TULSA COMMUNITY COLLEGE
FINANCIAL STATEMENTS
(A Component Unit of the State of Oklahoma)
June 30, 2021

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

Tulsa Community College
Annual Financial Report
Year Ended June 30, 2021

Members of the Board of Regents:

I am pleased to submit to the Board and the citizens of Tulsa County the Annual Financial report for fiscal year 2021. This document presents the record of Tulsa Community College's financial operations.

TCC annually provides outstanding higher educational opportunities for more than 21,500 (Summer-Fall-Spring) students in Tulsa and the surrounding area through credit, transfer, workforce development, concurrent enrollment and continuing education, including 129 degree and certificate programs for the 2020-2021 academic year.

In May 2021, in its 50th academic year, TCC conferred 2,823 degrees and certificates upon 2,569 students. These two numbers were an increase from the year before and have consistently increased every year for the past five years. These positive trends led TCC to be awarded the prestigious American Association of Community College's Award of Excellence in Student Success in 2021. TCC continues to be a leader in providing higher education with the third largest first-time enrolling class in the state, trailing only Oklahoma State University and the University of Oklahoma.

After two years leading the collaborative work of the Tulsa Transfer Project, in Spring 2020, TCC joined the Tulsa Higher Education Task Force. The Task Force was given a charge from the presidents of Langston University, Northeastern State University, Rogers State University, Oklahoma State University-Tulsa, Tulsa Community College, University of Oklahoma-Tulsa, and the University of Tulsa to design and propose a formal structure to continue the work of the Tulsa Transfer Project. TCC staff served in key leadership roles in this Task Force, and in May 2021 the Tulsa Higher Education Consortium was created. TCC is a founding member of THE Consortium with the named university partners and affiliate members Impact Tulsa, Tulsa Chamber of Commerce, Broken Arrow Chamber of Commerce, Charles and Lynn Schusterman Foundation, Oklahoma State Regents for Higher Education, and the Tulsa Community Foundation. THE Consortium's mission is "to advance student learning, improve student success, achieve equity in outcomes, and meet workforce needs by working collaboratively to increase higher education opportunities in the region."

The TCC University Transfer Office was established in August 2020 and now has a team of three dedicated to supporting students in transfer planning and exploration, creating transfer maps to area bachelor's degrees, creating resources for students and community members, and coordinating initiatives, like College Park, designed to increase bachelor's degree attainment in the Tulsa Region. College Park brings together TCC and OSU-Tulsa in a partnership to create a unique student experience on the OSU-Tulsa Campus.

In Spring 2021, TCC joined the inaugural Equity Transfer Initiative through the American Association of Community Colleges with partners NSU and OSU-Tulsa. The Equity Transfer Initiative is an effort to advance transfer pathways and align them to increase transfer and completion for African American, Hispanic, Native American, adult, and first-generation learners.

TCC is a key resource in responding to the workforce preparation needs of Tulsa's business community, with nearly 28 percent of our students choosing to enroll in one of numerous workforce development programs. A robust collection of STEM-related degrees makes TCC a vital resource in preparing graduates for Oklahoma's growing science, technology, biotechnology, engineering, and aviation/aerospace sectors.

As part of the College's commitment to develop the whole student, student engagement with the community is a priority. TCC has encouraged students to engage in service learning as part of their college experience since 1994. In the years since, TCC students have contributed thousands of hours each year in community service to organizations in the Tulsa area. Tulsa Achieves students, who are required to perform 40 hours of community service annually to maintain program eligibility, have given more than 809,261 hours as volunteers in the community since 2007.

The TCC Foundation, an invaluable partner and ally for the College, supports students, faculty and staff each year with scholarships and resources. Much of the funding comes from the Foundation's annual Vision Dinner, which was planned to be a 50th Anniversary Gala in September 2020 but was postponed to September 2021. This year's event recognized TCC's 50 Notable Alumni. As part of the TCC Foundation's $20 million Clearing the Pathway: The Campaign for Completion, the Hardesty Student Success Center at the West Campus opened, which was funded with a $1 million gift from the Hardesty Family Foundation, and construction of the A.R. and Marylouise Tandy Student Success Center at the Metro Campus has begun.

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

Sincerely,

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

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Tulsa Community College
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Tulsa Community College (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Tulsa Community College Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

Opinions

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 the discretely presented component unit of the College, as of June 30, 2021, and the respective changes in its 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12 and the required supplementary information related to pension and OPEB on pages 52 through 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 29, 2021

Overview of the Financial Statements and Financial Analysis

The following management's discussion and analysis of the financial performance of Tulsa Community College (the College) provides an overview of the College's financial activities for the fiscal year ended June 30, 2021. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's financial statements.

The objective of the management's discussion and analysis is to help readers of the College's financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2021. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Comparative information for the year ended June 30, 2020 has also been provided in this discussion.

Statement of Net Position

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

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

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

The College's financial position, as a whole, decreased during the fiscal year ended June 30, 2021. Net position decreased $0.5 million from June 30, 2020 to June 30, 2021.

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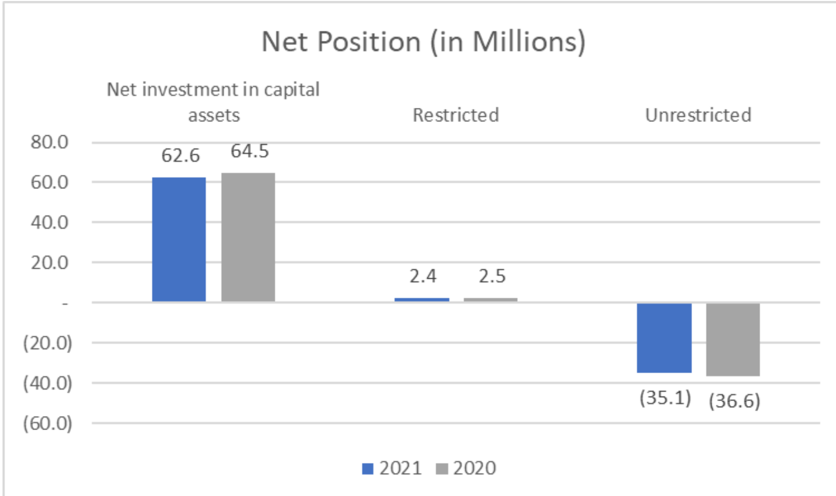

The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2021 (in millions):

	2021	2020	$ Change from 2020
Assets			
Current assets	$ 60.1	$ 45.2	$ 14.9
Capital assets, net	87.7	92.2	(4.5)
Other	9.1	8.0	1.1
Total assets	156.9	145.4	11.5
Deferred Outflows of Resources	45.4	20.2	25.2
Liabilities			
Current liabilities	15.1	13.2	1.9
Noncurrent liabilities	145.7	104.1	41.6
Total liabilities	160.8	117.3	43.5
Deferred Inflows of Resources	11.6	17.9	(6.3)
Net Position			
Net investment in capital assets	62.6	64.5	(1.9)
Restricted	2.4	2.5	(0.1)
Unrestricted	(35.1)	(36.6)	1.5
Total net position	$ 29.9	$ 30.4	$ (0.5)

Total assets of the College increased $11.5 million from June 30, 2020. The College's unrestricted cash and cash equivalents at June 30, 2021, totaled $44.6 million compared to $33.5 million at June 30, 2020. *Note 2* of the financial statements provides additional information regarding cash and cash equivalents asset activities and balances.

Total liabilities of the College increased $43.5 million from June 30, 2020, while net pension liability increased $41.2 million from July 1, 2020 to June 30, 2021. This change in the net pension liability also contributed to the $25.2 million increase in deferred outflows of resources and the $6.3 million decrease in deferred inflows of resources. *Note 6* of the financial statements provides additional information regarding the OTRS pension plan.

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Statement of Revenues, Expenses, and Changes in Net Position

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

	2021	2020	$ Change from 2020
Operating revenues	$ 38.2	$ 39.6	$ (1.4)
Operating expenses	160.1	148.1	12.0
Operating loss	(121.9)	(108.5)	(13.4)
Nonoperating revenues and expenses	119.1	102.1	17.0
Income (loss) before other appropriations	(2.8)	(6.4)	3.6
Other appropriations	2.3	4.4	(2.1)
Increase (decrease) in net position	(0.5)	(2.0)	1.5

Statement of Revenues

The following table and chart illustrate the revenue streams for the College. To highlight the major sources: 18% is comprised of state appropriations; 30% is ad valorem property taxes; 25% is nonoperating federal and state grants and contracts; and 24% is operating revenue including tuition and fees, auxiliary enterprises, and operating federal and state grants and contracts for the year ended June 30, 2021. The College continues to make revenue diversification an ongoing priority, along with cost containment. This is necessary as the College continues to face financial pressure with uncertain state budget projections, uncertain enrollment projections, and increased compensation and benefit costs.

	2021	2020	$ Change from 2020
Operating revenues			
Tuition and fees, net	$ 21.0	$ 20.9	$ 0.1
Grants and contracts	9.9	10.7	(0.8)
Auxiliary enterprises	4.6	4.5	0.1
Other operating revenue	2.7	3.5	(0.8)
Total operating revenues	38.2	39.6	(1.4)
Nonoperating revenues			
State appropriations	28.3	29.0	(0.7)
On-behalf contributions for OTRS	4.2	4.1	0.1
Ad valorem property taxes	47.2	44.8	2.4
Federal and state grants	40.1	24.8	15.3
Investment income, net	0.2	0.5	(0.3)
Total nonoperating revenues	120.0	103.2	16.8
Total revenues	158.2	142.8	15.4

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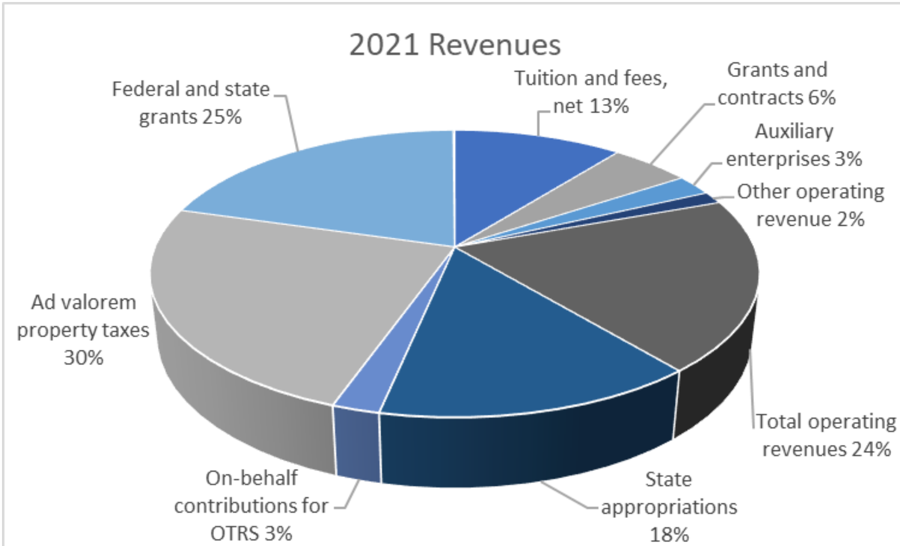

Statement of Expenses

A summary of the College's expenses for the years ended June 30, 2021, can be viewed below. Compensation and employee benefits accounted for approximately 67% of total expenses compared to 63% of total expenses for the prior year.

	2021	2020	$ Change from 2020
Operating expenses			
Compensation and employee Benefits	$ 107.2	$ 93.9	$ 13.6
Contractual services	3.3	5.6	(2.3)
Supplies and materials	3.0	5.6	(2.6)
Cost of goods sold	-	0.1	(0.1)
Depreciation	7.3	7.0	0.3
Rental expenses	2.7	1.9	0.8
Utilities	1.7	2.0	(0.3)
Repairs and maintenance	5.7	6.7	(1.0)
Student aid	25.8	21.0	(1.3)
Other operating expenses	3.4	4.3	(1.2)
Total operating expenses	160.1	148.1	5.9
Nonoperating expenses			
Interest on capital-related debt	1.0	1.1	(0.1)
Total expenses	161.1	149.2	5.8

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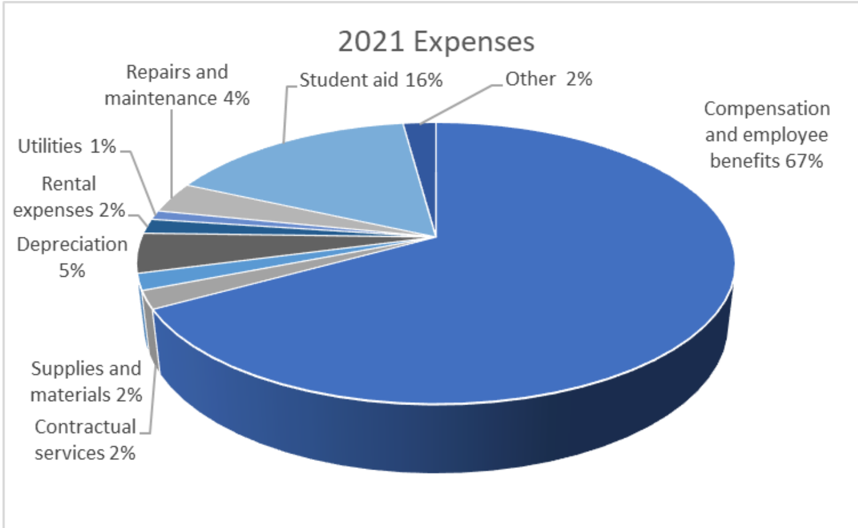

Statement of Cash Flows

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

The College's overall liquidity decreased during the current year, with a net increase to cash and cash equivalents of $11.7 million. The increase is related to an increase in cash provided by operating activities compared to the prior year.

The following table summarizes the College's cash flows for the years ended June 30, 2021 and 2020:

	2021	2020	$ Change from 2020
Net Cash Provided by (Used in)			
Operating activities	$ (91.8)	$ (98.5)	$ 6.7
Noncapital financing activities	106.9	99.5	7.4
Capital and related financing activities	(4.0)	(10.1)	6.1
Investing activities	0.6	0.3	0.3
Increase (Decrease) in Cash and Cash Equivalents	11.7	(8.8)	20.5
Cash and Cash Equivalents, Beginning of Year	33.9	42.7	(8.8)
Cash and Cash Equivalents, End of Year	45.6	33.9	11.7

Cash used in operating activities during fiscal year 2021 of $91.8 million decreased $6.7 million (6.8%) when compared to the prior year ($98.5 million). Major sources of operating funds were tuition and fees ($24.9 million), grants and contracts ($10.3 million), and auxiliary enterprises ($4.6 million), which were offset by payments for compensation and benefits ($88.6 million) and payments to suppliers and other operating payments ($39.5 million).

Cash provided by noncapital financing activities during fiscal year 2021 of $106.9 million increased by $7.4 million compared to the prior year ($99.5 million). Major sources of noncapital financing activities were state appropriations ($28.3 million), ad valorem property taxes received ($47.0 million), and federal and state grants ($31.5 million).

Cash used in capital and related financing activities during fiscal year 2021 of $4.0 million decreased by $6.1 million when compared to the prior year ($10.1 million). Major sources of capital and related financing activities were capital appropriations received ($1.4 million) and capital contributions ($0.6 million), which were offset by purchases of capital assets ($2.8 million) and principal and interest payments on capital debt and leases ($4.1 million).

Cash provided by (used in) investing activities during fiscal year 2021 of $0.6 million increased by $0.3 million when compared to the prior year ($0.3 million).

Capital Assets

Capital assets, net decreased $4.5 million during the year ended June 30, 2021. This is mostly related to depreciation expense of $7.3 million, combined with additions. Major additions include the West Campus Student Success Center, HVAC and boiler installations at both the Metro and Southeast campuses, and new computer equipment.

Long-Term Debt Activity

During the year ended June 30, 2021, the ODFA Master Lease Bonds 2011A was refunded. New lease agreements were entered into with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2020D. The new agreements were entered into to reduce overall cash flows.

COVID-19

As a result of the COVID-19 pandemic, the College moved all spring 2020 and summer 2020 in-person classes to online learning. The College transitioned back to in person and blended learning in fall 2020. The College was awarded $61.2 million of funds through the Higher Education Emergency Relief Fund (HEERF) for emergency grants to students and to cover institutional costs associated with significant changes to the delivery of instruction due to COVID-19. Of those funds, $21.1 million had been utilized as of June 30, 2021.

Economic Outlook

Management believes the College has a solid financial foundation by which to continue accomplishing its mission of improving the community through intellectual achievement, creative energy, and responsible citizenship of its students, faculty, and staff by their engagement in teaching, learning and service opportunities that transform and enrich lives. The College's financial foundation permits the College to further its commitment to providing innovative, flexible, and affordable public higher education that responds to a dynamic global environment. The College is not without its challenges; in the past several years, there has been a significant shift in economic conditions, which has caused changes in the revenue streams the College uses as operational funding sources. The College has sustained enrollment declines due largely to the improved economy, as the College's enrollment is countercyclical to the local economy. However, in light of these challenges, management believes the College is well positioned to continue its focus through strategic investments that continue to improve student success in the form of better retention and graduation rates.

Acknowledgements

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

	2021
ASSETS	
Current assets	
Cash and cash equivalents (Note 2)	$ 44,622,993
Cash and cash equivalents – restricted (Note 2)	936,399
Investments – restricted (Note 2)	816,765
Accounts receivable, net (Note 3)	2,152,228
Property tax receivable	634,840
Federal and state grants receivable	9,641,099
Prepaid expenses	1,310,599
Total current assets	60,114,923
Noncurrent assets	
Investments (Note 2)	6,951,329
Investments – restricted (Note 2)	766,611
Property tax receivable	1,307,385
Net pension asset SRP (Note 6)	4,554
Net OPEB asset – OTRS (Note 7)	125,961
Nondepreciable capital assets (Note 4)	6,174,934
Depreciable capital assets, net	81,466,945
Total noncurrent assets	96,797,719
Total assets	156,912,642
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows – OTRS Pension (Note 6)	44,753,778
Deferred outflows – OTRS OPEB (Note 7)	547,640
Deferred outflows – Retiree Health OPEB	89,997
Total deferred outflows of resources	45,391,415
Total assets and deferred outflows of resources	$ 202,304,057

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Current liabilities	
Accounts payable	$ 1,774,098
Accrued liabilities	3,648,391
Accrued compensated absences	2,300,998
Interest payable	21,756
Unearned revenues	4,493,809
Long-term liabilities – current portion (Note 5)	2,627,030
Deposits held in custody for others	257,273
Total current liabilities	15,123,355
Noncurrent liabilities	
ODFA bonds (Note 5)	13,462,776
Revenue bonds (Note 5)	605,000
OCIA capital lease obligation (Note 5)	8,157,755
Equipment capital lease obligation (Note 5)	430,570
Net pension liability – OTRS (Note 6)	120,664,596
Total OPEB liability – Retiree Health (Note 7)	2,377,318
Total noncurrent liabilities	145,698,015
Total liabilities	160,821,370
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows – OTRS Pension (Note 6)	$ 11,252,955
Deferred inflows – OTRS OPEB (Note 7)	343,924
Total deferred inflows of resources	11,596,879
NET POSITION	
Net investment in capital assets	62,573,673
Restricted for:	
Expendable	2,430,811
Unrestricted	(35,118,676)
Total net position	29,885,808
Total liabilities, deferred inflows and net position	$ 202,304,057

STATEMENT OF FINANCIAL POSITION
June 30, 2021

	2021
ASSETS	
Cash and cash equivalents	$ 11,656,843
Investments	17,070,850
Contributions receivable, net	143,053
Total assets	$ 28,870,746
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 162,102
Total liabilities	162,102
Net assets	
Without donor restrictions	518,261
With donor restrictions	28,190,383
Total net assets	28,708,644
Total liabilities and net assets	$ 28,870,746

See accompanying notes to financial statements

TULSA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2021

	2021
Operating revenues	
Tuition and fees, net (Note 1)	$ 20,986,073
Federal grants and contracts	4,239,661
State and private grants and contracts	5,672,036
Sales and services of auxiliary enterprises	4,585,006
Other operating revenues	2,688,801
Total operating revenues	38,171,577
Operating expenses	
Compensation and employee benefits (Note 6)	107,155,130
Contractual services	3,278,724
Supplies and materials	3,017,646
Depreciation (Note 4)	7,302,286
Rental expenses	2,705,113
Utilities	1,734,251
Repairs and maintenance	5,694,218
Student aid	25,836,507
Other operating expenses	3,350,051
Total operating expenses	160,073,926
Operating loss	(121,902,349)
Nonoperating revenues (expenses)	
State appropriations	28,306,725
State appropriations – in-kind OTRS pension contributions (Note 6)	4,203,710
Ad valorem property taxes (Note 11)	47,209,749
Federal and state grants	40,075,040
Investment income, net	244,466
Interest expense on capital-related debt	(959,321)
Loss on sale of assets	(5,751)
Net nonoperating revenues (expenses)	119,074,618
Loss before other revenues, expenses, gains, and losses	(2,827,731)
Other revenues, expenses, gains, and losses	
State appropriations restricted for capital purposes (Note 12)	1,354,297
OCIA on-behalf state appropriations	388,540
Capital contributions	613,025
Change in net position	(471,869)
Net position, beginning of year	30,357,677
Net position, end of year	$ 29,885,808

See accompanying notes to financial statements

TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions			
Without donor restrictions	$ 370,267	$ -	$ 370,267
Purpose and time restrictions	-	4,100,523	4,100,523
Contributions in-kind	9,541	13,480	23,021
Interest and dividends, net	74,923	155,738	230,661
Net realized and unrealized gains on investments	-	3,478,129	3,478,129
Net assets released from restrictions			
Purpose and time restrictions	3,754,092	(3,754,092)	-
Total revenues and support	4,208,823	3,993,778	8,202,601
Expenses			
Program services			
College support	3,838,571	-	3,838,571
Support services			
Management and general	167,513	-	167,513
Fundraising	59,218	-	59,218
Total support services	226,731	-	226,731
Total expenses	4,065,302	-	4,065,302
Change in net assets	143,521	3,993,778	4,137,299
Net assets, beginning of year	374,740	24,196,605	24,571,345
Net assets, end of year	$ 518,261	$ 28,190,383	$ 28,708,644

See accompanying notes to financial statements

STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	College Support	Management and General	Fundraising	Total
2021				
Grants	$ 3,513,927	$ -	$ -	$ 3,513,927
Community relations	-	19,674	-	19,674
Salaries and benefits	-	91,645	-	91,645
Scholarships	171,633	-	-	171,633
Signature Symphony	153,011	-	38,847	191,858
Other	-	56,194	20,371	76,565
	$ 3,838,571	$ 167,513	$ 59,218	$ 4,065,302

See accompanying notes to financial statements

TULSA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	2021
Cash flows from operating activities	
Tuition and fees	$ 24,873,955
Grants and contracts	10,327,417
Payments to suppliers and other operating payments	(42,278,875)
Payments to employees	(88,630,188)
Auxiliary enterprises sales and services	4,585,006
Other operating revenue	2,688,801
Other operating payments	(3,350,051)
Net cash used in operating activities	(91,783,935)
Cash flows from noncapital financing activities	
State appropriations	28,306,725
Ad valorem property taxes received	47,091,471
Federal and state grants	31,455,349
Deposits held in custody for others	31,447
Net cash provided by noncapital financing activities	106,884,992
Cash flows from capital and related financing activities	
Purchases of capital assets	(2,777,725)
Proceeds from sale of assets	7,800
Capital contributions	613,025
Capital appropriations received	1,354,297
Proceeds from debt issuance	925,000
Principal paid on capital leases and bonds	(3,555,291)
Interest paid on capital leases and bonds	(581,506)
Net cash used in capital and related financing activities	(4,014,400)
Cash flows from investing activities	
Proceeds from sales of investments	1,147,068
Purchases of investments	(816,724)
Interest received on investments	244,466
Net cash provided by (used in) investing activities	574,810
Increase (decrease) in cash and cash equivalents	11,661,467
Cash and cash equivalents, beginning of year	33,897,925
Cash and cash equivalents, end of year	$ 45,559,392

(Continued)

TULSA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	2021
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (121,902,349)
Adjustment to reconcile operating loss to net cash used in operating activities	
Depreciation	7,302,286
Changes in operating assets and liabilities	
Receivables, net	3,651,557
Prepaid expenses	(598,136)
Prepaid pension and other assets	736,171
Accounts payable and accrued liabilities	827,785
Accrued compensated absences	870,446
Unearned revenues	236,325
Deferred outflows – OTRS and OPEB	(25,204,485)
Deferred inflows – OTRS and OPEB	(6,374,121)
Net pension liability and net OPEB asset/liability	48,254,866
Federal and state grants receivable	415,720
Net cash used in operating activities	$ (91,783,935)
Noncash investing and financing activities	
OTRS contributions paid by state agency on behalf of the College	$ 4,203,710
Principal and interest on capital debt paid by state agency on behalf of the College	388,540
Reconciliation of cash and cash equivalents to the statement of net position	
Current assets	
Cash and cash equivalents	$ 44,622,993
Cash and cash equivalents – restricted	936,399
	$ 45,559,392

See accompanying notes to the financial statements.

TULSA COMMUNITY COLLEGE
TULSA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	2021
Cash flows from operating activities	
Change in net assets	$ 4,137,299
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Net realized and unrealized gains on investments	(3,478,129)
Investments received as contributions	(859,059)
Changes in operating assets and liabilities	
Contributions receivable	607,663
Accounts payable and accrued expenses	(700,006)
Net cash provided by operating activities	(292,232)
Cash flows from investing activities	
Proceeds from sales of investments	5,170,303
Purchases of investments	(6,147,200)
Net cash used in investing activities	(976,897)
Cash flows from financing activities	
Proceeds from contributions restricted for endowment	859,059
Net cash provided by financing activities	859,059
Increase in cash and cash equivalents	(410,070)
Cash and cash equivalents, beginning of year	12,066,913
Cash and cash equivalents, end of year	$ 11,656,843

See accompanying notes to the financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Tulsa Community College Foundation (the Foundation) is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the College as a whole, including both the College and the School District. While the resources received and held by the Foundation are entirely or almost entirely held for the benefit of the College, the Foundation's Board of Trustees are not appointed by the College. Due to the College's belief that it would be misleading to exclude, the Foundation is presented as a discretely presented component unit in the financial statements of the College. The Foundation is reported under Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC), including FASB ASC 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial report for these differences. Separate financial statements are issued for the Foundation and requests for additional financial information related to the Foundation should be addressed to the Chief Financial Officer, Tulsa Community College, 6111 E. Skelly Drive, Tulsa, Oklahoma 74135.

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

Capital Assets: Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500 or more and an estimated useful life greater than one year.

Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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

Buildings	40 years
Renovations, infrastructure, and land improvements	10–25 years
Furniture, fixtures, and equipment	3–20 years

(Continued)

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

Impairment of Long-Lived Assets: In accordance with GAAP, the College reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the year ended June 30, 2021.

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

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

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

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

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

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

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

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

(Continued)

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

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

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of outstanding debt obligations, including plant fund payables, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. As of June 30, 2021, the College's unrestricted net position is in a deficit position as a direct result of the unfunded net pension liability, OTRS.

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

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

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

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

(Continued)

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

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

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

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

Scholarship Discounts and Allowances: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the accompanying statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance, which totaled $20,960,896 for the year ended June 30, 2021.

Joint Venture: In November 1993, the College became a participant in a joint venture with Tulsa County Technology Center School District (Tulsa Vo-Tech) (formerly Tulsa County Area Vocational Technical Center School District No. 18). The joint venture was created to administer and operate the building for which both parties purchased an undivided one-half interest. The operating committee is composed of six members, three selected by the College and three selected by Tulsa Vo-Tech. The operating committee has the authority to make decisions with respect to the day-to- day operations of the property. All operating expenses are shared on a 50-50 basis. Tulsa Vo-Tech is responsible for the payment of maintenance and operating costs and the receipt of revenue generated from property leases or other income. Tulsa Vo-Tech bills the College for 50% of the net of these revenues and expenses on a quarterly basis. The College is responsible for the security functions and bills Tulsa Vo-Tech quarterly for 50% of these expenses. During the year ended June 30, 2021, the College expended approximately $174,662 to Tulsa Vo-Tech for maintenance and operating costs, net of revenues. Tulsa Vo- Tech paid the College $62,482 for security expenses for the year ended June 30, 2021. The College is responsible for continuing to pay 50% of the operating costs of the building until it sells or transfers its interest in the building pursuant to the contract provisions. The joint venture does not issue a stand-alone report or financial statements.

New Accounting Pronouncement Adopted in Fiscal Year 2021: Accounting statements adopted by the College during the fiscal year ending June 30, 2021, as required by the GASB, are described below:

(Continued)

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

Statement No. 84, Fiduciary Activities - This statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments including public universities. In general, if the College controls the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists, then the activity should be presented in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. The implementation had no material impact on the College's financial statements.

Statement 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61. This statement requires majority equity interests in legally separate organizations, which meet the definition of an investment, to be measured at fair value using the equity method of accounting. The College has determined that it does not have any such investments.

Statement 92, Omnibus 2020 - This statement addresses the application of various previously issued statements and implementation guides. It is effective for periods beginning after June 15, 2021. Certain provisions are effective immediately and the College has implemented those provisions with no material impact to its financial statements. The College will implement the remainder of the provisions during its fiscal year ending June 30, 2022.

Statement 93, Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate, such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The College has implemented this standard with no material impact to its financial statements.

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement requires that Section 457 plans be classified as pension or other employee benefit plans and clarifies that the provisions of *GASB Statement 84* should be applied to IRC Section 457 plans to determine whether those arrangements should be reported as fiduciary activities. This statement is effective for periods beginning after June 15, 2021. Certain provisions are effective immediately and the College implemented those provisions with no material impact to its financial statements. The College will implement the remaining provisions of this statement during its fiscal year ending June 30, 2022.

<u>Recent Accounting Pronouncement</u>: As of June 30, 2021, the GASB has issued the following statements which the College has not yet implemented:

Statement 87, Leases. This statement revises the recognition criteria for leases and, generally, requires recognition of lease assets and liabilities for most leases that were previously classified as operating leases. It is effective for periods beginning after June 15, 2021. The College will implement this statement during its fiscal year ending June 30, 2022.

Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. Interest incurred after implementation of this standard will no longer be capitalized as part of the cost of the related asset. This statement is effective for periods beginning after December 15, 2020. The College will implement this statement during its fiscal year ending June 30, 2022.

(Continued)

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

Statement 91, Conduit Debt Obligations. This statement requires a single method of reporting conduit debt obligations by issuers. It is effective for periods beginning after December 15, 2021. The College will implement this statement during its fiscal year ending June 30, 2023.

Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement specifies accounting and reporting requirements, including revenue recognition, related to public-private and public-public partnerships, including service concession arrangements. It is effective for periods beginning after June 15, 2022. The College will implement this statement during its fiscal year ending June 30, 2023.

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

Statement 98, The Annual Comprehensive Financial Report. This statement establishes the term annual comprehensive financial report and its acronym ACFR to replace the instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. It is effective for periods beginning after December 15, 2021.

The College's management has not yet determined the effect these statements will have on the College's financial statements.

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

	2021
Cash and cash equivalents	
Current	$ 44,622,993
Current, restricted	936,399
	$ 45,559,392
Investments	
Current	$ -
Noncurrent	6,951,329
Current, restricted	816,765
Noncurrent, restricted	766,611
	$ 8,534,705

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

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

The Board has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the U.S. government and its agencies, certificates of deposit, and demand deposits.

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

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

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

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

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

	2021
Deposits with the State Treasurer	$ 7,840,389
Deposits with the State Treasurer – *OK INVEST*	5,768,488
U.S. financial institutions	31,950,515
	$ 45,559,392

At June 30, 2021, the related bank balances of the College's deposits totaled $47,235,748 of which $15,285,235 were held with the State Treasurer.

The College's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the State Treasurer may determine in the State's name. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST* and some deposits with the State Treasurer are placed in *OK INVEST*.

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

OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to three years. *OK INVEST* maintains an overall weighted-average maturity of less than 270 days. Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

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

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

	2021
U.S. agency securities	$ 2,308,124
Certificates of deposit	39,023
Money market mutual funds	253,988
Mortgage-backed agency securities	1,671,233
Foreign bonds	40,458
Municipal bonds	8,092
U.S. Treasury obligations	1,447,570
	$ 5,768,488

Fair Value: If applicable, the College categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. As of June 30, 2021, there were no financial instruments required to be leveled.

The College had money market funds of $1,583,376 at June 30, 2021, and non-negotiable CDs of $6,951,328 at June 30, 2021, which are valued at amortized cost.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

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

	2021
Student tuition and fees	$ 11,577,860
Auxiliary enterprises and other operating activities	3,088,788
	14,666,648
Less allowance for doubtful accounts	(12,514,420)
Accounts receivable, net	$ 2,152,228

(Continued)

NOTE 4 - CAPITAL ASSETS

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

	Balance, July 1, 2020	Additions	Transfers	Balance, June 30, 2021
Nondepreciable				
Land	$ 5,834,408	$ -	$ -	$ 5,834,408
Collections	200,000	-	-	200,000
Construction in progress	7,525,515	1,474,349	(8,859,338)	140,526
	13,559,923	1,474,349	(8,859,338)	6,174,934
Depreciable				
Buildings and improvements	209,491,585	212,767	6,014,950	215,719,302
Land/infrastructure improvement	9,265,638	-	-	9,265,638
Furniture, fixtures, and equipment	25,513,494	879,909	2,844,388	29,237,791
	244,270,717	1,092,676	8,859,338	254,222,731
Less accumulated depreciation				
Buildings and improvements	(140,234,749)	(5,555,577)	-	(145,790,326)
Land/infrastructure improvement	(5,076,553)	(277,192)	-	(5,353,745)
Furniture, fixtures, and equipment	(20,339,347)	(1,272,368)	-	(21,611,715)
Total accumulated depreciation	(165,650,649)	(7,105,137)	-	(172,755,786)
Capital assets, net	$ 92,179,991	$ (4,538,112)	$ -	$ 87,641,879

(Continued)

NOTE 5 - NONCURRENT LIABILITIES

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

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021	Amounts Due Within One Year
Revenue bonds, Series 2012	$ 2,180,000	$ -	$ 780,000	$ 1,400,000	$ 795,000
Total revenue bonds	2,180,000	-	780,000	1,400,000	795,000
Direct borrowings:					
ODFA, Series 2011A	912,667	-	(912,667)	-	-
ODFA, Series 2014A	2,177,083	-	(131,500)	2,045,583	137,500
ODFA, Series 2014E	906,083	-	(215,833)	690,250	226,000
ODFA, Series 2015B	4,996,417	-	(259,417)	4,737,000	265,000
ODFA, Series 2019A	254,833	-	(62,083)	192,750	63,250
ODFA, Series 2019A	4,874,583	-	(422,751)	4,451,832	441,584
ODFA, Series 2020A	942,000	-	(189,083)	752,917	181,583
ODFA, Series 2020D	-	925,000	(69,583)	855,417	91,167
	15,063,666	925,000	(2,262,917)	13,725,749	1,406,084
Premium and discounts	1,234,114	-	(91,004)	1,143,110	-
Total ODFA bonds	16,297,780	925,000	(2,353,921)	14,868,860	1,406,084
OCIA, Series 2014A	8,157,755	-	-	8,157,755	-
Total OCIA capital leases	8,157,755	-	-	8,157,755	-
Equipment capital lease obligation	1,277,887	-	(421,371)	856,516	425,946
Total long-term liabilities	$ 27,913,422	$ 925,000	$ (3,555,292)	$ 25,283,131	$ 2,627,030

Revenue Bonds Payable: The Board of Regents authorized the College to issue Revenue Bonds, Series 2012 (the Series 2012 Bonds) dated January 1, 2012, in the amount of $7,665,000, which mature on July 1 of each year beginning July 1, 2012 through July 1, 2022, in annual amounts ranging from $405,000 to $795,000, interest rates ranging from 2.00% to 3.25%. The Series 2012 Bonds are payable from pledged revenues derived from a student center fee, a student activity fee, and the net revenues from the operation of the student center system. The Series 2012 Bonds are subject to mandatory redemption prior to maturity, on 30 days' notice at any time in inverse order of maturity, out of required payments to the principal account at the principal amount thereof plus accrued interest to the date for fixed redemption. At June 30, 2021, $1,400,000 remained outstanding. The College paid $780,000 in principal, and $54,238 in related interest, on these bonds during 2021.

Future principal and interest payments required to be made in accordance with all of the revenue bond agreements at June 30, 2021, are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 795,000	$ 31,588	$ 826,588
2023	605,000	9,831	614,831
Total	$ 1,400,000	$ 41,419	$ 1,441,419

For 2021, revenues of $3,293,592 were pledged as security on the revenue bonds.

(Continued)

NOTE 5 - NONCURRENT LIABILITIES (Continued)

Oklahoma Development Finance Authority (ODFA) Master Lease Bonds

Bond Series 2011A – In July 2011, the College entered into a 19-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2011A. The College received a net amount of $1,493,000 of the proceeds for energy efficiency modifications at all campus locations. Monthly payments are payable through the maturity of the lease in May 2030. In September 2020, the bonds were refunded through proceeds from the issuance of the Series 2020D bonds. At June 30, 2021, the outstanding balance was $0.

Bond Series 2014A – In February 2014, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014A. The College received a net amount of $3,016,237 of the proceeds for renovation of the aviation center facility. Monthly payments are payable through the maturity of the lease in June 2033. At June 30, 2021, the outstanding balance was $2,045,583.

Bond Series 2014E – In October 2014, the College entered into a 10-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014E.The College received a net amount of $2,261,559 of the proceeds for renovation of the student union facility at the southeast campus. Monthly payments are payable through the maturity of the lease in June 2024. At June 30, 2021, the outstanding balance was $690,250.

Bond Series 2015B – In July 2015, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2015B. The College received a net amount of $6,279,975 of the proceeds for energy and conservation improvements campus-wide. Monthly payments are payable through the maturity of the lease in June 2035. At June 30, 2021, the outstanding balance was $4,737,000.

Bond Series 2019A – In May 2019, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2019A. The College received a net amount of $341,984 of the proceeds for the refunding of Bond Series 2009C. Monthly payments are payable through the maturity of the lease in June 2024. At June 30, 2021, the outstanding balance was $192,750.

Bond Series 2019A – In December 2019, the College entered into a 10-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2019A. The College used the proceeds for the refunding of Bond Series 2009B. Monthly payments are payable through the maturity of the lease in November 2029. At June 30, 2021, the outstanding balance was $4,451,832.

Bond Series 2020A – In June 2020, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2020A. The College used the proceeds for the refunding of Bond Series 2010A. Monthly payments are payable through the maturity of the lease in May 2025. At June 30, 2021, the outstanding balance was $752,917.

Bond Series 2020D – In September 2020, the College entered into a 5-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2020D. The College used the proceeds for the refunding of Bond Series 2011A. Monthly payments are payable through the maturity of the lease in August 2030. At June 30, 2021, the outstanding balance was $855,417.

(Continued)

NOTE 5 - NONCURRENT LIABILITIES (Continued)

Future principal and interest payments to be made in accordance with the Master Lease Bond agreements at June 30, 2021, are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 1,406,084	$ 548,549	$1,954,633
2023	1,466,667	492,599	1,959,266
2024	1,501,500	429,117	1,930,617
2025	1,246,917	364,183	1,611,100
2026	1,101,583	312,966	1,414,549
2027–2031	5,031,417	897,382	5,928,799
2032–2035	1,971,581	172,112	2,143,693
Total	$ 13,725,749	$ 3,216,908	$ 16,942,657

Oklahoma Capital Improvement Authority (OCIA) Capital Leases

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

During the year ended June 30, 2021, OCIA made lease principal and interest payments totaling $388,540, on behalf of the College for all outstanding OCIA Bond Issues. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the accompanying statements of revenues, expenses, and changes in net position.

The scheduled principal and interest payments related to the OCIA capital lease obligations at June 30, 2021, are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ -	$ 388,540	$ 388,540
2023	760,446	388,540	1,148,986
2024	799,100	351,900	1,151,000
2025	819,666	312,956	1,132,622
2026	854,355	278,336	1,132,691
2027–2031	4,924,188	738,668	5,662,856
Total	$ 8,157,755	$ 2,458,940	$ 10,616,695

Equipment Capital Lease Obligation: The College has entered into a lease agreement for various equipment that extends through 2023. The total capitalized cost of the equipment was $1,713,132 and accumulated depreciation was $856,566 as of June 30, 2021. Total principal and interest payments in 2021 totaled $421,371. The remaining obligation at June 30, 2021, was $856,516.

(Continued)

NOTE 6 - RETIREMENT PLANS

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

Oklahoma Teachers' Retirement System

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

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

Contributions: The authority to define or amend employer contribution rates is given to the Board of Trustees of the OTRS by Oklahoma statute, Title 70, Section 17-106; all other contribution rates are defined or amended by the Oklahoma legislature. OTRS members are required to contribute 7% of their regular annual compensation, not to exceed the member's maximum compensation level. The College is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate for 2021 was 9.5% and is applied to annual compensation and is determined by state statute.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2021. The College's contributions to the OTRS for the year ended June 30, 2021 were $6,286,217, which are equal to the required contributions for the year paid directly by the College.

(Continued)

NOTE 6 - RETIREMENT PLANS (Continued)

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2021, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes to the OTRS on behalf of participating employers. The College has estimated the amounts contributed to the OTRS by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for the OTRS for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2021, the total amount contributed to the OTRS by the State of Oklahoma on behalf of the College was $4,203,710. For the year ended June 30, 2021, the State of Oklahoma contributed 5% of sales and use tax. These on-behalf payments have been recorded as state appropriations – in-kind OTRS pension contributions revenues in the accompanying statements of revenues, expenses, and changes in net position.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The amount recognized by the College as its proportionate share of the net pension liability was $120,664,596 at June 30, 2021.

The net pension liability at June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021, the College's proportion was 1.27%. This represents a slight increase from the College's proportionate share at June 30, 2020, which was 1.19%.

For the year ended June 30, 2021, the College recognized pension expense of $21,716,379 and revenue of $4,203,710 for support provided by the State of Oklahoma.

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
Net difference between expected and actual experience	$ 5,874,185	$ 2,043,680
Change in assumptions	14,797,995	1,743,308
Net difference between projected and actual investment earnings on pension plan investments	10,401,332	-
Changes in proportion and differences between OTRS contributions and proportionate share of contributions	7,394,049	7,465,967
Contributions subsequent to the measurement date	6,286,217	-
Total	$ 44,753,778	$ 11,252,955

(Continued)

NOTE 6 - RETIREMENT PLANS (Continued)

At June 30, 2021, the College reported $6,286,217 as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and inflows of resources at June 30, 2021, related to pensions will be recognized in pension expense as follows:

2022	$ 3,077,155
2023	6,054,993
2024	9,037,033
2025	7,622,597
2026	1,422,828
Total	$ 27,214,606

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Cost of Living Increases	None
Salary Increases	2.25% wage inflation, including 0.75% productivity increase rate, plus step-rate promotional increase for members with less than 25 years of service.
Investment Rate of Return:	7.00%
Retirement Age:	Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
Mortality Rates after Retirement:	Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements with the Ultimate MP scales are projected from the year 2020.
Mortality Rates for Active Members:	Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

Changes Since Prior Year Measurement Date: The OTRS Board of Trustees adopted new assumptions in July 2020 impacting the June 30, 2020 valuation. The discount rate was decreased from 7.50% to 7.00%, inflation rate was decreased from 2.50% to 2.25%, salary increases assumption decreased from 3.25% to 2.25%, retirement age assumptions were updated with five-year experience student ending June 30, 2019, and mortality tables for retirees and active members were updated.

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

(Continued)

NOTE 6 - RETIREMENT PLANS (Continued)

The long-term expected return on plan assets was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic expected real rates of return for each major class as of June 30, 2021, are summarized in the following table:

	Target Allocation	Long-Term Nominal Rate of Return
Asset class		
Domestic equity	43.50%	7.50%
International equity	19.00%	8.50%
Fixed income	22.00%	2.50%
Real estate	9.00%	4.50%
Alternative assets	6.50%	6.20%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for 2021. The discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the collective net pension liability	$ 161,046,254	$ 120,664,596	$ 87,234,869

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

(Continued)

NOTE 6 - RETIREMENT PLANS (Continued)

403(b) Annuity Plan

All eligible employees of the College can elect to participate in a 403(b) tax-deferred annuity plan (the 403(b) Plan), a defined contribution pension plan administered by an independent fiduciary. Pension expense is recorded for the amount of the College's required contributions, determined in accordance with the terms of the 403(b) Plan. Eligible employees who elect to participate are required to make a minimum contribution to the 403(b) Plan in an amount equal to 1% of total annual compensation, as defined by the 403(b) Plan. The 403(b) Plan provides retirement benefits to participating employees and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan document and were established and can be amended by action of the College's Board of Regents. The College's contribution rate for the year ended June 30, 2021 was 3% of an eligible employee's annual base salary, as defined in the plan document. Contributions made by the College and participants during fiscal years 2021 totaled $896,245.

Supplemental Retirement Plan

The College's Supplemental Retirement Plan (the SRP) is a single-employer, defined-benefit pension plan administered by an administrative committee appointed by the College's Board of Regents. The SRP was established by the College's Board of Regents to provide supplemental retirement and death benefits to the College's employees who meet certain eligibility requirements (i.e., were hired prior to July 1, 1987), or to those eligible employees' beneficiaries. The authority to amend the SRP's benefit provisions rests with the College's Board of Regents. The SRP is a closed plan. The SRP does not issue a standalone financial report nor is it included in the financial report of another entity. Management deemed the SRP to not be material to the overall financial statements of the College and elected not to disclose GASB Statement No. 68-related information in the notes or required supplemental information as it relates to the SRP. The College has a net pension asset of $4,554 for this plan as of June 30, 2021.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)

Retiree Health Insurance

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

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

The plan does not issue a separate financial report.

(Continued)

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Funding Policy: The contribution requirements and benefits provided by the College are established and may be amended by the College through the plan bylaws. Benefits are paid on a pay-as-you-go basis and there are no assets accumulated in a trust. Contributions to the plan to cover benefit payments was $247,510 for the year ended June 30, 2021.

As of June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Active participants	873
Retiree participants	39
Total participants	912

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The amount recognized by the College as the net OPEB liability was $2,377,318 at June 30, 2021. For the year ended June 30, 2021, the College recognized OPEB expense of $2,287,321.

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
Net difference between projected and actual investment earnings on OPEB investments	$ -	$ -
Change in assumptions	89,997	-
Differences between expected and actual experience	-	-
Contributions subsequent to the measurement date	-	-
Total	$ 89,997	$ -

Deferred outflows and inflows of resources at June 30, 2021, related to OPEB will be recognized in OPEB expense as follows:

2022	$ 14,999
2023	14,999
2024	14,999
2025	14,999
2026	14,999
Thereafter	15,002
Total	$ 89,997

(Continued)

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal Level of % Salary
Discount:	2.66%, based on S&P Municipal Bond 20-Year High Grade Rate Index
Inflation:	3.25% per year
Salary Increases:	Salary increases are based on the Oklahoma Teachers Retirement System's actuarial valuation as of June 30, 2019. The rates are 3.25% plus the rates shown in the table below:

YOS	Rates
0	8.00%
5	1.00%
10	1.00%
15	0.75%
20	0.50%
25+	0.00%

Retirement Age:	Experience-based table of rates based on age, service, and gender.
Mortality Rates:	Member: SOA Pub-2010 Teacher Headcount-Weighted Mortality Table fully generational using Scale MP-2019
	Surviving Spouses and beneficiaries: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Health Care Trend Rates:	8.0% for 2021, decreasing 0.5% per year to 4.5% by 2028.

Changes Since Prior Year Measurement Date: The discount rate decreased from 3.51% to 2.66%.

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

(Continued)

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB) (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2019	$ 2,301,034
Service cost	119,491
Interest	80,973
Changes in assumptions	104,996
Benefit payments	(229,176)
Net changes	76,284
Balance at June 30, 2020	$ 2,377,318

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the College, calculated using the current healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	$ 2,503,034	$ 2,377,318	$ 2,254,069

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the net OPEB liability of the College, calculated using the discount rate of 2.66%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	$ 2,173,401	$ 2,377,318	$ 2,616,419

OTRS OPEB Plan

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

As of June 30, 2021, the College has reported a net OPEB asset of $125,961, deferred outflows of resources of $547,640, and deferred inflows of resources of $343,924 related to the OTRS OPEB plan.

(Continued)

NOTE 8 - RELATED-PARTY TRANSACTIONS

The Foundation has an agreement with the College whereby the Foundation has agreed to forego its rights to independently acquire office space, hire support personnel, and otherwise provide for independent support services for its activities, so those monies may instead be used for scholarships or other forms of support for the College. In addition, the financial records of the Foundation are administered by individuals who are employees of the College. In consideration of the College providing the staff and clerical support and other services to be performed by the College pursuant to this agreement, the Foundation has agreed to pay the College $24,000 per year plus a portion of certain college employees' salaries and benefits. For the year ended June 30, 2021, the Foundation paid the College $91,645 as a result of this agreement. For the year ended June 30, 2021, the Foundation also awarded scholarships totaling $171,633 to students of the College and contributed $3,666,938 as other college support, which included such items as capital projects, expenses relating to the Signature Symphony orchestra, academic support, and campaign-related activities.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2021, that management believes would result in a material loss to the College in the event of an adverse outcome. The College is a defendant in various lawsuits and is vigorously defending those lawsuits. Although the outcome of these lawsuits is not presently determinable, the College's management believes the resolution of these matters will not have a material impact on the financial statements of the College.

As a result of the COVID-19 pandemic, economic uncertainties have arisen that 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.

Noncancelable operating leases for certain vehicles, building space rental, aircraft rental and access to airport facilities, and certain software expire in various years through 2032. Rent expense under these leases was $758,367 during the year ended June 30, 2021. Future minimum lease payments under agreements are:

2022	$ 475,409
2023	203,061
2024	181,768
2025	187,768
2026	97,761
Thereafter	211,620
Total	$ 1,351,387

(Continued)

NOTE 10 - RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. The College pays an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss, and general liability insurance coverage. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. The College, as a state agency, participates in the Oklahoma State and Education Employee's Group Insurance Board (the Plan), a public entity risk pool. The College pays an annual premium to the Plan through member premiums. The College carries insurance with the State Insurance Fund for other risks of loss including workers' compensation and employee accident and health insurance. The College has purchased commercial medical malpractice insurance, which covers substantially all faculty and students participating in the College's medical services curriculum. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years. During fiscal year 2021, there were no significant reductions in insurance coverage from the previous years.

NOTE 11 - AD VALOREM PROPERTY TAXES

The voters of Tulsa County have approved a local tax levy (in addition to all other school tax levies) on the assessed valuation of all taxable property within the School District. This tax levy, which is for the general operations of the College through the School District, is a permanent levy until such time as it is repealed by a majority of the voters of Tulsa County. Ad valorem property tax revenue for general operations for the year ended June 30, 2021 totaled $47,209,749. There was a receivable of $1,942,225 related to unpaid taxes at June 30, 2021.

For the year ended June 30, 2021, the College did not have any abated property taxes. Based on abatement agreements currently in place, the total abated taxes for the College will be approximately $141,000 over the next six years. The terms of each abatement vary based on the agreements with each entity.

NOTE 12- SECTION 13 OFFSET PROGRAM

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

The College has been allotted funds under this program to use for capital repairs or expansions. The College was allotted and expended $1,354,297 under this program for the year ended June 30, 2021.

NOTE 13 - DEPOSITS WITH OKLAHOMA STATE REGENTS

In connection with the State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The State match amounts, plus any retained accumulated earnings, totaled approximately $4,854,000 at June 30, 2021 and are invested by the State Regents on behalf of the College. The College is entitled to receive an annual distribution of 5% of the fair value at year-end on these funds. As legal title of the State Regents' matching endowment funds is retained by the State Regents, the funds are available for distribution.

(Continued)

NOTE 14 - CONDENSED COMBINING INFORMATION

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

The following summarizes the combining information for the statements of net position as of June 30, 2021:

	College	School District	Combined
June 30, 2021			
Current assets	$ 27,529,568	$ 32,585,355	$ 60,114,923
Capital assets	87,641,879	-	87,641,879
Other noncurrent assets	897,126	8,258,714	9,155,840
Total assets	116,068,573	40,844,069	156,912,642
Deferred outflows of resources	45,391,415	-	45,391,415
Total assets and deferred outflows of resources	161,459,988	40,844,069	202,304,057
Current liabilities	15,123,355	-	15,123,355
Long-term liabilities	145,698,015	-	145,698,015
Total liabilities	160,821,370	-	160,821,370
Deferred inflows of resources	11,596,879	-	11,596,879
Net investment in capital assets	62,573,673	-	62,573,673
Restricted for expendable	2,430,811	-	2,430,811
Unrestricted	(75,962,745)	40,844,069	(35,118,676)
Total net position	$ (10,958,261)	$ 40,844,069	$ 29,885,808

(Continued)

NOTE 14 - CONDENSED COMBINING INFORMATION (Continued)

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

	College	School District	Combined
June 30, 2021			
Operating revenues			
Tuition and fees, net	$ 20,986,073	$ -	$ 20,986,073
Grants and contracts	9,911,697	-	9,911,697
Sales and services of auxiliary enterprises	4,585,006	-	4,585,006
Other operating revenues	2,688,801	-	2,688,801
Total operating revenues	38,171,577	-	38,171,577
Operating expenses			
Depreciation	7,302,286	-	7,302,286
Other operating expenses	152,771,640	-	152,771,640
Total operating expenses	160,073,926	-	160,073,926
Operating loss	(121,902,349)	-	(121,902,349)
Nonoperating revenues (expenses)			
State appropriations	$ 28,306,725	$ -	$ 28,306,725
Ad valorem property taxes	-	47,209,749	47,209,749
Federal and state grants	40,075,040	-	40,075,040
Other nonoperating revenues (expenses)	46,652,137	(43,169,033)	3,483,104
Total nonoperating revenues (expenses)	115,033,902	4,040,716	119,074,618
Loss before other appropriations	(6,868,447)	4,040,716	(2,827,731)
Capital appropriations and contributions	2,355,862	-	2,355,862
Increase (decrease) in net position	(4,512,585)	4,040,716	(471,869)
Net position, beginning of year	(6,445,676)	36,803,353	30,357,677
Net position, end of year	$ (10,958,261)	$ 40,844,069	$ 29,885,808

(Continued)

NOTE 14 - CONDENSED COMBINING INFORMATION (Continued)

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

	College	School District	Combined
June 30, 2021			
Net cash provided by (used in)			
Operating activities	$ (91,783,935)	$ -	$ (91,783,935)
Noncapital financing activities	102,672,680	4,212,312	106,884,992
Capital and related financing activities	(3,488,160)	(526,240)	(4,014,000)
Investing activities	8,388	566,422	574,810
Change in cash and cash equivalents	7,408,973	4,252,494	11,661,467
Cash and cash equivalents, beginning of year	6,199,904	27,698,021	33,897,925
Cash and cash equivalents, end of year	$ 13,608,877	$ 31,950,515	$ 45,559,392

NOTE 15 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

(Continued)

NOTE 15 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

The following is a summary of investments at June 30:

	2021
Money market funds	$ 835,100
Mutual funds	
Equity securities	11,680,997
Debt securities	2,837,058
Marketable alternative investments	
Registered investment companies	1,717,695
	$ 17,070,850

As of June 30, 2021, all investments were considered Level 1 investments to include quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

NOTE 15 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

	2021
Subject to expenditure for specified purpose	
Signature Symphony	$ 133,509
Sam S. Miller Student Emergency Fund	36,711
Clearing the Pathway Multi-Year Campaign	8,118,031
Nursing and Allied Health Services	138,443
Other	2,692,840
	11,119,534
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Endowed chairs	4,036,824
Scholarships	2,791,119
Lectureships	149,069
TCC Textbook Trust	643,401
Nursing and Allied Health Services	138,443
	7,933,394
Subject to endowment spending policy and appropriation	
Endowed chairs	2,645,093
Scholarships	5,101,425
Lectureships	300,000
TCC Textbook Trust	500,000
Nursing and Allied Health Services	340,938
Professorships	250,000
	9,137,456
Total endowments	17,070,850
	$ 28,190,383

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

	2021
Undesignated	$ 518,261

(Continued)

NOTE 16 - COVID-19 IMPACT

In March 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures. The U.S. also declared COVID-19 a national emergency. In response, the College made significant changes to operations, including the transition of all in-person classes to online learning in March 2020 through the Summer 2020 term. Beginning in the Fall of 2020, classes were a mix of online, face-to-face, and hybrid.

The College received grants through the Higher Education Emergency Relief Fund (HEERF) for emergency grants to students and to cover institutional costs associated with significant changes to the delivery of instruction due to COVID-19. The College was awarded approximately $61.2 million in COVID relief funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus and Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act. During fiscal year 2021, $6,122,397 in student emergency grants were awarded to students and $12,516,543 in institutional funds were used. Approximately $40.1 million remained available as of June 30, 2021 including a minimum of $16.8 million for student emergency grants expected to be expended during fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TULSA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - OTRS
(In Thousands)
Years ended June 30, 2015 through 2021

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	1.27%	1.19%	1.26%	1.18%	1.39%	1.45%	1.34%
College's proportionate share of the net pension liability	$120,665	$ 78,793	$ 76,233	$ 77,943	$115,770	$ 88,130	$ 72,076
College's covered payroll	$ 63,268	$ 61,858	$ 56,259	$ 54,830	$ 55,406	$ 58,775	$ 59,988
College's proportionate share of the net pension liability as a percentage of its covered payroll	190.72%	127.38%	135.50%	142.15%	208.95%	149.94%	120.15%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

Notes:

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

Changes in Assumptions:

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

TULSA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS - OTRS
(In Thousands)
Years ended June 30, 2015 through 2021

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

Notes:

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

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

		2021
Total OPEB liability		
Service cost	$	119,491
Interest cost		80,973
Changes of benefit terms		0
Differences between expected and actual experience		0
Assumption changes		104,996
Benefit payments		(229,176)
Net change in total OPEB liability		76,284
Total OPEB liability - beginning of year		2,301,034
Total OPEB liability - ending of year	$	2,377,318
Covered employee payroll		49,123,643
Total OPEB liability as a percentage of covered employee payroll		4.84%

Notes:

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

SUPPLEMENTARY INFORMATION

TULSA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Office of Violence Against Women	16.525	n/a	$ 42,799
Research & Development Programs Cluster			
U.S. Department of Transportation			
Air Transportation Centers of Excellence	20.109	n/a	28,984
National Service Foundation			
Education and Human Resources	47.076	n/a	86,512
U.S. Department of Health and Human Services			
Passed through Oklahoma University Health Sciences Center			
Biomedical Research and Research Training	93.859	RS20181585-03	130,704
Total Research & Development Programs Cluster			246,200
National Aeronautics and Space Administration			
Office of Stem Engagement	43.008	n/a	2,500
National Endowment for Humanities			
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	n/a	2,995
Passed through Oklahoma Humanities			
Promotion of the Humanities Federal/State Partnership	45.129	No. Y20.081	1,375
Total National Endowment for Humanities			4,370
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	n/a	736,775
Federal Work-Study Program	84.033	n/a	248,758
Federal Pell Grant Program	84.063	n/a	19,535,826
Federal Direct Student Loans	84.268	n/a	17,314,596
Total Student Financial Assistance Cluster			37,835,955
COVID-19 – Education Stabilization Fund			
Student Aid Portion	84.425E	n/a	6,122,397
Institutional Portion	84.425F	n/a	12,334,880
Strengthening Institutions Program	84.425M	n/a	181,663
Total Education Stabilization Fund			18,638,940
TRIO Cluster			
Student Support Services	84.042A	n/a	294,203
Educational Opportunity Centers	84.066A	n/a	262,809
Total TRIO Cluster			557,012

See accompanying notes to schedule of federal awards.

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (Continued)			
Passed through Oklahoma Department of Career and Technology Education			
Carl Perkins	84.048	CP-PS-1074	333,696
Total U.S. Department of Education			57,365,603
U.S. Department of Health and Human Services			
Passed through Oklahoma State Regents for Higher Education			
CCDF Cluster			
Child Care and Development Block Grant	93.575	n/a	149,148
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	n/a	116,663
Total U.S. Department of Health and Human Services			265,811
Total Expenditures of Federal Awards			$ 57,927,283

See accompanying notes to schedule of federal awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

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

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

NOTE 2 - FEDERAL LOAN PROGRAMS

The College also participates in the Federal Direct Student Loan Programs, including Federal Direct Loans and Federal PLUS Loans (PLUS). The dollar amounts are listed in the Schedule although the College is not the recipient of the funds. Such programs are considered a component of the student financial assistance cluster. Loans processed by the College under these loan programs for the year ended June 30, 2021, included:

Federal Direct Student Loan Programs Stafford	
Subsidized	$ 7,540,850
Unsubsidized	9,624,575
PLUS	43,395
Alternative Loans	105,776
	$ 17,314,596

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and discretely presented component unit of Tulsa Community College (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 29, 2021. The financial statements of Tulsa Community College Foundation (Foundation), the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding 2021-001).

(Continued)

Compliance and Other Matters

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

The College's Response to the Finding

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowe LLP

Indianapolis, Indiana
October 29, 2021

Crowe LLP
Independent Member Crowe Global

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance

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

Report on Compliance for Each Major Federal Program

We have audited the Tulsa Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 29, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the Financial statements audited were prepared In accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	X Yes	______ None Reported
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	______ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.425	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $1,737,818

Auditee qualified as low-risk auditee? ______ Yes X No

(Continued)

Section II – Financial Statement Findings

Finding 2021-001 – Information System Controls (Significant Deficiency)

Criteria: Internal controls over information systems are a key component of an organization's control environment. Entities should have internal controls including policies and procedures regarding user access and change management.

Condition: During our testing of information technology (IT) user access and change management controls, we noted the following internal control deficiencies, which in aggregate, rise to the level of a significant deficiency in internal controls.

Context: We evaluated system access and change management controls surrounding the College's financial reporting system, Banner, and noted the following internal control deficiencies:

- Multiple users within the Controller's Office have the ability to both prepare and post journal entries to the accounting system.
- The IT department has multiple users that share the same account to perform administrative functions with the system.
- There is no formal, regularly scheduled review of user access levels to verify if user access rights are commensurate with a user's job title and function.
- Administrative users within the IT system have the ability to modify source code and possess access to the production environment.

During the testing of journal entry controls, it was noted management has implemented a monthly, detective control outside of the Banner system to review journal entries prepared and posted by the same user and manually document a secondary review of these entries, however, this does not completely mitigate the risks identified.

Effect: Improper segregation of duties within the automated controls surrounding the journal entry process could result in authorized transactions being recorded to the financial reporting system where management would not be able to detect such activity timely. Without separate administrative user accounts and change management policies in place, changes to source code could be placed into production without appropriate review or approval.

Cause: Due to system constraints, management is unable to quickly adjust user access levels within the system for personnel in the Controller's office and IT department. Additionally, formal review processes have not been adequately established as it relates to user access level review and the production environment.

Recommendation: We recommend that management revise their IT policies and procedures to include a formal, annual review of user access levels and institute a change management policy to formalize the change management approval process. We recommend each administrative user within the system have their own unique account to be able to monitor and trace activity for each user and establish segregation of duties between the development and production environments to ensure system changes are properly tested and approved by a secondary user before being placed into production. We recommend, to the extent possible by the system, that the access or prepare and post journal entries be restricted so that personnel can only do one or the other, but not both.

Views of responsible officials and planned corrective action plan: Management agrees with this finding.

(Continued)

Section III – Federal Award Findings and Questioned Costs

None noted.