NORTHEASTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2022 AND 2021

NORTHWESTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma A&M

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Northeastern Oklahoma A&M, 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 Northeastern Oklahoma A&M's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Northeastern Oklahoma A&M 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeastern Oklahoma A&M 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.

Emphasis of a Matter

As disclosed in Note 1, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. The Standard requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Other Matters

The 2021 financial statements of Northeastern Oklahoma A&M were audited by other auditors whose report dated October 28, 2021, expressed unmodified opinions on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Northeastern Oklahoma A&M'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M'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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 November 16, 2022, on our consideration of Northeastern Oklahoma A&M's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Northeastern Oklahoma A&M's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeastern Oklahoma A&M's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 16, 2022

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

Introduction

The following discussion and analysis of the financial performance of Northeastern Oklahoma Agricultural and Mechanical College (the "College") provides management's overview of the College's financial activities for the fiscal year ended June 30, 2022. Fiscal years 2021 and 2020 are presented for comparative purposes. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's audited financial statements and footnotes.

Financial Highlights

Financial Highlights

- During 2022, the College implemented GASB Statement No. 87 Leases. This resulted in a restatement of the 2021 financial statements with an increase to total assets of $348,601 and an increase in total liabilities of $30,500, an increase in deferred inflows of $318,035, and thus a restatement of net position of only $66.

- The College's net position increased to $19,626,697 in 2022 from $15,649,249 in 2021. The College's net position was $14,462,270 in 2020.

- The College's total revenues increased to $31,049,400 in 2022 from $27,284,112 in 2021. The College's total revenues were $25,741,499 in 2020.

- The College's total expenses increased to $27,071,952 in 2022 from $26,097,133 in 2021. The College's total expenses were $24,916,620 in 2020.

Basic Financial Statements

The College's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and, accordingly, include management's discussion and analysis (as required supplementary information); the statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flows; and explanatory notes to the financial statements.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year. This statement includes all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources of the College utilizing the accrual method of accounting. The Statement of Net Position enables users to assess the financial health of the College. Over time, increases or decreases in the College's net position are one indicator of whether the College's financial health is improving or deteriorating. However, nonfinancial factors such as changes in the College's programs and degrees offered, accreditation status, and condition of physical facilities must also be considered to accurately assess the health of the College.

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

The College's Condensed Statements of Net Position for fiscal years 2022, 2021, and 2020, follow:

	2022	2021	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 11,147,066	$ 7,926,390	$ 3,220,676	40.6%
Noncurrent assets	42,360,613	43,727,497	(1,366,884)	-3.1%
Total assets	53,507,679	51,653,887	1,853,792	3.6%
Deferred Outflows of Resources	3,459,201	5,610,804	(2,151,603)	-38.3%
Total assets and deferred outflows of resources	$ 56,966,880	$ 57,264,691	$ (297,811)	
Liabilities				
Current liabilities	$ 3,769,673	$ 2,998,373	$ 771,300	25.7%
Noncurrent liabilities	25,769,942	34,390,983	(8,621,041)	-25.1%
Total liabilities	29,539,615	37,389,356	(7,849,741)	-21.0%
Deferred Inflows of Resources	7,800,568	4,226,086	3,574,482	84.6%
Net Position				
Net investment in capital assets	23,369,988	23,655,551	(285,563)	-1.2%
Restricted	1,601,543	2,449,210	(847,667)	-34.6%
Unrestricted	(5,344,834)	(10,455,512)	5,110,678	5.1%
Total net position	19,626,697	15,649,249	3,977,448	25.4%
Total liabilities, deferred inflows of resources, and net position	$ 56,966,880	$ 57,264,691	$ (297,811)	

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

	2021	2020	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 7,926,390	$ 4,850,101	$ 3,076,289	63.4%
Noncurrent assets	43,727,497	45,525,191	(1,797,694)	-3.9%
Total assets	51,653,887	50,375,292	1,278,595	2.5%
Deferred Outflows of Resources	5,610,804	3,085,797	2,525,007	81.8%
Total assets and deferred outflows of resources	$ 57,264,691	$ 53,461,089	$ 3,803,602	7.1%
Liabilities				
Current liabilities	$ 2,927,373	$ 2,499,178	$ 428,195	17.1%
Noncurrent liabilities	34,461,983	32,354,775	2,107,208	6.5%
Total liabilities	37,389,356	34,853,953	2,535,403	7.3%
Deferred Inflows of Resources	4,226,086	4,144,866	81,220	2.0%
Net Position				
Net investment in capital assets	23,655,551	24,436,567	(781,016)	-3.2%
Restricted	2,449,210	1,478,093	971,117	65.7%
Unrestricted	(10,455,512)	(11,452,390)	996,878	-8.7%
Total net position	15,649,249	14,462,270	1,186,979	8.2%
Total liabilities, deferred inflows of resources, and net position	$ 57,264,691	$ 53,461,089	$ 3,803,602	7.1%

The College's net position improved by $3,977,448 in 2022 after increasing $1,186,979 in 2021. The improvement in both 2022 and 2021 was primarily due to an increase in Federal nonoperating grants and contracts revenue, specifically related to HEERF funds. During 2022 current assets increased by $3,220,676 mainly due to increased cash due to paying off student accounts receivables balances with allowable HEERF funding. The effects of GASB statement numbers 68, 73, and 75 continue to have a significant impact on the College's financial statements. The decrease in deferred outflows of $2,151,603, the decrease in non-current liabilities of $8,621,041, and the increase in deferred inflows of $3,574,482 in FY22 are all primarily due to the change in market value and proportionate share of the OTRS net pension liability for the College.

Northeastern Oklahoma Agricultural and Mechanical College
Management's Discussion and Analysis
Years Ended June 30, 2022 and 2021

Statement of Revenues, Expenses, and Changes of Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Revenues and expenses are classified as either operating or nonoperating. Operating revenues are those earned by providing goods and services to carry out the mission of the College. Operating expenses are those expenses incurred in order to provide goods and services. The Governmental Accounting Standards Board requires state appropriations, federal funds, gifts, and investment income as well as interest expense to be classified as nonoperating. A public college's reliance on state appropriations and gifts quite often results in operating losses.

Readers of the College's Statement of Revenues, Expenses, and Changes in Net Position will be able to identify the sources of funds and the use of those funds as the College carries out its mission.

The College's Condensed Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2022, 2021, and 2020 follow:

	Year Ended June 30			
	2022	2021	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees, net	$ 4,429,773	$ 3,503,170	$ 926,603	26.5%
Grants and contracts	1,577,974	1,326,366	251,608	19.0%
Auxiliary, net	4,743,628	4,471,320	272,308	6.1%
Other	176,442	366,751	(190,309)	-51.9%
Total operating revenue	10,927,817	9,667,607	1,260,210	13.0%
Less operating expenses	26,457,029	25,465,640	991,389	3.9%
Net operating loss	(15,529,212)	(15,798,033)	268,821	1.7%
Nonoperating Revenues				
State appropriations	7,617,530	7,382,355	235,175	3.2%
State grants and contracts	559,207	602,128	(42,921)	-7.1%
Federal grants and contracts	10,439,357	7,343,211	3,096,146	42.2%
OMES flood reimbursement	-	936,194	(936,194)	-100.0%
Private gifts and contributions	453,852	455,119	(1,267)	-0.3%
Investment income	-	6,376	(6,376)	-100.0%
Gain (loss) on investments	(7,944)	-	(7,944)	N/A
Interest expenses	(614,923)	(631,493)	16,570	-2.6%
Total net nonoperating revenue	18,447,079	16,093,890	2,353,189	14.6%
State appropriation for capital	900,000	741,541	158,459	21.4%
On-behalf payments for OCIA capital leases	142,081	142,081	-	0.0%
Capital contributions	17,500	7,500	10,000	133.3%
Change in net position	3,977,448	1,186,979	2,790,469	235.1%
Net position, beginning of year	15,649,249	14,462,270	1,186,979	8.2%
Net position, end of year	$ 19,626,697	$ 15,649,249	$ 3,977,448	25.4%

	Year Ended June 30			
	2021	2020	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees, net	$ 3,503,170	$ 2,944,617	$ 558,553	19.0%
Grants and contracts	1,326,366	1,946,359	(619,993)	-31.9%
Auxiliary, net	4,471,320	4,546,289	(74,969)	-1.6%
Other	366,751	147,127	219,624	149.3%
Total operating revenue	9,667,607	9,584,392	83,215	0.9%
Less operating expenses	25,465,640	24,146,933	1,318,707	5.5%
Net operating loss	(15,798,033)	(14,562,541)	(1,235,492)	-8.5%
Nonoperating Revenues				
State appropriations	7,382,355	7,825,030	(442,675)	-5.7%
State grants and contracts	602,128	704,566	(102,438)	-14.5%
Federal grants and contracts	7,343,211	5,720,925	1,622,286	28.4%
OMES flood reimbursement	936,194	503,792	432,402	85.8%
Private gifts and contributions	455,119	439,781	15,338	3.5%
Investment income	6,376	45,225	(38,849)	-85.9%
Interest expenses	(631,493)	(769,687)	138,194	-18.0%
Total net nonoperating revenue	16,549,009	14,469,632	2,079,377	14.4%
State appropriation for capital	741,541	772,011	(30,470)	-3.9%
On-behalf payments for OCIA capital leases	142,081	145,777	(3,696)	-2.5%
Gain/Loss on sale of property	7,500	(233,653)	241,153	-103.2%
Change in net position	1,642,098	591,226	1,050,872	177.7%
Net position, beginning of year	14,462,270	13,871,044	591,226	4.3%
Net position, end of year	$ 16,104,368	$ 14,462,270	$ 1,642,098	11.4%

The College's operating revenues increased by 13 percent in 2022, after a slightly less than 1.0 percent increase in 2021. The increase in 2022 was mainly due to a 26.5 percent increase in net tuition and fees due to paying off student accounts receivable with allowable HEERF funding. Net nonoperating revenues increased approximately 15 percent in 2022, after an 11 percent increase in 2021. The increase was primarily due to an increase in Federal nonoperating grants and contracts revenue during both years.

The College closely monitors expenses, but during 2022 operating expenses increased approximately 3.9 percent after a 5.5 percent increase in 2021. The increase is due primarily to increases in scholarships and fellowships and HEERF reengagement expense for the paying off of student accounts receivable with allowable HEERF funding. The increases in 2021 were in utilities, risk management, HEERF student grant disbursements, and HEERF-related expenditures for additional janitorial services, cleaning supplies and materials, and remote learning purchases. Reductions in enrollment have forced the College to scrutinize all spending. The College's first priority is protecting the student experience and encouraging student success. Attracting and retaining the best administration, faculty, and staff is critical to accomplishing this priority.

Statement of Cash Flows

The Statement of Cash Flows is used to report the cash the College generates from operating activities, financing activities, and investing activities. Readers of the statement make judgments about the College's ability to pay its bills particularly in the short term.

The College's Condensed Statements of Cash Flows for fiscal years 2022, 2021, and 2020 follow:

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Cash Provided by (Used in)				
Operating activities	$ (12,971,845)	$ (13,207,931)	$ 236,086	1.8%
Noncapital financing activities	18,617,692	16,191,865	2,425,827	15.0%
Capital and related financing activities	(1,297,938)	(1,214,790)	(83,148)	-6.8%
Investing activities	9,035	(30,587)	39,622	-129.5%
Net increase (decrease) in cash	4,356,944	1,738,557	2,618,387	150.6%
Cash and cash equivalents, beginning of year	5,252,557	3,514,000	1,738,557	49.5%
Cash and cash equivalents, end of year	$ 9,609,501	$ 5,252,557	$ 4,356,944	82.9%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
Cash Provided by (Used in)				
Operating activities	$ (13,207,931)	$ (12,766,370)	$ (441,561)	-3.5%
Noncapital financing activities	16,191,865	14,579,167	1,612,698	11.1%
Capital and related financing activities	(1,214,790)	(4,895,744)	3,680,954	75.2%
Investing activities	(30,587)	43,690	(74,277)	-170.0%
Net increase (decrease) in cash	1,738,557	(3,039,257)	4,777,814	157.2%
Cash and cash equivalents, beginning of year	3,514,000	6,553,257	(3,039,257)	-46.4%
Cash and cash equivalents, end of year	$ 5,252,557	$ 3,514,000	$ 1,738,557	49.5%

Cash reserves increased in both 2022 and 2021 primarily due to an increase in cash from Federal nonoperating grants and contracts, specifically related to HEERF funds. The College will continue to monitor and reduce operating expenses to protect and grow current cash reserve balances. Given the uncertainty of state funding, the administration believes that a significant balance of unrestricted cash is necessary.

Capital Assets and Debt Administration

The College has effectively utilized a varied source of funds to maintain and improve the campus buildings and infrastructure. The administration aggressively pursues grant opportunities that include capital expenditure funds. The College also participates in the state's ODFA Debt Program. This program allows the College to borrow money at competitive rates with lower origination costs.

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Land	$ 518,216	$ 500,716	$ 17,500	3.5%
Construction in progress	333,008	-	333,008	N/A
Buildings and improvements	61,454,882	61,264,311	190,571	0.3%
Nonstructural improvements	3,098,609	3,098,609	-	0.0%
Infrastructure	1,377,873	1,377,873	-	0.0%
Equipment	9,185,210	9,087,014	98,196	1.1%
Library materials	2,848,499	2,795,545	52,954	1.9%
Leased assets-equipment	40,430	40,430	-	0.0%
Total	78,856,727	78,164,498	692,229	0.9%
Less accumulated depreciation	(37,588,654)	(35,423,600)	(2,165,054)	6.1%
Capital assets, net	$ 41,268,073	$ 42,740,898	$ (1,472,825)	-3.4%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
Land	$ 500,716	$ 500,716	$ -	0.0%
Construction in progress	-	71,645	(71,645)	-100.0%
Buildings and improvements	61,264,311	61,115,782	148,529	0.2%
Nonstructural improvements	3,098,609	3,039,149	59,460	2.0%
Infrastructure	1,377,873	1,377,873	-	0.0%
Equipment	9,087,014	9,009,372	77,642	0.9%
Library materials	2,795,545	2,760,460	35,085	1.3%
Leased assets-equipment	40,430	-	40,430	100.0%
Total	78,164,498	77,874,997	289,501	0.4%
Less accumulated depreciation	(35,423,600)	(33,209,349)	(2,214,251)	6.7%
Capital assets, net	$ 42,740,898	$ 44,665,648	$ (1,924,750)	-4.3%

Long-Term Debt

The College's long-term debt falls into three categories: OCIA debt, ODFA debt, other notes payable, and leases.

The OCIA debt is managed by the Oklahoma State Regents for Higher Education (OSRHE). All activities including refunding, repayment, extensions, etc. are under the direct control of the OSRHE.

ODFA debt is issued through the OSRHE while managed by the College. The debt service is from reserves and a student fee assessed on all classes that meet face-to-face on campus.

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
OCIA master leases	$ 2,983,117	$ 2,983,117	$ -	0.0%
ODFA master leases	13,415,585	14,465,252	(1,049,667)	-7.3%
Premiums on leases	737,807	820,863	(83,056)	-10.1%
Discount on leases	(19,101)	(20,014)	913	-4.6%
DELL note payable	64,566	-	64,566	N/A
NEO Development Foundation - Multipurpose Athletic Center	729,739	830,140	(100,401)	-12.1%
Leases payable	9,327	30,500	(21,173)	-69.4%
Total	$ 17,921,040	$ 19,109,858	$ (1,188,818)	-6.2%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
OCIA leases	$ 2,983,117	$ 2,983,117	$ -	0.0%
ODFA leases	14,465,252	15,433,200	(967,948)	-6.3%
Premiums on leases	820,863	893,636	(72,773)	-8.1%
Discount on leases	(20,014)	(20,927)	913	-4.4%
NEO Development Foundation - Multipurpose Athletic Center	830,140	830,140	-	0.0%
Leases payable	30,500	-	30,500	100.0%
Total	$ 19,109,858	$ 20,119,166	$ (1,009,308)	-5.0%

Economic Factors and the College's Future

The College has identified and is focused on two significant factors that will affect its future:

ENROLLMENT

The College faces several enrollment challenges. The number of graduating high school seniors in the College's three county "service area," Ottawa, Craig, and Delaware counties, is steadily declining. The border states Arkansas, Kansas, and Missouri have all increased their efforts to keep students in state by offering tuition-free education in their community colleges. In response, the College seeks to market itself as a unique two-year college with a four-year college experience.

As a result of the COVID-19 pandemic, the College has transitioned to offer additional remote classes to comply with social distancing requirements recommended by the Center for Disease Control and to allow students access to their classes in the event they or their instructors are quarantined.

The College is also initiating programs to improve retention of current students. Open enrollment, two-year colleges contend with significant retention issues. Student's stop-out for any number of reasons. The College is focused on identifying students at risk for stopping out and providing the needed assistance.

OUTSIDE RESOURCES

The College continues to pursue significant grant funds and currently receives funds from four U.S. Department of Education grants. In fiscal year 2022 the College received:

- \$ 375,000 – Upward Bound
- \$ 308,000 – Student Support Services
- \$ 375,000 – Title III
- \$ 127,000 – Adult Education and Literacy
- \$5,997,000 – CARES Act – Higher Education Emergency Relief Fund (HEERF)

These grant funds enable the College to support targeted groups of students and enhance their ultimate success in higher education. In addition, the HEERF funds have allowed the College to meet additional cleaning needs as a result of the COVID-19 pandemic as well as provide and update remote learning technology.

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Net Position

June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 8,734,642	$ 4,340,319	$ 987,321	$ 833,120
Restricted cash and cash equivalents	398,110	386,842	-	-
Accounts receivable, net	1,548,024	2,667,052	-	-
Lease receivables	66,587	66,152	-	-
Other receivables	27,681	25,146	15,141	9,169
Investments	138,961	184,960	-	-
Inventories	233,061	255,919	-	-
Total current assets	11,147,066	7,926,390	1,002,462	842,289
Noncurrent Assets				
Restricted cash and cash equivalents	476,749	525,396	-	-
Investments	222,401	193,434	6,621,832	7,812,240
Restricted net OPEB asset	208,008	15,800	-	-
Lease receivables	185,382	251,969	-	-
Other receivables			773,978	885,098
Other assets			115,008	219,116
Capital assets, net	41,268,073	42,740,898	-	-
Total noncurrent assets	42,360,613	43,727,497	7,510,818	8,916,454
Total assets	53,507,679	51,653,887	8,513,280	9,758,743
Deferred Outflows of Resources				
Deferred outflows related to pensions	2,922,766	4,720,406	-	-
Deferred outflows related to OPEB	425,366	766,872		
Deferred outflows related to leases	111,069	123,526	-	-
Total deferred outflows of resources	3,459,201	5,610,804	-	-
Total assets and deferred outflows of resources	$ 56,966,880	$ 57,264,691	$ 8,513,280	$ 9,758,743

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Net Position

June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	$ 746,045	$ 398,433	$ -	$ -
Accrued interest payable	40,369	45,732	-	-
Accrued payroll and other accrued expenses	501,104	435,639	-	-
Unearned revenues	475,671	435,030	-	-
Student and other deposits	93,120	101,970	404,350	385,499
Accrued compensated absences	275,686	257,186	-	-
Current portion of total OPEB liability	53,000	71,000	-	-
Current portion of note and leases payable	1,584,678	1,253,383	-	-
Total current liabilities	3,769,673	2,998,373	404,350	385,499
Other Liabilities				
Net pension liability	8,343,557	15,131,248	-	-
Total OPEB liability	1,090,023	1,403,260	-	-
Note payable	-	-	455,978	605,784
Note payable to Foundation	623,807	729,739	-	-
Notes payable to state agencies	15,673,855	17,117,409	-	-
Note payable to Dell Financial Services	38,700	-	-	-
Leases payable	-	9,327	-	-
Total other liabilities	25,769,942	34,390,983	455,978	605,784
Total liabilities	29,539,615	37,389,356	860,328	991,283
Deferred Inflows of Resources				
Deferred inflows related to OCIA lease	88,114	99,015	-	-
Deferred inflows related to leases	251,080	318,035	-	-
Deferred inflows related to pensions	6,172,673	2,763,657	-	-
Deferred inflows related to OPEB	1,288,701	1,045,379	-	-
Total deferred outflows of resources	7,800,568	4,226,086	-	-
Net Position				
Net investment in capital assets	23,369,988	23,655,551		
Restricted for				
Nonexpendable			3,941,356	3,801,047
Expendable				
Scholarships, research, instruction, and other	916,786	1,908,014	2,136,899	2,676,056
Capital projects	476,749	525,396		
Other postemployment benefits	208,008	15,800		
Unrestricted	(5,344,834)	(10,455,512)	1,574,697	2,290,357
Total net position	19,626,697	15,649,249	7,652,952	8,767,460
Total liabilities, deferred inflows of resources, and net position	$ 56,966,880	$ 57,264,691	$ 8,513,280	$ 9,758,743

Northeastern Oklahoma Agricultural and Mechanical College
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Operating Revenues				
Tuition and fees, net of scholarship discounts and allowances; 2022 - $6,670,000; 2021 - $6,000,000	$ 4,429,773	$ 3,503,170		
Federal grants and contracts	1,576,974	1,311,096		
State and local grants and contracts	-	8,050		
Private gifts and contributions	1,000	7,220		
Auxiliary enterprise charges				
Housing, net of scholarship discounts and allowances; 2022 - $322,000; 2021 - $288,000	1,524,432	1,480,885		
Food services, net of scholarship discounts and allowances; 2022 - $563,000; 2021 - $503,000	1,615,699	1,534,380		
Bookstore, net of scholarship discounts and allowances; 2022 - $482,000; 2021 - $431,000	428,002	426,632		
Student Union	505,630	463,088		
Athletics	28,521	10,448		
Other	641,344	555,887		
Gifts and contributions	-	-	499,813	591,967
Other operating revenues	176,442	366,751	67,824	18,420
Total operating revenues	10,927,817	9,667,607	567,637	610,387
Operating Expenses				
Compensation and employee benefits	9,156,166	11,054,221	-	-
Contractual services	4,512,594	4,462,897	-	-
Supplies and materials	1,611,891	1,524,257	-	-
Utilities	1,371,736	1,405,750	-	-
Communications	72,057	110,516	-	-
Other operating expenses	1,028,986	1,041,222	474,432	441,396
Scholarships and fellowships	4,517,286	3,652,526	135,780	226,455
Student reengagement	2,017,859	-	-	-
Depreciation	2,168,454	2,214,251	-	-
Total operating expenses	26,457,029	25,465,640	610,212	667,851
Operating income (loss)	(15,529,212)	(15,798,033)	(42,575)	(57,464)

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Nonoperating Revenues (Expenses)				
State appropriations	$ 7,165,276	$ 6,855,213	$ -	$ -
On-behalf payments for OTRS	452,254	527,142	-	-
Federal grants and contracts	10,439,357	7,343,211	-	-
State grants and contracts	559,207	602,128	-	-
Private gifts and contributions	453,852	455,119	-	-
OMES flood reimbursement	-	936,194	-	-
Investment income	-	6,376	84,983	113,812
Gain (Loss) on investments	(7,944)	-	(1,130,589)	1,487,505
Rental income	-	-	-	-
Interest expense	(614,923)	(631,493)	(26,327)	(31,011)
Net nonoperating revenues	18,447,079	16,093,890	(1,071,933)	1,570,306
Income (loss) before other revenues, expenses, gains, and losses	2,917,867	295,857	(1,114,508)	1,512,842
Other Revenues, Expenses, Gains, and Losses				
State appropriations restricted for capital purposes	900,000	741,541	-	-
On-behalf payments for OCIA capital leases	142,081	142,081	-	-
Capital contribution	17,500	7,500	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
Total other revenues, expenses, gains, and losses	1,059,581	891,122	-	-
Change in Net Position	3,977,448	1,186,979	(1,114,508)	1,512,842
Net Position, Beginning of Year	15,649,249	14,462,270	8,767,460	7,254,618
Net Position, End of Year	$ 19,626,697	$ 15,649,249	$ 7,652,952	$ 8,767,460

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Tuition and fees	$ 4,043,233	$ 3,650,364
Grants and contracts	2,580,470	245,004
Auxiliary enterprise charges	5,287,341	4,212,633
Other operating receipts	173,157	372,855
Payments to employees for salaries and benefits	(10,139,599)	(9,685,081)
Payments to suppliers	(14,916,447)	(12,003,706)
Net cash used in operating activities	(12,971,845)	(13,207,931)
Cash Flows from Noncapital Financing Activities		
State appropriations	7,165,276	6,855,213
Federal grants and contracts	10,439,357	7,343,211
State and local grants and contracts	559,207	602,128
OMES flood reimbursement	-	936,194
Private gifts and contributions	453,852	455,119
Net cash provided by noncapital financing activities	18,617,692	16,191,865
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	(532,471)	(305,206)
Capital appropriations received	900,000	741,541
Proceeds from capital debt and leases	64,566	2,403,755
Repayments of capital debt and leases	(1,171,241)	(3,315,878)
Interest paid on capital debt and leases	(558,792)	(739,002)
Net cash used in capital and related financing activities	(1,297,938)	(1,214,790)
Cash Flows from Investing Activities		
Sale (purchase) of investments	17,032	(39,826)
Interest received on investments	(7,997)	9,239
Net cash provided (used) by investing activities	9,035	(30,587)
Net increase (decrease) in cash and cash equivalents	4,356,944	1,738,557
Cash and Cash Equivalents, Beginning of Year	5,252,557	3,514,000
Cash and Cash Equivalents, End of Year	$ 9,609,501	$ 5,252,557

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	$ 8,734,642	$ 4,340,319
Restricted cash and cash equivalents	398,110	386,842
Noncurrent assets		
Restricted cash and cash equivalents	476,749	525,396
Total cash and cash equivalents	$ 9,609,501	$ 5,252,557
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (15,529,212)	$ (15,798,033)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	2,168,454	2,214,251
On-behalf payments for OTRS	452,254	527,142
Changes in net assets and liabilities		
Accounts receivable	1,116,546	(1,314,792)
Leases receivable	66,152	(318,121)
Inventories	22,858	110,292
Accounts payable and accrued expenses	267,419	217,956
Other postemployment benefits	(523,445)	84,093
Net pension liability	(6,787,691)	3,246,487
Deferred outflows of resources	2,139,146	(2,401,481)
Deferred inflows of resources	3,652,338	(225,914)
Deferred inflows related to leases	(66,955)	318,035
Unearned revenues	40,641	100,627
Compensated absences	18,500	4,027
Student and other deposits	(8,850)	27,500
Net Cash Used in Operating Activities	$ (12,971,845)	$ (13,207,931)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the College	$ 142,081	$ 142,081
Accounts payable incurred for the purchase of capital assets	$ 145,658	$ 12,106
Capital gifts	$ 17,500	$ 7,500

See notes to financial statements.

Northeastern Oklahoma Agricultural and Mechanical College

Notes to Financial Statements

June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Northeastern Oklahoma Agricultural and Mechanical College (the "College") is an associate degree granting institution established by an act of the Oklahoma State Legislature in 1919. The College's mission is to provide higher education primarily for people of northeastern Oklahoma and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities. The University is under the governance of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the "Board of Regents").

Reporting Entity

The College is one of five institutions of higher education in Oklahoma that comprise part of the Oklahoma Agricultural and Mechanical Colleges, which is a member of the Oklahoma State System of the Higher Education, a component unit of the State of Oklahoma, and is included in the comprehensive annual financial report of the State of Oklahoma as part of Higher Education component unit.

The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges has constitutional authority to govern, control, and manage the Oklahoma Agricultural and Mechanical Colleges, which consist of five institutions. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, and appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

Accordingly, the College is considered an organizational unit of the Oklahoma Agricultural and Mechanical Colleges reporting entity for financial reporting purposes due to the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

Discretely Presented Component Unit

Northeastern Oklahoma A&M College Development Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of 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 governed by donors, bond documents, and/or trustees. Accordingly, resources received and held by the Foundation can only be used by, or for the benefit of, the College. The Foundation is considered a discretely-presented component unit of the College under the definition of GASB Statement No. 39. The Foundation reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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 for these differences. The Foundation prepares separate, standalone financial statements which may be obtained by contacting the Foundation's management.

Financial Statement Presentation

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to public sector institutions of higher education. The College applies all applicable GASB pronouncements.

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. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program and the College's ODFA bond funds held in money market funds are considered cash equivalents.

Investments

The College accounts for its investments at fair value based on quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State. Accounts receivable also include amounts due from the Federal government, state and 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.

Inventories

Inventories consist primarily of books and supplies held for resale and livestock. Books and supplies held for resale are valued at the lower of cost or market on the first in, first-out basis. Livestock are valued at estimated current fair market value.

Restricted Cash and Cash Equivalents

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 40 years for buildings, infrastructure, and land improvements and 7 years for library materials and equipment. Leases assets are amortized over the life of the associated contract.

Leases

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

Unearned Revenues

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

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes and is earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net position.

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

Use of Estimates

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

Net Position

The College's net position is classified as follows:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. 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 towards restricted resources and then towards unrestricted resources.

Income Taxes

As a state institution of higher education, the income of the College is generally 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).

Classification of Revenues

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, student aid revenues, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

Tuition and Fees Revenue

Tuition and fees revenue is recognized in the term to which it relates. The summer term is allocated by the number of days falling within each fiscal year.

Scholarship Discounts and Allowances

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. At June 30, 2022 and 2021, the College's deferred outflows of resources were comprised of deferred charges related to pensions and other postemployment benefits.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2022 and 2021, the College's deferred inflows of resources were comprised of deferred credits related to leases, pensions, and other postemployment benefits.

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.

Defined Benefit Pension and Other Postemployment Benefits Plans

The College participates in a cost-sharing, multiple-employer defined benefit pension plan. The fiduciary net position of the Teacher Retirement System of Oklahoma (OTRS) has been determined on the flow of economic resources measurement focus and full accrual basis of accounting.

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 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.

The College has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance and life insurance to retirees (the "OPEB Plans"). For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Single-Employer Defined Benefit – Other Postemployment Benefit Plan

The College has a single-employer defined benefit OPEB plan, the NEO Retiree Health Insurance and Death Benefits Plan (the NEO OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the NEO OPEB Plan and additions to/deductions from the NEO OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the NEO OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Cost-Sharing Defined Benefit – Other Postemployment Benefit Plan

The College participates in a cost-sharing, multiple-employer defined benefit OPEB plan, the OTRS Supplemental Health Insurance Plan (the OTRS OPEB Plan). For purposes of measuring the net OPEB liability (asset), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OTRS OPEB Plan and additions to/deductions from the OTRS OPEB Plan'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.

New Accounting Pronouncement Adopted in Fiscal Year 2022

The College adopted the following new accounting pronouncement during the year ended June 30, 2022:

GASB Statement No. 87, ***Leases***

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

Restatement

The College implemented GASB 87 *Leases* in 2022. Due to this implementation the College restated ending net position for 2021 as noted for the addition of leased capital assets and lease liabilities, and leases receivable and deferred inflows, along with the corresponding annual lease payment and receipts activity. This resulted in a net increase in capital assets and leases receivable of $348,601, and a net increase in long-term liabilities and deferred inflows of $348,535, with a corresponding change in FY21 ending net position of an increase of $66.

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST 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 Treasurer may determine, in the State's name.

At June 30, 2022 and 2021, the carrying amount of the College's deposits with the State Treasurer and other financial institutions were as follows:

	2022	2021
Deposits with the State Treasurer	$ 9,125,102	$ 4,719,511
U.S. financial institutions		
Petty cash	7,650	7,650
Total deposits	$ 9,132,752	$ 4,727,161

Of the $9,125,102 and $4,719,511 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2022 and 2021, respectively, $2,375,277 and $193,745, respectively, represent amounts held within *OK INVEST*, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at http://www.ok.gov/treasurer/. The College considers the amount on deposit with *OK INVEST* to be demand accounts and they are reported as cash equivalents.

Investments

Investments are recorded at fair value in accordance with GAAP. The College's investments are measured and reported at fair value and classified according to the following hierarchal input levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets.
Level 2 – Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.
Level 3 – Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

At June 30, 2022 and 2021, the College had the following investments:

Types of Investments	Fair Value Hierarchy	Credit Rating	Maturities	2022	2021
U.S. Treasury securities	Level 1	Aaa	0 - 10 years	$ 341,732	$ 351,768
Bank certificates of deposit	N/A	N/A	Less than one year	6,514	2,537
U.S. agency mortgage-backed securities	Level 2	Aaa	1 - 25 years	13,116	24,089
				$ 361,362	$ 378,394

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

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

Custodial Credit Risk

All United States government obligations are held by the Federal Reserve Bank in the name of the College. The majority of the College's certificates of deposit were invested through the State Treasurer. The Board has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the United States Government and its agencies, certificates of deposit, and demand deposits.

ODFA Bond Fund Cash and Investments

Certain nonpooled cash and investments are restricted in purpose by policies incorporated in applicable bond indentures. Credit risk policy generally restricts investing to cash, investments fully insured by the FDIC and U.S. government and agency securities, or mutual funds investing in these types of securities. There may be some variance among the investments authorized by the specific bond indentures of College bond issues. The OST and/or a trustee bank generally provide the management of restricted, nonpooled investments. Custodial credit risk is not addressed by bond indentures. Interest rate risk in bond indentures provide that investments mature in no more than six to sixty months depending on the purpose of the funds and the requirements of the account in which the funds are deposited, *i.e.*, construction, reserve, operations, and maintenance, etc. Concentration of credit risk is not addressed.

At June 30, 2022 and 2021, the College had the following bond fund investments, which are reported as restricted cash equivalents in the accompanying statement of net position.

	Fair Value Hierarchy	Average Credit Quality Ratings (1)	Weighted Average No. of Years to Maturity (2)	2022 Fair Value	2021 Fair Value
Cavanal Hill U.S. Treasury - Admin #0002	Level 1	AAAm	0.10	$ 100,568	$ 149,439
Black Rock Liquid FedFund - Cash Res #00U3	Level 1	AAAm	0.10	376,181	375,957
Federated Government Obligations Tax Managed Service Money Market Fund	Level 1	AAAm	0.12		
				$ 476,749	$ 525,396

1. Ratings are provided where applicable to indicate Credit Risk. Ratings report are Standards and Poor's.
2. Interest Rate Risk is estimated using weighted average years to maturity.

Note 2: Accounts Receivable and Other Receivables

Accounts receivable consisted of the following at June 30:

	2022	2021
Student tuition and fees	$ 2,637,813	$ 3,687,978
Auxiliary enterprises and other student activities	1,101,048	1,641,470
Federal and state granting agencies	518,676	1,521,172
	4,257,537	6,850,620
Less allowance for doubtful accounts	2,709,513	4,183,568
Accounts receivable, net	$ 1,548,024	$ 2,667,052

Other receivables consisted of the following at June 30:

	2022	2021
Interest receivable	$ 337	$ 284
OSRHE Endowment Trust Receivable	27,344	24,862
Total other receivables	$ 27,681	$ 25,146

Note 4: Leases Receivables

The College as a lessor, has entered into a lease agreement with the Peoria Tribe involving the Early Childhood Lab in the Kah-Ne Hall building. A summary of the lease terms and interest rate is as follows:

Lease of building with office space, classrooms, and public gathering spaces Monthly installments totaling $5,670 with an imputed interst rate of 0.656 percent over a 5-year lease term ending April 2026. The balance outstanding at June 30 was:

2022	2021
$251,969	$318,121

Note 5: Capital Assets

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

	Restated Balance at June 30, 2021	Additions	Transfers and Retirements	Balance at June 30, 2022
Capital assets not being depreciated				
Land	$ 500,716	$ 17,500	$ -	$ 518,216
Construction in progress	-	333,008	-	333,008
Total not being depreciated	500,716	350,508	-	851,224
Capital assets being depreciated				
Buildings and improvements	61,264,311	190,571	-	61,454,882
Nonstructural improvements	3,098,609	-	-	3,098,609
Infrastructure	1,377,873	-	-	1,377,873
Equipment	9,087,014	101,596	(3,400)	9,185,210
Library materials	2,795,545	52,954	-	2,848,499
Leased assets-equipment	40,430	-	-	40,430
Total capital assets being depreciated	77,663,782	345,121	(3,400)	78,005,503
Accumulated depreciation				
Buildings and improvements	(23,445,263)	(1,439,647)	-	(24,884,910)
Nonstructural improvements	(608,320)	(188,320)	-	(796,640)
Infrastructure	(919,116)	(57,648)	-	(976,764)
Equipment	(7,696,009)	(415,115)	3,400	(8,107,724)
Library materials	(2,744,942)	(46,548)	-	(2,791,490)
Leased assets-equipment	(9,950)	(21,176)	-	(31,126)
Total accumulated depreciation	(35,423,600)	(2,168,454)	3,400	(37,588,654)
Capital assets, net	$ 42,740,898	$ (1,472,825)	$ -	$ 41,268,073
Capital asset summary				
Capital assets not being depreciated	$ 500,716	$ 350,508	$ -	$ 851,224
Other capital assets, at cost	77,663,782	345,121	(3,400)	78,005,503
Total cost of capital assets	78,164,498	695,629	(3,400)	78,856,727
Less accumulated deprecation	(35,423,600)	(2,168,454)	3,400	(37,588,654)
Capital assets, net	$ 42,740,898	$ (1,472,825)	$ -	$ 41,268,073

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance at June 30, 2020	Additions	Transfers and Retirements	Balance at June 30, 2021
Capital assets not being depreciated				
Land	$ 500,716	$ -	$ -	$ 500,716
Construction in progress	71,645	-	(71,645)	-
Total not being depreciated	572,361	-	(71,645)	500,716
Capital assets being depreciated				
Buildings and improvements	61,115,782	121,544	26,985	61,264,311
Nonstructural improvements	3,039,149	14,800	44,660	3,098,609
Infrastructure	1,377,873	-	-	1,377,873
Equipment	9,009,372	77,642	-	9,087,014
Library materials	2,760,460	35,085	-	2,795,545
Leased assets-equipment	17,978	22,452		40,430
Total capital assets being depreciated	77,320,614	271,523	71,645	77,663,782
Accumulated depreciation				
Buildings and improvements	(21,980,913)	(1,464,350)	-	(23,445,263)
Nonstructural improvements	(421,962)	(186,358)	-	(608,320)
Infrastructure	(861,468)	(57,648)	-	(919,116)
Equipment	(7,251,718)	(444,291)	-	(7,696,009)
Library materials	(2,693,288)	(51,654)	-	(2,744,942)
Leased assets-equipment	-	(9,950)		(9,950)
Total accumulated depreciation	(33,209,349)	(2,214,251)	-	(35,423,600)
Capital assets, net	$ 44,683,626	$ (1,942,728)	$ -	$ 42,740,898
Capital asset summary				
Capital assets not being depreciated	$ 572,361	$ -	$ (71,645)	$ 500,716
Other capital assets, at cost	77,320,614	271,523	71,645	77,663,782
Total cost of capital assets	77,892,975	271,523	-	78,164,498
Less accumulated deprecation	(33,209,349)	(2,214,251)	-	(35,423,600)
Capital assets, net	$ 44,683,626	$ (1,942,728)	$ -	$ 42,740,898

Note 6: Long-Term Liabilities

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

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts Due Within One Year
Long-term liabilities					
OCIA Series 2014A (2.00% - 5.00%)	$ 2,983,117	$ -	$ -	$ 2,983,117	$ 278,078
ODFA Series 2011C (0.45% - 5.00%)	112,085	-	(11,083)	101,002	12,000
ODFA Series 2013A (2.00% - 4.00%)	1,711,667	-	(52,167)	1,659,500	53,833
ODFA Series 2014C (2.00% - 4.125%)	818,000	-	(48,417)	769,583	53,083
ODFA Series 2016F (0.55% - 3.06%)	3,866,417	-	(102,833)	3,763,584	101,333
ODFA Series 2017C (2.00% - 4.00%)	764,083	-	(251,917)	512,166	262,833
ODFA Series 2018A (3.75% - 4.00%)	2,381,250	-	(160,083)	2,221,167	166,500
ODFA Series 2019A (3.00% - 5.00%)	980,250	-	(57,167)	923,083	59,167
ODFA Series 2020A (3.00% - 5.00%)	1,646,917	-	(157,500)	1,489,417	163,583
ODFA Series 2020B (3.00% - 4.00%)	330,333	-	(31,417)	298,916	32,750
ODFA Series 2020D (4.00% - 5.00%)	1,854,250	-	(177,083)	1,677,167	178,250
Premiums on ODFA debt	820,863	-	(83,056)	737,807	83,056
Discount on ODFA debts	(20,014)	-	913	(19,101)	(913)
DELL Note Payable - Direct Borrowing	-	64,566	-	64,566	25,866
NEO Development Foundation - Multipurpose Athletic Center (*Note 10*) - Direct Borrowing	830,140	-	(100,401)	729,739	105,932
Leases Payable	30,500	-	(21,173)	9,327	9,327
Total Notes and Leases Payable	19,109,858	64,566	(1,253,384)	17,921,040	1,584,678
Other liabilities					
Accrued compensated absences	257,186	182,594	(164,094)	275,686	275,686
Total other liabilities	257,186	182,594	(164,094)	275,686	275,686
Total long-term liabilities	$ 19,367,044	$ 247,160	$ (1,417,478)	$ 18,196,726	$ 1,860,364

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021	Amounts Due Within One Year
Long-term liabilities					
OCIA Series 2014A (2.00% - 5.00%)	$ 2,983,117	$ -	$ -	$ 2,983,117	$ -
ODFA Master Lease, Series 2010B (0.74% - 6.05%)	387,500	-	(387,500)	-	-
ODFA Series 2011A (0.45% - 5.00%)	1,958,000	-	(1,958,000)	-	-
ODFA Series 2011C (0.45% - 5.00%)	123,085	-	(11,000)	112,085	11,083
ODFA Series 2013A (2.00% - 4.00%)	1,760,000	-	(48,333)	1,711,667	52,167
ODFA Series 2014C (2.00% - 4.125%)	866,000	-	(48,000)	818,000	48,417
ODFA Series 2016F (0.55% - 3.06%)	3,965,750	-	(99,333)	3,866,417	102,833
ODFA Series 2017C (2.00% - 4.00%)	1,006,833	-	(242,750)	764,083	251,917
ODFA Series 2018A (3.75% - 4.00%)	2,534,250	-	(153,000)	2,381,250	160,083
ODFA Series 2019A (3.00% - 5.00%)	1,035,417	-	(55,167)	980,250	57,167
ODFA Series 2020A (3.00% - 5.00%)	1,796,365	-	(149,448)	1,646,917	157,499
ODFA Series 2020B (3.00% - 4.00%)	-	349,000	(18,667)	330,333	31,417
ODFA Series 2020D (4.00% - 5.00%)	-	1,989,000	(134,750)	1,854,250	177,083
Premiums on ODFA debt	893,636	43,303	(116,076)	820,863	83,056
Discount on ODFA debt	(20,927)	-	913	(20,014)	(913)
NEO Development Foundation - Multipurpose Athletic Center (*Note 10*) Direct Borrowing	830,140	-	-	830,140	100,401
Leases Payable	17,978	22,452	(9,930)	30,500	21,173
Total Notes and Leases Payable	20,137,144	2,403,755	(3,431,041)	19,109,858	1,253,383
Other liabilities					
Accrued compensated absences	253,159	142,726	(138,699)	257,186	257,186
Total other liabilities	253,159	142,726	(138,699)	257,186	257,186
Total long-term liabilities	$ 20,390,303	$ 2,546,481	$ (3,569,740)	$ 19,367,044	$ 1,510,569

Oklahoma Capital Improvement Authority Obligations (OCIA)

In 1999, the Oklahoma Capital Improvement Authority (OCIA) issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, the OSRHE allocated $500,611 to the College. Concurrently with the allocation, the College entered into an agreement with OCIA, for the project being funded by the OCIA bonds. The agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent agreements are to provide for capital improvements at the College.

In 2004, the OCIA issued bond series 2004A that refunded a significant portion of the 1999A bonds. Consequently, the amortization of the 1999A bond issue ended in 2010. The agreement will no longer secure the 1999A bond issue but will now act as security for the 2004A bond issue over the term of the agreement through the year 2020.

In 2015, the College's remaining 2004 agreement with OCIA was restructured through a complete refunding of the Series 2004A bonds. OCIA issued new bonds, Series 2014B, to accomplish the refunding. As a result, the total liability of the remaining 2004A bonds was refunded and the amount of the 2014B bonds acquired was a gain on restructuring of $15,855, which was recorded as a deferred inflow of resources that will be amortized over a period of five years. The restructured 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 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 agreement and the refinanced agreement of $26,006, which approximates the economic savings of the transaction.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the OSRHE allocated approximately $6,000,000 to the College. Total payments over the term of the agreement including principal and interest, beginning July 1, 2006, through July 1, 2030, will be $10,400,529. Payments will be made annually ranging from $164,494 to $442,595. Concurrently with the allocation, the College entered into an agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent agreements are to provide for capital improvements at the College.

In 2011, the OCIA Series 2005F agreement was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The 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 agreement with OCIA was automatically restructured to secure the new bond issues. This restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring that has been recorded as a charge of $339,333 on restructuring as a deferred outflow of resources that was amortized over a period of six years. This restructuring resulted in an aggregate debt service difference for principal and interest between the original agreement and the restructured agreement of $64,688, which also approximates the economic cost of the restructuring. Although this restructuring resulted in a cost to the College, it is anticipated that the on-behalf payments provided to cover the original agreement will also cover the deferred restructuring charge.

In 2014, the College's remaining 2005 agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. As a result, the total liability of the remaining 2005F bonds was refunded and the amount of the 2014A bonds acquired was a credit on restructuring of $178,047, which was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2021, and 2020, the unamortized credit totaled $99,016 and $109,916, respectively. The restructured 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 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 agreement and the refinanced agreement of $419,355, which approximates the economic savings of the transaction.

Principal and interest payments to OCIA, totaling $142,081 and $142,081 during the years ended June 30, 2022 and 2021, were made by the State of Oklahoma on behalf of the College. These payments have been recorded as on-behalf payments for OCIA in the statements of revenues, expenses, and changes in net position.

Oklahoma Development Finance Authority Obligations (ODFA)

In 2010, the College entered into a debt obligation for the ODFA Agreement, Series 2010B in the amount of $1,627,812. Total payments over the term of the agreement, beginning January 15, 2011, through November 15, 2030, will be $2,023,077. Payments will be made monthly ranging from $17,802 to $19,168. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In 2021, the Series 2010B was fully refunded with the issuance of the ODFA Master Real Property Revenue Bonds, Series 2020B in the amount of $349,000. Total payments over the term of the agreement, beginning December 15, 2020, through November 15, 2030, will be $420,668. Payments will be made monthly ranging from $3,310 to $3,684.

In 2010, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2010A in the amount of $3,500,000. Total payments over the term of the agreement, beginning July 14, 2011, through May 15, 2031, will be $4,579,321. Payments will be made monthly ranging from $19,165 to $21,124. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In 2020, the Series 2010A was fully refunded with the issuance of the ODFA Revenue Bonds, Series 2020A in the amount of $1,810,000. Total payments over the term of the agreement, beginning July 15, 2020, through May 15, 2030, will be $ 2,248,643. Payments will be made monthly ranging from $18,652 to $21,147.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011A in the amount of $3,065,000. Total payments over the term of the agreement, beginning July 14, 2011, through May 15, 2031, will be $4,560,290. Payments will be made monthly ranging from $19,158 to $21,004. Proceeds from the obligation were used for the Student Union Renovation Project.

Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In August 2011, the Student Union Renovation was completed and the facility placed in service. In 2021, the Series 2011A was fully refunded with the issuance of the ODFA Revenue Bonds, Series 2020D in the amount of $1,989,000.

Total payments over the term of the agreement, beginning November 15, 2020, through May 15, 2031, will be $2,193,196. Payments will be made monthly ranging from $17,064 to $19,771.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011A in the amount of $167,000. Total payments over the term of the agreement, beginning May 11, 2011, through May 15, 2018, will be $188,409. Payments will be made monthly ranging from $2,205 to $2,281. Proceeds from the obligation will be used for lighting upgrades. In October 2012, the lighting upgrade project was completed and placed in service. Through June 30, 2015, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011C in the amount of $665,000. Total payments over the term of the agreement, beginning October 15, 2011, through May 15, 2031, will be $823,610. Payments will be made monthly ranging from $868 to $8,611. Proceeds from the obligation were used for upgrades to campus equipment, a new VOIP phone system, and the construction of a new Student Housing Project. Through June 30, 2013, the College had drawn its total allotment for expenditures incurred in connection with the project. In October 2012, the VOIP project was completed and placed in service. The Student Housing Complex was completed and placed into service in January 2012.

In 2013, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2013A in the amount of $2,433,000. Total payments over the term of the agreement, beginning December 15, 2013, through May 15, 2043, will be $4,104,857. Payments will be made monthly ranging from $10,300 to $17,967. Proceeds from the obligation were used for reimbursing 2013 expenditures for the Kah-Ne Hall renovation, campus vehicles, and classroom furniture. Through June 30, 2015, the College had drawn its total allotment for reimbursing expenditures incurred in connection with the projects.

In 2014, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2014C in the amount of $1,145,000. Total payments over the term of the agreement, beginning May 15, 2014, through May 15, 2034, will be $1,614,149. Payments will be made monthly ranging from $6,229 to $6,838. Proceeds from the obligation will be used for improvements to the Synar Farm. Through June 30, 2022, the College has drawn all but $71,969 of its total allotment.

In 2016, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2015C in the amount of $201,000. Total payments over the term of the agreement, beginning January 15, 2016, through May 15, 2020, will be $218,609. Payments will be made monthly ranging from $4,050 to $4,571. Proceeds from the obligation will be used for the purchase of a new telephone system for the entire campus. Through June 30, 2022, the College has drawn all but $28,599 of its total allotment.

In 2017, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2016F in the amount of $4,328,000. Total payments over the term of the agreement, beginning October 15, 2016, through May 15, 2046, will be $6,879,502. Payments will be made monthly ranging from $19,087 to $23,118. Proceeds from the obligation will be used for the construction of a new Student Housing Project. Through June 30, 2019, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2017, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2017C in the amount of $1,696,000. Total payments over the term of the agreement, beginning June 15, 2017, through May 15, 2024, will be $1,991,629.

Payments will be made monthly ranging from $23,243 to $24,526. Proceeds from the obligation will be used for the purchase of a new fiber optic system and a new security camera system for the entire campus. Through June 30, 2020, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2018, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2018A in the amount of $2,834,000. Total payments over the term of the agreement, beginning July 15, 2018, through May 15, 2033, will be $3,888,524. Payments will be made monthly ranging from $21,227 to $23,685. Proceeds from the obligation will be used for the deferred maintenance of various buildings on campus. Through June 30, 2021, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2019, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2019A in the amount of $1,250,000. Total payments over the term of the agreement, beginning June 15, 2019, through May 15, 2034, will be $1,545,043. Payments will be made monthly ranging from $8,404 to $8,897. Proceeds from the obligation will be used for the deferred maintenance of various fixtures, equipment, and buildings on campus. Through June 30, 2022, the College has drawn all but $376,181 of its total allotment.

Future minimum payments under the College's obligations to the OCIA and ODFA are as follows:

	Principal	Interest	Total
Years ending June 30			
2023	$ 1,361,412	$ 621,694	$ 1,983,106
2024	1,383,630	571,886	1,955,516
2025	1,169,734	520,536	1,690,270
2026	1,210,670	479,894	1,690,564
2027	1,253,316	434,698	1,688,014
2028 - 2032	5,842,023	1,413,675	7,255,698
2033 - 2037	1,765,417	592,734	2,358,151
2038 - 2042	1,464,583	315,513	1,780,096
2043 - 2047	947,917	68,188	1,016,105
	$ 16,398,702	$ 5,018,818	$ 21,417,520

Multipurpose Athletic Center Note Payable to NEO Foundation

In November 2012, the College entered into an agreement with the Foundation for the purpose of constructing an indoor athletic facility to be known as the Multipurpose Athletic Center (the "facility"). In exchange for payments to the College, the Foundation agreed to construct the facility for the management, use, operation, and benefit of the College. Upon completion of the facility, the College agreed to rent the facility from the Foundation.

The facility was completed in August 2013, at which time the College began occupancy of the facility. The term of this agreement is 180 months, beginning on November 1, 2012, and ending on October 31, 2027. The annual rental payment amount is $146,134, with the first payment being made on July 15, 2013, and the final payment occurring on July 15, 2027. At the conclusion of the annual rental payments, the College will own the facility and all improvements thereof. The facility is accounted for as a capital asset and a note payable of the College in the statements of net position. The College made the rent payment for the year ended June 30, 2022, in June 2021.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 105,932	$ 40,201	$ 146,133
2024	111,768	34,366	146,134
2025	117,848	28,286	146,134
2026	124,417	21,716	146,133
2027	131,272	14,862	146,134
2028 - 2032	138,502	7,630	146,132
	$ 729,739	$ 147,061	$ 876,800

Computers Note Payable to Dell Financial Services

In June 2022, the College entered into a note payable obligation with Dell Financial Services (DFS) in the amount of $64,566 for the purchase of 60 computers which will serve as collateral. Payments over the term of the agreement including interest, total $69,699. Payments were scheduled to begin June 1, 2022, and go through June 1, 2026, and are to be made annually in the amount of $13,940. However, the first payment was not made until July 2022. Therefore, both the 2022 and 2023 payments are reported in the current portion amount at June 30, 2022. In the event of default the College will be required to surrender possession of the products to DFS.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 25,866	$ 2,014	$ 27,880
2024	12,400	1,539	13,939
2025	12,894	1,046	13,940
2026	13,406	533	13,939
	$ 64,566	$ 5,132	$ 69,698

Leases Payable

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

Leases of copiers and mailing equipment with annual installments totaling $9,337 with interest rates raninging from 0.40% to 0.50%, and due dates ranging from October 2022 to October 2023.	$ 9,327

	Principal	Interest	Total
Years ending June 30			
2023	9,327	10	9,337
	$ 9,327	$ 10	$ 9,337

Note 7: Retirement Plans

A summary of pension amounts as of June 30, 2022 and 2021, follows:

As of June 30, 2022

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)
OTRS Pension Liability	$ 8,343,557	$ 2,922,766	$ 6,172,673	$ (349,611)

As of June 30, 2021

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
OTRS Pension Liability	$ 15,131,248	$ 4,720,406	$ 2,763,657	$ 1,837,455

Oklahoma Teachers Retirement System

Plan Description

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

Benefits Provided

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

Benefit provisions include:

- Members who join OTRS after July 1, 1991, become fully vested in retirement benefits earned to date after five years of credited service. Members who join OTRS on or after November 1, 2017, become fully vested after seven years of credited service. Any member who has attained age 55 or who has completed 30 years of creditable service, or for any person who initially became a member prior to July 1, 1992, whose age and number of years of creditable service total 80 may be retired upon proper application for retirement on forms established by the System and executing a retirement contract. Any person who became a member after June 30, 1992, but prior to November 1, 2011, whose age and number of years of creditable service total 90 may be retired upon proper application for retirement and executing a retirement contract. Any person who becomes a member on or after November 1, 2011, who attains the age of 65 years or who reaches a normal retirement date having attained a minimum age of 60 years may be retired upon proper application for retirement and executing a retirement contract.
- 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 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2 percent 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 Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division (EGID), depending on the members' years of service.

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 percent of the employees' annual pay and an additional 7.7 percent for any employees' salaries covered by federal funds.

Contributions to the pension plan from the College were $788,802 and $740,367 for the years ended June 30, 2022 and 2021, respectively. The State of Oklahoma also made on-behalf contributions to OTRS, totaling $452,254 and $527,142 for the years ended June 30, 2022 and 2021, respectively. 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 and 2021, the College reported a liability of $8,343,557 and $15,131,248, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers for the years ended June 30, 2021 and 2020. Based upon this information, the College's proportion for June 30, 2021 and 2020, was 0.163316 percent and 0.159440 percent, respectively. For the years ended June 30, 2022 and, 2021, the College recognized pension expense (benefit) of ($349,611) and $1,837,455, respectively.

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	$ 550,150	$ 310,268
Change of assumptions	1,297,920	83,091
Net difference between projected and actual earnings on pension plan investments	-	4,333,542
Changes in College's proportionate share of contributions	230,661	1,354,621
Differences between College contributions and proportionate share of contributions	64,865	91,151
College contributions subsequent to the measurement date	779,170	-
Total	$ 2,922,766	$ 6,172,673

At June 30, 2021, 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	$ 736,618	$ 256,276
Change of assumptions	1,855,657	218,609
Net difference between projected and actual earnings on pension plan investments	1,304,319	-
Changes in College's proportionate share of contributions	-	2,218,439
Differences between College contributions and proportionate share of contributions	84,837	70,333
College contributions subsequent to the measurement date	738,975	-
Total	$ 4,720,406	$ 2,763,657

The amounts of $779,170 and $738,975, which are 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 years ended June 30, 2023 and 2022, respectively. 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	$ (1,194,446)
2024	(715,267)
2025	(789,969)
2026	(1,327,736)
2027	(1,659)
	$ (4,029,077)

Actuarial Assumptions

The total pension liability as of June 30, 2022 and 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, respectively, using the following actuarial assumptions, which were the same for both years:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25 percent
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25 percent for inflation, including 0.75 percent for price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00 percent
- Retirement Age — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2021 in conjunction with the five-year experience study for the period ending June 30, 2020
- Mortality Rates after Retirement – Males and females: 2021 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021
- 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

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of June 30, 2022 and 2021, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate*	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100%	

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

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability reported as of June 30, 2022 and 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00 percent. 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 College's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent as of June 30, 2022 and 2021, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

For June 30, 2022:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net pension liability	$ 13,637,681	$ 8,343,557	$ 3,960,742

For June 30, 2021:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net pension liability	$ 20,195,077	$ 15,131,248	$ 10,939,186

Pension Plan Fiduciary Net Position

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

Note 8: Other Postemployment Benefits

Currently, the College provides post-employment benefits to retirees under two post-employment benefit (OPEB) plans:

1. OTRS Supplemental Health Insurance Program (SHIP) – a cost-sharing multiple-employer defined benefit plan administered by OTRS
2. NEO Retiree Benefits Plan – a single employer defined benefit health insurance and death benefit plan

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

As of June 30, 2022

	Net OPEB Asset	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
OTRS Supplemental Health Insurance Program	$ 208,008	$ -	$ 47,111	$ 152,564	$ 29,687
NEO Health & Death Benefits Plan	-	1,143,023	378,255	1,136,137	153,797
Total	$ 208,008	$ 1,143,023	$ 425,366	$ 1,288,701	$ 183,484

As of June 30, 2021

	Net OPEB Asset	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
OTRS Supplemental Health Insurance Program	$ 15,800	$ -	$ 82,604	$ 35,167	$ 3,217
NEO Health & Death Benefits Plan	-	1,474,260	684,268	1,010,212	245,117
Total	$ 15,800	$ 1,474,260	$ 766,872	$ 1,045,379	$ 248,334

Supplemental Health Insurance Program

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

Benefits Provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between $100 and $105 per month, remitted to the Oklahoma Higher Education Employee Interlocal Group (OKHEEI), provided the member has ten 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 7*; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12 percent and 0.15 percent of normal cost, as determined by an actuarial valuation as of June 30, 2021 and 2020. Contributions allocated to the OPEB plan from the College were $9,631 and $1,392 for 2022 and 2021, respectively.

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2022 and 2021, the College reported an asset of $208,008 and $15,800, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021 and 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021 and 2020. 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 and 2020. Based upon this information, the College's proportion was 0.163309 percent and 0.159440 percent for June 30, 2022 and 2021, respectively.

For the years ended June 30, 2022 and 2021, the College recognized OPEB (benefit) expense of $(29,687) and $3,217, respectively.

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	$ -	$ 32,565
Changes in assumptions	28,273	
Net difference between projected and actual earnings on OPEB plan investments	-	111,561
Changes in proportion and differences between the College's contributions and proportionate share of contributions	5,367	1,000
College contributions at the measurement date	3,840	7,438
College contributions subsequent to the measurement date	9,631	-
Total	$ 47,111	$ 152,564

At June 30, 2021, 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	$ -	$ 34,711
Changes in assumptions	34,186	
Net difference between projected and actual earnings on OPEB plan investments	34,509	
Changes in proportion and differences between the College's contributions and proportionate share of contributions	6,798	
College contributions at the measurement date	5,719	456
College contributions subsequent to the measurement date	1,392	-
Total	$ 82,604	$ 35,167

The $9,631 and $1,392 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date for June 30, 2022 and 2021, will be recognized as a reduction of the net OPEB liability (asset) in the years ended June 30, 2023 and 2022, respectively. 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	$ (29,233)
2024	(24,348)
2025	(25,505)
2026	(33,709)
2027	(1,698)
Thereafter	(591)
Total	$ (115,084)

Actuarial Assumptions

The total OPEB liability (asset) as of June 30, 2022 and 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, respectively, using the following actuarial assumptions, which were the same for both years:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25 percent
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25 percent for inflation, including 0.75 percent for price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00 percent
- Retirement Age — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2021 in conjunction with the five-year experience study for the period ending June 30, 2020
- Mortality Rates after Retirement – Males and females: 2021 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021
- 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

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2022 and 2021, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate*	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100%	

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

Discount Rate – A single discount rate of 7.00 percent was used to measure the total OPEB liability (asset) reported as of June 30, 2022 and 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00 percent as of June 30, 2022 and 2021, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2022			
College's proportionate share of the net OPEB liability (asset)	$ (133,634)	$ (208,008)	$ (271,027)

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2021			
College's proportionate share of the net OPEB liability (asset)	$ 57,356	$ (15,800)	$ (77,835)

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 .

NEO Health and Death Benefits Plan

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

Benefits Provided – The College provides medical and death benefits to eligible retirees and their dependents through the Oklahoma State University A&M System. This plan allows employees who retire from the College to continue to be covered under the College's Health Insurance Plan until age 65. The retired participant must pay the active participant's premium. 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.

The College pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must (a) be at least 62 years of age and have at least ten continuous regular years of service, (b) have worked for the College for at least 25 years in a continuous regular appointment, regardless of age, or (c) meet the OTRS guidelines. In addition, the individual must also have been enrolled in the College's life insurance program prior to retirement. Each retiree is eligible to receive $10,000 of life insurance coverage at a cost to the College of $0.29 per $1,000 of coverage. Authority to establish and amend benefit provisions rests with the Board of Regents. The OPEB Plan does not issue a stand-alone financial report.

Employees Covered by the Benefit Terms – At June 30, 2022 and 2021, the following number of employees were covered by the benefit terms:

	2022	2021
Active employees (participants)	144	131
Retired participants (death benefits)	141	149

Total OPEB Liability – The College's total OPEB liability of $1,143,023 and $1,474,260 was measured as of June 30, 2022 and 2021, respectively, and was determined by an actuarial valuation as July 1, 2021.

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

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.09 percent and 2.19 percent for 2022 and 2021, respectively, based on published Bond Buyer Go-20 bond index
- Healthcare cost trend rates – 7.50 percent for 2022 and 8.00 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent
- Mortality Rates – RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP 2021 and 2020 for 2022 and 2021, respectively

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability for both 2022 and 2021:

	2022	2021
Total OPEB liability, beginning of year	$ 1,474,260	$ 1,484,963
Changes for the year		
Service cost	23,525	24,382
Interest expense	32,223	39,213
Changes of assumptions	(326,323)	106,720
Difference between expected and actual experience	(7,566)	(110,212)
Benefits paid	(53,096)	(70,806)
Total OPEB liability, end of year	$ 1,143,023	$ 1,474,260

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability (asset) of the employer calculated using the respective discount rate, as well as what the plan's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both 2022 and 2021:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
2022			
Employers' total OPEB liability	$ 1,298,826	$ 1,143,023	$ 1,014,977

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Employers' total OPEB liability	$ 1,711,698	$ 1,474,260	$ 1,283,359

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability (asset) of the employer calculated using the health care cost trend rate of 7.5% for 2022 and 8.0% for 2021, decreasing by 0.50% annually to 4.50%, as well as what the plan's total OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
2022			
Employers' total OPEB liability	$ 1,129,097	$ 1,143,023	$ 1,159,750

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
2021			
Employers' total OPEB liability	$ 1,457,349	$ 1,474,260	$ 1,494,669

OPEB Expense – For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of $153,797 and $245,117, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022		
Differences between expected and actual experience	$ 238,681	$ 773,527
Changes of assumptions	139,574	362,610
Total	$ 378,255	$ 1,136,137

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ 477,273	$ 877,610
Changes of assumptions	206,995	132,602
Total	$ 684,268	$ 1,010,212

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

Year ended June 30	
2023	$ 98,052
2024	(157,069)
2025	(186,619)
2026	(102,449)
2027	(102,449)
Thereafter	(307,348)
Total	$ (757,882)

Note 9: Funds Held in Trust by Others

Dobson Trust

The College is an income beneficiary of the Dobson Trust (the "Trust"). The fair values of the Trust's assets at June 30, 2022 and 2021, were $11,521,492 and $13,229,242, respectively. The Trustees' bank has sole discretion for the distribution of income. Terms of the Trust restrict the use of the Trust's income to providing student scholarships and for supplementing the income of individuals teaching at the College. The College recognized the Trust's revenues of $441,852 and $455,119 for the years ended June 30, 2022 and 2021, respectively. The College distributed scholarships and awards of approximately $440,000 and $412,000 during the years ended June 30, 2022 and 2021, respectively.

Note 10: Related Party Transactions

In November 2012, the College entered into an agreement with the Foundation for the purpose of constructing an indoor athletic facility to be known as the Multipurpose Athletic Center (the "facility"). In exchange for rental payments to the College, the Foundation agreed to construct the facility for the management, use, operation, and benefit of the College. Upon completion of the facility, the College agreed to rent the facility from the Foundation.

The facility was completed in August 2013, at which time the College began occupancy of the facility. The term of this agreement is 180 months, beginning on November 1, 2012, and ending on October 31, 2027. The annual rental payment amount is $146,134, with the first payment being made on July 15, 2013, and the final payment occurring on July 15, 2027. At the conclusion of the annual rental payments, the College will own the facility and all improvements thereof. The facility is accounted for as a debt and capital asset of the College in the statements of net position.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 105,932	$ 40,201	$ 146,133
2024	111,768	34,366	146,134
2025	117,848	28,286	146,134
2026	124,417	21,716	146,133
2027	131,272	14,862	146,134
2028 - 2032	138,502	7,630	146,132
	$ 729,739	$ 147,061	$ 876,800

Note 11: Commitments and Contingencies

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

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

Note 12: Risk Management

The College, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The College pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts. The College is self-insured for unemployment liabilities. Payments are made to the State Employment Security Commission on a claim paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

Note 13: Subsequent Events

The College has evaluated events and transactions that occurred subsequent to June 30, 2022, through November 16, 2022, the date these financial statements were available to be issued, for potential recognition or disclosure in these financial statements.

Note 14: Current Economic Conditions

As a result of the spread of the SARS-COV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the College. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 15: Northeastern Oklahoma A&M College Development Foundation, Inc.

The following are significant disclosures of the Northeastern Oklahoma A&M College Development Foundation, Inc. (the "Foundation"):

Fair Value Measurements

The Foundation follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

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

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

Level 3 Unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Foundation at the beginning of each reporting period.

Financial assets carried at fair value on a recurring basis consist of investments. There are no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2022 or 2021.

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

Investments: Investments are carried at fair value and are based on quoted market prices, when available. Generally, quoted market prices are available for cash and common stocks, and exchange traded index and mutual funds and as such are classified as Level 1 in the fair value hierarchy. The fair values of certificates of deposit are determined using the income approach. The key inputs include interest rates, maturity dates, and yield curves and as such are classified as Level 1 or Level 2 depending on the maturity date.

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

	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Assets recorded at fair value on a recurring basis				
Investments				
Cash and cash equivalents funds	$ 432,620	$ -	$ -	$ 432,620
Equity mutual funds	3,030,909	-	-	3,030,909
Fixed income mutual funds	1,807,101	-	-	1,807,101
Index funds	550,980	-	-	550,980
Alternative strategy funds	785,222	-	-	785,222
Total investments at fair value	$ 6,606,832	$ -	$ -	6,606,832
Certificates of deposit				15,000
				$ 6,621,832

	As of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Assets recorded at fair value on a recurring basis				
Investments				
Cash and cash equivalents funds	$ 391,379	$ -	$ -	$ 391,379
Equity mutual funds	3,863,573	-	-	3,863,573
Fixed income mutual funds	2,044,218	-	-	2,044,218
Index funds	662,092	-	-	662,092
Alternative strategy funds	767,788	-	-	767,788
Total investments at fair value	$ 7,729,050	$ -	$ -	7,729,050
Certificates of deposit				83,190
				$ 7,812,240

Net Position

Unrestricted net position consists of the following at June 30:

	2022	2021
Undesignated	$ 1,288,371	$ 1,942,100
Designated by the Board for scholarships	154,355	112,178
Designated by the Board for operating reserve	16,963	16,963
Invested in assets held for benefit of the College	115,008	219,116
Total unrestricted net position	$ 1,574,697	$ 2,290,357

Expendable net position is restricted for the following purposes at June 30:

	2022	2021
Subject to Expenditure for a Specified Purpose		
Scholarships	$ 1,001,431	$ 1,041,778
General College support	1,135,468	1,634,278
Total expendable net position	$ 2,136,899	$ 2,676,056

Nonexpendable net position is restricted for the following purposes at June 30:

	2022	2021
Scholarships	$ 3,941,356	$ 3,801,047
Total nonexpendable net position	$ 3,941,356	$ 3,801,047

Endowment Disclosures

The Foundation's endowment consists of approximately 65 endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, and at times, funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Trustees of the Foundation have chosen to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets to be held permanently (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment is included in the endowment until the amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA.

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

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets to provide for growth and a predictable level of funding to the College to enable it to maintain, improve, and expand its facilities and programs. It is recognized that these objectives require a long-term investment horizon. Investment risk is measured in terms of the total portfolio and is managed to ensure that the asset allocation does not expose the portfolio to unacceptable levels of risk but at the same time achieves the best possible returns over time. The asset allocation policies reflect and are consistent with the investment objectives and risk tolerances expressed through the Foundation's investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

Strategies for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's investment policy allocates its assets through a diversification that includes a mix of (1) no more than 40 percent in fixed income, (2) no more than 65 percent in equities, and (3) no more than 10 percent in cash and cash equivalents.

Spending Policy

The Foundation's spending policy is the mechanism in which calculated amounts from endowments participating in the pooled investment fund are made available for the donor-restricted purpose, if any. The Foundation's spending policy allows for the use of a share of investment returns that will provide a full measure of current income consistent with the achievement of full long-term preservation of purchasing power of the endowment as a minimum goal. To achieve this, spending policy is expressed as a percentage, not to exceed 4 percent, of a five-year moving market value average (calculated as of the prior three fiscal year-ends) of its investable assets in funds functioning as endowment. The computation will be based on total return (capital appreciation and income).

Endowment Composition

The endowment consists of $5,874,758 and $6,294,698 as of June 30, 2022 and 2021, respectively, of donor-restricted funds. The endowment does not have any Board-restricted funds as of June 30, 2022 or 2021, respectively.

Changes in endowment net assets during June 30, 2022 and 2021, are as follows:

	2022	2021
Endowment net assets, beginning of year	$ 6,294,698	$ 5,212,143
Investment return:		
Interest and dividends	225,460	145,876
Net realized and unrealized gains (losses)	(725,000)	1,003,196
Total investment return	(499,540)	1,149,072
Contributions	173,737	108,946
Other income	5,517	-
Reclassification - donor directed	11,619	(38,623)
Appropriation of endowment assets for expenditure	(111,273)	(136,840)
Endowment net assets, end of year	$ 5,874,758	$ 6,294,698

Note Payable

On February 15, 2013, the Foundation signed a loan agreement with a bank with a total principal of $1,357,500 for the construction of an athletic facility building. The note calls for 15 regular annual principal and interest payments of $146,133. The note bears interest at a rate of 4.22 percent and matures on July 15, 2027. The note is secured by the building.

Maturities of long-term debt for the years subsequent to June 30, 2022, are as follows:

2023	$ 127,366
2024	132,646
2025	137,814
2026	58,152
	$ 455,978

Required Supplementary Information

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Proportionate Share of the Net Pension Liability

Oklahoma Teachers Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1633%	0.1594%	0.1789%	0.1908%	0.1978%	0.2171%	0.2378%	0.2424%
College's proportionate share of the net pension liability	$ 8,343,557	$ 15,131,248	$ 11,840,472	$ 11,532,331	$ 13,093,824	$ 18,119,659	$ 14,443,133	$ 13,040,727
College's covered payroll	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747	$ 7,660,216	$ 9,345,932	$ 10,167,060	$ 10,025,100
College's proportionate share of the net pension liability as a percentage of its covered payroll for the measurement year	115%	198%	148%	147%	171%	194%	142%	130%
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 30.

Notes to Schedule:

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

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Contributions
Oklahoma Teachers Retirement System
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 779,170	$ 738,975	$ 879,298	$ 795,239	$ 771,894	$ 734,820	$ 916,388	$ 1,001,214
Contribution in relation to the contractually required contribution	779,170	738,975	879,298	795,239	771,894	734,820	916,388	1,001,214
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,812,494	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747	$ 7,660,216	$ 9,345,932	$ 10,167,060
Contributions as a percentage of covered payroll	9.97%	10.17%	11.53%	9.93%	9.83%	9.59%	9.81%	9.85%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

** Contributions for 2017 where restated due to implementation of GASB Statement No. 75.

Benefit Changes

There were no changes to benefit terms for OTRS for the years presented.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Contributions
Oklahoma Teachers Retirement System
Last 10 Fiscal Years*

Changes of Assumptions

There were no changes in assumptions in the valuation report for the years ended June 30, 2022.

Actuarial assumptions used in the June 30, 2021 valuation were changed as follows:

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

There were no changes in assumptions in the valuation report for the years ended June 30, 2020, 2019, or 2018.

Actuarial assumptions used in the June 30, 2017 valuation were changed as follows:

- Salary increases were composed of 3.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

- Inflation was increased to 2.50%.
- Investment rate of return was decreased to 7.50%.

There were no changes in assumptions in the valuation report for the year ended June 30, 2015.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)

Oklahoma Teachers Retirement System Supplemental Health Insurance Program

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
College's proportion of the net OPEB asset	0.1633%	0.1595%	0.1789%	0.1908%	0.1978%
College's proportionate share of the net OPEB asset	$ (208,008)	$ (15,800)	$ (110,596)	$ (123,302)	$ (88,186)
College's covered payroll	$ 7,268,040	$ 7,269,006	$ 8,009,664	$ 7,853,747	$ 7,660,216
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.86%	0.22%	1.38%	1.57%	1.15%
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	129.91%	102.30%	115.07%	115.41%	110.40%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Contributions

Oklahoma Teachers Retirement System Supplemental Health Insurance Program

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Contractually required contribution	$ 9,631	$ 1,392	$ 1,656	$ 5,364	$ 12,256
Contributions in relation to the contractually required contribution	9,631	1,392	1,656	5,364	12,256
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	$ 7,812,494	$ 7,268,040	$ 7,269,006	$ 8,009,664	$ 7,853,747
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	0.12%	0.02%	0.02%	0.07%	0.16%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

Benefit Changes

There were no changes to benefit terms for OTRS for the years presented.

Northeastern Oklahoma Agricultural and Mechanical College
Schedule of the College's Contributions
Oklahoma Teachers Retirement System Supplemental Health Insurance Program
Last 10 Fiscal Years*

Changes of Assumptions

There were no changes in assumptions in the valuation report for the years ended June 30, 2022.

Actuarial assumptions used in the June 30, 2021 valuation were changed as follows:

- Inflation was decreased to 2.25%
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of Changes in the College's Total OPEB Liability and
Related Ratios Health and Death Benefit Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 23,525	$ 24,382	$ 18,911	$ 18,219	$ -
Interest	32,223	39,213	46,562	3,775	43,490
Change in assumption	(326,323)	106,720	147,323	83,062	(191,538)
Differences between expected and actual experience	(7,566)	(110,212)	448	1,192,511	(1,140,300)
Benefit payments, including refunds of member contributions	(53,096)	(70,806)	(71,229)	(66,740)	(11,535)
Net change in total OPEB liability	(331,237)	(10,703)	142,015	1,230,827	(1,299,883)
Total OPEB liability - beginning	1,474,260	1,484,963	1,342,948	112,121	1,412,004
Total OPEB liability - ending	$ 1,143,023	$ 1,474,260	$ 1,484,963	$ 1,342,948	$ 112,121
Covered Payroll	$ 7,812,494	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747
Total OPEB Liability as a Percentage of Covered-Employee Payroll	14.63%	20.28%	19.46%	16.77%	1.43%

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

There are no assets accumulated in a trust for payment of this OPEB liability. Payments are on a pay-as-you-go basis.

Benefit Changes

There were no changes to benefit terms for the years presented.

Changes of Assumptions (NEO Retiree Benefits Plan)

In 2022, the health care cost trend rate was changed from a rate of 8.0% in 2021 to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of Changes in the College's Total OPEB Liability and Related Ratios Health and Death Benefit Plan

Last 10 Fiscal Years*

In 2021, the health care cost trend rate was changed from a rate of 7.50% in 2020 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2020, the health care cost trend rate was changed from an initial rate of 8.0% in 2019 to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2019, the mortality table was changed to the SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 from the RP-2000 Combined Mortality Table projected to 2020 used in 2018.

In 2019, the health care cost trend rate was changed from a flat 5.0% in 2018 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2019, the assumed rates of employee turnover were changed from the T-3 Table used in 2018 to the rates used in the OTRS actuarial valuation study as of June 30, 2016. The assumed rates of retirement were changed from 100% at age 65 (health care) and age 63 (life insurance) to the rates used in the OTRS actuarial valuation study as of June 30, 2016.

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

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma A&M
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Northeastern Oklahoma A&M, 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 Northeastern Oklahoma A&M's basic financial statements, and have issued our report thereon dated November 16, 2022. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeastern Oklahoma A&M'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Oklahoma A&M'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*.

Northeastern Oklahoma A&M's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings. Northeastern Oklahoma A&M's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 16, 2022

NORTHEASTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

2022– 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Northeastern Oklahoma A&M (NEO) has not remediated previously identified segregation of duties issues within their accounting system, Banner, over journal entries, and cash disbursements. Additionally, there were segregation of duties issues within the Banner payroll system.

Criteria or specific requirement: The College operates their financial system in the Banner software. Within Banner, there should be user access controls to prevent potential override of controls through exploitation of incompatible duties within the system.

Context: During user access testing procedures the following user access conflicts were identified:

- Four individual Oklahoma State University (OSU) users who had incompatible duties in the College's cash disbursement process within Banner
- Four individual OSU users who had incompatible duties in the College's journal entry posting process within Banner
- One individual NEO user who had incompatible duties in the College's payroll process within Banner
- Twenty-eight OSU users who had incompatible duties in the College's payroll process within Banner

Effect: The lack of controls in place to ensure policies and procedures are followed increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The OSU Finance and Administration Office has provided overly broad user access for OSU accounting and payroll personnel on the College's accounting system. NEO has also provisioned incompatible user access within their accounting system, Banner, for the College's employees. Furthermore, there is not a policy restricting incompatible system access.

Recommendation: The College should work with the Oklahoma State University Finance and Administration Office to implement user access controls to remove incompatible user access. Further, the Oklahoma State System should develop a policy to ensure proper provisioning of user access within the accounting system.

Views of responsible officials: There is no disagreement with the audit finding.

NORTHWESTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2022

NORTHWESTERN OKLAHOMA AGRICULTURAL
AND MECHANICAL COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

NORTHWESTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma A&M

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Northeastern Oklahoma A&M, 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 Northeastern Oklahoma A&M's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Northeastern Oklahoma A&M 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeastern Oklahoma A&M 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.

Emphasis of a Matter

As disclosed in Note 1, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. The Standard requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Other Matters

The 2021 financial statements of Northeastern Oklahoma A&M were audited by other auditors whose report dated October 28, 2021, expressed unmodified opinions on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Northeastern Oklahoma A&M'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M'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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 November 16, 2022, on our consideration of Northeastern Oklahoma A&M's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Northeastern Oklahoma A&M's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeastern Oklahoma A&M's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 16, 2022

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

Introduction

The following discussion and analysis of the financial performance of Northeastern Oklahoma Agricultural and Mechanical College (the "College") provides management's overview of the College's financial activities for the fiscal year ended June 30, 2022. Fiscal years 2021 and 2020 are presented for comparative purposes. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's audited financial statements and footnotes.

Financial Highlights

Financial Highlights

- During 2022, the College implemented GASB Statement No. 87 Leases. This resulted in a restatement of the 2021 financial statements with an increase to total assets of $348,601 and an increase in total liabilities of $30,500, an increase in deferred inflows of $318,035, and thus a restatement of net position of only $66.

- The College's net position increased to $19,626,697 in 2022 from $15,649,249 in 2021. The College's net position was $14,462,270 in 2020.

- The College's total revenues increased to $31,049,400 in 2022 from $27,284,112 in 2021. The College's total revenues were $25,741,499 in 2020.

- The College's total expenses increased to $27,071,952 in 2022 from $26,097,133 in 2021. The College's total expenses were $24,916,620 in 2020.

Basic Financial Statements

The College's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and, accordingly, include management's discussion and analysis (as required supplementary information); the statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flows; and explanatory notes to the financial statements.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year. This statement includes all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources of the College utilizing the accrual method of accounting. The Statement of Net Position enables users to assess the financial health of the College. Over time, increases or decreases in the College's net position are one indicator of whether the College's financial health is improving or deteriorating. However, nonfinancial factors such as changes in the College's programs and degrees offered, accreditation status, and condition of physical facilities must also be considered to accurately assess the health of the College.

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

The College's Condensed Statements of Net Position for fiscal years 2022, 2021, and 2020, follow:

	2022	2021	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 11,147,066	$ 7,926,390	$ 3,220,676	40.6%
Noncurrent assets	42,360,613	43,727,497	(1,366,884)	-3.1%
Total assets	53,507,679	51,653,887	1,853,792	3.6%
Deferred Outflows of Resources	3,459,201	5,610,804	(2,151,603)	-38.3%
Total assets and deferred outflows of resources	$ 56,966,880	$ 57,264,691	$ (297,811)	
Liabilities				
Current liabilities	$ 3,769,673	$ 2,998,373	$ 771,300	25.7%
Noncurrent liabilities	25,769,942	34,390,983	(8,621,041)	-25.1%
Total liabilities	29,539,615	37,389,356	(7,849,741)	-21.0%
Deferred Inflows of Resources	7,800,568	4,226,086	3,574,482	84.6%
Net Position				
Net investment in capital assets	23,369,988	23,655,551	(285,563)	-1.2%
Restricted	1,601,543	2,449,210	(847,667)	-34.6%
Unrestricted	(5,344,834)	(10,455,512)	5,110,678	5.1%
Total net position	19,626,697	15,649,249	3,977,448	25.4%
Total liabilities, deferred inflows of resources, and net position	$ 56,966,880	$ 57,264,691	$ (297,811)	

	2021	2020	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 7,926,390	$ 4,850,101	$ 3,076,289	63.4%
Noncurrent assets	43,727,497	45,525,191	(1,797,694)	-3.9%
Total assets	51,653,887	50,375,292	1,278,595	2.5%
Deferred Outflows of Resources	5,610,804	3,085,797	2,525,007	81.8%
Total assets and deferred outflows of resources	$ 57,264,691	$ 53,461,089	$ 3,803,602	7.1%
Liabilities				
Current liabilities	$ 2,927,373	$ 2,499,178	$ 428,195	17.1%
Noncurrent liabilities	34,461,983	32,354,775	2,107,208	6.5%
Total liabilities	37,389,356	34,853,953	2,535,403	7.3%
Deferred Inflows of Resources	4,226,086	4,144,866	81,220	2.0%
Net Position				
Net investment in capital assets	23,655,551	24,436,567	(781,016)	-3.2%
Restricted	2,449,210	1,478,093	971,117	65.7%
Unrestricted	(10,455,512)	(11,452,390)	996,878	-8.7%
Total net position	15,649,249	14,462,270	1,186,979	8.2%
Total liabilities, deferred inflows of resources, and net position	$ 57,264,691	$ 53,461,089	$ 3,803,602	7.1%

The College's net position improved by $3,977,448 in 2022 after increasing $1,186,979 in 2021. The improvement in both 2022 and 2021 was primarily due to an increase in Federal nonoperating grants and contracts revenue, specifically related to HEERF funds. During 2022 current assets increased by $3,220,676 mainly due to increased cash due to paying off student accounts receivables balances with allowable HEERF funding. The effects of GASB statement numbers 68, 73, and 75 continue to have a significant impact on the College's financial statements. The decrease in deferred outflows of $2,151,603, the decrease in non-current liabilities of $8,621,041, and the increase in deferred inflows of $3,574,482 in FY22 are all primarily due to the change in market value and proportionate share of the OTRS net pension liability for the College.

Statement of Revenues, Expenses, and Changes of Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Revenues and expenses are classified as either operating or nonoperating. Operating revenues are those earned by providing goods and services to carry out the mission of the College. Operating expenses are those expenses incurred in order to provide goods and services. The Governmental Accounting Standards Board requires state appropriations, federal funds, gifts, and investment income as well as interest expense to be classified as nonoperating. A public college's reliance on state appropriations and gifts quite often results in operating losses.

Readers of the College's Statement of Revenues, Expenses, and Changes in Net Position will be able to identify the sources of funds and the use of those funds as the College carries out its mission.

The College's Condensed Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2022, 2021, and 2020 follow:

	Year Ended June 30			
	2022	2021	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees, net	$ 4,429,773	$ 3,503,170	$ 926,603	26.5%
Grants and contracts	1,577,974	1,326,366	251,608	19.0%
Auxiliary, net	4,743,628	4,471,320	272,308	6.1%
Other	176,442	366,751	(190,309)	-51.9%
Total operating revenue	10,927,817	9,667,607	1,260,210	13.0%
Less operating expenses	26,457,029	25,465,640	991,389	3.9%
Net operating loss	(15,529,212)	(15,798,033)	268,821	1.7%
Nonoperating Revenues				
State appropriations	7,617,530	7,382,355	235,175	3.2%
State grants and contracts	559,207	602,128	(42,921)	-7.1%
Federal grants and contracts	10,439,357	7,343,211	3,096,146	42.2%
OMES flood reimbursement	-	936,194	(936,194)	-100.0%
Private gifts and contributions	453,852	455,119	(1,267)	-0.3%
Investment income	-	6,376	(6,376)	-100.0%
Gain (loss) on investments	(7,944)	-	(7,944)	N/A
Interest expenses	(614,923)	(631,493)	16,570	-2.6%
Total net nonoperating revenue	18,447,079	16,093,890	2,353,189	14.6%
State appropriation for capital	900,000	741,541	158,459	21.4%
On-behalf payments for OCIA capital leases	142,081	142,081	-	0.0%
Capital contributions	17,500	7,500	10,000	133.3%
Change in net position	3,977,448	1,186,979	2,790,469	235.1%
Net position, beginning of year	15,649,249	14,462,270	1,186,979	8.2%
Net position, end of year	$ 19,626,697	$ 15,649,249	$ 3,977,448	25.4%

Northeastern Oklahoma Agricultural and Mechanical College

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

	Year Ended June 30			
	2021	2020	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees, net	$ 3,503,170	$ 2,944,617	$ 558,553	19.0%
Grants and contracts	1,326,366	1,946,359	(619,993)	-31.9%
Auxiliary, net	4,471,320	4,546,289	(74,969)	-1.6%
Other	366,751	147,127	219,624	149.3%
Total operating revenue	9,667,607	9,584,392	83,215	0.9%
Less operating expenses	25,465,640	24,146,933	1,318,707	5.5%
Net operating loss	(15,798,033)	(14,562,541)	(1,235,492)	-8.5%
Nonoperating Revenues				
State appropriations	7,382,355	7,825,030	(442,675)	-5.7%
State grants and contracts	602,128	704,566	(102,438)	-14.5%
Federal grants and contracts	7,343,211	5,720,925	1,622,286	28.4%
OMES flood reimbursement	936,194	503,792	432,402	85.8%
Private gifts and contributions	455,119	439,781	15,338	3.5%
Investment income	6,376	45,225	(38,849)	-85.9%
Interest expenses	(631,493)	(769,687)	138,194	-18.0%
Total net nonoperating revenue	16,549,009	14,469,632	2,079,377	14.4%
State appropriation for capital	741,541	772,011	(30,470)	-3.9%
On-behalf payments for OCIA capital leases	142,081	145,777	(3,696)	-2.5%
Gain/Loss on sale of property	7,500	(233,653)	241,153	-103.2%
Change in net position	1,642,098	591,226	1,050,872	177.7%
Net position, beginning of year	14,462,270	13,871,044	591,226	4.3%
Net position, end of year	$ 16,104,368	$ 14,462,270	$ 1,642,098	11.4%

The College's operating revenues increased by 13 percent in 2022, after a slightly less than 1.0 percent increase in 2021. The increase in 2022 was mainly due to a 26.5 percent increase in net tuition and fees due to paying off student accounts receivable with allowable HEERF funding. Net nonoperating revenues increased approximately 15 percent in 2022, after an 11 percent increase in 2021. The increase was primarily due to an increase in Federal nonoperating grants and contracts revenue during both years.

The College closely monitors expenses, but during 2022 operating expenses increased approximately 3.9 percent after a 5.5 percent increase in 2021. The increase is due primarily to increases in scholarships and fellowships and HEERF reengagement expense for the paying off of student accounts receivable with allowable HEERF funding. The increases in 2021 were in utilities, risk management, HEERF student grant disbursements, and HEERF-related expenditures for additional janitorial services, cleaning supplies and materials, and remote learning purchases. Reductions in enrollment have forced the College to scrutinize all spending. The College's first priority is protecting the student experience and encouraging student success. Attracting and retaining the best administration, faculty, and staff is critical to accomplishing this priority.

Statement of Cash Flows

The Statement of Cash Flows is used to report the cash the College generates from operating activities, financing activities, and investing activities. Readers of the statement make judgments about the College's ability to pay its bills particularly in the short term.

The College's Condensed Statements of Cash Flows for fiscal years 2022, 2021, and 2020 follow:

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Cash Provided by (Used in)				
Operating activities	$ (12,971,845)	$ (13,207,931)	$ 236,086	1.8%
Noncapital financing activities	18,617,692	16,191,865	2,425,827	15.0%
Capital and related financing activities	(1,297,938)	(1,214,790)	(83,148)	-6.8%
Investing activities	9,035	(30,587)	39,622	-129.5%
Net increase (decrease) in cash	4,356,944	1,738,557	2,618,387	150.6%
Cash and cash equivalents, beginning of year	5,252,557	3,514,000	1,738,557	49.5%
Cash and cash equivalents, end of year	$ 9,609,501	$ 5,252,557	$ 4,356,944	82.9%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
Cash Provided by (Used in)				
Operating activities	$ (13,207,931)	$ (12,766,370)	$ (441,561)	-3.5%
Noncapital financing activities	16,191,865	14,579,167	1,612,698	11.1%
Capital and related financing activities	(1,214,790)	(4,895,744)	3,680,954	75.2%
Investing activities	(30,587)	43,690	(74,277)	-170.0%
Net increase (decrease) in cash	1,738,557	(3,039,257)	4,777,814	157.2%
Cash and cash equivalents, beginning of year	3,514,000	6,553,257	(3,039,257)	-46.4%
Cash and cash equivalents, end of year	$ 5,252,557	$ 3,514,000	$ 1,738,557	49.5%

Cash reserves increased in both 2022 and 2021 primarily due to an increase in cash from Federal nonoperating grants and contracts, specifically related to HEERF funds. The College will continue to monitor and reduce operating expenses to protect and grow current cash reserve balances. Given the uncertainty of state funding, the administration believes that a significant balance of unrestricted cash is necessary.

Capital Assets and Debt Administration

The College has effectively utilized a varied source of funds to maintain and improve the campus buildings and infrastructure. The administration aggressively pursues grant opportunities that include capital expenditure funds. The College also participates in the state's ODFA Debt Program. This program allows the College to borrow money at competitive rates with lower origination costs.

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Land	$ 518,216	$ 500,716	$ 17,500	3.5%
Construction in progress	333,008	-	333,008	N/A
Buildings and improvements	61,454,882	61,264,311	190,571	0.3%
Nonstructural improvements	3,098,609	3,098,609	-	0.0%
Infrastructure	1,377,873	1,377,873	-	0.0%
Equipment	9,185,210	9,087,014	98,196	1.1%
Library materials	2,848,499	2,795,545	52,954	1.9%
Leased assets-equipment	40,430	40,430	-	0.0%
Total	78,856,727	78,164,498	692,229	0.9%
Less accumulated depreciation	(37,588,654)	(35,423,600)	(2,165,054)	6.1%
Capital assets, net	$ 41,268,073	$ 42,740,898	$ (1,472,825)	-3.4%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
Land	$ 500,716	$ 500,716	$ -	0.0%
Construction in progress	-	71,645	(71,645)	-100.0%
Buildings and improvements	61,264,311	61,115,782	148,529	0.2%
Nonstructural improvements	3,098,609	3,039,149	59,460	2.0%
Infrastructure	1,377,873	1,377,873	-	0.0%
Equipment	9,087,014	9,009,372	77,642	0.9%
Library materials	2,795,545	2,760,460	35,085	1.3%
Leased assets-equipment	40,430	-	40,430	100.0%
Total	78,164,498	77,874,997	289,501	0.4%
Less accumulated depreciation	(35,423,600)	(33,209,349)	(2,214,251)	6.7%
Capital assets, net	$ 42,740,898	$ 44,665,648	$ (1,924,750)	-4.3%

Long-Term Debt

The College's long-term debt falls into three categories: OCIA debt, ODFA debt, other notes payable, and leases.

The OCIA debt is managed by the Oklahoma State Regents for Higher Education (OSRHE). All activities including refunding, repayment, extensions, etc. are under the direct control of the OSRHE.

ODFA debt is issued through the OSRHE while managed by the College. The debt service is from reserves and a student fee assessed on all classes that meet face-to-face on campus.

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
OCIA master leases	$ 2,983,117	$ 2,983,117	$ -	0.0%
ODFA master leases	13,415,585	14,465,252	(1,049,667)	-7.3%
Premiums on leases	737,807	820,863	(83,056)	-10.1%
Discount on leases	(19,101)	(20,014)	913	-4.6%
DELL note payable	64,566	-	64,566	N/A
NEO Development Foundation - Multipurpose Athletic Center	729,739	830,140	(100,401)	-12.1%
Leases payable	9,327	30,500	(21,173)	-69.4%
Total	$ 17,921,040	$ 19,109,858	$ (1,188,818)	-6.2%

	Year Ended June 30		Increase	Percent
	2021	2020	(Decrease)	Change
OCIA leases	$ 2,983,117	$ 2,983,117	$ -	0.0%
ODFA leases	14,465,252	15,433,200	(967,948)	-6.3%
Premiums on leases	820,863	893,636	(72,773)	-8.1%
Discount on leases	(20,014)	(20,927)	913	-4.4%
NEO Development Foundation - Multipurpose Athletic Center	830,140	830,140	-	0.0%
Leases payable	30,500	-	30,500	100.0%
Total	$ 19,109,858	$ 20,119,166	$ (1,009,308)	-5.0%

Economic Factors and the College's Future

The College has identified and is focused on two significant factors that will affect its future:

ENROLLMENT

The College faces several enrollment challenges. The number of graduating high school seniors in the College's three county "service area," Ottawa, Craig, and Delaware counties, is steadily declining. The border states Arkansas, Kansas, and Missouri have all increased their efforts to keep students in state by offering tuition-free education in their community colleges. In response, the College seeks to market itself as a unique two-year college with a four-year college experience.

As a result of the COVID-19 pandemic, the College has transitioned to offer additional remote classes to comply with social distancing requirements recommended by the Center for Disease Control and to allow students access to their classes in the event they or their instructors are quarantined.

The College is also initiating programs to improve retention of current students. Open enrollment, two-year colleges contend with significant retention issues. Student's stop-out for any number of reasons. The College is focused on identifying students at risk for stopping out and providing the needed assistance.

OUTSIDE RESOURCES

The College continues to pursue significant grant funds and currently receives funds from four U.S. Department of Education grants. In fiscal year 2022 the College received:

- $ 375,000 – Upward Bound
- $ 308,000 – Student Support Services
- $ 375,000 – Title III
- $ 127,000 – Adult Education and Literacy
- $5,997,000 – CARES Act – Higher Education Emergency Relief Fund (HEERF)

These grant funds enable the College to support targeted groups of students and enhance their ultimate success in higher education. In addition, the HEERF funds have allowed the College to meet additional cleaning needs as a result of the COVID-19 pandemic as well as provide and update remote learning technology.

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Net Position

June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 8,734,642	$ 4,340,319	$ 987,321	$ 833,120
Restricted cash and cash equivalents	398,110	386,842	-	-
Accounts receivable, net	1,548,024	2,667,052	-	-
Lease receivables	66,587	66,152	-	-
Other receivables	27,681	25,146	15,141	9,169
Investments	138,961	184,960	-	-
Inventories	233,061	255,919	-	-
Total current assets	11,147,066	7,926,390	1,002,462	842,289
Noncurrent Assets				
Restricted cash and cash equivalents	476,749	525,396	-	-
Investments	222,401	193,434	6,621,832	7,812,240
Restricted net OPEB asset	208,008	15,800	-	-
Lease receivables	185,382	251,969	-	-
Other receivables			773,978	885,098
Other assets			115,008	219,116
Capital assets, net	41,268,073	42,740,898	-	-
Total noncurrent assets	42,360,613	43,727,497	7,510,818	8,916,454
Total assets	53,507,679	51,653,887	8,513,280	9,758,743
Deferred Outflows of Resources				
Deferred outflows related to pensions	2,922,766	4,720,406	-	-
Deferred outflows related to OPEB	425,366	766,872		
Deferred outflows related to leases	111,069	123,526	-	-
Total deferred outflows of resources	3,459,201	5,610,804	-	-
Total assets and deferred outflows of resources	$ 56,966,880	$ 57,264,691	$ 8,513,280	$ 9,758,743

(Continued)

NO ASSURANCES PROVIDED

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Net Position

June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	$ 746,045	$ 398,433	$ -	$ -
Accrued interest payable	40,369	45,732	-	-
Accrued payroll and other accrued expenses	501,104	435,639	-	-
Unearned revenues	475,671	435,030	-	-
Student and other deposits	93,120	101,970	404,350	385,499
Accrued compensated absences	275,686	257,186	-	-
Current portion of total OPEB liability	53,000	71,000	-	-
Current portion of note and leases payable	1,584,678	1,253,383	-	-
Total current liabilities	3,769,673	2,998,373	404,350	385,499
Other Liabilities				
Net pension liability	8,343,557	15,131,248	-	-
Total OPEB liability	1,090,023	1,403,260	-	-
Note payable	-	-	455,978	605,784
Note payable to Foundation	623,807	729,739	-	-
Notes payable to state agencies	15,673,855	17,117,409	-	-
Note payable to Dell Financial Services	38,700	-	-	-
Leases payable	-	9,327	-	-
Total other liabilities	25,769,942	34,390,983	455,978	605,784
Total liabilities	29,539,615	37,389,356	860,328	991,283
Deferred Inflows of Resources				
Deferred inflows related to OCIA lease	88,114	99,015	-	-
Deferred inflows related to leases	251,080	318,035	-	-
Deferred inflows related to pensions	6,172,673	2,763,657	-	-
Deferred inflows related to OPEB	1,288,701	1,045,379	-	-
Total deferred outflows of resources	7,800,568	4,226,086	-	-
Net Position				
Net investment in capital assets	23,369,988	23,655,551		
Restricted for				
Nonexpendable			3,941,356	3,801,047
Expendable				
Scholarships, research, instruction, and other	916,786	1,908,014	2,136,899	2,676,056
Capital projects	476,749	525,396		
Other postemployment benefits	208,008	15,800		
Unrestricted	(5,344,834)	(10,455,512)	1,574,697	2,290,357
Total net position	19,626,697	15,649,249	7,652,952	8,767,460
Total liabilities, deferred inflows of resources, and net position	$ 56,966,880	$ 57,264,691	$ 8,513,280	$ 9,758,743

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Operating Revenues				
Tuition and fees, net of scholarship discounts and allowances; 2022 - $6,670,000; 2021 - $6,000,000	$ 4,429,773	$ 3,503,170		
Federal grants and contracts	1,576,974	1,311,096		
State and local grants and contracts	-	8,050		
Private gifts and contributions	1,000	7,220		
Auxiliary enterprise charges				
Housing, net of scholarship discounts and allowances; 2022 - $322,000; 2021 - $288,000	1,524,432	1,480,885		
Food services, net of scholarship discounts and allowances; 2022 - $563,000; 2021 - $503,000	1,615,699	1,534,380		
Bookstore, net of scholarship discounts and allowances; 2022 - $482,000; 2021 - $431,000	428,002	426,632		
Student Union	505,630	463,088		
Athletics	28,521	10,448		
Other	641,344	555,887		
Gifts and contributions	-	-	499,813	591,967
Other operating revenues	176,442	366,751	67,824	18,420
Total operating revenues	10,927,817	9,667,607	567,637	610,387
Operating Expenses				
Compensation and employee benefits	9,156,166	11,054,221	-	-
Contractual services	4,512,594	4,462,897	-	-
Supplies and materials	1,611,891	1,524,257	-	-
Utilities	1,371,736	1,405,750	-	-
Communications	72,057	110,516	-	-
Other operating expenses	1,028,986	1,041,222	474,432	441,396
Scholarships and fellowships	4,517,286	3,652,526	135,780	226,455
Student reengagement	2,017,859	-	-	-
Depreciation	2,168,454	2,214,251	-	-
Total operating expenses	26,457,029	25,465,640	610,212	667,851
Operating income (loss)	(15,529,212)	(15,798,033)	(42,575)	(57,464)

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	Primary Government - College		Component Unit - Foundation	
	2022	2021	2022	2021
Nonoperating Revenues (Expenses)				
State appropriations	$ 7,165,276	$ 6,855,213	$ -	$ -
On-behalf payments for OTRS	452,254	527,142	-	-
Federal grants and contracts	10,439,357	7,343,211	-	-
State grants and contracts	559,207	602,128	-	-
Private gifts and contributions	453,852	455,119	-	-
OMES flood reimbursement	-	936,194	-	-
Investment income	-	6,376	84,983	113,812
Gain (Loss) on investments	(7,944)	-	(1,130,589)	1,487,505
Rental income	-	-	-	-
Interest expense	(614,923)	(631,493)	(26,327)	(31,011)
Net nonoperating revenues	18,447,079	16,093,890	(1,071,933)	1,570,306
Income (loss) before other revenues, expenses, gains, and losses	2,917,867	295,857	(1,114,508)	1,512,842
Other Revenues, Expenses, Gains, and Losses				
State appropriations restricted for capital purposes	900,000	741,541	-	-
On-behalf payments for OCIA capital leases	142,081	142,081	-	-
Capital contribution	17,500	7,500	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
Total other revenues, expenses, gains, and losses	1,059,581	891,122	-	-
Change in Net Position	3,977,448	1,186,979	(1,114,508)	1,512,842
Net Position, Beginning of Year	15,649,249	14,462,270	8,767,460	7,254,618
Net Position, End of Year	$ 19,626,697	$ 15,649,249	$ 7,652,952	$ 8,767,460

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Tuition and fees	$ 4,043,233	$ 3,650,364
Grants and contracts	2,580,470	245,004
Auxiliary enterprise charges	5,287,341	4,212,633
Other operating receipts	173,157	372,855
Payments to employees for salaries and benefits	(10,139,599)	(9,685,081)
Payments to suppliers	(14,916,447)	(12,003,706)
Net cash used in operating activities	(12,971,845)	(13,207,931)
Cash Flows from Noncapital Financing Activities		
State appropriations	7,165,276	6,855,213
Federal grants and contracts	10,439,357	7,343,211
State and local grants and contracts	559,207	602,128
OMES flood reimbursement	-	936,194
Private gifts and contributions	453,852	455,119
Net cash provided by noncapital financing activities	18,617,692	16,191,865
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	(532,471)	(305,206)
Capital appropriations received	900,000	741,541
Proceeds from capital debt and leases	64,566	2,403,755
Repayments of capital debt and leases	(1,171,241)	(3,315,878)
Interest paid on capital debt and leases	(558,792)	(739,002)
Net cash used in capital and related financing activities	(1,297,938)	(1,214,790)
Cash Flows from Investing Activities		
Sale (purchase) of investments	17,032	(39,826)
Interest received on investments	(7,997)	9,239
Net cash provided (used) by investing activities	9,035	(30,587)
Net increase (decrease) in cash and cash equivalents	4,356,944	1,738,557
Cash and Cash Equivalents, Beginning of Year	5,252,557	3,514,000
Cash and Cash Equivalents, End of Year	$ 9,609,501	$ 5,252,557

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	$ 8,734,642	$ 4,340,319
Restricted cash and cash equivalents	398,110	386,842
Noncurrent assets		
Restricted cash and cash equivalents	476,749	525,396
Total cash and cash equivalents	$ 9,609,501	$ 5,252,557
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (15,529,212)	$ (15,798,033)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	2,168,454	2,214,251
On-behalf payments for OTRS	452,254	527,142
Changes in net assets and liabilities		
Accounts receivable	1,116,546	(1,314,792)
Leases receivable	66,152	(318,121)
Inventories	22,858	110,292
Accounts payable and accrued expenses	267,419	217,956
Other postemployment benefits	(523,445)	84,093
Net pension liability	(6,787,691)	3,246,487
Deferred outflows of resources	2,139,146	(2,401,481)
Deferred inflows of resources	3,652,338	(225,914)
Deferred inflows related to leases	(66,955)	318,035
Unearned revenues	40,641	100,627
Compensated absences	18,500	4,027
Student and other deposits	(8,850)	27,500
Net Cash Used in Operating Activities	$ (12,971,845)	$ (13,207,931)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the College	$ 142,081	$ 142,081
Accounts payable incurred for the purchase of capital assets	$ 145,658	$ 12,106
Capital gifts	$ 17,500	$ 7,500

See notes to financial statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Northeastern Oklahoma Agricultural and Mechanical College (the "College") is an associate degree granting institution established by an act of the Oklahoma State Legislature in 1919. The College's mission is to provide higher education primarily for people of northeastern Oklahoma and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities. The University is under the governance of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the "Board of Regents").

Reporting Entity

The College is one of five institutions of higher education in Oklahoma that comprise part of the Oklahoma Agricultural and Mechanical Colleges, which is a member of the Oklahoma State System of the Higher Education, a component unit of the State of Oklahoma, and is included in the comprehensive annual financial report of the State of Oklahoma as part of Higher Education component unit.

The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges has constitutional authority to govern, control, and manage the Oklahoma Agricultural and Mechanical Colleges, which consist of five institutions. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, and appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

Accordingly, the College is considered an organizational unit of the Oklahoma Agricultural and Mechanical Colleges reporting entity for financial reporting purposes due to the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

Discretely Presented Component Unit

Northeastern Oklahoma A&M College Development Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of 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 governed by donors, bond documents, and/or trustees. Accordingly, resources received and held by the Foundation can only be used by, or for the benefit of, the College. The Foundation is considered a discretely-presented component unit of the College under the definition of GASB Statement No. 39. The Foundation reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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 for these differences. The Foundation prepares separate, standalone financial statements which may be obtained by contacting the Foundation's management.

Financial Statement Presentation

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to public sector institutions of higher education. The College applies all applicable GASB pronouncements.

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. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program and the College's ODFA bond funds held in money market funds are considered cash equivalents.

Investments

The College accounts for its investments at fair value based on quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State. Accounts receivable also include amounts due from the Federal government, state and 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.

Inventories

Inventories consist primarily of books and supplies held for resale and livestock. Books and supplies held for resale are valued at the lower of cost or market on the first in, first-out basis. Livestock are valued at estimated current fair market value.

Restricted Cash and Cash Equivalents

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 40 years for buildings, infrastructure, and land improvements and 7 years for library materials and equipment. Leases assets are amortized over the life of the associated contract.

Leases

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

Unearned Revenues

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

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes and is earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net position.

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

Use of Estimates

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

Net Position

The College's net position is classified as follows:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. 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 towards restricted resources and then towards unrestricted resources.

Income Taxes

As a state institution of higher education, the income of the College is generally 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).

Classification of Revenues

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, student aid revenues, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

Tuition and Fees Revenue

Tuition and fees revenue is recognized in the term to which it relates. The summer term is allocated by the number of days falling within each fiscal year.

Scholarship Discounts and Allowances

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. At June 30, 2022 and 2021, the College's deferred outflows of resources were comprised of deferred charges related to pensions and other postemployment benefits.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2022 and 2021, the College's deferred inflows of resources were comprised of deferred credits related to leases, pensions, and other postemployment benefits.

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.

Defined Benefit Pension and Other Postemployment Benefits Plans

The College participates in a cost-sharing, multiple-employer defined benefit pension plan. The fiduciary net position of the Teacher Retirement System of Oklahoma (OTRS) has been determined on the flow of economic resources measurement focus and full accrual basis of accounting.

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 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.

The College has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance and life insurance to retirees (the "OPEB Plans"). For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Single-Employer Defined Benefit – Other Postemployment Benefit Plan

The College has a single-employer defined benefit OPEB plan, the NEO Retiree Health Insurance and Death Benefits Plan (the NEO OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the NEO OPEB Plan and additions to/deductions from the NEO OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the NEO OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Cost-Sharing Defined Benefit – Other Postemployment Benefit Plan

The College participates in a cost-sharing, multiple-employer defined benefit OPEB plan, the OTRS Supplemental Health Insurance Plan (the OTRS OPEB Plan). For purposes of measuring the net OPEB liability (asset), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OTRS OPEB Plan and additions to/deductions from the OTRS OPEB Plan'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.

New Accounting Pronouncement Adopted in Fiscal Year 2022

The College adopted the following new accounting pronouncement during the year ended June 30, 2022:

GASB Statement No. 87, *Leases*

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

Restatement

The College implemented GASB 87 *Leases* in 2022. Due to this implementation the College restated ending net position for 2021 as noted for the addition of leased capital assets and lease liabilities, and leases receivable and deferred inflows, along with the corresponding annual lease payment and receipts activity. This resulted in a net increase in capital assets and leases receivable of $348,601, and a net increase in long-term liabilities and deferred inflows of $348,535, with a corresponding change in FY21 ending net position of an increase of $66.

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST 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 Treasurer may determine, in the State's name.

At June 30, 2022 and 2021, the carrying amount of the College's deposits with the State Treasurer and other financial institutions were as follows:

	2022	2021
Deposits with the State Treasurer	$ 9,125,102	$ 4,719,511
U.S. financial institutions		
Petty cash	7,650	7,650
Total deposits	$ 9,132,752	$ 4,727,161

Of the $9,125,102 and $4,719,511 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2022 and 2021, respectively, $2,375,277 and $193,745, respectively, represent amounts held within *OK INVEST*, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at http://www.ok.gov/treasurer/. The College considers the amount on deposit with *OK INVEST* to be demand accounts and they are reported as cash equivalents.

Investments

Investments are recorded at fair value in accordance with GAAP. The College's investments are measured and reported at fair value and classified according to the following hierarchal input levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets.
Level 2 – Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.
Level 3 – Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

At June 30, 2022 and 2021, the College had the following investments:

Types of Investments	Fair Value Hierarchy	Credit Rating	Maturities	2022	2021
U.S. Treasury securities	Level 1	Aaa	0 - 10 years	$ 341,732	$ 351,768
Bank certificates of deposit	N/A	N/A	Less than one year	6,514	2,537
U.S. agency mortgage-backed securities	Level 2	Aaa	1 - 25 years	13,116	24,089
				$ 361,362	$ 378,394

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

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

Custodial Credit Risk

All United States government obligations are held by the Federal Reserve Bank in the name of the College. The majority of the College's certificates of deposit were invested through the State Treasurer. The Board has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the United States Government and its agencies, certificates of deposit, and demand deposits.

ODFA Bond Fund Cash and Investments

Certain nonpooled cash and investments are restricted in purpose by policies incorporated in applicable bond indentures. Credit risk policy generally restricts investing to cash, investments fully insured by the FDIC and U.S. government and agency securities, or mutual funds investing in these types of securities. There may be some variance among the investments authorized by the specific bond indentures of College bond issues. The OST and/or a trustee bank generally provide the management of restricted, nonpooled investments. Custodial credit risk is not addressed by bond indentures. Interest rate risk in bond indentures provide that investments mature in no more than six to sixty months depending on the purpose of the funds and the requirements of the account in which the funds are deposited, *i.e.*, construction, reserve, operations, and maintenance, etc. Concentration of credit risk is not addressed.

At June 30, 2022 and 2021, the College had the following bond fund investments, which are reported as restricted cash equivalents in the accompanying statement of net position.

	Fair Value Hierarchy	Average Credit Quality Ratings (1)	Weighted Average No. of Years to Maturity (2)	2022 Fair Value	2021 Fair Value
Cavanal Hill U.S. Treasury - Admin #0002	Level 1	AAAm	0.10	$ 100,568	$ 149,439
Black Rock Liquid FedFund - Cash Res #00U3	Level 1	AAAm	0.10	376,181	375,957
Federated Government Obligations Tax Managed Service Money Market Fund	Level 1	AAAm	0.12		
				$ 476,749	$ 525,396

1. Ratings are provided where applicable to indicate Credit Risk. Ratings report are Standards and Poor's.
2. Interest Rate Risk is estimated using weighted average years to maturity.

Note 2: Accounts Receivable and Other Receivables

Accounts receivable consisted of the following at June 30:

	2022	2021
Student tuition and fees	$ 2,637,813	$ 3,687,978
Auxiliary enterprises and other student activities	1,101,048	1,641,470
Federal and state granting agencies	518,676	1,521,172
	4,257,537	6,850,620
Less allowance for doubtful accounts	2,709,513	4,183,568
Accounts receivable, net	$ 1,548,024	$ 2,667,052

Other receivables consisted of the following at June 30:

	2022	2021
Interest receivable	$ 337	$ 284
OSRHE Endowment Trust Receivable	27,344	24,862
Total other receivables	$ 27,681	$ 25,146

Note 4: Leases Receivables

The College as a lessor, has entered into a lease agreement with the Peoria Tribe involving the Early Childhood Lab in the Kah-Ne Hall building. A summary of the lease terms and interest rate is as follows:

	2022	2021
Lease of building with office space, classrooms, and public gathering spaces Monthly installments totaling $5,670 with an imputed interst rate of 0.656 percent over a 5-year lease term ending April 2026. The balance outstanding at June 30 was:	$251,969	$318,121

Northeastern Oklahoma Agricultural and Mechanical College

Notes to Financial Statements

June 30, 2022 and 2021

Note 5: Capital Assets

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

	Restated Balance at June 30, 2021	Additions	Transfers and Retirements	Balance at June 30, 2022
Capital assets not being depreciated				
Land	$ 500,716	$ 17,500	$ -	$ 518,216
Construction in progress	-	333,008	-	333,008
Total not being depreciated	500,716	350,508	-	851,224
Capital assets being depreciated				
Buildings and improvements	61,264,311	190,571	-	61,454,882
Nonstructural improvements	3,098,609	-	-	3,098,609
Infrastructure	1,377,873	-	-	1,377,873
Equipment	9,087,014	101,596	(3,400)	9,185,210
Library materials	2,795,545	52,954	-	2,848,499
Leased assets-equipment	40,430	-	-	40,430
Total capital assets being depreciated	77,663,782	345,121	(3,400)	78,005,503
Accumulated depreciation				
Buildings and improvements	(23,445,263)	(1,439,647)	-	(24,884,910)
Nonstructural improvements	(608,320)	(188,320)	-	(796,640)
Infrastructure	(919,116)	(57,648)	-	(976,764)
Equipment	(7,696,009)	(415,115)	3,400	(8,107,724)
Library materials	(2,744,942)	(46,548)	-	(2,791,490)
Leased assets-equipment	(9,950)	(21,176)	-	(31,126)
Total accumulated depreciation	(35,423,600)	(2,168,454)	3,400	(37,588,654)
Capital assets, net	$ 42,740,898	$ (1,472,825)	$ -	$ 41,268,073
Capital asset summary				
Capital assets not being depreciated	$ 500,716	$ 350,508	$ -	$ 851,224
Other capital assets, at cost	77,663,782	345,121	(3,400)	78,005,503
Total cost of capital assets	78,164,498	695,629	(3,400)	78,856,727
Less accumulated deprecation	(35,423,600)	(2,168,454)	3,400	(37,588,654)
Capital assets, net	$ 42,740,898	$ (1,472,825)	$ -	$ 41,268,073

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance at June 30, 2020	Additions	Transfers and Retirements	Balance at June 30, 2021
Capital assets not being depreciated				
Land	$ 500,716	$ -	$ -	$ 500,716
Construction in progress	71,645	-	(71,645)	-
Total not being depreciated	572,361	-	(71,645)	500,716
Capital assets being depreciated				
Buildings and improvements	61,115,782	121,544	26,985	61,264,311
Nonstructural improvements	3,039,149	14,800	44,660	3,098,609
Infrastructure	1,377,873	-	-	1,377,873
Equipment	9,009,372	77,642	-	9,087,014
Library materials	2,760,460	35,085	-	2,795,545
Leased assets-equipment	17,978	22,452		40,430
Total capital assets being depreciated	77,320,614	271,523	71,645	77,663,782
Accumulated depreciation				
Buildings and improvements	(21,980,913)	(1,464,350)	-	(23,445,263)
Nonstructural improvements	(421,962)	(186,358)	-	(608,320)
Infrastructure	(861,468)	(57,648)	-	(919,116)
Equipment	(7,251,718)	(444,291)	-	(7,696,009)
Library materials	(2,693,288)	(51,654)	-	(2,744,942)
Leased assets-equipment	-	(9,950)		(9,950)
Total accumulated depreciation	(33,209,349)	(2,214,251)	-	(35,423,600)
Capital assets, net	$ 44,683,626	$ (1,942,728)	$ -	$ 42,740,898
Capital asset summary				
Capital assets not being depreciated	$ 572,361	$ -	$ (71,645)	$ 500,716
Other capital assets, at cost	77,320,614	271,523	71,645	77,663,782
Total cost of capital assets	77,892,975	271,523	-	78,164,498
Less accumulated deprecation	(33,209,349)	(2,214,251)	-	(35,423,600)
Capital assets, net	$ 44,683,626	$ (1,942,728)	$ -	$ 42,740,898

Note 6: Long-Term Liabilities

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

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts Due Within One Year
Long-term liabilities					
OCIA Series 2014A (2.00% - 5.00%)	$ 2,983,117	$ -	$ -	$ 2,983,117	$ 278,078
ODFA Series 2011C (0.45% - 5.00%)	112,085	-	(11,083)	101,002	12,000
ODFA Series 2013A (2.00% - 4.00%)	1,711,667	-	(52,167)	1,659,500	53,833
ODFA Series 2014C (2.00% - 4.125%)	818,000	-	(48,417)	769,583	53,083
ODFA Series 2016F (0.55% - 3.06%)	3,866,417	-	(102,833)	3,763,584	101,333
ODFA Series 2017C (2.00% - 4.00%)	764,083	-	(251,917)	512,166	262,833
ODFA Series 2018A (3.75% - 4.00%)	2,381,250	-	(160,083)	2,221,167	166,500
ODFA Series 2019A (3.00% - 5.00%)	980,250	-	(57,167)	923,083	59,167
ODFA Series 2020A (3.00% - 5.00%)	1,646,917	-	(157,500)	1,489,417	163,583
ODFA Series 2020B (3.00% - 4.00%)	330,333	-	(31,417)	298,916	32,750
ODFA Series 2020D (4.00% - 5.00%)	1,854,250	-	(177,083)	1,677,167	178,250
Premiums on ODFA debt	820,863	-	(83,056)	737,807	83,056
Discount on ODFA debts	(20,014)	-	913	(19,101)	(913)
DELL Note Payable - Direct Borrowing	-	64,566	-	64,566	25,866
NEO Development Foundation - Multipurpose Athletic Center (*Note 10*) - Direct Borrowing	830,140	-	(100,401)	729,739	105,932
Leases Payable	30,500	-	(21,173)	9,327	9,327
Total Notes and Leases Payable	19,109,858	64,566	(1,253,384)	17,921,040	1,584,678
Other liabilities					
Accrued compensated absences	257,186	182,594	(164,094)	275,686	275,686
Total other liabilities	257,186	182,594	(164,094)	275,686	275,686
Total long-term liabilities	$ 19,367,044	$ 247,160	$ (1,417,478)	$ 18,196,726	$ 1,860,364

Northeastern Oklahoma Agricultural and Mechanical College

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021	Amounts Due Within One Year
Long-term liabilities					
OCIA Series 2014A (2.00% - 5.00%)	$ 2,983,117	$ -	$ -	$ 2,983,117	$ -
ODFA Master Lease, Series 2010B (0.74% - 6.05%)	387,500	-	(387,500)	-	-
ODFA Series 2011A (0.45% - 5.00%)	1,958,000	-	(1,958,000)	-	-
ODFA Series 2011C (0.45% - 5.00%)	123,085	-	(11,000)	112,085	11,083
ODFA Series 2013A (2.00% - 4.00%)	1,760,000	-	(48,333)	1,711,667	52,167
ODFA Series 2014C (2.00% - 4.125%)	866,000	-	(48,000)	818,000	48,417
ODFA Series 2016F (0.55% - 3.06%)	3,965,750	-	(99,333)	3,866,417	102,833
ODFA Series 2017C (2.00% - 4.00%)	1,006,833	-	(242,750)	764,083	251,917
ODFA Series 2018A (3.75% - 4.00%)	2,534,250	-	(153,000)	2,381,250	160,083
ODFA Series 2019A (3.00% - 5.00%)	1,035,417	-	(55,167)	980,250	57,167
ODFA Series 2020A (3.00% - 5.00%)	1,796,365	-	(149,448)	1,646,917	157,499
ODFA Series 2020B (3.00% - 4.00%)	-	349,000	(18,667)	330,333	31,417
ODFA Series 2020D (4.00% - 5.00%)	-	1,989,000	(134,750)	1,854,250	177,083
Premiums on ODFA debt	893,636	43,303	(116,076)	820,863	83,056
Discount on ODFA debt	(20,927)	-	913	(20,014)	(913)
NEO Development Foundation - Multipurpose Athletic Center (*Note 10*) Direct Borrowing	830,140	-	-	830,140	100,401
Leases Payable	17,978	22,452	(9,930)	30,500	21,173
Total Notes and Leases Payable	20,137,144	2,403,755	(3,431,041)	19,109,858	1,253,383
Other liabilities					
Accrued compensated absences	253,159	142,726	(138,699)	257,186	257,186
Total other liabilities	253,159	142,726	(138,699)	257,186	257,186
Total long-term liabilities	$ 20,390,303	$ 2,546,481	$ (3,569,740)	$ 19,367,044	$ 1,510,569

Oklahoma Capital Improvement Authority Obligations (OCIA)

In 1999, the Oklahoma Capital Improvement Authority (OCIA) issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, the OSRHE allocated $500,611 to the College. Concurrently with the allocation, the College entered into an agreement with OCIA, for the project being funded by the OCIA bonds. The agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent agreements are to provide for capital improvements at the College.

In 2004, the OCIA issued bond series 2004A that refunded a significant portion of the 1999A bonds. Consequently, the amortization of the 1999A bond issue ended in 2010. The agreement will no longer secure the 1999A bond issue but will now act as security for the 2004A bond issue over the term of the agreement through the year 2020.

In 2015, the College’s remaining 2004 agreement with OCIA was restructured through a complete refunding of the Series 2004A bonds. OCIA issued new bonds, Series 2014B, to accomplish the refunding. As a result, the total liability of the remaining 2004A bonds was refunded and the amount of the 2014B bonds acquired was a gain on restructuring of $15,855, which was recorded as a deferred inflow of resources that will be amortized over a period of five years. The restructured 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 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 agreement and the refinanced agreement of $26,006, which approximates the economic savings of the transaction.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the OSRHE allocated approximately $6,000,000 to the College. Total payments over the term of the agreement including principal and interest, beginning July 1, 2006, through July 1, 2030, will be $10,400,529. Payments will be made annually ranging from $164,494 to $442,595. Concurrently with the allocation, the College entered into an agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent agreements are to provide for capital improvements at the College.

In 2011, the OCIA Series 2005F agreement was restructured through a partial refunding of OCIA’s 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The 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 agreement with OCIA was automatically restructured to secure the new bond issues. This restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring that has been recorded as a charge of $339,333 on restructuring as a deferred outflow of resources that was amortized over a period of six years. This restructuring resulted in an aggregate debt service difference for principal and interest between the original agreement and the restructured agreement of $64,688, which also approximates the economic cost of the restructuring. Although this restructuring resulted in a cost to the College, it is anticipated that the on-behalf payments provided to cover the original agreement will also cover the deferred restructuring charge.

In 2014, the College's remaining 2005 agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. As a result, the total liability of the remaining 2005F bonds was refunded and the amount of the 2014A bonds acquired was a credit on restructuring of $178,047, which was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2021, and 2020, the unamortized credit totaled $99,016 and $109,916, respectively. The restructured 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 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 agreement and the refinanced agreement of $419,355, which approximates the economic savings of the transaction.

Principal and interest payments to OCIA, totaling $142,081 and $142,081 during the years ended June 30, 2022 and 2021, were made by the State of Oklahoma on behalf of the College. These payments have been recorded as on-behalf payments for OCIA in the statements of revenues, expenses, and changes in net position.

Oklahoma Development Finance Authority Obligations (ODFA)

In 2010, the College entered into a debt obligation for the ODFA Agreement, Series 2010B in the amount of $1,627,812. Total payments over the term of the agreement, beginning January 15, 2011, through November 15, 2030, will be $2,023,077. Payments will be made monthly ranging from $17,802 to $19,168. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In 2021, the Series 2010B was fully refunded with the issuance of the ODFA Master Real Property Revenue Bonds, Series 2020B in the amount of $349,000. Total payments over the term of the agreement, beginning December 15, 2020, through November 15, 2030, will be $420,668. Payments will be made monthly ranging from $3,310 to $3,684.

In 2010, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2010A in the amount of $3,500,000. Total payments over the term of the agreement, beginning July 14, 2011, through May 15, 2031, will be $4,579,321. Payments will be made monthly ranging from $19,165 to $21,124. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In 2020, the Series 2010A was fully refunded with the issuance of the ODFA Revenue Bonds, Series 2020A in the amount of $1,810,000. Total payments over the term of the agreement, beginning July 15, 2020, through May 15, 2030, will be $ 2,248,643. Payments will be made monthly ranging from $18,652 to $21,147.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011A in the amount of $3,065,000. Total payments over the term of the agreement, beginning July 14, 2011, through May 15, 2031, will be $4,560,290. Payments will be made monthly ranging from $19,158 to $21,004. Proceeds from the obligation were used for the Student Union Renovation Project.

Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In August 2011, the Student Union Renovation was completed and the facility placed in service. In 2021, the Series 2011A was fully refunded with the issuance of the ODFA Revenue Bonds, Series 2020D in the amount of $1,989,000.

Total payments over the term of the agreement, beginning November 15, 2020, through May 15, 2031, will be $2,193,196. Payments will be made monthly ranging from $17,064 to $19,771.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011A in the amount of $167,000. Total payments over the term of the agreement, beginning May 11, 2011, through May 15, 2018, will be $188,409. Payments will be made monthly ranging from $2,205 to $2,281. Proceeds from the obligation will be used for lighting upgrades. In October 2012, the lighting upgrade project was completed and placed in service. Through June 30, 2015, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2011, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2011C in the amount of $665,000. Total payments over the term of the agreement, beginning October 15, 2011, through May 15, 2031, will be $823,610. Payments will be made monthly ranging from $868 to $8,611. Proceeds from the obligation were used for upgrades to campus equipment, a new VOIP phone system, and the construction of a new Student Housing Project. Through June 30, 2013, the College had drawn its total allotment for expenditures incurred in connection with the project. In October 2012, the VOIP project was completed and placed in service. The Student Housing Complex was completed and placed into service in January 2012.

In 2013, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2013A in the amount of $2,433,000. Total payments over the term of the agreement, beginning December 15, 2013, through May 15, 2043, will be $4,104,857. Payments will be made monthly ranging from $10,300 to $17,967. Proceeds from the obligation were used for reimbursing 2013 expenditures for the Kah-Ne Hall renovation, campus vehicles, and classroom furniture. Through June 30, 2015, the College had drawn its total allotment for reimbursing expenditures incurred in connection with the projects.

In 2014, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2014C in the amount of $1,145,000. Total payments over the term of the agreement, beginning May 15, 2014, through May 15, 2034, will be $1,614,149. Payments will be made monthly ranging from $6,229 to $6,838. Proceeds from the obligation will be used for improvements to the Synar Farm. Through June 30, 2022, the College has drawn all but $71,969 of its total allotment.

In 2016, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2015C in the amount of $201,000. Total payments over the term of the agreement, beginning January 15, 2016, through May 15, 2020, will be $218,609. Payments will be made monthly ranging from $4,050 to $4,571. Proceeds from the obligation will be used for the purchase of a new telephone system for the entire campus. Through June 30, 2022, the College has drawn all but $28,599 of its total allotment.

In 2017, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2016F in the amount of $4,328,000. Total payments over the term of the agreement, beginning October 15, 2016, through May 15, 2046, will be $6,879,502. Payments will be made monthly ranging from $19,087 to $23,118. Proceeds from the obligation will be used for the construction of a new Student Housing Project. Through June 30, 2019, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2017, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2017C in the amount of $1,696,000. Total payments over the term of the agreement, beginning June 15, 2017, through May 15, 2024, will be $1,991,629.

Payments will be made monthly ranging from $23,243 to $24,526. Proceeds from the obligation will be used for the purchase of a new fiber optic system and a new security camera system for the entire campus. Through June 30, 2020, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2018, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2018A in the amount of $2,834,000. Total payments over the term of the agreement, beginning July 15, 2018, through May 15, 2033, will be $3,888,524. Payments will be made monthly ranging from $21,227 to $23,685. Proceeds from the obligation will be used for the deferred maintenance of various buildings on campus. Through June 30, 2021, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2019, the College entered into a debt obligation for the ODFA Revenue Bonds, Series 2019A in the amount of $1,250,000. Total payments over the term of the agreement, beginning June 15, 2019, through May 15, 2034, will be $1,545,043. Payments will be made monthly ranging from $8,404 to $8,897. Proceeds from the obligation will be used for the deferred maintenance of various fixtures, equipment, and buildings on campus. Through June 30, 2022, the College has drawn all but $376,181 of its total allotment.

Future minimum payments under the College's obligations to the OCIA and ODFA are as follows:

	Principal	Interest	Total
Years ending June 30			
2023	$ 1,361,412	$ 621,694	$ 1,983,106
2024	1,383,630	571,886	1,955,516
2025	1,169,734	520,536	1,690,270
2026	1,210,670	479,894	1,690,564
2027	1,253,316	434,698	1,688,014
2028 - 2032	5,842,023	1,413,675	7,255,698
2033 - 2037	1,765,417	592,734	2,358,151
2038 - 2042	1,464,583	315,513	1,780,096
2043 - 2047	947,917	68,188	1,016,105
	$ 16,398,702	$ 5,018,818	$ 21,417,520

Multipurpose Athletic Center Note Payable to NEO Foundation

In November 2012, the College entered into an agreement with the Foundation for the purpose of constructing an indoor athletic facility to be known as the Multipurpose Athletic Center (the "facility"). In exchange for payments to the College, the Foundation agreed to construct the facility for the management, use, operation, and benefit of the College. Upon completion of the facility, the College agreed to rent the facility from the Foundation.

The facility was completed in August 2013, at which time the College began occupancy of the facility. The term of this agreement is 180 months, beginning on November 1, 2012, and ending on October 31, 2027. The annual rental payment amount is $146,134, with the first payment being made on July 15, 2013, and the final payment occurring on July 15, 2027. At the conclusion of the annual rental payments, the College will own the facility and all improvements thereof. The facility is accounted for as a capital asset and a note payable of the College in the statements of net position. The College made the rent payment for the year ended June 30, 2022, in June 2021.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 105,932	$ 40,201	$ 146,133
2024	111,768	34,366	146,134
2025	117,848	28,286	146,134
2026	124,417	21,716	146,133
2027	131,272	14,862	146,134
2028 - 2032	138,502	7,630	146,132
	$ 729,739	$ 147,061	$ 876,800

Computers Note Payable to Dell Financial Services

In June 2022, the College entered into a note payable obligation with Dell Financial Services (DFS) in the amount of $64,566 for the purchase of 60 computers which will serve as collateral. Payments over the term of the agreement including interest, total $69,699. Payments were scheduled to begin June 1, 2022, and go through June 1, 2026, and are to be made annually in the amount of $13,940. However, the first payment was not made until July 2022. Therefore, both the 2022 and 2023 payments are reported in the current portion amount at June 30, 2022. In the event of default the College will be required to surrender possession of the products to DFS.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 25,866	$ 2,014	$ 27,880
2024	12,400	1,539	13,939
2025	12,894	1,046	13,940
2026	13,406	533	13,939
	$ 64,566	$ 5,132	$ 69,698

Leases Payable

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

Leases of copiers and mailing equipment with annual installments totaling $9,337 with interest rates raninging from 0.40% to 0.50%, and due dates ranging from October 2022 to October 2023.	$ 9,327

	Principal	Interest	Total
Years ending June 30			
2023	9,327	10	9,337
	$ 9,327	$ 10	$ 9,337

Note 7: Retirement Plans

A summary of pension amounts as of June 30, 2022 and 2021, follows:

As of June 30, 2022

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)
OTRS Pension Liability	$ 8,343,557	$ 2,922,766	$ 6,172,673	$ (349,611)

As of June 30, 2021

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
OTRS Pension Liability	$ 15,131,248	$ 4,720,406	$ 2,763,657	$ 1,837,455

Oklahoma Teachers Retirement System

Plan Description

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

Benefits Provided

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

Benefit provisions include:

- Members who join OTRS after July 1, 1991, become fully vested in retirement benefits earned to date after five years of credited service. Members who join OTRS on or after November 1, 2017, become fully vested after seven years of credited service. Any member who has attained age 55 or who has completed 30 years of creditable service, or for any person who initially became a member prior to July 1, 1992, whose age and number of years of creditable service total 80 may be retired upon proper application for retirement on forms established by the System and executing a retirement contract. Any person who became a member after June 30, 1992, but prior to November 1, 2011, whose age and number of years of creditable service total 90 may be retired upon proper application for retirement and executing a retirement contract. Any person who becomes a member on or after November 1, 2011, who attains the age of 65 years or who reaches a normal retirement date having attained a minimum age of 60 years may be retired upon proper application for retirement and executing a retirement contract.
- 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 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2 percent 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 Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division (EGID), depending on the members' years of service.

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 percent of the employees' annual pay and an additional 7.7 percent for any employees' salaries covered by federal funds.

Contributions to the pension plan from the College were $788,802 and $740,367 for the years ended June 30, 2022 and 2021, respectively. The State of Oklahoma also made on-behalf contributions to OTRS, totaling $452,254 and $527,142 for the years ended June 30, 2022 and 2021, respectively. 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 and 2021, the College reported a liability of $8,343,557 and $15,131,248, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers for the years ended June 30, 2021 and 2020. Based upon this information, the College's proportion for June 30, 2021 and 2020, was 0.163316 percent and 0.159440 percent, respectively. For the years ended June 30, 2022 and, 2021, the College recognized pension expense (benefit) of ($349,611) and $1,837,455, respectively.

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	$ 550,150	$ 310,268
Change of assumptions	1,297,920	83,091
Net difference between projected and actual earnings on pension plan investments	-	4,333,542
Changes in College's proportionate share of contributions	230,661	1,354,621
Differences between College contributions and proportionate share of contributions	64,865	91,151
College contributions subsequent to the measurement date	779,170	-
Total	$ 2,922,766	$ 6,172,673

At June 30, 2021, 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	$ 736,618	$ 256,276
Change of assumptions	1,855,657	218,609
Net difference between projected and actual earnings on pension plan investments	1,304,319	-
Changes in College's proportionate share of contributions	-	2,218,439
Differences between College contributions and proportionate share of contributions	84,837	70,333
College contributions subsequent to the measurement date	738,975	-
Total	$ 4,720,406	$ 2,763,657

The amounts of $779,170 and $738,975, which are 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 years ended June 30, 2023 and 2022, respectively. 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	$ (1,194,446)
2024	(715,267)
2025	(789,969)
2026	(1,327,736)
2027	(1,659)
	$ (4,029,077)

Actuarial Assumptions

The total pension liability as of June 30, 2022 and 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, respectively, using the following actuarial assumptions, which were the same for both years:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25 percent
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25 percent for inflation, including 0.75 percent for price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00 percent
- Retirement Age — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2021 in conjunction with the five-year experience study for the period ending June 30, 2020
- Mortality Rates after Retirement – Males and females: 2021 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021
- 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

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2022 and 2021, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate*	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100%	

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

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability reported as of June 30, 2022 and 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00 percent. 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 College's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent as of June 30, 2022 and 2021, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

For June 30, 2022:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net pension liability	$ 13,637,681	$ 8,343,557	$ 3,960,742

For June 30, 2021:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net pension liability	$ 20,195,077	$ 15,131,248	$ 10,939,186

Pension Plan Fiduciary Net Position

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

Note 8: Other Postemployment Benefits

Currently, the College provides post-employment benefits to retirees under two post-employment benefit (OPEB) plans:

1. OTRS Supplemental Health Insurance Program (SHIP) – a cost-sharing multiple-employer defined benefit plan administered by OTRS
2. NEO Retiree Benefits Plan – a single employer defined benefit health insurance and death benefit plan

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

As of June 30, 2022	Net OPEB Asset	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
OTRS Supplemental Health Insurance Program	$ 208,008	$ -	$ 47,111	$ 152,564	$ 29,687
NEO Health & Death Benefits Plan	-	1,143,023	378,255	1,136,137	153,797
Total	$ 208,008	$ 1,143,023	$ 425,366	$ 1,288,701	$ 183,484

As of June 30, 2021	Net OPEB Asset	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
OTRS Supplemental Health Insurance Program	$ 15,800	$ -	$ 82,604	$ 35,167	$ 3,217
NEO Health & Death Benefits Plan	-	1,474,260	684,268	1,010,212	245,117
Total	$ 15,800	$ 1,474,260	$ 766,872	$ 1,045,379	$ 248,334

Supplemental Health Insurance Program

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

Benefits Provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between $100 and $105 per month, remitted to the Oklahoma Higher Education Employee Interlocal Group (OKHEEI), provided the member has ten 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 7*; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12 percent and 0.15 percent of normal cost, as determined by an actuarial valuation as of June 30, 2021 and 2020. Contributions allocated to the OPEB plan from the College were $9,631 and $1,392 for 2022 and 2021, respectively.

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2022 and 2021, the College reported an asset of $208,008 and $15,800, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021 and 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021 and 2020. 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 and 2020. Based upon this information, the College's proportion was 0.163309 percent and 0.159440 percent for June 30, 2022 and 2021, respectively.

For the years ended June 30, 2022 and 2021, the College recognized OPEB (benefit) expense of $(29,687) and $3,217, respectively.

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	$ -	$ 32,565
Changes in assumptions	28,273	
Net difference between projected and actual earnings on OPEB plan investments	-	111,561
Changes in proportion and differences between the College's contributions and proportionate share of contributions	5,367	1,000
College contributions at the measurement date	3,840	7,438
College contributions subsequent to the measurement date	9,631	-
Total	$ 47,111	$ 152,564

At June 30, 2021, 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	$ -	$ 34,711
Changes in assumptions	34,186	
Net difference between projected and actual earnings on OPEB plan investments	34,509	
Changes in proportion and differences between the College's contributions and proportionate share of contributions	6,798	
College contributions at the measurement date	5,719	456
College contributions subsequent to the measurement date	1,392	-
Total	$ 82,604	$ 35,167

The $9,631 and $1,392 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date for June 30, 2022 and 2021, will be recognized as a reduction of the net OPEB liability (asset) in the years ended June 30, 2023 and 2022, respectively. 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	$ (29,233)
2024	(24,348)
2025	(25,505)
2026	(33,709)
2027	(1,698)
Thereafter	(591)
Total	$ (115,084)

Actuarial Assumptions

The total OPEB liability (asset) as of June 30, 2022 and 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, respectively, using the following actuarial assumptions, which were the same for both years:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25 percent
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25 percent for inflation, including 0.75 percent for price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00 percent
- Retirement Age — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2021 in conjunction with the five-year experience study for the period ending June 30, 2020
- Mortality Rates after Retirement – Males and females: 2021 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021
- 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

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2022 and 2021, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate*	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100%	

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

Discount Rate – A single discount rate of 7.00 percent was used to measure the total OPEB liability (asset) reported as of June 30, 2022 and 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00 percent as of June 30, 2022 and 2021, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2022			
College's proportionate share of the net OPEB liability (asset)	$ (133,634)	$ (208,008)	$ (271,027)

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2021			
College's proportionate share of the net OPEB liability (asset)	$ 57,356	$ (15,800)	$ (77,835)

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 .

NEO Health and Death Benefits Plan

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

Benefits Provided – The College provides medical and death benefits to eligible retirees and their dependents through the Oklahoma State University A&M System. This plan allows employees who retire from the College to continue to be covered under the College's Health Insurance Plan until age 65. The retired participant must pay the active participant's premium. 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.

The College pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must (a) be at least 62 years of age and have at least ten continuous regular years of service, (b) have worked for the College for at least 25 years in a continuous regular appointment, regardless of age, or (c) meet the OTRS guidelines. In addition, the individual must also have been enrolled in the College's life insurance program prior to retirement. Each retiree is eligible to receive $10,000 of life insurance coverage at a cost to the College of $0.29 per $1,000 of coverage. Authority to establish and amend benefit provisions rests with the Board of Regents. The OPEB Plan does not issue a stand-alone financial report.

Employees Covered by the Benefit Terms – At June 30, 2022 and 2021, the following number of employees were covered by the benefit terms:

	2022	2021
Active employees (participants)	144	131
Retired participants (death benefits)	141	149

Total OPEB Liability – The College's total OPEB liability of $1,143,023 and $1,474,260 was measured as of June 30, 2022 and 2021, respectively, and was determined by an actuarial valuation as July 1, 2021.

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

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.09 percent and 2.19 percent for 2022 and 2021, respectively, based on published Bond Buyer Go-20 bond index
- Healthcare cost trend rates – 7.50 percent for 2022 and 8.00 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent
- Mortality Rates – RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP 2021 and 2020 for 2022 and 2021, respectively

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability for both 2022 and 2021:

	2022	2021
Total OPEB liability, beginning of year	$ 1,474,260	$ 1,484,963
Changes for the year		
Service cost	23,525	24,382
Interest expense	32,223	39,213
Changes of assumptions	(326,323)	106,720
Difference between expected and actual experience	(7,566)	(110,212)
Benefits paid	(53,096)	(70,806)
Total OPEB liability, end of year	$ 1,143,023	$ 1,474,260

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability (asset) of the employer calculated using the respective discount rate, as well as what the plan's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both 2022 and 2021:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
2022			
Employers' total OPEB liability	$ 1,298,826	$ 1,143,023	$ 1,014,977

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Employers' total OPEB liability	$ 1,711,698	$ 1,474,260	$ 1,283,359

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability (asset) of the employer calculated using the health care cost trend rate of 7.5% for 2022 and 8.0% for 2021, decreasing by 0.50% annually to 4.50%, as well as what the plan's total OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
2022			
Employers' total OPEB liability	$ 1,129,097	$ 1,143,023	$ 1,159,750

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
2021			
Employers' total OPEB liability	$ 1,457,349	$ 1,474,260	$ 1,494,669

OPEB Expense – For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of $153,797 and $245,117, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022		
Differences between expected and actual experience	$ 238,681	$ 773,527
Changes of assumptions	139,574	362,610
Total	$ 378,255	$ 1,136,137

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ 477,273	$ 877,610
Changes of assumptions	206,995	132,602
Total	$ 684,268	$ 1,010,212

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

Year ended June 30	
2023	$ 98,052
2024	(157,069)
2025	(186,619)
2026	(102,449)
2027	(102,449)
Thereafter	(307,348)
Total	$ (757,882)

Note 9: Funds Held in Trust by Others

Dobson Trust

The College is an income beneficiary of the Dobson Trust (the "Trust"). The fair values of the Trust's assets at June 30, 2022 and 2021, were $11,521,492 and $13,229,242, respectively. The Trustees' bank has sole discretion for the distribution of income. Terms of the Trust restrict the use of the Trust's income to providing student scholarships and for supplementing the income of individuals teaching at the College. The College recognized the Trust's revenues of $441,852 and $455,119 for the years ended June 30, 2022 and 2021, respectively. The College distributed scholarships and awards of approximately $440,000 and $412,000 during the years ended June 30, 2022 and 2021, respectively.

Note 10: Related Party Transactions

In November 2012, the College entered into an agreement with the Foundation for the purpose of constructing an indoor athletic facility to be known as the Multipurpose Athletic Center (the "facility"). In exchange for rental payments to the College, the Foundation agreed to construct the facility for the management, use, operation, and benefit of the College. Upon completion of the facility, the College agreed to rent the facility from the Foundation.

The facility was completed in August 2013, at which time the College began occupancy of the facility. The term of this agreement is 180 months, beginning on November 1, 2012, and ending on October 31, 2027. The annual rental payment amount is $146,134, with the first payment being made on July 15, 2013, and the final payment occurring on July 15, 2027. At the conclusion of the annual rental payments, the College will own the facility and all improvements thereof. The facility is accounted for as a debt and capital asset of the College in the statements of net position.

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

	Principal	Direct Borrowing Interest	Total
Years ending June 30			
2023	$ 105,932	$ 40,201	$ 146,133
2024	111,768	34,366	146,134
2025	117,848	28,286	146,134
2026	124,417	21,716	146,133
2027	131,272	14,862	146,134
2028 - 2032	138,502	7,630	146,132
	$ 729,739	$ 147,061	$ 876,800

Note 11: Commitments and Contingencies

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

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

Note 12: Risk Management

The College, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The College pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts. The College is self-insured for unemployment liabilities. Payments are made to the State Employment Security Commission on a claim paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

Note 13: Subsequent Events

The College has evaluated events and transactions that occurred subsequent to June 30, 2022, through November 16, 2022, the date these financial statements were available to be issued, for potential recognition or disclosure in these financial statements.

Note 14: Current Economic Conditions

As a result of the spread of the SARS-COV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the College. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 15: Northeastern Oklahoma A&M College Development Foundation, Inc.

The following are significant disclosures of the Northeastern Oklahoma A&M College Development Foundation, Inc. (the "Foundation"):

Fair Value Measurements

The Foundation follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

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

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

Level 3 Unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Foundation at the beginning of each reporting period.

Financial assets carried at fair value on a recurring basis consist of investments. There are no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2022 or 2021.

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

Investments: Investments are carried at fair value and are based on quoted market prices, when available. Generally, quoted market prices are available for cash and common stocks, and exchange traded index and mutual funds and as such are classified as Level 1 in the fair value hierarchy. The fair values of certificates of deposit are determined using the income approach. The key inputs include interest rates, maturity dates, and yield curves and as such are classified as Level 1 or Level 2 depending on the maturity date.

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

	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Assets recorded at fair value on a recurring basis				
Investments				
Cash and cash equivalents funds	$ 432,620	$ -	$ -	$ 432,620
Equity mutual funds	3,030,909	-	-	3,030,909
Fixed income mutual funds	1,807,101	-	-	1,807,101
Index funds	550,980	-	-	550,980
Alternative strategy funds	785,222	-	-	785,222
Total investments at fair value	$ 6,606,832	$ -	$ -	6,606,832
Certificates of deposit				15,000
				$ 6,621,832

	As of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Assets recorded at fair value on a recurring basis				
Investments				
Cash and cash equivalents funds	$ 391,379	$ -	$ -	$ 391,379
Equity mutual funds	3,863,573	-	-	3,863,573
Fixed income mutual funds	2,044,218	-	-	2,044,218
Index funds	662,092	-	-	662,092
Alternative strategy funds	767,788	-	-	767,788
Total investments at fair value	$ 7,729,050	$ -	$ -	7,729,050
Certificates of deposit				83,190
				$ 7,812,240

Net Position

Unrestricted net position consists of the following at June 30:

	2022	2021
Undesignated	$ 1,288,371	$ 1,942,100
Designated by the Board for scholarships	154,355	112,178
Designated by the Board for operating reserve	16,963	16,963
Invested in assets held for benefit of the College	115,008	219,116
Total unrestricted net position	$ 1,574,697	$ 2,290,357

Expendable net position is restricted for the following purposes at June 30:

	2022	2021
Subject to Expenditure for a Specified Purpose		
Scholarships	$ 1,001,431	$ 1,041,778
General College support	1,135,468	1,634,278
Total expendable net position	$ 2,136,899	$ 2,676,056

Nonexpendable net position is restricted for the following purposes at June 30:

	2022	2021
Scholarships	$ 3,941,356	$ 3,801,047
Total nonexpendable net position	$ 3,941,356	$ 3,801,047

Endowment Disclosures

The Foundation's endowment consists of approximately 65 endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, and at times, funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Trustees of the Foundation have chosen to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets to be held permanently (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment is included in the endowment until the amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA.

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

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets to provide for growth and a predictable level of funding to the College to enable it to maintain, improve, and expand its facilities and programs. It is recognized that these objectives require a long-term investment horizon. Investment risk is measured in terms of the total portfolio and is managed to ensure that the asset allocation does not expose the portfolio to unacceptable levels of risk but at the same time achieves the best possible returns over time. The asset allocation policies reflect and are consistent with the investment objectives and risk tolerances expressed through the Foundation’s investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

Strategies for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation’s investment policy allocates its assets through a diversification that includes a mix of (1) no more than 40 percent in fixed income, (2) no more than 65 percent in equities, and (3) no more than 10 percent in cash and cash equivalents.

Spending Policy

The Foundation's spending policy is the mechanism in which calculated amounts from endowments participating in the pooled investment fund are made available for the donor-restricted purpose, if any. The Foundation's spending policy allows for the use of a share of investment returns that will provide a full measure of current income consistent with the achievement of full long-term preservation of purchasing power of the endowment as a minimum goal. To achieve this, spending policy is expressed as a percentage, not to exceed 4 percent, of a five-year moving market value average (calculated as of the prior three fiscal year-ends) of its investable assets in funds functioning as endowment. The computation will be based on total return (capital appreciation and income).

Endowment Composition

The endowment consists of $5,874,758 and $6,294,698 as of June 30, 2022 and 2021, respectively, of donor-restricted funds. The endowment does not have any Board-restricted funds as of June 30, 2022 or 2021, respectively.

Changes in endowment net assets during June 30, 2022 and 2021, are as follows:

	2022	2021
Endowment net assets, beginning of year	$ 6,294,698	$ 5,212,143
Investment return:		
Interest and dividends	225,460	145,876
Net realized and unrealized gains (losses)	(725,000)	1,003,196
Total investment return	(499,540)	1,149,072
Contributions	173,737	108,946
Other income	5,517	-
Reclassification - donor directed	11,619	(38,623)
Appropriation of endowment assets for expenditure	(111,273)	(136,840)
Endowment net assets, end of year	$ 5,874,758	$ 6,294,698

Note Payable

On February 15, 2013, the Foundation signed a loan agreement with a bank with a total principal of $1,357,500 for the construction of an athletic facility building. The note calls for 15 regular annual principal and interest payments of $146,133. The note bears interest at a rate of 4.22 percent and matures on July 15, 2027. The note is secured by the building.

Maturities of long-term debt for the years subsequent to June 30, 2022, are as follows:

2023	$ 127,366
2024	132,646
2025	137,814
2026	58,152
	$ 455,978

Required Supplementary Information

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Proportionate Share of the Net Pension Liability

Oklahoma Teachers Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1633%	0.1594%	0.1789%	0.1908%	0.1978%	0.2171%	0.2378%	0.2424%
College's proportionate share of the net pension liability	$ 8,343,557	$ 15,131,248	$ 11,840,472	$ 11,532,331	$ 13,093,824	$ 18,119,659	$ 14,443,133	$ 13,040,727
College's covered payroll	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747	$ 7,660,216	$ 9,345,932	$ 10,167,060	$ 10,025,100
College's proportionate share of the net pension liability as a percentage of its covered payroll for the measurement year	115%	198%	148%	147%	171%	194%	142%	130%
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 30.

Notes to Schedule:

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

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Contributions
Oklahoma Teachers Retirement System
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 779,170	$ 738,975	$ 879,298	$ 795,239	$ 771,894	$ 734,820	$ 916,388	$ 1,001,214
Contribution in relation to the contractually required contribution	779,170	738,975	879,298	795,239	771,894	734,820	916,388	1,001,214
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,812,494	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747	$ 7,660,216	$ 9,345,932	$ 10,167,060
Contributions as a percentage of covered payroll	9.97%	10.17%	11.53%	9.93%	9.83%	9.59%	9.81%	9.85%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

** Contributions for 2017 where restated due to implementation of GASB Statement No. 75.

Benefit Changes

There were no changes to benefit terms for OTRS for the years presented.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Contributions
Oklahoma Teachers Retirement System
Last 10 Fiscal Years*

Changes of Assumptions

There were no changes in assumptions in the valuation report for the years ended June 30, 2022.

Actuarial assumptions used in the June 30, 2021 valuation were changed as follows:

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

There were no changes in assumptions in the valuation report for the years ended June 30, 2020, 2019, or 2018.

Actuarial assumptions used in the June 30, 2017 valuation were changed as follows:

- Salary increases were composed of 3.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

- Inflation was increased to 2.50%.
- Investment rate of return was decreased to 7.50%.

There were no changes in assumptions in the valuation report for the year ended June 30, 2015.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)

Oklahoma Teachers Retirement System Supplemental Health Insurance Program

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
College's proportion of the net OPEB asset	0.1633%	0.1595%	0.1789%	0.1908%	0.1978%
College's proportionate share of the net OPEB asset	$ (208,008)	$ (15,800)	$ (110,596)	$ (123,302)	$ (88,186)
College's covered payroll	$ 7,268,040	$ 7,269,006	$ 8,009,664	$ 7,853,747	$ 7,660,216
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.86%	0.22%	1.38%	1.57%	1.15%
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	129.91%	102.30%	115.07%	115.41%	110.40%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

Northeastern Oklahoma Agricultural and Mechanical College
Schedule of the College's Contributions
Oklahoma Teachers Retirement System Supplemental Health Insurance Program
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Contractually required contribution	$ 9,631	$ 1,392	$ 1,656	$ 5,364	$ 12,256
Contributions in relation to the contractually required contribution	9,631	1,392	1,656	5,364	12,256
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	$ 7,812,494	$ 7,268,040	$ 7,269,006	$ 8,009,664	$ 7,853,747
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	0.12%	0.02%	0.02%	0.07%	0.16%

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

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

Benefit Changes

There were no changes to benefit terms for OTRS for the years presented.

Northeastern Oklahoma Agricultural and Mechanical College
Schedule of the College's Contributions
Oklahoma Teachers Retirement System Supplemental Health Insurance Program
Last 10 Fiscal Years*

Changes of Assumptions

There were no changes in assumptions in the valuation report for the years ended June 30, 2022.

Actuarial assumptions used in the June 30, 2021 valuation were changed as follows:

- Inflation was decreased to 2.25%
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Northeastern Oklahoma Agricultural and Mechanical College

Schedule of Changes in the College's Total OPEB Liability and Related Ratios Health and Death Benefit Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 23,525	$ 24,382	$ 18,911	$ 18,219	$ -
Interest	32,223	39,213	46,562	3,775	43,490
Change in assumption	(326,323)	106,720	147,323	83,062	(191,538)
Differences between expected and actual experience	(7,566)	(110,212)	448	1,192,511	(1,140,300)
Benefit payments, including refunds of member contributions	(53,096)	(70,806)	(71,229)	(66,740)	(11,535)
Net change in total OPEB liability	(331,237)	(10,703)	142,015	1,230,827	(1,299,883)
Total OPEB liability - beginning	1,474,260	1,484,963	1,342,948	112,121	1,412,004
Total OPEB liability - ending	$ 1,143,023	$ 1,474,260	$ 1,484,963	$ 1,342,948	$ 112,121
Covered Payroll	$ 7,812,494	$ 7,268,040	$ 7,629,006	$ 8,009,664	$ 7,853,747
Total OPEB Liability as a Percentage of Covered-Employee Payroll	14.63%	20.28%	19.46%	16.77%	1.43%

Notes to Schedule:

This schedule presents the information available to the College and will include ten-year trend information once available.

There are no assets accumulated in a trust for payment of this OPEB liability. Payments are on a pay-as-you-go basis.

Benefit Changes

There were no changes to benefit terms for the years presented.

Changes of Assumptions (NEO Retiree Benefits Plan)

In 2022, the health care cost trend rate was changed from a rate of 8.0% in 2021 to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.

Northeastern Oklahoma Agricultural and Mechanical College
Schedule of Changes in the College's Total OPEB Liability and Related Ratios Health and Death Benefit Plan
Last 10 Fiscal Years*

In 2021, the health care cost trend rate was changed from a rate of 7.50% in 2020 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2020, the health care cost trend rate was changed from an initial rate of 8.0% in 2019 to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2019, the mortality table was changed to the SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 from the RP-2000 Combined Mortality Table projected to 2020 used in 2018.

In 2019, the health care cost trend rate was changed from a flat 5.0% in 2018 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

In 2019, the assumed rates of employee turnover were changed from the T-3 Table used in 2018 to the rates used in the OTRS actuarial valuation study as of June 30, 2016. The assumed rates of retirement were changed from 100% at age 65 (health care) and age 63 (life insurance) to the rates used in the OTRS actuarial valuation study as of June 30, 2016.

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

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma A&M
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Northeastern Oklahoma A&M, 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 Northeastern Oklahoma A&M's basic financial statements, and have issued our report thereon dated November 16, 2022. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeastern Oklahoma A&M'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Oklahoma A&M'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*.

Northeastern Oklahoma A&M's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings. Northeastern Oklahoma A&M's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 16, 2022

NORTHEASTERN OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

2022– 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Northeastern Oklahoma A&M (NEO) has not remediated previously identified segregation of duties issues within their accounting system, Banner, over journal entries, and cash disbursements. Additionally, there were segregation of duties issues within the Banner payroll system.

Criteria or specific requirement: The College operates their financial system in the Banner software. Within Banner, there should be user access controls to prevent potential override of controls through exploitation of incompatible duties within the system.

Context: During user access testing procedures the following user access conflicts were identified:

- Four individual Oklahoma State University (OSU) users who had incompatible duties in the College's cash disbursement process within Banner
- Four individual OSU users who had incompatible duties in the College's journal entry posting process within Banner
- One individual NEO user who had incompatible duties in the College's payroll process within Banner
- Twenty-eight OSU users who had incompatible duties in the College's payroll process within Banner

Effect: The lack of controls in place to ensure policies and procedures are followed increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The OSU Finance and Administration Office has provided overly broad user access for OSU accounting and payroll personnel on the College's accounting system. NEO has also provisioned incompatible user access within their accounting system, Banner, for the College's employees. Furthermore, there is not a policy restricting incompatible system access.

Recommendation: The College should work with the Oklahoma State University Finance and Administration Office to implement user access controls to remove incompatible user access. Further, the Oklahoma State System should develop a policy to ensure proper provisioning of user access within the accounting system.

Views of responsible officials: There is no disagreement with the audit finding.

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

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma Agricultural and Mechanical College
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Northeastern Oklahoma A&M, 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 Northeastern Oklahoma A&M's basic financial statements, and have issued our report thereon dated November 16, 2022. The financial statements of the component unit were not audited in accordance *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeastern Oklahoma A&M's internal control over financial reporting (internal control) as a basis for designing the 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 Northeastern Oklahoma A&M's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeastern Oklahoma A&M'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Oklahoma A&M'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*.

Northeastern Oklahoma A&M's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings. Northeastern Oklahoma A&M's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 16, 2022

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

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma Agricultural and Mechanical College
Warner, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeastern Oklahoma A&M's, 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 Northeastern Oklahoma A&M's major federal programs for the year ended June 30, 2022. Northeastern Oklahoma A&M's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Northeastern Oklahoma A&M 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 Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M'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 Northeastern Oklahoma A&M'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Northeastern Oklahoma A&M's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Northeastern Oklahoma A&M's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004, that we consider to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Northeastern Oklahoma A&M's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeastern Oklahoma A&M's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Oklahoma Agricultural and Mechanical Colleges Board of Regents
Northeastern Oklahoma Agricultural and Mechanical College

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Northeastern Oklahoma A&M as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Northeastern Oklahoma A&M's basic financial statements. We issued our report thereon dated November 16, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
March 6, 2023

Northeastern Oklahoma Agriculture and Mechanical College

(An Organizational Unit of the Board of Regents for the

Oklahoma Agricultural and Mechanical Colleges)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identification Number*	*Federal Expenditures FY22*
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal Pell Grant Program	84.063	N/A	$ 4,285,587
Federal Supplemental Educational Opportunity Grants	84.007	N/A	143,050
Federal Work-Study Program	84.033	N/A	88,858
Federal Direct Student Loans	84.268	N/A	4,136,520
Total Student Financial Aid Cluster			8,654,015
TRIO Program Cluster			
U.S. Department of Education			
TRIO--Upward Bound	84.047	N/A	375,401
TRIO--Student Support Services	84.042	N/A	308,543
Total TRIO program cluster			683,944
Other Programs			
U.S. Department of Education			
Higher Education Institutional - Aid-Kah-Ne-You-Ah Native American Success and Cultural Center	84.031X	N/A	375,109
Pass-Through Office of Assistant Secretary for Vocational and Adult Education:			
Oklahoma Department of Career and Technology Education:			
Vocational Education:			
Career and Technical Education - Basic Grants to States - Carl D. Perkins	84.048	N/A	41,280
Pass-Through Oklahoma State Department of Education:			
Adult Education - Basic Grant to States	84.002	V002A150037	127,331
Childcare Access Means Parents in School	84.335A	N/A	22,992
COVID-19 Higher Education Emergency Relief Fund	84.425E		2,993,370
COVID-19 Higher Education Emergency Relief Fund	84.425F		2,415,806
COVID-19 Higher Education Emergency Relief Fund	84.425L		588,115
	84.425 Total		5,997,292
TOTAL U.S. DEPARTMENT OF EDUCATION			6,564,004
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Administration for Children and Families, Department of Health and Human Services:			
Oklahoma State Regents for Higher Education:			
Temporary Assistance for Needy Families - Allied Jobs Program	93.558	N/A	153,170
Opioid STR	93.788		24,859
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			178,029
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through Food and Nutrition Service:			
Summer Food Service Program for Children - Child Nutrition Program	10.559	6OK300329	61,546
TOTAL U.S. DEPARTMENT OF AGRICULTURE			61,546
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 16,141,538

Northeastern Oklahoma Agricultural and Mechanical College
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1: Basis of Presentation

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

Note 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. The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Federal Direct Student Loans Program

The College participates in the Federal Direct Student Loans Program (the Program), Federal Assistance Listing number 84.268, which includes Federal Subsidized Direct Loans, Federal Unsubsidized Direct Loans, Federal Graduate Student PLUS Direct Loans and Federal Direct Parent Loans for Undergraduate Students. The Program requires the College to draw down cash, and the College is required to perform certain administrative functions under the Program. Failure to perform such functions may require the College to reimburse the loan guarantee agencies. The College is not responsible for the collection of these loans. The value of loans made during the audit period are considered federal awards expended for the audit period.

Note 4: Subrecipients

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

Northwestern Oklahoma Agricultural and Mechanical College

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? __x__ yes ______ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? __x__ yes ______ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ______ no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425E, 84.425F, 84.425L	COVID-19 Educational Stabilization Fund
84.007, 84.038, 84.063, 84.268,84.379, 84.033	Student Financial Aid Cluster

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 – Financial Statement Findings

2022– 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Northeastern Oklahoma A&M (NEO) has not remediated previously identified segregation of duties issues within their accounting system, Banner, over journal entries, and cash disbursements. Additionally, there were segregation of duties issues within the Banner payroll system.

Criteria or specific requirement: The College operates their financial system in the Banner software. Within Banner, there should be user access controls to prevent potential override of controls through exploitation of incompatible duties within the system.

Context: During user access testing procedures the following user access conflicts were identified:

- Four individual Oklahoma State University (OSU) users who had incompatible duties in the College's cash disbursement process within Banner
- Four individual OSU users who had incompatible duties in the College's journal entry posting process within Banner
- One individual NEO user who had incompatible duties in the College's payroll process within Banner
- Twenty-eight OSU users who had incompatible duties in the College's payroll process within Banner

Effect: The lack of controls in place to ensure policies and procedures are followed increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The OSU Finance and Administration Office has provided overly broad user access for OSU accounting and payroll personnel on the College's accounting system. NEO has also provisioned incompatible user access within their accounting system, Banner, for the College's employees. Furthermore, there is not a policy restricting incompatible system access.

Recommendation: The College should work with the Oklahoma State University Finance and Administration Office to implement user access controls to remove incompatible user access. Further, the Oklahoma State System should develop a policy to ensure proper provisioning of user access within the accounting system.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 002

Federal Agency: U.S. Department of Education

Federal Program Title: COVID-19 Education Stabilization Fund

Assistance Listing Number: 84.425F – HEERF Institutional Portion

Award Period: July 1, 2021 to June 30, 2022

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per Uniform Guidance 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Condition and context: During the testing of the Northeastern Oklahoma A&M annual HEERF report CLA observed there was no formal review process of quarterly or annual reports which resulted in the annual report Institutional Expenditures in sections 8a and 9b of the Annual report to be overstated by $2,017,325.

Questioned costs: None

Cause: Northeastern Oklahoma A&M did not have a formal review process in place to review the accuracy of HEERF reports for the year ended June 30, 2022.

Effect: Overstatement of institutional expenditures in the Annual Report for the year ended June 30, 2022.

Repeat finding: No

Recommendation: We recommend the Northeastern Oklahoma A&M implement a formal review process over the HEERF reports.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

<u>2022 – 003</u>

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Aid Cluster

Assistance Listing Number: 84.007, 84.038, 84.063, 84.268, 84.379, 84.033

Award Period: July 1, 2021 to June 30, 2022

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309(b), states the school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date.

Condition and context: Two exceptions were observed during return of Title IV fund (R2T4) testing for students who did not have documentation for their participation in online courses. One of these students had an incorrect last date of attendance as a result.

Questioned costs: None

Cause: Lack of formal review of last date of attendance for online students including Canvas activity logs.

Effect: Incorrect last date of attendance used in Return of Title IV funds calculation which would result in incorrect refund amounts and incorrect withdrawal date reported to NSLDS.

Repeat finding: No

Recommendation: CLA recommends the institution review student activity logs in Canvas when determining an online student's last date of attendance.

View of responsible official: The University agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022 – 004

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Aid Cluster

Assistance Listing Number: 84.007, 84.038, 84.063, 84.268, 84.379, 84.033

Award Period: July 1, 2021 to June 30, 2022

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309(b), states the school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date.

Condition and context: Twenty exceptions were observed during Enrollment Reporting testing. Among the twenty students, six students had the incorrect enrollment status reported to the NSLDS, two students did not have any records in NSLDS, eleven students' status enrollment changes were reported beyond the sixty-day allowable timeframe, and nine students has status dates that did not agree to the "Enrollment Effective Date" in NSLDS.

Questioned costs: None

Cause: At the campus, there is a process that is run by the registrar for unofficial withdrawals at the end of every semester that overrides the correct institutional last date of attendance with the last date of the semester. This incorrect date is then reported to the Clearinghouse and ultimately NSLDS. This also impacts transfer students who may have their enrollment status incorrectly reported by the automated process.

Effect: NEO was not in compliance with the requirements to properly report student enrollment data correctly. Incorrect dates submitted to NSLDS may be used to determine the grace period for the repayment and interest of outstanding Title IV student loans.

Repeat finding: Yes, see 2021-001 for the prior year finding.

Recommendation: We recommend that the SFA department work with the campus registrar's office to develop an alternative process that will enable the student financial aid office to review and correct the last dates of attendance and enrollment status prior to being reported to the Clearinghouse.

View of responsible official: The University agrees with the finding.

Northwestern Oklahoma Agricultural and Mechanical College
Summary Schedule of Prior Year Findings
Year Ended June 30, 2022

Section IV – Prior Year Findings

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021 – 001 Enrollment Reporting

Condition: It was observed that student enrollment status changes were not communicated to the National Student Loan Data System (NSLDS).

Status: CLA observed during Enrollment Reporting testing that the University continues to not accurately communicate student enrollment status changes to NSLDS. See finding 2022-004.

Corrective Action: The student financial aid office is working with the registrar to implement a process to allow the student financial aid office to review and update student enrollment status change information prior to being submitted to the NSLDS.