

Northern Oklahoma College

Financial Statements
with Independent Auditor's Report

June 30, 2023



NORTHERN OKLAHOMA COLLEGE

FINANCIAL STATEMENTS

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NORTHERN OKLAHOMA COLLEGE

FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Oklahoma College (the College), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Required Supplementary Information (Continued)

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, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the 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 Northern Oklahoma College's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
October 30, 2023



Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022

The following discussion and analysis of the financial performance of Northern Oklahoma College (the College) provides an overview of the College's financial activities for the fiscal years ended June 30, 2023 and 2022. The analysis is intended to provide you, the reader, with a summary of significant financial activities and information and should be read in conjunction with the College's financial statements.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The 2023 and 2022 financial statements were prepared in accordance with the Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34) and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* (GASB 35). GASB 34 and 35 provides not only for the presentation of management's discussion and analysis but also provides for the following statements.

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

Statement of revenues, expenses and changes in net position: This statement is also prepared on the accrual basis of accounting and presents the overall operations of the College for the years ended June 30, 2023 and 2022.

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

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

Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022

Statement of Net Position

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

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

Condensed Statement of Net Position

	June 30		Increase	Percent
	2023	2022	(Decrease)	Change
Current assets	\$ 17,768,892	\$ 19,761,846	\$ (1,992,954)	-10%
Noncurrent assets	46,976,813	49,408,014	(2,431,201)	-5%
Total Assets	64,745,705	69,169,860	(4,424,155)	-6%
Deferred Outflows of Resources	6,364,873	5,522,788	842,085	15%
Liabilities				
Current liabilities	5,144,861	4,424,750	720,111	16%
Noncurrent liabilities	48,996,844	44,201,374	4,795,470	11%
Total liabilities	54,141,705	48,626,124	5,515,581	11%
Deferred Inflows of Resources	3,656,588	11,396,989	(7,740,401)	-68%
Net assets:				
Net investment in capital assets	19,098,049	19,076,510	21,539	0%
Restricted for purposes	6,745,944	6,407,224	338,720	5%
Unrestricted	(12,531,708)	(10,814,199)	(1,717,509)	16%
Total net position	\$ 13,312,285	\$ 14,669,535	\$ (1,357,250)	-9%

**Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022**

Statement of Net Position (Continued)

During the period July 1, 2022 to June 30, 2023, the College's net position decreased by \$1,357,250. Net position totaled \$13,312,285, with \$19,098,049 as net investment in capital assets, i.e., this is property and equipment less bonded indebtedness. There is \$3,691,628 restricted for scholarships, \$122,967 restricted for OPEB, and \$2,931,349 restricted for capital projects. Net position for unrestricted is \$(12,531,708) as a result of accounting for the implementation of GASB 68 and 75.

A decrease in current assets of \$1,992,954 and a decrease of \$2,431,201 in noncurrent assets resulted in a total decrease of \$4,424,155 in total assets. The decrease in the current assets resulted primarily from a decrease in cash and cash equivalents of \$1,882,174, a decrease of \$20,794 in grants receivable, a decrease in other receivables of \$6,528, and a decrease in accounts receivable of \$78,216. In addition, current assets were impacted by an increase in restricted cash and cash equivalents of \$8,814, and a decrease in inventories of \$14,056.

Current assets consist primarily of cash and cash equivalents totaling \$15,238,209. Included in cash equivalents are short-term investments that the College makes with the state treasurer. These dollars are invested in short-term repurchase agreements, and the College can use the monies on a daily basis. As such, these are considered cash equivalents.

Also included in current assets is \$1,147,530 of accounts receivable, \$12,631 of restricted cash and cash equivalents, \$943,354 due from federal grants, and \$195,615 of other receivables. Inventories of \$231,553, which consists primarily of the bookstore inventories, are also included current assets.

The decrease in the noncurrent assets resulted from increases in acquisitions of capital assets of \$1,887,136 and increases in construction in progress to capital assets of \$520,563 offset by depreciation expense of \$4,560,422 and the retirement of net capital assets of \$43,384. The effects of GASB statement numbers 68, 73, and 75 related to OPEB and pensions continue to have a significant impact on the College's financial statements. The increase in deferred outflows of resources of \$842,085, the increase in non-current liabilities of \$4,795,470, and the decrease in deferred inflows of \$7,740,401 in FY 2023 are all primarily due to the change in market value, assumptions, and proportionate share of the OTRS net pension liability and OPEB for the College.

Noncurrent assets consist of capital assets (land, buildings, structures, etc.) net of accumulated depreciation totaling \$46,853,846 and \$122,967 of restricted net OTRS OPEB asset.

Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022

Statement of Net Position (Continued)

Current liabilities include \$528,233 of accounts payable and accrued liabilities, \$36,051 of accrued payroll, \$1,202,034 of unearned revenue, \$358,901 of accrued compensated absences, and \$2,919,799 of amounts due on principal of bonds and capitalized lease obligations in the next 12 months as well as leases payable and subscriptions payable. Current liabilities also include \$99,843 payable to the U.S. Department of Education for the fine imposed for the College's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act. Noncurrent liabilities consist primarily of capital lease obligations less the current portion of \$23,628,252, net OTRS pension liability, and OPEB obligation of \$24,206,227, and Subscription-Based Information Technology Arrangements (SBITA) involving various intangible software of \$1,073,467 and \$88,898 payable to the U.S. Department of Education for the fine imposed for Clery Act violations.

Statement of Cash Flows

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

The following summarizes the College's cash flow for the years ended June 30, 2023 and 2022.

Condensed Statement of Cash Flows

	June 30	
	2023	2022
Cash (used in) provided by:		
Operating activities	\$ (16,206,278)	\$ (25,567,937)
Noncapital financing activities	16,089,764	33,173,972
Capital and related financing activities	(1,939,367)	(492,691)
Investing activities	182,521	98,002
Net change in cash	(1,873,360)	7,211,346
Cash, beginning of the year	17,124,200	9,912,854
Cash, end of year	<u>\$ 15,250,840</u>	<u>\$ 17,124,200</u>

Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

The following summarizes the College's revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022.

Operating Results

	June 30		Increase	Percent
	2023	2022	(Decrease)	Change
Operating revenues:				
Tuition and fees, net	\$ 9,854,407	\$ 10,067,824	\$ (213,417)	-2%
Grants and contracts	2,301,882	2,302,822	(940)	0%
Auxiliary	3,468,247	3,613,324	(145,077)	-4%
Other	43,237	95,972	(52,735)	-55%
Total operating revenues	15,667,773	16,079,942	(412,169)	-3%
Less operating expenses	37,110,008	45,371,630	(8,261,622)	-18%
Net operating loss	<u>\$ (21,442,235)</u>	<u>\$ (29,291,688)</u>	<u>\$ 7,849,453</u>	27%

During the period July 1, 2022, to June 30, 2023, the College's total operating revenues decreased \$412,169 and operating expenses decreased by \$8,261,622. The decrease in operating revenues is attributable to an increase in tuition and fees rates and an increase in credit hour production offset by an increase of \$476,000 in scholarship discounts and allowances and an increase of \$383,913 in unearned revenue resulting in a decrease in tuition and fees revenue of \$213,417. Operating revenue also reflects a decrease in grants and contracts of \$940, a decrease in other income of \$52,735, and a decrease in auxiliary services of \$145,077.

Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022

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

Operating revenues consist primarily of tuition and fees of \$9,854,407 and federal grants and contracts of \$2,301,882. There is also \$3,468,247 included in operating revenues from sales and services of the auxiliary enterprises (i.e., bookstore, residence halls, etc.).

The decrease in operating expenses is primarily attributable to a decrease in financial aid of \$10,008,112 because of HEERF grant funds expended in FY2022 offset by increases in supplies and materials of \$173,150, utilities of \$218,575, compensation of \$630,492, contractual services of \$210,328, communications of \$55,089 and depreciation expense of \$462,263. Operating expenses are presented in their natural classification, with the largest expense being compensation.

Non-Operating Results

	June 30		Increase	Percent
	2023	2022	(Decrease)	Change
Non-operating revenues (expenses):				
State appropriations	\$ 9,215,495	\$ 8,565,995	\$ 649,500	8%
On-behalf payments for OTRS	1,104,422	778,476	325,946	42%
Grants and contracts	6,906,575	21,930,466	(15,023,891)	-69%
Investment income	182,521	98,002	84,519	86%
Other Revenue	24,140	200,000	(175,860)	-88%
Interest expense	(990,710)	(1,014,644)	23,934	-2%
Total non-operating revenues	<u>\$ 16,442,443</u>	<u>\$ 30,558,295</u>	<u>\$ (14,115,852)</u>	-46%

During the period July 1, 2022 to June 30, 2023, the College's non-operating revenues and expenses decreased by \$14,115,852. The change is attributable primarily to a decrease in federal and state grants and contracts of \$15,023,891, an increase of \$649,500 in the State appropriations the College received during 2023, and an increase in on-behalf payments of \$325,946. The decrease in federal and state grants was primarily a result of the HEERF grants received in FY2022, an increase in federal grants, and a decrease in federal student aid. Investment income increased by \$84,519 and interest expense decreased by \$23,934. Other revenue decreased by \$175,860 due to a one-time gift received from the NOC Foundation in FY2022.

Non-operating revenues and expenses consist primarily of state appropriations of \$9,215,495 and on-behalf contributions for OTRS of \$1,104,422, along with investment income of \$182,521 and interest expense of \$990,710. Non-operating revenues also include federal grants and contracts such as Pell and SEOG totaling \$6,906,575.

Also included in the Statement of Revenues, Expenses and Changes in Net Position are Other Revenue, Expenses, and Gains and Losses. These items consist of \$2,955,240 of state appropriations restricted for capital purposes, \$730,686 of OCIA on-behalf appropriations, and \$43,384 loss on disposal of capital assets.

**Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022**

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

Net Position Summary

	June 30		Increase	Percent
	2023	2022	(Decrease)	Change
Net change in net position	\$ (1,357,250)	\$ 4,176,002	\$ (5,533,252)	375%
Net position, beginning of year	14,669,535	10,493,533	4,176,002	40%
Net position, end of year	<u>\$ 13,312,285</u>	<u>\$ 14,669,535</u>	<u>\$ (1,357,250)</u>	-9%

For the year ended June 30, 2023, the College had a decrease in net position of \$1,357,250.

Capital Assets

As of June 30, 2023, the College had a net book value of fixed assets of \$46,853,846 compared to \$49,049,953 at June 30, 2022 restated for GASB 96 Subscription-Based Information Technology Arrangements (SBITA). In the current year, additions to construction in progress, improvements and buildings were \$1,136,321, while purchases and leases of machinery and equipment and purchases of subscription assets were \$1,271,378, for a total of \$2,407,699. Retirement of assets less accumulated depreciation was \$43,384. Depreciation recorded for FY2023 and FY2022 was \$4,560,422 and \$4,098,158, respectively.

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

Northern Oklahoma College received notification of awarded grant funding through the Higher Education Emergency Relief Fund (HEERF) authorized by Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP). Northern Oklahoma College expended a total accumulated \$15,409,350 of HEERF grant funds as of June 30, 2022. The remaining \$174,400 of HEERF grant funds was expended in FY2023.

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

**Northern Oklahoma College
Management's Discussion and Analysis
June 30, 2023 and 2022**

The operating budget for the year July 1, 2023, to June 30, 2024, has been approved, and the estimated amount of state appropriations to be received is \$10,220,465 which reflects a 16.32% increase in funding for Northern Oklahoma College as compared to the adjusted base for year ended June 30, 2023. The College did implement a tuition and mandatory fee increase of 4.4% for the fiscal year ended June 30, 2024 to fund mandatory cost increases and budget priorities.

The College continually monitors revenue and expenditures in order to maintain adequate reserve balances to ensure the College's financial viability. The College will continue to monitor enrollment as well as the state and national economic conditions as part of our financial decision-making process and will strive to develop scenarios to reduce costs and increase operating revenues to protect critical academic programming, while being sensitive to our student needs. Presently, the College does not anticipate any other significant change in operations, nor are there any items pending that could have a significant effect on the financial position or operating results of the College.

REQUEST FOR INFORMATION

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

NORTHERN OKLAHOMA COLLEGE

STATEMENTS OF NET POSITION

June 30, 2023

	Northern Oklahoma College	Northern Oklahoma College Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,238,209	\$ 800,625
Restricted cash and cash equivalents	12,631	-
Accounts receivable, net	1,147,530	-
Grants receivable	943,354	-
Other receivables	195,615	-
Inventories	231,553	-
Total current assets	17,768,892	800,625
Noncurrent Assets		
Investments	-	14,742,475
Capital assets—nondepreciable	1,387,060	-
Capital assets—depreciable, net	45,466,786	-
Restricted net OPEB asset—OTRS	122,967	-
Total noncurrent assets	46,976,813	14,742,475
Total assets	64,745,705	15,543,100
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pension	5,571,899	-
Deferred amounts related to OPEB	792,974	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 6,364,873	\$ -

(Continued)

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE

STATEMENTS OF NET POSITION—CONTINUED

June 30, 2023

	Northern Oklahoma College	Northern Oklahoma College Foundation
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 528,233	\$ 993
Unearned revenue	1,202,034	-
Accrued payroll	36,051	-
Accrued compensated absences	358,901	-
Current portion of notes payable	2,574,062	-
Current portion of leases payable	110,561	-
Current portion of subscriptions payable	235,176	-
Current portion of payable to U.S. Department of Education	99,843	-
Total current liabilities	<u>5,144,861</u>	<u>993</u>
Noncurrent Liabilities		
Notes payable to OCIA	4,196,065	-
Notes payable to ODFA	18,650,292	-
Note payable to Capital One	668,987	-
Leases payable	112,908	-
SBITA payable	1,073,467	-
Payable to U.S. Department of Education	88,898	-
Net pension liability	21,357,969	-
Total OPEB liability	2,848,258	-
Total noncurrent liabilities	<u>48,996,844</u>	<u>-</u>
Total liabilities	<u>54,141,705</u>	<u>993</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on OCIA lease restructure	134,281	-
Deferred amounts related to pension	2,722,755	-
Deferred amounts related to OPEB	799,552	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 3,656,588</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 19,098,049	\$ -
Restricted for:		
With donor restrictions	-	11,890,757
OPEB	122,967	-
Capital projects	2,931,349	-
Scholarships—expendable	3,691,628	-
Unrestricted (deficit)	<u>(12,531,708)</u>	<u>3,651,350</u>
TOTAL NET POSITION	<u>\$ 13,312,285</u>	<u>\$ 15,542,107</u>

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2023

	Northern Oklahoma College	Northern Oklahoma College Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship discounts and allowances of \$4,536,000	\$ 9,854,407	\$ -
Auxiliary services, net of scholarship discounts and allowances of \$1,513,000	3,468,247	-
Federal and state grants and contracts	2,301,882	-
Other sources	43,237	23,160
TOTAL OPERATING REVENUES	15,667,773	23,160
OPERATING EXPENSES		
Compensation and benefits expense	17,229,616	-
Contractual services	543,488	-
Supplies and materials	7,359,763	-
Depreciation expense	4,560,422	-
Utilities	1,501,743	-
Communications	74,751	-
Financial aid	5,248,988	265,048
Other operating expenses	591,237	778,904
TOTAL OPERATING EXPENSES	37,110,008	1,043,952
OPERATING LOSS	(21,442,235)	(1,020,792)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	9,215,495	-
On-behalf contributions for OTRS	1,104,422	-
Federal and state grants and contracts	6,906,575	-
Investment income (loss)	182,521	1,428,505
Contributions and other nonoperating revenue	24,140	1,012,641
Interest expense	(990,710)	-
NET NONOPERATING REVENUES (EXPENSES)	16,442,443	2,441,146
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(4,999,792)	1,420,354
State appropriations restricted for capital purposes	2,955,240	-
OCIA on-behalf appropriations	730,686	-
Loss on disposal capital assets	(43,384)	-
CHANGE IN NET POSITION	(1,357,250)	1,420,354
NET POSITION AT BEGINNING OF YEAR	14,669,535	14,121,753
NET POSITION AT END OF YEAR	\$ 13,312,285	\$ 15,542,107

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

	Northern Oklahoma College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 10,112,689
Federal and state grants and contracts	2,379,122
Auxiliary enterprises sales and services	3,465,189
Other operating receipts	250,142
Payments to employees	(17,301,520)
Payments to suppliers	<u>(15,111,900)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(16,206,278)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	9,215,495
Federal and state grants and contracts	6,850,129
Other sources	<u>24,140</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>16,089,764</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(2,041,828)
Principal paid on capital leases and bonds	(2,234,726)
Interest paid on capital leases and bonds	(824,053)
Proceeds from capital debt and leases	206,000
Capital appropriations received	<u>2,955,240</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,939,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>182,521</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>182,521</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,873,360)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>17,124,200</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 15,250,840</u>

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE

STATEMENT OF CASH FLOWS—CONTINUED

Year Ended June 30, 2023

Northern
Oklahoma College

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (21,442,235)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation expense	4,560,422
On-behalf payments	1,104,422
Changes in assets and liabilities:	
Accounts receivable	78,216
Grants and other receivables	83,768
Inventories	14,056
Accounts payable and accrued liabilities	187,486
Unearned revenue	383,913
Accrued payroll	(27)
Compensated absences and employee accruals	(24,868)
Net OPEB asset—OTRS	235,094
Total OPEB liability—NOC	181,004
Net pension liability	6,996,000
Deferred amounts related to pension and OPEB	<u>(8,563,529)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (16,206,278)</u>

NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES

State appropriations for on-behalf capital lease payments	<u>\$ 730,686</u>
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RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION

Cash and cash equivalents	\$ 15,238,209
Restricted cash and cash equivalents	<u>12,631</u>
Total cash and cash equivalents	<u>\$ 15,250,840</u>

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Northern Oklahoma College Foundation, Inc. (the “Foundation”) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing and amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements.

The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards over accounting for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

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

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

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

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

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

Accounts Receivable and Other Receivables: Accounts receivable consist of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Oklahoma. Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts are written off for financial reporting purposes when deemed uncollectible. Recoveries of student accounts receivable previously written off are recorded when received.

A student account receivable and student loan receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester. Interest and late charges are not generally assessed and, if they are assessed, are not included in income until received.

Grants Receivable: Grants receivable include amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. All grant receivable are considered collectable. Therefore, no allowance for doubtful accounts has been made for grants receivable.

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

Unearned Revenue: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Capital Assets: Capital assets are recorded at cost on the date of the acquisition or the acquisition value if acquired by gift. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leases assets are amortized over the life of the associated contract. The following estimated useful lives are being used by the College:

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

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

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

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

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

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

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

Deferred Outflows of Resources and Deferred Inflow of Resources: Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2023, the College's deferred outflows were related to pension and OPEB sources. At June 30, 2023, the College's deferred inflows of resources were related to pension, OPEB, and leases.

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

Pension and Other Postemployment Benefits: For purposes of measuring the net pension liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For purposes of measuring the total OPEB liability and OPEB expense for the single employer health insurance substantive plan. The measurement has been prepared in accordance with GASB Statement No. 75.

New Accounting Pronouncements Adopted in Fiscal Year 2023:

In March 2020, GASB issued Statement No. 94, *(GASB 94) Public-Private and Public-Public Partnerships and Availability Payment Arrangements (P3 and APA)*. GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The College will adopt GASB 94 effective July 1, 2022, for the June 30, 2023, reporting year. The College adopted GASB 94 for the June 30, 2023, reporting year and the implementation had no material effect net on the College's financial statements.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

New Accounting Pronouncements Adopted in Fiscal Year 2023—Continued:

In May 2020, GASB issued Statement No. 96, (*GASB 96 Subscription-Based Information Technology Arrangements (SBITA)*). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The College adopted GASB 96 for the June 30, 2023, reporting year and the implementation had no material effect net on the College's financial statements.

Subsequent Events: Management has evaluated subsequent events through October 30, 2023, the date which the financial statements were available to be issued.

NOTE B—DEPOSITS AND INVESTMENTS

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

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

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

At June 30, 2023, the carrying amount of the College's deposits was \$15,250,840. This amount consisted of deposits with the State Treasurer of \$15,238,209, net of outstanding checks, and \$12,631 in restricted cash and cash equivalents on deposit with a financial institution at June 30, 2023.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool, *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in obligations of the U.S. government, its agencies and instrumentalities, including agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments, and foreign bonds. Various other investments, as allowed by law, may be added to the *OK INVEST* portfolio, as the State Treasurer determines, without formal revision to its policy statement. Amounts invested in *OK INVEST* totaled \$9,227,515. For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents.

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE B—DEPOSITS AND INVESTMENTS—CONTINUED

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

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

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

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

Cash equivalents on deposit with the Oklahoma State Regents' Endowment Trust fund at June 30, 2023, totaled \$69,774. The Oklahoma State Regents for Higher Education holds for the College endowed gifts totaling \$1,511,456. Any earnings distributed are to be used for the College's activities associated with the endowment program.

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

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE C—ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2023:

Student tuition and fees	\$ 10,622,452
Less: Allowance for doubtful accounts	<u>(9,474,922)</u>
	<u>\$ 1,147,530</u>

NOTE D—GRANTS RECEIVABLE AND OTHER RECEIVABLES

Grants and other receivables consist of the following at June 30, 2023:

Grants receivable	\$ 943,354
Loans receivable	177,343
Interest receivable	<u>18,272</u>
	<u>\$ 1,138,969</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	(Restated) Beginning Balance	Increases	Retirements	Transfers	Ending Balance
Capital Assets not being depreciated:					
Land	\$ 1,387,060	\$ -	\$ -	\$ -	\$ 1,387,060
Construction in Progress	107,782	520,563	-	(628,345)	-
Total Capital Assets not being depreciated	<u>\$ 1,494,842</u>	<u>\$ 520,563</u>	<u>\$ -</u>	<u>\$ (628,345)</u>	<u>\$ 1,387,060</u>
Capital Assts being depreciated:					
Land Improvements	\$ 1,972,161	\$ 74,357	\$ (44,325)	\$ -	\$ 2,002,193
Infrastructure	2,563,841	15,556	(2,450)	-	2,576,947
Buildings and Building Improvements	97,429,722	525,845	(1,401,597)	431,270	96,985,240
Leased Assets-Buildings	9,506	-	-	-	9,506
Machinery & Equipment	19,804,683	904,193	(2,113,714)	197,075	18,792,237
Leased Assets-Equipment	76,693	332,313	-	-	409,006
Subscription Assets-Intangibles	1,497,872	34,872	-	-	1,532,744
Total Capital Assts being depreciated:	<u>\$ 123,354,478</u>	<u>\$ 1,887,136</u>	<u>\$ (3,562,086)</u>	<u>\$ 628,345</u>	<u>\$ 122,307,873</u>
Less Accumulated Depreciation for:					
Land Improvements	\$ 1,391,373	\$ 83,098	\$ (44,325)	\$ -	\$ 1,430,146
Infrastructure	2,106,706	66,593	(2,450)	-	2,170,849
Buildings and Building Improvements	54,326,997	3,399,697	(1,393,377)	-	56,333,317
Accumulated Amortization-Leased Buildings	7,129	2,376	-	-	9,505
Machinery & Equipment	17,916,033	593,008	(2,078,550)	-	16,430,491
Accumulated Amortization-Leased Equipment	51,129	136,335	-	-	187,464
Accumulated Amortization-Subscription Asset	-	279,315	-	-	279,315
Total Accumulated Depreciation, net	<u>\$ 75,799,367</u>	<u>\$ 4,560,422</u>	<u>\$ (3,518,702)</u>	<u>\$ -</u>	<u>\$ 76,841,087</u>
Total Capital Assets being depreciated, net, restated	<u>47,555,111</u>	<u>(2,673,286)</u>	<u>(43,384)</u>	<u>628,345</u>	<u>45,466,786</u>
Capital Assets, net, restated	<u>\$ 49,049,953</u>	<u>\$ (2,152,723)</u>	<u>\$ (43,384)</u>	<u>\$ -</u>	<u>\$ 46,853,846</u>

The beginning balance was restated with the implementation of GASB 96.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE F—FUNDS HELD IN TRUST BY OTHERS

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

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

The College received \$2,955,240, of share of earnings for the year ended June 30, 2023, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations restricted for capital purposes. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve (market value) for the College held in the trust by the Commissioners of the Land Office was \$63,917,344 at June 30, 2023.

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

NOTE G—LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, is as follows:

	(Restated) Balance at <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2023</u>	Amounts Due Within <u>One Year</u>
Long-term liabilities					
Master Leases and Note Payable:					
2014A OCIA capital lease	\$ 5,187,842	\$ -	\$ (483,598)	\$ 4,704,244	\$ 508,179
2014C ODFA Master Lease	6,719,832	-	(460,000)	6,259,832	483,333
2014D ODFA Master Lease	2,049,833	-	(266,833)	1,783,000	277,000
2016G ODFA Master Lease	11,952,502	-	(641,667)	11,310,835	667,098
2022B ODFA Master Lease	-	206,000	(21,583)	184,417	68,109
2013 Capital One Note Payable	1,660,631	-	(483,720)	1,176,911	507,924
Premiums on master leases	<u>723,711</u>	<u>7,930</u>	<u>(61,474)</u>	<u>670,167</u>	<u>62,419</u>
Total Master Leases and Note Payable	<u>28,294,351</u>	<u>213,930</u>	<u>(2,418,875)</u>	<u>26,089,406</u>	<u>2,574,062</u>
Lease and Subscription Payable					
Lease obligations	27,978	332,313	(136,822)	223,469	110,561
Subscription obligations	<u>1,497,872</u>	<u>34,872</u>	<u>(224,101)</u>	<u>1,308,643</u>	<u>235,176</u>
Total Leases Payable, restated	<u>1,525,850</u>	<u>367,185</u>	<u>(360,923)</u>	<u>1,532,112</u>	<u>345,737</u>
Other Liabilities:					
Accrued compensated absences	383,769	358,901	(383,769)	358,901	358,901
Payable to U.S. Dept. of Education	-	288,500	(99,759)	188,741	99,843
Total Other Liabilities	<u>383,769</u>	<u>647,401</u>	<u>(483,528)</u>	<u>547,642</u>	<u>458,744</u>
Total Long-term Liabilities, restated	<u>\$ 30,203,970</u>	<u>\$ 1,228,516</u>	<u>\$ (3,263,326)</u>	<u>\$ 28,169,160</u>	<u>\$ 3,378,543</u>

The beginning balance was restated with the implementation of GASB 96.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE H—MASTER LEASES AND NOTES PAYABLE

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

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

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

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

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

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 508,179	\$ 223,787	\$ 731,966
2025	521,258	199,021	720,279
2026	543,319	177,005	720,324
2027	569,949	150,305	720,254
2028	595,949	124,226	720,175
2029-2033	1,965,590	195,216	2,160,806
	<u>\$ 4,704,244</u>	<u>\$ 1,069,560</u>	<u>\$5,773,804</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE H— MASTER LEASES AND NOTES PAYABLE —CONTINUED

Oklahoma Development Finance Authority:

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

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

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

In November 2022, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Series 2022B in the amount of \$206,000. Total lease payments over the term of the agreement, beginning December 15, 2022, will be \$238,601. Payments will be made monthly ranging from \$4,027 to \$37,215. Proceeds from the obligation will be used for the Process Technology Building renovation.

Future minimum lease payments under the College's obligations to ODFA as of June 30, 2023, are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,495,942	\$ 686,213	\$ 2,182,155
2025	1,522,750	623,700	2,146,450
2026	1,610,974	571,097	2,182,071
2027	1,592,500	509,695	2,102,195
2028	1,647,000	452,589	2,099,589
2029-2033	7,678,082	1,441,584	9,119,666
2034-2038	3,990,836	272,135	4,262,971
	<u>\$ 19,538,084</u>	<u>\$ 4,557,013</u>	<u>\$ 24,095,097</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE H— MASTER LEASES AND NOTES PAYABLE —CONTINUED

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

The scheduled principal and interest payments related to the capital lease as of June 30, 2023, are as follows:

Year ending June 30	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 507,924	\$ 29,161	\$ 537,085
2025	532,738	13,904	546,642
2026	136,249	1,005	137,254
	<u>\$ 1,176,911</u>	<u>\$ 44,070</u>	<u>\$ 1,220,981</u>

Payable to U.S. Department of Education—During September 2022, the College received a letter from the Department of Education notifying the College that the Department intended to impose a fine based on the College’s failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act. The negotiated amount of the settlement was \$288,500 plus interest. During 2023, the College made a payment of principal and interest totaling \$100,000.

NOTE I— LEASES OBLIGATIONS

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

Monthly installments ranging from \$3,715 to \$5,802

Imputed interest rate 2.1%

Due date June 2025

The balance outstanding at June 30, 2023 was: \$ 223,469

Future annual lease payments are as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 110,561	\$ 3,638	\$ 114,199
2025	112,908	1,291	114,199
	<u>\$ 223,469</u>	<u>\$ 4,929</u>	<u>\$ 228,398</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE J—SBITA OBLIGATIONS

The College, as a lessee, has entered into Subscription-Based Information Technology Arrangements (SBITA) involving various intangible software. A summary of the College's SBITA terms and interest rates is as follows:

Annual installments ranging from \$6,375 to \$200,347

Imputed interest rates ranging from 2.41% to 2.55%

Due dates ranging from July 2026 to December 2027

The balance outstanding at June 30, 2023 was: \$ 1,308,643

Future annual SBITA payments are as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 235,176	\$ 33,271	\$ 268,447
2025	247,608	27,295	274,903
2026	262,096	21,002	283,098
2027	277,199	14,340	291,539
2028	286,564	7,294	293,858
	<u>\$ 1,308,643</u>	<u>\$ 103,202</u>	<u>\$ 1,411,845</u>

NOTE K—EMPLOYEE RETIREMENT PLAN

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

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

- Members become 100% vested in retirement benefits earned to date after 5 years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the 3 highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest 5 consecutive years of annual compensation in which contributions have been made.

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Benefits Provided—Continued:

- The final average compensation is limited for service credit accumulated prior to July 1, 1995, to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code (IRC).
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions: The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 8% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note M. Contributions to the pension plan from the College were \$1,388,973 for the year ended June 30, 2023. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$1,104,422 was recognized by the College for the year ended June 30, 2023; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the College reported a liability of \$21,357,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers for the year ended June 30, 2022. Based upon this information, the College's proportion was 0.2602%.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

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

A summary of pension amounts as of June 30, 2023 is as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
OTRS Pension Liability	\$ 21,357,969	\$ 5,571,899	\$ 2,722,755	\$ 1,164,290

For the year ended June 30, 2023, the College recognized pension expense of \$1,164,290. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 684,211	\$ 267,166
Changes of assumptions	1,441,058	-
Net difference between projected and actual earnings on pension plan investments	2,033,283	-
Changes in College's proportionate share of contributions	26,430	2,440,746
Differences between College contributions and proportionate share of contributions	13,348	14,843
College contributions subsequent to the measurement date	1,373,569	-
Total	<u>\$ 5,571,899</u>	<u>\$ 2,722,755</u>

The \$5,571,899 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year ended June 30:</u>	
2024	\$ 400,251
2025	346,453
2026	(717,761)
2027	1,503,464
2028	(56,832)
Total	<u>\$ 1,475,575</u>

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Actuarial Assumptions: The net pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial cost method—Entry Age Normal
- Inflation—2.25%
- Future Ad Hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increase for members with less than 25 years of service.
- Investment rate of return—7.00%
- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement—Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements with the Ultimate MP scales are projected from the year 2020.
- Mortality rates for active members—Pub-2010 Teachers Active Employee Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38.30%	4.90%
International equity	16.70%	5.50%
Fixed income	22.00%	1.30%
Real estate*	10.00%	3.50%
Private Equity	8.00%	7.60%
Alternative assets	5.00%	4.60%
	<u>100.00%</u>	

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE K—EMPLOYEE RETIREMENT PLAN—CONTINUED

Discount Rate: A single discount rate of 7.0% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past 5 years of actual contributions.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's net pension liability	\$ 30,072,148	\$ 21,357,969	\$ 14,193,890

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

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS

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

1. OTRS Supplemental Health Insurance Program – a cost-sharing multiple-employer defined benefit plan administered by OTRS
2. NOC Employee Health Plan – a single employer defined benefit plan

	Net OPEB Asset	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
OTRS Supplemental Health Insurance Program	\$ 122,967	\$ -	\$ 127,510	\$ 50,882	\$ (6,113)
NOC Employee Health Plan	-	2,848,258	665,464	748,670	242,608
Total	\$ 122,967	\$ 2,848,258	\$ 792,974	\$ 799,552	\$ 236,495

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program:

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

Benefits Provided—OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the Oklahoma Higher Education Employee Interlocal Group (“OKHEEI”), provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions—Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in NOTE L; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were \$15,404.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—At June 30, 2023, the College reported an asset of \$122,967 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The College’s proportion of the net OPEB asset was based on the College’s contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2022. Based upon this information, the College’s proportion was 0.2811%.

For the year ended June 30, 2023, the College recognized an OPEB benefit of \$6,113. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 40,933
Changes of assumptions	37,081	-
Net difference between projected and actual earnings on OPEB plan investments	51,414	-
Changes in proportion	5,756	141
Contributions during measurement date	17,855	9,808
College benefit payments subsequent to the measurement date	15,404	-
Total	<u>\$ 127,510</u>	<u>\$ 50,882</u>

There was \$15,404 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 9,674
2025	7,484
2026	(6,893)
2027	49,495
2028	1,092
Thereafter	<u>372</u>
Total	<u>\$ 61,224</u>

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

Actuarial Assumptions—The net OPEB asset as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial cost method—Entry Age Normal
- Inflation—2.25%
- Future Ad Hoc cost-of-living increases—None
- Salary increases—Composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increase for members with less than 25 years of service.
- Investment rate of return—7.00%
- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement—Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements with the Ultimate MP scales are projected from the year 2020.
- Mortality rates for active members—Pub-2010 Teachers Active Employee Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.
- Healthcare cost trend rate—not applicable, as the benefit provided is a set dollar amount not impacted by healthcare costs.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38.30%	4.90%
International equity	16.70%	5.50%
Fixed income	22.00%	1.30%
Real estate*	10.00%	3.50%
Private Equity	8.00%	7.60%
Alternative assets	5.00%	4.60%
	<u>100.00%</u>	

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

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

Supplemental Health Insurance Program—Continued:

Discount Rate—A single discount rate of 7.0% was used to measure the total OPEB asset as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset. The projection of cash flows used to determine this single discount rate assumed that plan member and College contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past 5 years of actual contributions.

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

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
College's net OPEB asset	\$ 5,123	\$ (122,967)	\$ (231,431)

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

NOC Health Insurance Benefit Plan:

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

Benefits Provided—The College provides medical, dental, and vision benefits to eligible retirees and their dependents through OKHEEL. The College pays the full contribution rate for the retiree's coverages and for any other elected dependent dental and vision coverages if they have retired from OTRS under the Rule of 80 or 90. An employee who chooses to exercise the personal early retirement option at age 58 or older and with at least 15 years of consecutive service may request health and dental be continued with the College covering 50% of the premiums. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

NOC Health Insurance Benefit Plan—Continued:

Employees Covered by Benefit Terms—At June 30, 2023, the following employees were covered by the benefit terms:

Active employees	232
Inactives or beneficiaries currently receiving benefit payments	3
Total	<u>235</u>

Total OPEB Liability—The College's total OPEB liability of \$2,848,258 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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

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

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

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

NOC Health Insurance Benefit Plan—Continued:

Changes in Total OPEB Liability—The following table reports the components of changes in total OPEB liability for 2023:

	<u>Total OPEB Liability</u>
Balance, beginning of year	\$ 2,667,254
Changes for the Year:	
Service cost	141,438
Interest expense	98,387
Change in assumptions	-
Differences between expected and actual experience	-
Benefits paid	(58,821)
Net Changes	<u>181,004</u>
Balance, end of year	<u>\$ 2,848,258</u>

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

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
College's total OPEB liability	\$ 3,128,939	\$ 2,848,258	\$ 2,585,873

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

	<u>1% Decrease (3.50%)</u>	<u>Healthcare Cost Trend Rate (4.50%)</u>	<u>1% Increase (5.50%)</u>
College's total OPEB liability	\$ 2,471,952	\$ 2,848,258	\$ 3,300,023

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE L—OTHER POST EMPLOYMENT BENEFIT PLANS—CONTINUED

NOC Health Insurance Benefit Plan—Continued:

OPEB Expense—For the year ended June 30, 2023, the College recognized OPEB expense of \$ \$242,608. The College also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 582,458	\$ 32,719
Changes of assumptions	83,005	715,951
Total	<u>\$ 665,463</u>	<u>\$ 748,670</u>

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

<u>Year ended June 30:</u>	
2024	\$ 2,783
2025	2,783
2026	2,783
2027	(714)
2028	1,465
Thereafter	(92,307)
Total	<u>\$ (83,207)</u>

NOTE M—RELATED PARTY TRANSACTIONS

Based upon an exchange of service agreement, the College provides the Foundation with the necessary staffing and office space at no cost to the Foundation. In exchange, the College receives scholarships, funds for capital improvement, and other services from the Foundation. Substantially all expenses are for the benefit of the students, faculty, or activities of the College. Transactions between the Foundation and the College are covered under a written agreement between the Foundation and the College. Under this agreement, the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the College. The Foundation has recorded in-kind contributions received from the College in the amount of \$236,590 for the year ended June 30, 2023.

During the year ended June 30, 2023, the Foundation awarded scholarships totaling approximately \$228,450 to students of the College and provided approximately \$357,152 of support to the College.

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE N—RISK MANAGEMENT, COMMITMENTS AND CONTINGENCIES

Risk Management:

The College is exposed to various risks of loss from torts; theft, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the 3 preceding years.

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

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

The College participates in the Federal Direct Student Loan Program (Direct Loan Program). The Direct Loan Program requires the College to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the Direct Loan Program. Failure to perform such functions may require the College to reimburse the U.S. Department of Education. For the year ended June 30, 2023, approximately \$4,411,943 of Direct Loan Program loans were provided to College students.

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

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

The following are significant disclosures of the Foundation:

Nature of Operations

Northern Oklahoma College Foundation, Inc. (the Foundation) was established and organized exclusively for the benefit of the educational, literacy, and scientific activities of Northern Oklahoma College (the College). The principal function of the Foundation is to promote the College and the welfare of its programs and students by providing scholarships, loans, and other awards to students, faculty, and staff, as deemed appropriate.

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Board Designated Net Assets - Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Net assets with Donor Imposed Restrictions - Net assets subject to donor-imposed stipulations that can be met either by actions of the Foundation or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific donor-imposed purposes.

Cash and Cash Equivalents

The Foundation maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by the Foundation based upon how its deposits were insured at June 30, 2023. FDIC regulations state time and savings accounts are insured up to \$250,000 maximum.

Category 1 - Insured by FDIC or collateralized with securities held by the Foundation or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.

Category 3 - Uninsured and uncollateralized.

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody (Category 1)</u>	<u>Credit Risk (Category 2)</u>	<u>Uninsured (Category 3)</u>
June 30, 2023				
<u>Demand Deposits</u>				
First National Bank of Oklahoma	\$ 586,824	\$ 250,000	\$ 336,824	\$ -
Gateway First Bank	276,040	250,000	-	26,040
RCB Bank	398	398	-	-
Total Deposits	<u>\$ 863,262</u>	<u>\$ 500,398</u>	<u>\$ -</u>	<u>\$ 26,040</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Realized and unrealized investment gains and losses are computed on the average cost basis. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments consisted of the following at June 30, 2023:

Equity funds	\$ 9,942,215
Fixed income funds	4,101,908
Limited partnership	440,435
Alternative investments	133,369
Cash equivalents	<u>124,548</u>
	<u>\$ 14,742,475</u>

Fair Value Measurements

Fair value is defined as 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

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 asset or liabilities.

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

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Fair Value Measurements - Continued

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at June 30, 2023.

	Level 1	Level 2	Level 3	Net Asset Value per Share	Total
Investments					
Equity funds	\$ 1,863,803	\$ -	\$ -	\$ 8,078,412	\$ 9,942,215
Fixed income funds	791,889	-	-	3,310,019	4,101,908
Limited partnership	-	-	-	440,435	440,435
Alternative investments	133,369	-	-	-	133,369
Cash equivalents	124,548	-	-	-	124,548
Total	\$ 2,913,609	\$ -	\$ -	\$ 11,828,866	\$ 14,742,475

Contributions

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

Net Assets

Net assets without donor restrictions have been designated by the board for specific purposes consist of the following at June 30, 2023:

Scholarships - endowment	\$ 622,166
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Net assets with donor restrictions subject to expenditures consist of the following at June 30, 2023:

Scholarships - endowment	\$ 585,985
College support - endowment	89,112
Scholarships and college support - endowment	272,413
Scholarships and college support	<u>3,654,971</u>
Total	\$ <u>4,602,481</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Net Assets – Continued

Net assets with donor restrictions not subject to expenditures consist of the following at June 30, 2023:

Scholarships - endowment	\$ 3,877,997
College support - endowment	452,823
Scholarships and college support - endowment	<u>2,957,456</u>
Total	\$ <u>7,288,276</u>

Endowments

The Foundation's endowment as of June 30, 2023, consisted of 67 individual donor-restricted funds, respectively, and 6 board-designated endowment funds. Net assets associated with donor-restricted endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Board-designated endowment funds consist of contributions which were not restricted by a donor, but have been endowed by the Foundation's Board of Trustees to provide scholarships for future periods rather than fully expending such amounts in the current year. All the endowment funds held by the Foundation are managed and controlled by the Foundation in accordance with the following policies.

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

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

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

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. The Foundation's investment objective for the Endowment Fund (the "Fund") is "Growth and Income."

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Endowments - Continued

The intent of the objective is to provide both current income and future growth of the Fund sufficient to offset reasonable spending plus nominal inflation, thereby preserving the dollar value and purchasing power of the endowment for future generations. Investment performance will be judged over a 5-year horizon or market cycle.

The goal for equity investment performance is to exceed the price and yield results of Standard & Poor's 500 index while maintaining a risk level similar to that of the benchmark. The goal for fixed income investment performance is to exceed returns of the broad U.S. bond market while maintaining a risk level similar to that of the benchmark.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an equal emphasis on equity and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year amounts up to but not to exceed actual investment performance for that year, as well as prior year accumulations. Since the Foundation has a policy of designating unrestricted funds each year for investment, it believes that this policy protects the purchasing power of the endowments, as well as the original corpus of the donor-restricted investment. In light of current market fluctuations and the future needs of the Foundation, it will evaluate the spending policy to ensure that it remains in accordance with the long-term objectives of the Foundation.

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration.

The Foundation had no underwater endowment funds at June 30, 2023.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,235,786	\$ 8,235,786
Board-designated endowment funds	622,166	-	622,166
Total endowment funds	<u>\$ 622,166</u>	<u>\$ 8,235,786</u>	<u>\$ 8,857,952</u>

NORTHERN OKLAHOMA COLLEGE

NOTES TO FINANCIAL STATEMENTS—CONTINUED

NOTE O—NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.—CONTINUED

Endowments - Continued

Changes in Endowment Net Assets for the year ending June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 563,657	\$ 7,707,112	\$ 8,270,769
Investment return	79,690	830,069	909,759
Contributions	7,726	152,572	160,298
Appropriation of endowment assets for expenditure	(28,907)	(453,967)	(482,874)
Endowment net assets, end of year	<u>\$ 622,166</u>	<u>\$ 8,235,786</u>	<u>\$ 8,857,952</u>

NORTHERN OKLAHOMA COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OKLAHOMA TEACHERS RETIREMENT SYSTEM

*Last 9 Fiscal Years **

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.2602%	0.2811%	0.2977%	0.2967%	0.3273%	0.3358%	0.3331%	0.2938%	0.3175%
College's proportionate share of the net pension liability	\$ 21,357,969	\$ 14,361,969	\$ 28,252,540	\$ 19,638,818	\$ 19,782,569	\$ 22,233,062	\$27,801,245	\$14,443,133	\$17,080,072
College's covered-employee payroll	\$ 14,243,048	\$ 14,138,719	\$ 14,643,804	\$ 14,385,295	\$ 14,484,300	\$ 14,650,947	\$14,796,716	\$14,210,434	\$13,269,725
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	150%	102%	193%	137%	137%	152%	188%	102%	129%
Plan fiduciary net position as a percentage of the total pension liability	70.05%	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

Notes to Schedule:

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

See Independent Auditor's Report.

NORTHERN OKLAHOMA COLLEGE

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

Last 9 Fiscal Years

	2023	2022	2021	2020	2019	2018	*2017	2016	2015
Contractually required contribution	\$ 1,373,569	\$ 1,394,704	\$ 1,398,912	\$ 1,447,432	\$ 1,399,937	\$ 1,401,073	\$ 1,381,540	\$ 1,415,272	\$ 1,375,036
Contributions in relation to the contractually required contribution	<u>\$ 1,373,569</u>	<u>\$ 1,394,704</u>	<u>\$ 1,398,912</u>	<u>\$ 1,447,432</u>	<u>\$ 1,399,937</u>	<u>\$ 1,401,073</u>	<u>\$ 1,381,540</u>	<u>\$ 1,415,272</u>	<u>\$ 1,375,036</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 13,983,848	14,243,048	14,138,719	14,643,804	14,385,295	14,484,300	14,650,947	14,796,716	14,210,434
Contributions as a percentage of covered-employee payroll	9.82% **	9.79% **	9.89% **	9.88% **	9.73% **	9.67% **	9.43%	9.56%	9.68%

Notes to Schedule:

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

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

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

See Independent Auditor's Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB ASSET SUPPLEMENTAL HEALTH INSURANCE PROGRAM—OTRS

*Last 6 Fiscal Years **

	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB asset	0.2811%	0.2811%	0.2977%	0.2967%	0.3273%	0.3358%
College's proportionate share of the net OPEB asset	\$ 122,967	\$ 358,061	\$ 29,488	\$ 183,505	\$ 211,523	\$ 149,739
College's covered-employee payroll	\$ 14,243,048	\$ 14,138,719	\$ 14,643,804	\$ 14,385,295	\$ 14,484,300	\$ 14,650,947
College's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.86%	2.53%	0.20%	1.28%	1.46%	1.02%
Plan fiduciary net position as a percentage of the total OPEB asset	110.31%	129.91%	102.30%	115.07%	115.41%	110.40%

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

Notes to Schedule:

Information to present a 10 year history is not readily available

See Independent Auditor's Report.

NORTHERN OKLAHOMA COLLEGE

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

Last 7 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 15,404	\$ 17,240	\$ 2,635	\$ 2,726	\$ 9,443	\$ 22,246	\$ 21,936
Contributions in relation to the contractually required contribution	<u>\$ 15,404</u>	<u>\$ 17,240</u>	<u>\$ 2,635</u>	<u>\$ 2,726</u>	<u>\$ 9,443</u>	<u>\$ 22,246</u>	<u>\$ 21,936</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 13,983,848	14,243,048	14,138,719	14,643,804	14,385,295	14,484,300	14,650,947
Contributions as a percentage of covered-employee payroll	0.11%	0.12%	0.02%	0.02%	0.07%	0.15%	0.15%

Notes to Schedule:

Information to present a 10 year history is not readily available

See Independent Auditor's Report.

NORTHERN OKLAHOMA COLLEGE

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

NOC EMPLOYEE HEALTH PLAN

Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 141,438	\$ 144,183	\$ 144,183	\$ 166,452	\$ 166,452	\$ 166,452
Interest	98,387	48,123	47,104	67,464	56,962	63,759
Change in assumptions	-	(365,470)	11,943	37,679	100,090	22,861
Differences between expected and actual experience	-	786,078	(55,282)	-	-	(835,736)
Benefit payments, including refunds of member contributions	(58,821)	(58,821)	(43,989)	(46,944)	(16,974)	(9,430)
Net change in total OPEB liability	181,004	554,093	103,959	224,651	306,530	(592,094)
Total OPEB liability - beginning	2,667,254	2,113,161	2,009,202	1,784,551	1,478,021	2,070,115 *
Total OPEB liability - ending	<u>\$ 2,848,258</u>	<u>\$ 2,667,254</u>	<u>\$ 2,113,161</u>	<u>\$ 2,009,202</u>	<u>\$ 1,784,551</u>	<u>\$ 1,478,021</u>
Covered-employee payroll	\$ 10,028,537	\$ 10,028,537	14,643,804	14,643,804	14,385,295	14,484,300
Total OPEB liability as a percentage of covered-employee payroll	28.40%	26.60%	14.43%	13.72%	12.41%	10.20%

Notes to Schedule:

*—Restated

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

The discount rates used for 2023, 2022, 2021, 2020, 2019 and 2018, were 3.54%, 3.54%, 2.16%, 2.21%, 3.50% and 3.88%, respectively.

See Independent Auditor's Report.

NORTHERN OKLAHOMA COLLEGE

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



**HINKLE &
COMPANY** PC
Strategic
Business Advisors

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

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Northern Oklahoma College (the College) which is a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 30, 2023.

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 designed audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hick & Company, PC

Tulsa, Oklahoma
October 30, 2023





Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Regents
Northern Oklahoma College
Tonkawa, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Oklahoma College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control Over Compliance

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

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

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

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

Hick & Company, PC

Tulsa, Oklahoma
October 30, 2023



NORTHERN OKLAHOMA COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance	Grant Number/Pass-Through	Passed Through	Total Federal Expenditures
	Listing	Entity	to	
	Number	Identifying	Subrecipients	
		Number	(No	
			Subrecipients)	
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P202039/P063P212039	N/A	\$ 4,747,691
Federal Supplemental Educational Opportunity Grant	84.007	P007A203430/P007A213430	N/A	162,333
Federal Direct Student Loan Program	84.268	P268K212039/P268K222039	N/A	4,411,943
Federal Work Study Program	84.033	P003A203430/P033A213430	N/A	75,521
Total Student Financial Assistance Cluster				<u>9,397,488</u>
Education Stabilization Fund Program:				
COVID-19 Higher Education Emergency Relief Fund—				
Institutional Portion	84.425F	P425F201803	N/A	<u>174,400</u>
Total Education Stabilization Fund Cluster				<u>174,400</u>
TRIO Cluster:				
Upward Bound	84.047A	P047A170123	N/A	<u>286,013</u>
Total TRIO Cluster				<u>286,013</u>
Career and Technical Education:				
Pass-Through Oklahoma Department of Career and				
Technology Education:				
Basic grants to states—Carl D. Perkins	84.048	CP-PS-1248	N/A	<u>74,062</u>

(Continued)

NORTHERN OKLAHOMA COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CONTINUED

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients (No Subrecipients)	Total Federal Expenditures
U.S. Department of Education, Continued:				
United States Department of Education—Other Programs: Strengthening Minority-Serving Institutions (NASNTI)	84.382C	P382C210003/ P382C1600014-201	N/A	<u>520,279</u>
Total Other Programs				<u>520,279</u>
Total U.S. Department of Education				<u>10,452,242</u>
U.S. Department of Human Services:				
Passed through OSRHE:				
Temporary Assistance to Need Families	93.558	310559	N/A	164,161
Refugee & Entrant Assistance (SECC)	93.576		N/A	<u>182,000</u>
Total OSRHE				<u>346,161</u>
Total U.S. Department of Human Services				<u>346,161</u>
Corporation for National and Community Service				
Americorps	94.006	N/A	N/A	<u>7,114</u>
Total Corporation for National and Community Service				<u>7,114</u>
Total expenditures of federal awards				<u><u>\$ 10,805,517</u></u>

Northern Oklahoma College
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

NOTE A—BASIS OF PRESENTATION

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

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C—FEDERAL DIRECT STUDENT LOAN PROGRAM

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

NOTE D—SUBRECIPIENTS

During the year ended June 30, 2023, the College did not provide federal awards to subrecipients.

NOTE E—INDIRECT COST RATE

The College has a Negotiated Indirect Cost Rate Agreement issued by the U.S. Department of Health and Human Services as of October 14, 2014. The negotiated rate of 31.9% was applied in accordance with the Agreement for the year ended June 30, 2023, except that certain grants limited the rate charged.

NORTHERN OKLAHOMA COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent auditor's report on internal control over financial reporting described:

Significant deficiencies ☐ Yes ☒ None reported

Material weaknesses? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiencies? ☐ Yes ☒ None reported

Material weaknesses? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance?

☐ Yes ☒ No

NORTHERN OKLAHOMA COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2023

Summary of Auditor's Results (Continued)

7. The College's major program was:

Cluster/Program	Assistance Listing Number
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Loan Program	84.268
Federal Work Study	84.033

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The College qualified as a low-risk auditee as that term is defined in Uniform Guidance. ☒ Yes ☐ No

Section II - Findings Required to be Reported by Government Auditing Standards

None to report for the year ended June 30, 2023.

Section III - Findings Required to be Reported by the Uniform Guidance

None to report for the year ended June 30, 2023.

NORTHERN OKLAHOMA COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

No matters were reportable.