PROGRAMS

Oklahoma Teachers' Retirement System

Substantially all of the College's academic and nonacademic personnel are covered by the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employee retirement system. Certain eligible employees also participate in a 403(b) defined contribution benefit plan. The College does not maintain the accounting records of, hold the investments for, or administer the OTRS plan.

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

Benefits Provided – OTRS provides retirement, disability, and death benefits to members of the plan. Benefit provisions include:

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

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

(8) EMPLOYEE RETIREMENT PROGRAMS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

Benefits Provided, Continued –

- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions – The contributions requirements of the plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 8% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the supplemental health insurance program; see Note 9. Contributions to the pension plan from the College were $743,613 for 2022. The State of Oklahoma also made on-behalf contributions to OTRS, of which $413,632 was recognized by the College; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the College reported a liability of $7,631,015 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the College's proportion was 0.14937%.

(8) EMPLOYEE RETIREMENT PROGRAMS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

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

For the year ended June 30, 2022, the College recognized pension expense of $21,685. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 503,167	$ 283,771
Changes of assumptions	1,187,078	75,995
Net difference between projected and actual earnings on pension plan investments	-	3,963,457
Changes in College's proportionate share of contributions	226,812	442,964
Differences between College contributions and proportionate share of contributions	9,902	1,460
College contributions subsequent to the measurement date	743,614	-
	$ 2,670,573	$ 4,767,647

The $743,614 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2023	$ (764,196)
2024	(413,899)
2025	(502,142)
2026	(1,155,858)
2027	(4,593)
Total	$ (2,840,688)

(8) EMPLOYEE RETIREMENT PROGRAMS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

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

- Actuarial cost method—Entry Age
- Inflation—2.25%
- Future ad hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
- Investment rate of return—7.00%
- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the 5-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement—Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members—Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.50%	4.3%
International equity	19.00%	5.2%
Fixed income	22.00%	0.4%
Real estate*	9.00%	4.3%
Alternative Assets	6.50%	6.5%
Total	100.00%	

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

(8) EMPLOYEE RETIREMENT PROGRAMS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the College calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's net pension liability	$ 12,473,019	7,631,015	3,622,493

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

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS

The College participates in two employee OPEB plans as follows:

Name of Plan/System	Type of Plan
Supplemental Health Insurance Plan (OTRS)	Cost Sharing Multiple Employer – Defined Benefit Plan
RCC Retiree Benefits Plan	Single Employer – Defined Benefit Plan

Supplemental Health Insurance Plan (OTRS)

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

Benefits provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between $100 and $105 per month, remitted to OMES Employees Group Insurance Division ("EGID"), provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions – Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount, OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were $9,192.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the College reported an asset of $190,245 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The College's proportion of the net OPEB asset was based on the College's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the College's proportion was .1494%.

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

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

For the year ended June 30, 2022, the College recognized an OPEB benefit of $28,149. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 29,784
Changes of assumptions	25,859	-
Net difference between projected and actual earnings on OPEB plan investments	-	102,034
Changes in College's proportionate share of contributions	1,297	1,085
Differences between College contributions and proportionate share of contributions	3,963	6,453
College contributions subsequent to the measurement date	9,192	-
Total	$ 40,311	$ 139,356

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

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

The $9,192 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2023	$	(27,735)
2024		(22,601)
2025		(23,965)
2026		(31,766)
2027		(1,651)
Thereafter		(519)
Total	$	(108,237)

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

- Actuarial cost method—Entry Age
- Inflation—2.25%
- Future ad hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
- Investment rate of return—7.00%
- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the 5-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement—Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members—Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

Actuarial Assumptions, Continued –

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.50%	4.3%
International equity	19.00%	5.2%
Fixed income	22.00%	0.4%
Real estate*	9.00%	4.3%
Alternative Assets	6.50%	6.5%
Total	100.00%	

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

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

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of the College calculated using the discount rate of 7.0%, as well as what the Plan'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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's net OPEB asset	$ 122,223	190,245	247,883

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

RCC Retiree Benefits Plan

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

Benefits Provided – The College provides medical, dental, and vision benefits to eligible retirees and their dependents through the Oklahoma Higher Education Employee Interlocal Group (OKHEEI). The retiree pays the full contribution rate for the retiree's coverages and for any other elected dependent dental and vision coverages. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College.

Employees Covered by Benefit Terms – At June 30, 2022 the following employees were covered by the benefit terms:

Active Employees	96
Inactives or beneficiaries currently receiving benefit payments	2
Total	98

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

RCC Retiree Benefits Plan, Continued

Total OPEB Liability – The College's total OPEB liability of $59,209 was measured as of June 30, 2022, and was determined by an actuarial valuation rollforward as of that date.

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

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Inflation – 2.50%
- Salary Scale – 3.25%
- Discount Rate – 3.54%, based on June 30, 2021 published Bond Pay Go-20 bond index
- Retirement Age - Retirement rates are as shown below and they are based on the College's actual retirement experience in 2011 through 2016.

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

- Turnover Rates – Developed from assumptions used in the actuarial valuation of the Oklahoma Teachers Retirement System.
- Healthcare cost trend rates – Level 4.50%
- Average per capita claim cost – Range from age 50 of $10,061 to age 64 of $15,219
- Mortality Rates – RPH-2014 Total Table with Projection MP-2021
- Coverage – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 10% of all actives who currently have individual coverage will continue with individual coverage upon retirement.

RCC Retiree Benefits Plan, Continued

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability for the year ended June 30, 2022:

	Total OPEB Liability
Balance beginning of year	$ 64,081
Changes for the year:	
Service cost	1,588
Interest expense	1,298
Changes of assumptions	(4,373)
Difference between expected and actual eperience	7,741
Benefits paid	(11,126)
Net changes	(4,872)
Balance end of year	$ 59,209

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the College calculated using the discount rate of 3.54%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
College's total OPEB liability	$ 56,303	59,209	62,347

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

RCC Retiree Benefits Plan, Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the College calculated using the healthcare cost trend rate of 4.50%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.50%) or 1-percentage point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
College's total OPEB liability	$ 55,553	59,209	63,615

OPEB Expense – For the year ended June 30, 2022, the College recognized OPEB benefit of $509. The College also reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,869	$ 889
Changes of assumptions	18	22,686
Total	$ 6,887	$ 23,575

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	$ (3,395)
2024	(3,395)
2025	(3,395)
2026	(3,395)
2027	(3,395)
Thereafter	287
Total	$ (16,688)

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

403(b) Plan

Effective on January 1, 2009, the College adopted a 403(b) plan for its employees. Each employee is eligible to participant in the 403(b) plan and elect to have deferrals made on his or her behalf immediately upon becoming employed by the College. For the year ended June 30, 2021, the College contributed $20,394 to the 403(b) plan. The College reserves the authority to amend or terminate the plan at any time.

(11) RELATED-PARTY TRANSACTIONS

The Foundation is a tax-exempt organization whose objective is the betterment of the College and its related activities. The College is the ultimate beneficiary of the Foundation. The College has entered into a written agreement with the Foundation whereby the College agreed to pay for certain administrative services incurred by the Foundation. The following transactions occurred between the College and the Foundation during the year ended June 30, 2022:

Scholarship funds awarded to the College	$ 48,750
Payment of services to the Foundation	$ 3,501

(12) COMMITMENTS AND CONTINGENCIES

Legal

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, 2022 that management believes would result in a material loss to the College in the event of an adverse outcome.

Grants and Contracts

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

The College participates in the Federal Direct Student Loan Program (“Direct Loan Program”). The Direct Loan Program does not require the College to draw down cash; however, the College is required to perform certain administrative functions. Failure to perform such functions may require the College to reimburse the loan guarantee agencies. For the year ended June 30, 2022, approximately $644,000 of Direct Loan Program loans were provided to College students.

(13) RISK MANAGEMENT

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

The College, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program public entity risk pool currently operating as a common risk management and insurance program for its members. The College pays annual premiums to the pool for its tort, property, and liability insurance coverage. The governing agreement for the Oklahoma Risk Management pool specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The College also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an interlocal cooperative act agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through CompSource. CALM is a political subdivision of the State of Oklahoma and is governed by a board of trustees elected from members of the participating colleges and universities.

The College also began participating, during fiscal year 2017, in the Oklahoma Higher Education Employee Interlocal Group Health Insurance Pool ("OKHEEI"). College employees are provided health insurance coverage through OKHEEI. OKHEEI is an Interlocal Cooperative Act Agency organized as a public entity risk pool health insurance program for participating colleges and universities in the State. The College pays monthly health insurance premiums to OKHEEI for employee health insurance coverage based on the health coverage elected by the employee and the maximum benefit provide by the College for health coverage. Amounts of premiums exceeding benefits are payable by the employee. The governing agreement for OKHEEI specifies that the pool will be self-sustaining through premiums received and with additional stop-loss coverages obtained. If health care claims exceed reserves and reinsurance coverages, additional assessments may be made to participating colleges and universities. As of June 30, 2022, additional assessments did not occur.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC.

The following are significant disclosures of the Redlands Community College Foundation, Inc. (the "Foundation"):

NOTE (A)—NATURE OF OPERATIONS

Redlands Community College Foundation, Inc. (the "Foundation") is a nonprofit organization organized in 1977 and is located in El Reno, Oklahoma. The Foundation amended its certificate of incorporation from the State of Oklahoma during September 1991. The mission of the Foundation is to benefit, support, and enhance the development and priorities of the Redlands Community College (RCC). The primary purposes of the Foundation are to fund scholarships to students attending RCC and to provide resources to supplement college operations. The efforts of the Foundation are to generate funds which shall be in alignment with the academic needs and priorities of RCC. The Foundation shall ensure integrity to meet donor expectations.

NOTE (B)—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

In accordance with accounting principles generally accepted in the United States, the Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

> Net Assets Without Donor Restrictions—Net assets that are not subject to donor-imposed stipulations. These funds represent resources over which the Foundation's Board of Directors has discretionary control and are used to carry out operations in accordance with its bylaws. Net assets without donor restrictions include $45,000 designated by the Board to be used for fundraising as of January 31, 2021.
>
> Net Assets With Donor Restrictions—Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or passage of time. When a restriction expires, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (B)—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with an original maturity of 3 months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are 3 to 10 years for equipment and furniture and fixtures and 20 years for buildings and related components.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended January 31, 2022.

Asset Held for Fundraising

At January 31, 2021, the Foundation had a donated vehicle reflected as an asset held for fundraising on its statement of financial position for $45,000. The vehicle was given away as the grand prize as part of a fundraising raffle. The vehicle was reflected at its estimated fair value at the date of donation. During fiscal year 2022, the Foundation completed the fundraising raffle and distributed the car to the winner. The distribution is recorded as a direct fundraising expense of $45,000 and netted against special event revenue in the statement of activities for the year ended January 31, 2022.

Endowment Funds

The Foundation's endowments consist of 13 individual funds established for a variety of purposes. The endowments are comprised of donor-restricted endowment funds. As required by authoritative guidance, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowments represent only those net assets that are under the control of the Foundation.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (B)—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Endowment Funds, Continued

Interpretation of Relevant Law – The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of endowed gifts and any subsequent gifts to the donor-restricted endowment. Investment earnings from the donor-restricted endowment are classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor-stipulated purpose within the standard of prudence prescribed by UPMIFA.

Underwater Endowments – The Foundation considers an endowment fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under law.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of January 31, 2022, there were no underwater funds.

The Foundation invests its endowment funds with the Oklahoma City Community Foundation (OCCF). In doing so, the Foundation has inherently accepted the investment policies of the OCCF. The Foundation believes the investment policies of the OCCF, when applied to the endowment funds, facilitate the Foundation's ability to provide funding for programs and provide adequate returns for invested funds. Under the OCCF's investment policy, the endowment assets are invested in a manner that is intended to provide acceptable investment returns, while assuming a moderate level of investment risk. This investment policy expects its endowment funds, over time, to provide an average rate of return that is consistent with historical returns of assets allocated 65% equity and 35% fixed-income and non-equity investments. Actual returns in any given year are dependent on market conditions and other factors, and they may vary from the expected investment return. To satisfy its long-term rate of return objectives, the Foundation relies on the OCCF's investment policy, which has a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (B)—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received by or promised to the Foundation. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At January 31, 2022, the Foundation had no outstanding unconditional promises to give due from donors.

Contributions are reported as either revenues without donor restrictions or revenues with donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Gifts of property and equipment are recorded as net assets without donor restriction support unless explicit donor stipulations specify how the assets must be used, in which case the gift is recorded as net assets with donor restriction support. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue and Revenue Recognition

The Foundation received lease income from a property lease agreement. The Foundation rents the property under the terms stated in the lease agreement with the lessee. Consideration under the agreement is a fixed payment, and the Foundation recognizes rental income on the last day of each billing cycle (measurement period). The performance obligation is satisfied over the measurement period. The lessee simultaneously receives and consumes benefits from the leased property contracted with the Foundation.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (B)—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE (C)—ASSETS HELD FOR OTHERS

Assets held for others represent the monies from a grant being held for RCC. The Foundation has recorded an asset and an offsetting liability to record these funds. The asset consisted of cash of $80,914 as of January 31, 2022.

NOTE (D)—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of January 31, 2022:

Land	$ 137,500
Building	118,753
Equipment	29,458
Furniture and fixtures	17,844
	303,555
Less accumulated depreciation	(166,055)
Total property and equipment, net	$ 137,500

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (E)—BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

Endowed funds are held at the OCCF. The OCCF is a nonprofit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area nonprofit organizations. Contributions into the endowment fund are permitted by the Foundation, as well as by individual donors in the community who designate the beneficiary of their contributions. Distributions from the endowment earnings are paid annually to the Foundation according to the OCCF's spending policy. The Foundation has authorized the OCCF to manage the endowment, effectively giving variance power to the OCCF. As the Foundation designated itself as beneficiary for the endowment, the endowed funds contributed by the Foundation and the earnings thereon, net of distributions received, are reflected as beneficial interests in assets held by others in the amount of $1,004,103 as of January 31, 2022. The endowed funds contributed by third-party donors held by the OCCF designated for the benefit of the Foundation were $235,114 as of January 31, 2022, and are not reflected in the Foundation's statements of financial position.

NOTE (F)—FAIR VALUE MEASUREMENTS

Inputs used to measure fair value are organized into a fair value hierarchy based on how observable the inputs are. Level 1 inputs consist of quoted prices in active markets for identical assets. Level 2 inputs are inputs other than quoted prices for similar assets that are observable. Level 3 inputs are unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- The fair values of investments in mutual funds are based upon quoted market prices for identical assets and are classified within Level 1.

- The fair values of beneficial interests in assets held by the OCCF are based on the fair values of fund investments as reported by the OCCF. These are considered to be Level 3 measurements.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (F)—FAIR VALUE MEASUREMENTS, CONTINUED

Certain of the Foundation's assets are reported at fair value in the accompanying statements of financial position on a recurring basis. The Foundation's assets reported at fair value on a recurring basis as of January 31, 2022 are summarized as follows:

		Fair Value Measurements at Reporting Date Using		
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interests in assets held by the OCCF (Note E)	$ 1,004,103	$ -	$ -	$ 1,004,103
	$ 1,004,103	$ -	$ -	$ 1,004,103

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (G)—ENDOWMENT FUNDS

At January 31, 2022, the endowment funds were composed of donor-restricted beneficial interests in assets held by the OCCF.

Changes in donor-restricted endowments were as follows for the year ended January 31, 2022:

Endowment net assets at beginning of year	$ 940,810
Contributions	20,000
Investment (loss) income:	
Net appreciation (realized and unrealized)	84,497
Total investment (loss) income	84,497
Appropriation of endowment assets:	
Distribution of earnings	(41,204)
Total appropriation of endowment assets	(41,204)
Endowment transferred to scholarship funds	-
Endowment net assets at end of year	$ 1,004,103

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (H)—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available to be used for the following purposes as of January 31, 2022:

Scholarships	$	593,681
Beneficial interest endowment funds— with income restricted for scholarships		1,004,103
Total net assets with donor restrictions	$	1,597,784

Net assets with donor restriction were released from donor restrictions by incurring expenses satisfying the restricted purposes of scholarships.

NOTE (I)—TAX-EXEMPT STATUS

The Foundation has qualified as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) under a final ruling by the Internal Revenue Service dated May 1977. Donations, bequests, legacies, transfers, or gifts to the Foundation are deductible for federal income tax purposes. The Foundation has no excise or unrelated business income and therefore no provision is necessary for income taxes.

Management has reviewed the Foundation's tax positions and concluded that there are no uncertain tax positions that require accrual in the financial statements or disclosure in the footnotes to be in compliance with authoritative literature. Generally, the Foundation is no longer subject to income tax examination by federal, state, or local tax authorities for years prior to the fiscal year ended January 31, 2019.

NOTE (J)—CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. As of January 31, 2022, the Foundation had approximately $520,000 in excess of federally insured limits that was subject to credit risk. The Foundation places its cash and cash equivalents with a high credit quality financial institution and, therefore, does not believe significant credit risk exists with these deposits.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (K)—RELATED-PARTY TRANSACTIONS

The Foundation leased certain properties to RCC for the year ended January 31, 2022. Lease income derived from these properties totaled $7,002. The lease revenue is not considered significant to the Foundation's financial statements.

NOTE (L)—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows at January 31, 2022:

Financial assets	$ 1,771,670
Less: amounts unavailable for general expenditures within one year, due to:	
Assets held for others	(80,914)
Donor-restricted scholarships	(593,681)
Donor-restricted beneficial interests in endowment funds	(1,004,103)
Total amounts unavailable for general expenditures within one year	(1,678,698)
Total financial assets available to management for general expenditure within one year	$ 92,972

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund the programs. In addition, the Foundation receives support without donor restrictions as well as lease income and investment income without donor restrictions which it utilizes to pay its general operating expenses. Such support has historically been sufficient to pay the majority of the Foundation's general operating expenses each year.

(14) REDLANDS COMMUNITY COLLEGE FOUNDATION, INC., CONTINUED

NOTE (L)—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, CONTINUED

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses and fundraising expenses. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

NOTE (M)—SUBSEQUENT EVENT

Subsequent to January 31, 2022, the Foundation received a significant donor contribution of cash, land, property, mineral rights, and equipment totaling approximately $3,650,000. All revenue generated from the leasing of the land, property, and mineral interests is required to be used to maintain the property to the standards required by the donor and for scholarships.

REDLANDS COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit I

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Teachers' Retirement System
Last 8 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1494%	0.1476%	0.1446%	0.1564%	0.1586%	0.1700%	0.1787%	0.2265%
College's proportionate share of the net pension liability	$ 7,631,015	$ 14,003,746	$ 9,567,425	$ 9,455,114	$ 10,503,596	14,184,250	10,851,783	12,184,933
College's covered payroll	5,566,014	5,429,504	5,163,293	5,142,922	4,915,830	5,431,289	5,632,784	5,656,253
College's proportionate share of the net pension liability as a percentage of its covered payroll	137.10%	257.92%	185.30%	183.85%	213.67%	261.16%	192.65%	215.42%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

* The amounts presented for each fiscal year were determined as of June 30th of the prior year.

Notes to Schedule:

Only the last 8 fiscal years are presented because 10-year data is not yet available.

The increase for 2017 is attributable to the change in assumed election rate for the Supplemental Medical Insurance Benefit.
The most notable change was the lowering of the System's discount rate from 7.5% to 7.0% for fiscal year 2021.

Exhibit II

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Oklahoma Teachers' Retirement System
Last 8 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 743,613	$ 743,291	$ 717,362	$ 682,006	$ 670,043	660,787	722,497	745,488
Contributions in relation to the contractually required contributions	743,613	743,291	717,362	682,006	670,043	660,787	722,497	745,488
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	-	-	-
College's covered payroll	$ 5,604,328	$ 5,566,014	$ 5,429,504	$ 5,163,293	$ 5,142,922	4,915,830	5,431,289	5,632,784
Contributions as a percentage of covered payroll	13.27%	13.35%	13.21%	13.21%	13.03%	13.44%	13.30%	13.23%

Notes to Schedule:

Only the last 8 fiscal years are presented because 10-year data is not yet available.

Employer contribution rate: 9.50%
Employer rate for Federal and other external source match: 7.70%

Exhibit III

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
Supplemental Health Insurance Program - OTRS
Last 5 Fiscal Years*

	2022	2021	2020	2019	2018
College's proportion of the net OPEB asset	0.1494%	0.1476%	0.1446%	0.1564%	0.1586%
College's proportionate share of the net OPEB asset	$ (190,245)	$ (14,620)	$ (89,393)	$ (101,091)	$ (70,741)
College's covered-employee payroll	5,566,014	5,429,504	5,163,293	5,142,922	4,915,830
College's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	-3.42%	-0.27%	-1.73%	-1.97%	-1.44%
Plan fiduciary net position as a percentage of the total OPEB asset	129.91%	102.30%	115.07%	115.41%	110.40%

* The amounts presented for each fiscal year were determined as of June 30th of the prior year.

Notes to Schedule:

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

Exhibit IV

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Supplemental Health Insurance Program - OTRS
Last 5 Fiscal Years

	2022	2021	2020	2019	2018
Contractually required contribution	$ 9,192	$ 1,400	$ 1,351	$ 4,600	$ 10,639
Contributions in relation to the contractually required contributions	9,192	1,400	1,351	4,600	10,639
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,604,328	$ 5,566,014	$ 5,429,504	$ 5,163,293	$ 5,142,922
Contributions as a percentage of covered payroll	0.16%	0.03%	0.02%	0.09%	0.21%

Notes to Schedule:

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

Exhibit V

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RCC Retiree Benefits Plan
Last 5 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 1,588	$ 1,588	$ 4,316	$ 4,316	$ 4,155
Interest	1,298	1,509	3,925	3,755	3,904
Change in assumptions	(4,373)	24	(29,719)	-	-
Differences between expected and actual experience	7,741	(1,169)	-	-	-
Benefit payments, including refunds of member contributions	(11,126)	(9,140)	(8,212)	(7,763)	(7,763)
Net change in total OPEB liability	(4,872)	(7,188)	(29,690)	308	296
Total OPEB liability - beginning	64,081	71,269	100,959	100,651	100,355
Total OPEB liability - ending	$ 59,209	$ 64,081	$ 71,269	$ 100,959	$ 100,651
Covered-employee payroll	4,712,178	4,724,263	4,724,263	4,237,839	4,237,839
Total OPEB liability as a percentage of covered-employee payroll	1.26%	1.36%	1.51%	2.38%	2.38%

Notes to Schedule:

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

The discount rate used for 2022 is 3.54%.

REDLANDS COMMUNITY COLLEGE

SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2022

PAGE

SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

Reports related to financial statements of the reporting entity Required by GAO *Government Auditing Standards*:

Reports related to Federal Assistance Programs Required by the Uniform Guidance:

Arledge
certified public accountants

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*

Board of Regents
Redlands Community College
El Reno, 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 Redland's Community College (the "College"), a component unit of the State of Oklahoma, which comprises the statement of net position as of and for the year ended June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year ended, 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 12, 2022. Or report includes a reference to the financial statements of the Redlan's Community College Foundation (the "Foundation"). The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Arledge & Associates, P.C.

Edmond, Oklahoma
October 12, 2022

Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Regents
Redlands Community College
El Reno, Oklahoma

Report on Compliance for Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the College as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 12, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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.

Arledge & Associates, P.C

Edmond, Oklahoma
October 12, 2022

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P212035	$ -	1,670,539
Federal Supplemental Educational Opportunity Grant	84.007	P007A213416	-	55,200
Federal Direct Student Loans Program	84.268	P268K222035	-	644,158
Federal Work Study Program	84.033	P033A213416	-	15,996
Total Student Financial Assistance Cluster			-	2,385,893
TRIO Cluster:				
Upward Bound	84.047A	P047A170074	-	326,503
Veterans Upward Bound	84.047V	P047V180098	-	363,495
Student Support Services	84.042A	P042A200699	-	294,342
Total TRIO Cluster			-	984,340
Education Stabilization Fund:				
Education Stabilization Fund - Institution Costs	84.425F	P425F204187	-	1,666,161
Education Stabilization Fund - CARES Act Funding	84.425E	P425E201331	-	1,212,595
Education Stabilization Fund - Higher Education Emergency Relief	84.425L	P425L200617	-	200,949
Total Education Stabilization Fund			-	3,079,705
United States Department of Education—Other Programs:				
Strengthening Minority-Serving Institutions (NASNTI)	84.382	P382C160001/P382C210002	-	469,967
New Program Development: Environmental Science Technology (NASNTI-STEM)	84.031	P031X200001	-	265,542
Total Other Programs			-	735,509
Total U.S. Department of Education			-	7,185,447

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
National Institute for Health:				
Research Cluster:				
Passed through Board of Regents of the University of Oklahoma, Health Sciences Center				
Oklahoma IDeA Network of Biomedical Research Excellence (INBRE)	93.859	RS20181585-09	-	34,236
Total Research Cluster			-	34,236
Total National Institute for Health			-	34,236
U.S. Department of Health and Human Services:				
Passed through OSHRE:				
Temporary Assistance to Need Families	93.558	0310559	-	272,971
AHEC—Scholars for Excellence in Child Care	93.575	1936002309	-	133,355
Total OSHRE			-	406,326
Total U.S. Department of Health and Human Services			-	406,326
U.S. Department of Agriculture:				
Southern Plains LTAR Network Site	10.001	58-3070-0-005	-	37,643
Total U.S. Department of Agriculture			-	37,643
National Aeronautic and Space Administration:				
Passed through University of Oklahoma:				
NASA Oklahoma Space Grant Consortium	43.008	1-500351-RCC	-	6,237
Total National Aeronautic and Space Administration			-	6,237

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
U.S. Department of the Interior, Fish & Wildlife Service				
Pollinator Habitat and Milkweed Restoration Project	15.631	F15AP00970	-	5,073
Total U.S. Department of the Interior			-	5,073
Total expenditures of federal awards			$ -	7,674,962

(1) BASIS OF PRESENTATION

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(3) FEDERAL DIRECT STUDENT LOAN PROGRAM

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

(4) SUBRECIPIENTS

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

(5) INDIRECT COST RATE

The College has a Negotiated Indirect Cost Rate Agreement (the "Agreement") issued by the U.S. Department of Health and Human Services issued as of June 15, 2017. The negotiated rates were applied in accordance with the Agreement for the year ended June 30, 2022, except that certain grants limited the rate charged.

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified? _____ yes __X__ no

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified? _____ yes __X__ no

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __X__ no

Identification of major federal programs:

Program	Federal AL Number
Student Financial Assistance Cluster	*
Education Stabilization Fund	*
TRIO Cluster	*

*Refer to the Schedule of Expenditures of Federal Awards for Federal AL numbers related to these programs.

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

Auditee qualified as low-risk auditee? _____________ yes _______X_____ no

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards:*

None to report for the June 30, 2022 period.

Section III--Findings Required to be Reported in Accordance with the *Uniform Guidance*:

None to report for the June 30, 2022 period.

REDLANDS COMMUNITY COLLEGE

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (Cont'd)

Year Ended June 30, 2022

Findings Required to be Reported in Accordance with *Government Auditing Standards:*

A. Internal Control

No matters were reported

B. Compliance Findings

No matters were reported

Findings Required to be Reported in Accordance with *Uniform Guidance:*

A. Internal Control

No matters were reported

B. Compliance Findings

No matters were reported