

# Oklahoma Panhandle State University

Independent Auditor's Reports and Financial Statements

June 30, 2023 and 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

## Contents

<b>Independent Auditors' Report</b> .....	<b>1</b>	
<b>Management's Discussion and Analysis</b> .....	<b>4</b>	
<b>Financial Statements</b>		
Statements of Net Position .....	15	
Statements of Revenues, Expenses, and Changes in Net Position .....	17	
Statements of Cash Flows .....	19	
Notes to Financial Statements .....	21	
<b>Required Supplementary Information</b>		
Schedule of the University's Proportionate Share of the Net Pension Liability Oklahoma Teachers Retirement System.....	54	
Schedule of the University's Contributions Oklahoma Teachers Retirement System.....	55	
Schedule of the University's Proportionate Share of the Net OPEB Liability (Asset) Oklahoma Teachers Retirement System Supplemental Health Insurance Program.....	56	
Schedule of the University's Contributions Oklahoma Teachers Retirement System Supplemental Health Insurance Program.....	57	
Schedule of Changes in the University's Total OPEB Liability and Related Ratios Health and Death Benefit Plan .....	58	
<b>Supplementary Information</b>		
Schedule of Expenditures of Federal Awards .....	59	
Notes to the Schedule of Expenditures of Federal Awards .....	60	
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor's Report.....</b>		<b>61</b>
<b>Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report .....</b>		<b>63</b>
<b>Schedule of Findings and Questioned Costs.....</b>		<b>67</b>



## INDEPENDENT AUDITORS' REPORT

Oklahoma Agricultural and Mechanical Colleges Board of Regents  
Oklahoma Panhandle State University  
Oklahoma City, Oklahoma

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Oklahoma Panhandle State University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Oklahoma Panhandle State University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Oklahoma Panhandle State University, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Panhandle State Foundation, which represent 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Panhandle State Foundation, are based solely on the report of the other auditors.

#### ***Basis for Opinions***

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

***Emphasis of a Matter***

As disclosed in Note 1, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The Standard requires a government to recognize a right-to-use subscription asset and corresponding subscription liability. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Panhandle State University'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 Oklahoma Panhandle State University's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the University's Proportionate Share of the Net Pension Liability, Schedule of the University's Pension Contributions, Schedule of the University's OPEB Contributions, and Schedule of Changes in the University's Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

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



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 27, 2023

# Oklahoma Panhandle State University

## Management's Discussion and Analysis

### Years Ended June 30, 2023 and 2022

#### ***Introduction***

The discussion and analysis of Oklahoma Panhandle State University's (the "University") financial statements provides an overview of the University's financial activities for the year ended June 30, 2023, with fiscal years 2022 and 2021 data presented for comparative purposes. Since this discussion and analysis is designed to focus on current activities resulting in change and current known facts, it should be read in conjunction with the University's basic financial statements and the footnotes.

#### ***Financial Highlights***

The University ended the year with an increase of 4.2 percent in net position for the year ended June 30, 2023, compared to an increase of 49.4 percent for the year ended June 30, 2022. Also ending net position for FY22 was restated by \$1,223 due to the implementation of GASB 96 Subscription-based Information Technology Arrangements (SBITA). Some of the financial highlights of the year were:

Net Position: For the year ended June 30, 2023, the University's net position increased \$375,647 from \$8,894,085 in 2022 to \$3,269,732 in 2023. The majority of the increase was in Net investment in capital assets net position.

For the year ended June 30, 2022, the University's net position increased \$2,939,813 from \$5,954,272 in 2021 to \$8,894,085 in 2022. The majority of the increase was in restricted net position.

Total Revenues: Total revenues decreased from \$28,287,202 for the year ended June 30, 2022, to \$25,782,584 for the year ended June 30, 2023. The decrease was due mainly to decrease of Federal HEERF funding.

Total revenues increased from \$23,419,334 for the year ended June 30, 2021, to \$28,287,202 for the year ended June 30, 2022. The increase was due mainly to receipt of Federal HEERF funding.

Total Expenses: Total expenses increased from \$25,347,389 for the year ended June 30, 2022, to \$25,406,937 for the year ended June 30, 2023. The increase was primarily a result of increased compensation expenses due to changes in the OTRS pension liability.

Total expenses increased from \$23,968,116 for the year ended June 30, 2021, to \$25,347,389 for the year ended June 30, 2022. The increase was primarily a result of increased spending of Federal HEERF funding.

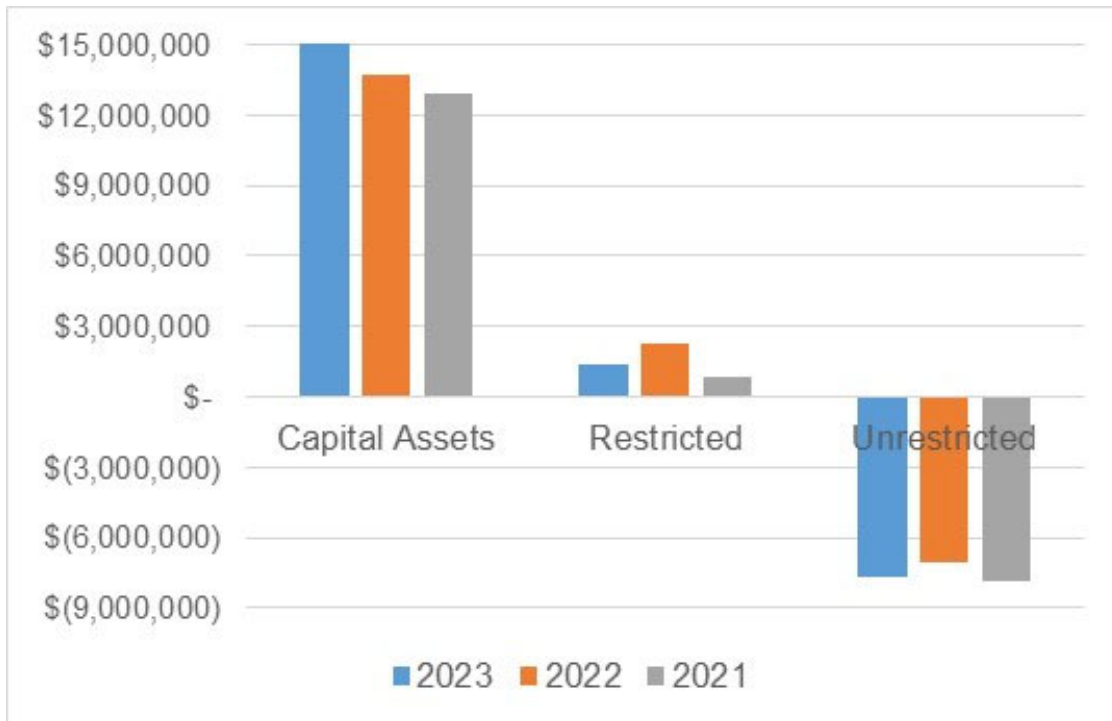
# Oklahoma Panhandle State University

## Management's Discussion and Analysis

### Years Ended June 30, 2023 and 2022

Components of Net Position: At June 30, 2023, the University's net position increased to \$9,269,732 from \$8,894,085 at June 30, 2022, and increased from \$5,954,272 at June 30, 2021. Graphically displayed, the comparative net position increases (decreases) by category for the three fiscal years are shown below:

	<b>Net Investment in Capital Assets</b>			
	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	
FY23	\$ 15,594,807	\$ 1,380,198	\$ (7,705,273)	\$ 9,269,732
FY22	13,684,845	2,256,362	(7,047,122)	8,894,085
<b>Change in Net Position</b>	<b>\$ 1,909,962</b>	<b>\$ (876,164)</b>	<b>\$ (658,151)</b>	<b>\$ 375,647</b>
FY22	\$ 13,684,845	\$ 2,256,362	\$ (7,047,122)	\$ 8,894,085
FY21	12,940,179	843,885	(7,829,792)	5,954,272
<b>Change in Net Position</b>	<b>\$ 744,666</b>	<b>\$ 1,412,477</b>	<b>\$ 782,670</b>	<b>\$ 2,939,813</b>



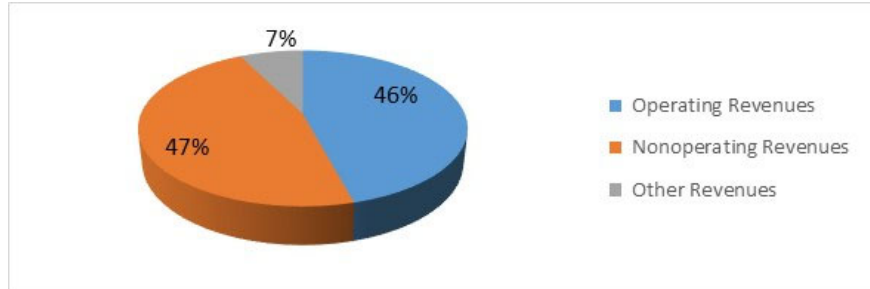
# Oklahoma Panhandle State University

## Management’s Discussion and Analysis

### Years Ended June 30, 2023 and 2022

Components of Revenues: The following chart provides a graphical breakdown of revenues by category for the fiscal year ending June 30, 2023:

Operating Revenues	Nonoperating Revenues	Other Revenues	Total Revenues
\$ 11,813,160	\$ 12,051,039	\$ 1,918,385	\$ 25,782,584



#### ***Using This Annual Report***

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

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information on the University as a whole and on its activities. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the University’s operating results.

These two statements report the University’s net position and changes in them. The University’s net position - assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position - is one way to measure the University’s financial health, or financial position. Over time, increases or decreases in the University’s net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider many other nonfinancial factors, such as the trend and quality of applicants, freshman class size, student retention, condition of the buildings, and the safety of the campus, to assess the overall health of the institution.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.



**Oklahoma Panhandle State University**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

**Statements of Net Position**

The following schedules were prepared from the University's statements of net position, which are presented on an accrual basis of accounting.

For the year ended June 30, 2023, compared to the year ended June 30, 2022, cash decreased due to the spending of funding for plant maintenance and capital projects. Restricted investments increased by \$4 million due to receipt of proceeds from ODFA for the student union renovation. Noncurrent liabilities increased by \$5,797,954 primarily due to the \$4 million ODFA debt issued for the student union renovation and deferred inflows of resources decreased by \$3,347,861 due to the change in the University's share of the OTRS net pension liability.

	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Assets</b>		(Restated)		
Current assets	\$ 4,070,907	\$ 5,691,481	\$ (1,620,574)	-28.47%
Noncurrent assets				
Restricted cash and cash equivalents	1,237,949	1,495,828	(257,879)	-17.24%
Restricted investments	4,269,418	231,382	4,038,036	1745.18%
Capital assets, net of depreciation	24,263,508	23,439,033	824,475	3.52%
Other	61,433	167,565	(106,132)	-63.34%
Total assets	<u>\$ 33,903,215</u>	<u>\$ 31,025,289</u>	<u>\$ 2,877,926</u>	9.28%
<b>Deferred Outflows of Resources</b>	<u>\$ 2,773,149</u>	<u>\$ 2,329,638</u>	<u>\$ 443,511</u>	19.04%
<b>Liabilities</b>				
Current liabilities	\$ 4,002,636	\$ 3,506,939	\$ 495,697	14.13%
Noncurrent liabilities	21,214,650	15,416,696	5,797,954	37.61%
Total liabilities	<u>\$ 25,217,286</u>	<u>\$ 18,923,635</u>	<u>\$ 6,293,651</u>	33.26%
<b>Deferred Inflows of Resources</b>	<u>\$ 2,189,346</u>	<u>\$ 5,537,207</u>	<u>\$ (3,347,861)</u>	-60.46%
<b>Net Position</b>				
Net investment in capital assets	\$ 15,594,807	\$ 13,684,845	\$ 1,909,962	13.96%
Restricted for expendable purposes	1,380,198	2,256,362	(876,164)	-38.83%
Unrestricted	(7,705,273)	(7,047,122)	(658,151)	-9.34%
Total net position	<u>\$ 9,269,732</u>	<u>\$ 8,894,085</u>	<u>\$ 375,647</u>	4.22%

**Oklahoma Panhandle State University**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

For the year ended June 30, 2022, compared to the year ended June 30, 2021, cash increased due to the receipt of Federal HEERF funding used to help pay off student accounts receivables. Deferred outflows of resources decreased by \$1,928,870 due to the change in the University's share of the OTRS net pension liability. Noncurrent liabilities decreased by \$7,345,233 and deferred inflows of resources increased by \$3,335,316 both due to the same change in the University's share of the OTRS net pension liability mentioned above.

	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Assets</b>	(Restated)			
Current assets	\$ 5,691,481	\$ 5,409,270	\$ 282,211	5.22%
Noncurrent assets				
Restricted cash and cash equivalents	1,495,828	77,695	1,418,133	1825.26%
Restricted investments	231,382	231,743	(361)	-0.16%
Capital assets, net of depreciation	23,439,033	23,656,441	(217,408)	-0.92%
Other	167,565	20,206	147,359	729.28%
Total assets	<u>\$ 31,025,289</u>	<u>\$ 29,395,355</u>	<u>\$ 1,629,934</u>	5.54%
<b>Deferred Outflows of Resources</b>	<u>\$ 2,329,638</u>	<u>\$ 4,258,508</u>	<u>\$ (1,928,870)</u>	-45.29%
<b>Liabilities</b>				
Current liabilities	\$ 3,506,939	\$ 2,745,679	\$ 761,260	27.73%
Noncurrent liabilities	<u>15,416,696</u>	<u>22,752,021</u>	<u>(7,335,325)</u>	-32.24%
Total liabilities	<u>\$ 18,923,635</u>	<u>\$ 25,497,700</u>	<u>\$ (6,574,065)</u>	-25.78%
<b>Deferred Inflows of Resources</b>	<u>\$ 5,537,207</u>	<u>\$ 2,201,891</u>	<u>\$ 3,335,316</u>	151.48%
<b>Net Position</b>				
Net investment in capital assets	\$ 13,684,845	\$ 12,940,179	\$ 744,666	5.75%
Restricted for expendable purposes	2,256,362	843,885	1,412,477	167.38%
Unrestricted	<u>(7,047,122)</u>	<u>(7,829,792)</u>	<u>782,670</u>	-10.00%
Total net position	<u>\$ 8,894,085</u>	<u>\$ 5,954,272</u>	<u>\$ 2,939,813</u>	49.37%

# Oklahoma Panhandle State University

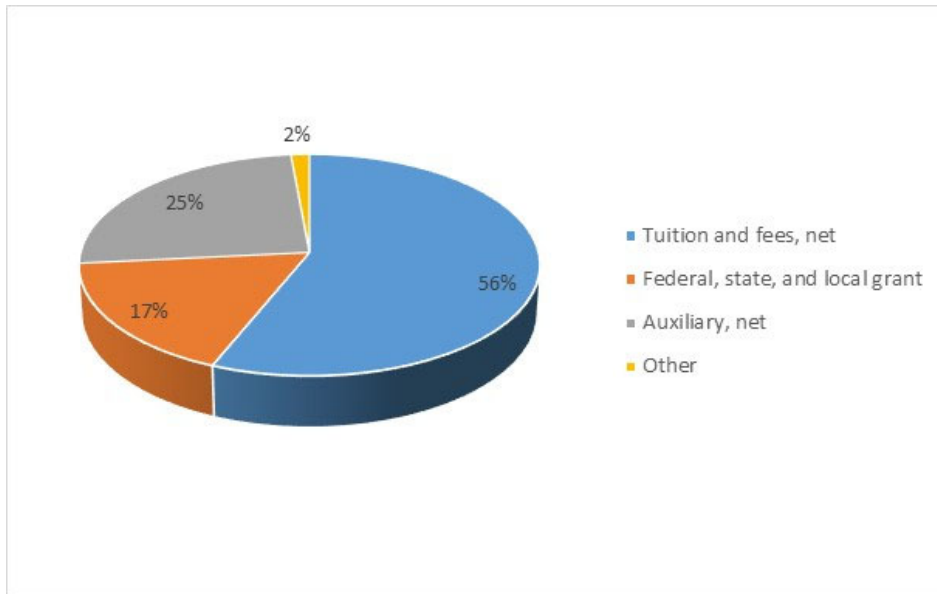
## Management's Discussion and Analysis

### Years Ended June 30, 2023 and 2022

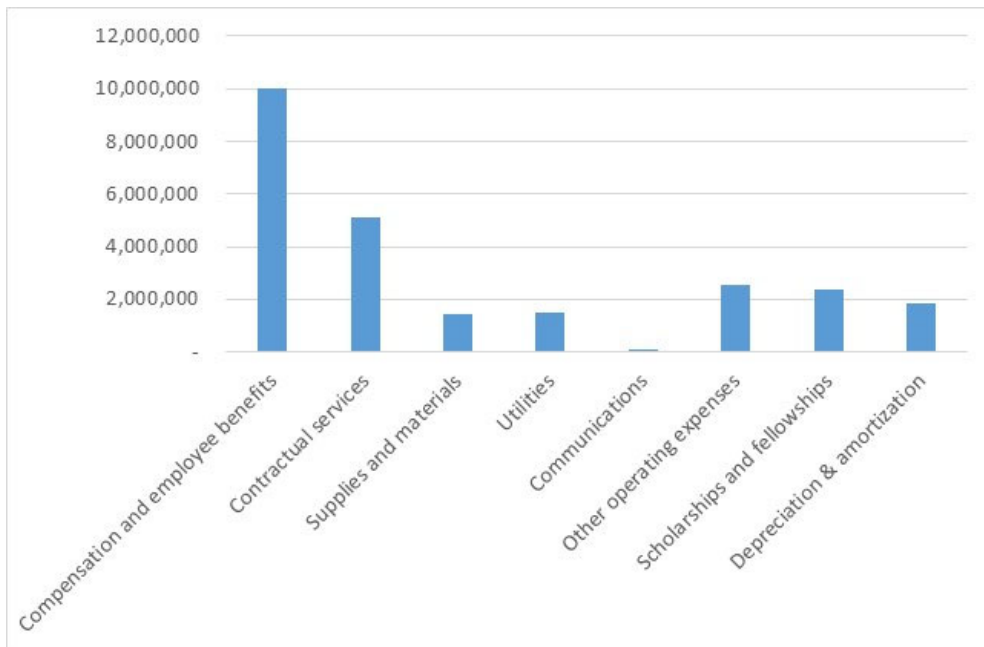
**Statement of Revenues, Expenses, and Changes In Net Position**

Operating revenues and expenses for the fiscal year ended June 30, 2023, were as follows:

**Operating Revenues**



**Operating Expenses**



**Oklahoma Panhandle State University**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Operating Revenues</b>		(Restated)					
Tuition and fees, net	\$ 6,637,154	\$ 7,344,493	\$ (707,339)	-9.63%	\$ 6,623,810	\$ 720,683	10.88%
Federal, state, and local grant	2,038,791	1,801,134	237,657	13.19%	1,567,611	233,523	14.90%
Auxiliary, net	2,966,905	3,325,191	(358,286)	-10.77%	2,854,987	470,204	16.47%
Other	170,310	247,141	(76,831)	-31.09%	259,436	(12,295)	-4.74%
<b>Total operating revenue</b>	<b>11,813,160</b>	<b>12,717,959</b>	<b>(904,799)</b>	<b>-7.11%</b>	<b>11,305,844</b>	<b>1,412,115</b>	<b>12.49%</b>
Less operating expenses	24,872,052	25,002,925	(130,873)	-0.52%	23,600,124	1,402,801	5.94%
<b>Net operating loss</b>	<b>(13,058,892)</b>	<b>(12,284,966)</b>	<b>(773,926)</b>	<b>6.30%</b>	<b>(12,294,280)</b>	<b>9,314</b>	<b>-0.08%</b>
<b>Nonoperating Revenues</b>							
State appropriations	6,335,628	6,028,412	307,216	5.10%	5,490,768	537,644	9.79%
On-behalf appropriations for OTRS	503,026	345,077	157,949	45.77%	432,564	(87,487)	-20.23%
Federal and state grants	3,473,337	6,858,627	(3,385,290)	-49.36%	3,972,244	2,886,383	72.66%
Other nonoperating revenue	1,576,065	891,175	684,890	76.85%	599,668	291,507	48.61%
Investment income	162,983	44,443	118,540	266.72%	60,914	(16,471)	-27.04%
Interest expense	(534,885)	(344,464)	(190,421)	55.28%	(367,992)	23,528	-6.39%
<b>Net nonoperating revenue</b>	<b>11,516,154</b>	<b>13,823,270</b>	<b>(2,307,116)</b>	<b>-16.69%</b>	<b>10,188,166</b>	<b>3,635,104</b>	<b>35.68%</b>
<b>Other Revenues, Expenses, Gains, or Losses</b>							
State appropriations restricted for capital purposes	1,416,631	1,216,647	199,984	16.44%	1,000,520	216,127	21.60%
Capital grants	-	15,189	(15,189)	-100.00%	387,139	(371,950)	-96.08%
On-behalf appropriations for OCIA capital leases	501,754	169,673	332,081	195.72%	169,673	-	0.00%
<b>Total other revenues, expenses, gains, or losses</b>	<b>1,918,385</b>	<b>1,401,509</b>	<b>516,876</b>	<b>36.88%</b>	<b>1,557,332</b>	<b>(155,823)</b>	<b>-10.01%</b>
<b>Increase (Decrease) in Net Position</b>	<b>375,647</b>	<b>2,939,813</b>	<b>(2,564,166)</b>	<b>-87.22%</b>	<b>(548,782)</b>	<b>3,488,595</b>	<b>-635.70%</b>
<b>Net Position, Beginning of Year</b>	<b>8,894,085</b>	<b>5,954,272</b>	<b>2,939,813</b>	<b>49.37%</b>	<b>6,503,054</b>	<b>(548,782)</b>	<b>-8.44%</b>
<b>Net Position, End of Year</b>	<b>\$ 9,269,732</b>	<b>\$ 8,894,085</b>	<b>\$ 375,647</b>	<b>4.22%</b>	<b>\$ 5,954,272</b>	<b>\$ 2,939,813</b>	<b>49.37%</b>

**Oklahoma Panhandle State University**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

**Statements of Cash Flows**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash Provided by (Used in)</b>			
Operating activities	\$(11,293,354)	\$(10,589,413)	\$ (8,796,703)
Noncapital financing activities	11,385,030	13,778,214	10,045,888
Investing activities	157,114	44,974	124,475
Capital and related financing activities	<u>(2,360,081)</u>	<u>(1,528,455)</u>	<u>(1,536,184)</u>
<b>Net Increase (Decrease) in Cash</b>	(2,111,291)	1,705,320	(162,524)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,662,854</u>	<u>3,957,534</u>	<u>4,120,058</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,551,563</u>	<u>\$ 5,662,854</u>	<u>\$ 3,957,534</u>

**Oklahoma Panhandle State University**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2023 and 2022**

**Summary of Net Position**

Although the statements of revenues, expenses, and changes in net position show an increase in net position of \$375,647 during fiscal year 2023, this is representative of all activities combined. Management believes that it is important to point out the net change in net position for each major area of the University. This is displayed below.

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Educational and general	\$ 160,955	\$ 1,389,691	\$ (1,228,736)	-88.42%	\$ 1,484,312	\$ (94,621)	-6.37%
Auxiliary operations	1,335,044	1,651,302	(316,258)	-19.15%	1,712,261	(60,959)	-3.56%
Pension and OPEB liabilities	(9,146,766)	(9,929,400)	782,634	-7.88%	(11,013,402)	1,084,002	-9.84%
Other restricted net position	353,281	585,296	(232,015)	-39.64%	731,000	(145,704)	-19.93%
Net position restricted for capital projects	972,411	1,512,351	(539,940)	-35.70%	99,922	1,412,429	1413.53%
Capital assets	<u>15,594,807</u>	<u>13,684,845</u>	<u>1,909,962</u>	13.96%	<u>12,940,179</u>	<u>744,666</u>	5.75%
	<u>\$ 9,269,732</u>	<u>\$ 8,894,085</u>	<u>\$ 375,647</u>	4.22%	<u>\$ 5,954,272</u>	<u>\$2,939,813</u>	49.37%

The unrestricted net position category contains all activity associated with the implementation and reporting of multiple GASB Statements regarding accounting and financial reporting for pensions and other postemployment benefits.

# Oklahoma Panhandle State University

## Management's Discussion and Analysis

### Years Ended June 30, 2023 and 2022

#### **Capital Assets**

At June 30, 2023, the University has approximately \$24.3 million invested in capital assets, net of accumulated depreciation and amortization of \$36.4 million. Depreciation and amortization charges totaled \$1,833,620 for the year ended June 30, 2023, compared to \$1,840,834, for the year ended June 30, 2022, and \$1,698,868 for the year ended June 30, 2021. Details of these assets for the three years are shown below.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Capital Assets</b>			
Land	\$ 361,163	\$ 361,163	\$ 361,163
Construction in progress	2,253,033	1,036,962	423,805
Nonmajor infrastructure networks	9,988,662	9,988,662	9,988,662
Nonstructural improvements	2,654,301	2,629,292	2,586,392
Building and improvements	38,571,074	37,519,971	36,924,818
Equipment	5,133,086	4,995,276	4,897,422
Library materials	1,082,678	1,284,840	1,241,129
Leased assets	493,577	491,835	433,564
Subscription intangible assets	102,965	107,816	107,816
	<hr/>	<hr/>	<hr/>
Total capital assets	60,640,539	58,415,817	56,964,771
Less accumulated depreciation	36,377,031	34,976,784	33,200,514
	<hr/>	<hr/>	<hr/>
Capital assets, net	<u>\$ 24,263,508</u>	<u>\$ 23,439,033</u>	<u>\$ 23,764,257</u>

#### **Long-term Debt Obligations**

For the year ended June 30, 2023, the University had \$12,416,458 in debt obligations outstanding, compared to \$9,582,251 at June 30, 2022, and \$10,604,900 at June 30, 2021. The table below summarizes these amounts by type.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
OCIA - Series 2014A	\$ 3,230,351	\$ 3,562,432	\$ 3,562,432
ODFA - Series 2014A - 2002	122,833	255,001	200,750
ODFA - Series 2014A - 2004	2,640,751	2,852,083	380,584
ODFA - Series 2014B	-	-	3,056,916
ODFA - Series 2017E	657,499	747,499	835,416
ODFA - Series 2018A	331,166	459,083	582,000
ODFA - Series 2019A 15 yr	22,917	47,001	70,084
ODFA - Series 2019A 20 yr	584,750	669,000	750,250
ODFA - Series 2020D	675,250	706,417	750,250
ODFA - Series 2022B	3,851,000	-	-
Leases payable	264,648	223,979	308,402
Subscriptions payable	35,293	59,756	107,816
	<hr/>	<hr/>	<hr/>
	<u>\$ 12,416,458</u>	<u>\$ 9,582,251</u>	<u>\$ 10,604,900</u>

# Oklahoma Panhandle State University

## Management's Discussion and Analysis

### Years Ended June 30, 2023 and 2022

#### ***Component Unit***

Panhandle State Foundation (the "Foundation") meets the criteria for inclusion as a discretely presented component unit of the University. The most recent financial statements of the Foundation are included under the heading "Foundation".

#### ***Summary***

The University's Educational & General Fund ended the year with a decrease of \$1,228,736 in net position or 88.4 percent. The University's Educational & General Fund ended the year with net reserves of 0.1 percent of Educational & General Fund expenditures.

The University ended fiscal year 2023 with an overall increase of \$375,647 in total net position. This is a 4.2 percent increase in overall net position. This increase in net position was primarily in the net investment in capital assets net position.

The fall 2023 enrollment for the University was a head count of 1,076, which is a 8.4 percent decrease from fall 2022 of 1,175. This follows a decrease of 9.8 percent in headcount for fall 2022 headcount of 1,175 over fall 2021 headcount of 1,302. Credit hours are down for fall 2023 from fall 2022 by 8.5 percent after being down by 10.0 percent fall 2022 over fall 2021.

#### ***Economic Factors***

The COVID-19 pandemic accelerated our shift to provide fully online courses on a temporary basis; however, the pandemic also provided us with a new opportunity to offer permanent robust and flexible online offerings.

#### ***Contacting the University's Financial Management***

The University's financial statements are designed to provide financial statement readers with a general overview of the University's finances and to show accountability for the money it receives. If you have questions about the University's financial statements or need additional financial information, contact the Business Office at P.O. Box 430, Goodwell, OK 73939.



**Oklahoma Panhandle State University**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

	University June 30		Foundation December 31	
	2023	2022	2022	2021
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,763,722	\$ 3,403,052	\$ 127,910	\$ 396,340
Restricted cash and cash equivalents	549,892	763,974	-	-
Certificates of deposit	-	-	190,000	190,000
Accounts receivable, net	1,491,232	1,313,709	-	-
Grants receivable	117,983	48,468	-	-
Interest receivable	4,755	3,775	-	946
Inventories	143,323	158,503	-	-
Total current assets	<u>4,070,907</u>	<u>5,691,481</u>	<u>317,910</u>	<u>587,286</u>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	1,237,949	1,495,828	-	-
Restricted investments	4,269,418	231,382	18,703,085	20,170,441
Student loans receivable, net	6,927	8,850	-	-
Restricted net OPEB asset	54,506	158,715	-	-
Investments	-	-	30,057	30,722
Capital assets, net	<u>24,263,508</u>	<u>23,439,033</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>29,832,308</u>	<u>25,333,808</u>	<u>18,733,142</u>	<u>20,201,163</u>
Total assets	<u>33,903,215</u>	<u>31,025,289</u>	<u>19,051,052</u>	<u>20,788,449</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to debt refinanc	34,108	36,012	-	-
Deferred outflows related to OPEB	162,983	170,193	-	-
Deferred outflows related to pensions	<u>2,576,058</u>	<u>2,123,433</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>2,773,149</u>	<u>2,329,638</u>	<u>-</u>	<u>-</u>

**Oklahoma Panhandle State University**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

	University June 30		Foundation December 31	
	2023	2022	2022	2021
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 1,253,321	\$ 759,533	\$ 67,982	\$ 6,000
Accrued liabilities	512,522	442,580	-	-
Unearned revenue	500,912	632,362	-	-
Student deposits	146,471	166,995	234,279	225,414
Accrued compensated absences	259,080	229,375	1,269	9,755
Current portion of total OPEB liability	3,600	40,000	-	-
Current portion of capital lease obligations	1,326,730	1,236,094	-	-
Total current liabilities	<u>4,002,636</u>	<u>3,506,939</u>	<u>303,530</u>	<u>241,169</u>
<b>Noncurrent Liabilities</b>				
Noncurrent portion of total OPEB liability	111,751	543,487	-	-
Net pension liability	9,727,821	6,366,270	-	-
Lease and subscription obligations	190,555	115,391	-	-
Debt obligations	11,184,523	8,391,548	-	-
Total noncurrent liabilities	<u>21,214,650</u>	<u>15,416,696</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>25,217,286</u>	<u>18,923,635</u>	<u>303,530</u>	<u>241,169</u>
<b>Deferred Inflows of Resources</b>				
Deferred credit on OCIA lease restructure	92,205	105,223	-	-
Deferred inflows related to pensions	1,129,244	4,693,458	-	-
Deferred inflows related to OPEB	967,897	738,526	-	-
Total deferred inflows of resources	<u>2,189,346</u>	<u>5,537,207</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	15,594,807	13,684,845	-	-
Restricted for				
Scholarships, research, instruction, and other	133,316	370,233	14,245,804	9,661,791
Loans	219,965	215,063	-	-
Capital projects	972,411	1,512,351	-	-
OPEB	54,506	158,715	-	-
Unrestricted	<u>(7,705,273)</u>	<u>(7,047,122)</u>	<u>4,501,718</u>	<u>10,885,489</u>
Total net position	<u>\$ 9,269,732</u>	<u>\$ 8,894,085</u>	<u>\$ 18,747,522</u>	<u>\$ 20,547,280</u>

**Oklahoma Panhandle State University**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	University June 30		Foundation December 31	
	2023	2022 (Restated)	2022	2021
<b>Operating Revenues</b>				
Tuition and fees, net of scholarship discounts and allowances: 2023 - \$6,528,000; 2022 - \$6,707,000	\$ 6,637,154	\$ 7,344,493	\$ -	\$ -
Federal grants and contracts	892,995	721,679	-	-
State and local grants and contracts	57,513	172,050	-	-
Nongovernmental grants and contracts	1,088,283	907,405	-	-
Auxiliary enterprise charges				
Housing, net of scholarship discounts and allowances: 2023 - \$275,000; 2022 - \$282,000	1,109,622	1,301,768	-	-
Food services, net of scholarship discounts and allowances: 2023 - \$69,000; 2022 - \$71,000	661,746	671,820	-	-
Fanstore	586,970	471,475	-	-
Athletics	148,576	130,649	-	-
Other	459,991	749,479	-	-
Gifts and contributions	-	-	1,040,737	1,052,676
Other operating revenues	170,310	247,141	-	-
<b>Total operating revenues</b>	<b>11,813,160</b>	<b>12,717,959</b>	<b>1,040,737</b>	<b>1,052,676</b>
<b>Operating Expenses</b>				
Compensation and employee benefits	9,989,730	8,924,394	119,243	110,129
Contractual services	5,102,203	3,874,444	14,282	13,349
Supplies and materials	1,428,564	1,439,639	1,902	2,425
Utilities	1,493,221	982,091	-	-
Communications	83,017	72,339	-	-
Other operating expenses	2,567,627	2,484,233	4,578	11,768
Scholarships and fellowships	2,374,070	5,384,951	1,315,084	1,125,939
Depreciation & amortization	1,833,620	1,840,834	-	-
<b>Total operating expenses</b>	<b>24,872,052</b>	<b>25,002,925</b>	<b>1,455,089</b>	<b>1,263,610</b>
<b>Operating Loss</b>	<b>(13,058,892)</b>	<b>(12,284,966)</b>	<b>(414,352)</b>	<b>(210,934)</b>

**Oklahoma Panhandle State University**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	University June 30		Foundation December 31	
	2023	2022	2022	2021
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	\$ 6,335,628	\$ 6,028,412	\$ -	\$ -
OTRS on-behalf contributions	503,026	345,077	-	-
Federal grants and contracts	3,136,839	6,574,692	-	-
State grants and contracts	336,498	283,935	-	-
Contributions and other nonoperating revenues	1,576,065	891,175	-	-
Net realized and unrealized gains and (losses) on investments	-	-	(1,387,096)	1,936,632
Investment income	162,983	44,443	1,690	995,382
Interest expense	(534,885)	(344,464)	-	-
	<u>11,516,154</u>	<u>13,823,270</u>	<u>(1,385,406)</u>	<u>2,932,014</u>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<u>(1,542,738)</u>	<u>1,538,304</u>	<u>(1,799,758)</u>	<u>2,721,080</u>
<b>Other Revenues, Expenses, Gains, or Losses</b>				
State appropriations restricted for capital purposes	1,416,631	1,216,647	-	-
Capital grants	-	15,189	-	-
On-behalf payments for OCIA capital leases	501,754	169,673	-	-
	<u>1,918,385</u>	<u>1,401,509</u>	<u>-</u>	<u>-</u>
<b>Total other revenues, expenses, gains, or losses</b>	<u>1,918,385</u>	<u>1,401,509</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Position</b>	375,647	2,939,813	(1,799,758)	2,721,080
<b>Net Position, Beginning of Year (restated)</b>	<u>8,894,085</u>	<u>5,954,272</u>	<u>20,547,280</u>	<u>17,826,200</u>
<b>Net Position, End of Year</b>	<u>\$ 9,269,732</u>	<u>\$ 8,894,085</u>	<u>\$ 18,747,522</u>	<u>\$ 20,547,280</u>

**Oklahoma Panhandle State University**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		<b>(Restated)</b>
Tuition and fees	\$ 6,396,961	\$ 7,290,563
Grants and contracts	1,969,276	2,025,420
Auxiliary enterprise charges	2,877,601	3,347,846
Other operating receipts	172,233	245,534
Payments to employees for salaries and benefits	(10,169,691)	(9,547,853)
Payments to suppliers	(12,539,734)	(13,950,923)
	<u>(11,293,354)</u>	<u>(10,589,413)</u>
Net cash used in operating activities		
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	6,335,628	6,028,412
Federal grants and contracts	3,136,839	6,574,692
State and local grants and contracts	336,498	283,935
Contributions and other nonoperating revenues	1,576,065	891,175
	<u>11,385,030</u>	<u>13,778,214</u>
Net cash provided by noncapital financing activities		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Cash paid for capital assets	(2,658,095)	(1,515,610)
Proceeds from sale of capital assets	-	-
Capital appropriations received	1,416,631	1,216,647
Proceeds from capital grants	-	15,189
Proceeds from debt and leases	257,048	58,236
Interest paid on debt and leases	(415,861)	(235,746)
Principal payments on debt and leases	(959,804)	(1,067,171)
	<u>(2,360,081)</u>	<u>(1,528,455)</u>
Net cash used in capital and related financing activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(4,889)	396
Proceeds from sales and maturities of investments	-	-
Interest received on investments	162,003	44,578
	<u>157,114</u>	<u>44,974</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(2,111,291)	1,705,320
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,662,854</u>	<u>3,957,534</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,551,563</u>	<u>\$ 5,662,854</u>

(Continued)

**Oklahoma Panhandle State University**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		<b>(Restated)</b>
Operating loss	\$(13,058,892)	\$(12,284,966)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,833,620	1,840,834
On-behalf contributions to teachers' retirement system	503,026	345,077
Changes in net assets and liabilities		
Accounts and other receivables	(245,115)	(10,614)
Inventories	15,180	13,848
Restricted net OPEB asset	104,209	(145,752)
Deferred outflows related to OPEB	7,210	57,248
Deferred outflows related to pensions	(452,625)	1,869,718
Accounts payable and accrued liabilities	563,730	436,822
Total OPEB liability	(468,136)	(163,358)
Net pension liability	3,361,551	(6,050,192)
Deferred inflows related to OPEB	229,371	149,610
Deferred inflows related to pensions	(3,564,214)	3,198,724
Unearned revenue	(131,450)	168,818
Compensated absences	29,705	(48,430)
Student deposits and deposits held in custody for others	(20,524)	33,200
	<b>\$(11,293,354)</b>	<b>\$(10,589,413)</b>
 <b>Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities</b>		
Interest on capital debt paid by state agency on behalf of the University	\$ 169,673	\$ 169,673
Principal on capital debt paid by state agency on behalf of the University	332,081	-
 <b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Current assets		
Cash and cash equivalents	\$ 1,763,722	\$ 3,403,052
Restricted cash and cash equivalents	549,892	763,974
Noncurrent assets		
Restricted cash and cash equivalents	1,237,949	1,495,828
	<b>\$ 3,551,563</b>	<b>\$ 5,662,854</b>

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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

***Nature of Operations***

Oklahoma Panhandle State University (the “University”) is a baccalaureate degree-granting institution established by an act of the Oklahoma State Legislature in 1909. The University’s mission is to provide higher education primarily for the people of the Oklahoma Panhandle and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities. The University is under the governance of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the “Board of Regents”).

***Reporting Entity***

The University is one of five institutions of higher education in Oklahoma that comprise the Oklahoma Agricultural and Mechanical Colleges, which in turn is part of the Higher Education component unit of the State of Oklahoma.

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

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

***Discretely Presented Component Unit***

Panhandle State Foundation (the “Foundation”) is a legally separate, tax-exempt component unit of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted to the activities governed by donors, bond documents, and/or trustees. Accordingly, resources received and held by the Foundation can only be used by, or for the benefit of, the University. The Foundation is considered a discretely presented component unit of the University under the definition of GASB Statement No. 39. The Foundation has a December 31<sup>st</sup> year-end and reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, standalone financial statements which may be obtained by contacting the Foundation's management.

***Financial Statement Presentation***

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

***Basis of Accounting***

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

***Cash Equivalents***

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

***Investments***

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

***Accounts Receivable***

Accounts receivable consist of tuition and fee charges to students and fees for auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma. Accounts receivable are recorded net of estimated uncollectible amounts. The University determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the University's previous loss history and the condition of the general economy and the industry as a whole. The University writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.



**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

A student account receivable and student loan receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days after the end of the semester. Late charges are generally assessed and, when they are assessed, are included in income and trade accounts receivable. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the Department of Education.

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

***Inventories***

Inventories consist primarily of rental books, books, and supplies held for resale and livestock. Rental books are valued at amortized cost, using an average three-year life. Books and supplies held for resale are valued at the lower of cost or market on the first-in, first-out basis. Livestock are valued at estimated current fair market value. In FY21, the University outsourced their book service to Akademos, so inventory no longer includes books or rental books that are for academic purposes.

***Restricted Cash and Investments***

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

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation, in the case of gifts. For equipment, the University'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 lives of the assets, generally 15 to 40 years for buildings, infrastructure, and land improvements and 3 to 10 years for library materials and equipment. Leases assets are amortized over the life of the associated contract.

***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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

***Leases***

The University is a party as lessee/lessor for various non-cancellable long-term leases of equipment and vehicles. The corresponding lease receivable or lease payable, are recorded in an amount equal to

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

the present value of the expected future minimum lease payments received or made, respectively, discounted by an applicable interest rate.

***Subscription-based Information Technology Arrangements (SBITA)***

The University is a party as lessee for various non-cancellable long-term subscriptions of intangible information technology software and arrangements. The corresponding subscription payable is recorded in an amount equal to the present value of the expected future minimum subscription payments discounted by an applicable interest rate.

***Compensated Absences***

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

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

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates. For leases the University uses an estimate based on municipal bond rate yield curves as the discount rate unless the rate that the lessor/vendor charges is known.

***Net Position***

The University's net position is classified as follows:

*Net investment in capital assets:* The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, state appropriations and sales, and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. The included auxiliary enterprises 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 University's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

***Income Taxes***

The University, 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 University may be subject to income taxes on unrelated business income under Internal Revenue Code Section 511(a)(2)(B).

***Classification of Revenues***

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

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

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

***Tuition and Fees Revenue***

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

***Scholarship Discounts and Allowances***

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University 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

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

or state government or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements.

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

***Deferred Outflows of Resources***

Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. The University's deferred outflows of resources were comprised of debits realized on an ODFA debt refinance and deferred outflows related to net pension and OPEB obligations.

***Deferred Inflows of Resources***

Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. The University's deferred inflows of resources were comprised of credits realized on an OCIA debt restructure and deferred inflows related to net pension and OPEB obligations.

***Cost-Sharing Defined Benefit Pension Plan***

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

***Single Employer and Cost-Sharing Defined Benefit Other Postemployment Plans***

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

***New Accounting Pronouncement Adopted in Fiscal Year 2023***

The University adopted the following new accounting pronouncement during the year ended June 30, 2023:

***GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITA)***

GASB 96 was issued in May 2020; this Statement 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

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended

**Restatement**

The University implemented GASB 96 *Subscription-based Information Technology Arrangements* in 2023. Due to this implementation the University restated ending net position for 2022 for the addition of subscription capital assets and subscription liabilities and the corresponding annual subscription payment activity. This resulted in an increase in capital assets of \$60,979 and an increase in current portion of long-term debt of \$49,848 and long-term subscription liability of \$9,908 for a total liability increase of \$59,756 and a corresponding change in FY22 ending net position of an increase of \$1,223.

**Note 2: Deposits and Investments**

**Deposits**

*Custodial credit risk* is the risk that in the event of a bank failure, the University’s deposits may not be returned to it. The University’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 University’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 University requires that balances on deposit with financial institutions, including trustees related to the University’s bond indenture and debt 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 University’s name.

The University’s carrying amount of the deposits with the State Treasurer and other financial institutions was as follows at June 30:

	<b>2023</b>	<b>2022</b>
Deposits with the State Treasurer	\$ 3,530,247	\$ 5,639,784
U.S. financial institutions	1,316	3,070
Change funds	20,000	20,000
Total deposits	<b>\$ 3,551,563</b>	<b>\$ 5,662,854</b>

The differences between the bank balances of deposits and the related carrying amounts were generally not significant and are due to outstanding checks and deposits in-transit.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

Of the \$3,551,563 and \$5,639,784 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2023 and 2022, respectively, \$2,232,208 and \$3,562,837, respectively, represent amounts held within OK INVEST, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments.

The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. After evaluation of the use and purpose of the University's participation in the internal investment pool, the amount on deposit with OK INVEST is treated as demand accounts and reported as cash equivalents.

At June 30, 2023 and 2022, the University also held nonnegotiable certificates of deposit totaling \$8,223 and \$8,127, respectively. These deposits are either fully insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank. These certificates of deposit are maintained through an investment brokerage firm. For financial reporting purposes, these deposits have been classified as investments.

**Investments**

GASB establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2** – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3** – Inputs consist of unobservable inputs which are used when observable inputs are unavailable and reflect an entity's own assumptions about the assumptions that the market participants would use in pricing the assets or liabilities.

The following is a summary of financial assets measured at fair value on a recurring basis as of June 30:

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

<b>Types of Investments</b>	<b>Fair Value Hierarchy</b>	<b>Credit Rating</b>	<b>Maturities</b>	<b>2023</b>	<b>2022</b>
U.S. Agency mortgage-backed securities	Level 2	Aaa	More than 10 years	\$ 11,162	\$ 12,787
Certificates of deposit	N/A	N/A	Less than one year	8,223	8,127
Money market funds	N/A	N/A	Less than one year	4,250,033	210,468
				<u>\$4,269,418</u>	<u>\$ 231,382</u>

***Interest Rate Risk***

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

***Credit Risk***

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

***Custodial Credit Risk***

All United States government obligations are held by the Federal Reserve Bank in the name of the University. The majority of the University's certificates of deposits are maintained through an investment brokerage firm.

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

**Note 3: Accounts Receivable**

Accounts receivable relate to tuition and fee charges to students and to auxiliary services provided to students, faculty, and staff. Accounts receivable consisted of the following at June 30:

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Student tuition and fees	\$ 4,160,164	\$ 3,691,919
Auxiliary enterprises and other student activities	3,212,347	2,927,162
	7,372,511	6,619,081
Less allowance for doubtful accounts	5,881,279	5,305,372
Accounts receivable, net	\$ 1,491,232	\$ 1,313,709

**Note 4: Loans Receivable**

The University makes loans to students through the I.L. Ennis Loan Fund, a private loan program. The University provides administrative services to the I.L. Ennis Loan Fund (the “Loan Fund”) in exchange for financial assistance for the students.

The University has provided an allowance for uncollectible loans which, in management’s opinion, is sufficient to absorb loans which will ultimately be written off. Loans receivable consisted of the following at June 30:

		<b>2023</b>
		<b>I.L. Ennis Loan Fund</b>
Loans receivable		\$ 174,560
Less allowance for uncollectible loans		(167,633)
Loans receivable, net		\$ 6,927
		<b>2022</b>
		<b>I.L. Ennis Loan Fund</b>
Loans receivable		\$ 177,000
Less allowance for uncollectible loans		(168,150)
Loans receivable, net		\$ 8,850



**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Note 5: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	2023			Ending Balance
		Additions	Transfers	Retirements	
Capital assets not being depreciated					
Land	\$ 361,163	\$ -	\$ -	\$ -	\$ 361,163
Construction in progress	1,036,962	2,142,831	(926,760)	-	2,253,033
Total capital assets not being depreciated	1,398,125	2,142,831	(926,760)	-	2,614,196
Capital assets being depreciated					
Nonmajor infrastructure networks	9,988,662	-	-	-	9,988,662
Nonstructural improvements	2,629,292	25,009	-	-	2,654,301
Building and improvements	37,519,971	124,343	926,760	-	38,571,074
Equipment	4,995,276	138,264	-	(454)	5,133,086
Library materials	1,284,840	15,555	-	(217,717)	1,082,678
Total capital assets being depreciated	56,418,041	303,171	926,760	(218,171)	57,429,801
Accumulated depreciation					
Nonmajor infrastructure networks	7,744,758	392,362	-	-	8,137,120
Nonstructural improvements	1,489,431	126,921	-	-	1,616,352
Building and improvements	20,180,296	889,427	-	-	21,069,723
Equipment	4,357,953	146,466	-	(454)	4,503,965
Library materials	884,413	91,855	-	(217,717)	758,551
Total accumulated depreciation	34,656,851	1,647,031	-	(218,171)	36,085,711
Lease assets being amortized					
Equipment	491,835	180,457	-	(178,715)	493,577
Total lease assets being amortized	491,835	180,457	-	(178,715)	493,577
Lease asset accumulated amortization					
Equipment	273,096	138,170	-	(178,715)	232,551
Total accumulated amortization	273,096	138,170	-	(178,715)	232,551
Subscription assets being amortized					
Intangible software	107,816	31,636	-	(36,487)	102,965
Total subscription assets being amortized	107,816	31,636	-	(36,487)	102,965
Subscription asset accumulated					
Intangible software	46,837	48,419	-	(36,487)	58,769
Total accumulated amortization	46,837	48,419	-	(36,487)	58,769
Capital assets, net	\$ 23,439,033	\$ 824,475	\$ -	\$ -	\$ 24,263,508

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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

	Beginning Balance	2022			Ending Balance
		Additions	Transfers	Retirements	
Capital assets not being depreciated					
Land	\$ 361,163	\$ -	\$ -	\$ -	\$ 361,163
Construction in progress	423,805	1,126,491	(513,334)	-	1,036,962
Total capital assets not being depreciated	784,968	1,126,491	(513,334)	-	1,398,125
Capital assets being depreciated					
Nonmajor infrastructure networks	9,988,662	-	-	-	9,988,662
Nonstructural improvements	2,586,392	42,900	-	-	2,629,292
Building and improvements	36,924,818	81,819	513,334	-	37,519,971
Equipment	4,897,422	98,274	-	(420)	4,995,276
Library materials	1,241,129	107,855	-	(64,144)	1,284,840
Total capital assets being depreciated	55,638,423	330,848	513,334	(64,564)	56,418,041
Accumulated depreciation					
Nonmajor infrastructure networks	7,276,882	467,876	-	-	7,744,758
Nonstructural improvements	1,364,045	125,386	-	-	1,489,431
Building and improvements	19,346,194	834,102	-	-	20,180,296
Equipment	4,221,276	137,097	-	(420)	4,357,953
Library materials	863,703	84,854	-	(64,144)	884,413
Total accumulated depreciation	33,072,100	1,649,315	-	(64,564)	34,656,851
Lease assets being amortized					
Equipment	433,564	58,271	-	-	491,835
Total lease assets being amortized	433,564	58,271	-	-	491,835
Lease asset accumulated amortization					
Equipment	128,414	144,682	-	-	273,096
Total accumulated amortization	128,414	144,682	-	-	273,096
Subscription assets being amortized					
Intangible software	107,816	-	-	-	107,816
Total subscription assets being amortized	107,816	-	-	-	107,816
Subscription asset accumulated					
Intangible software	-	46,837	-	-	46,837
Total accumulated amortization	-	46,837	-	-	46,837
Capital assets, net	\$ 23,764,257	\$ (325,224)	\$ -	\$ -	\$ 23,439,033

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Note 6: Noncurrent Liabilities**

Noncurrent liability activity for the years ended June 30, 2023 and 2022, was as follows:

	Beginning Balance	2023		Ending Balance	Current Portion
		Additions	Deductions		
OCIA - Series 2014A (2.00% - 5.00%)	\$ 3,562,432	\$ -	\$ (332,081)	\$ 3,230,351	\$ 348,961
ODFA - Series 2014A - 2004 (3.00% - 5.00%)	255,001	-	(132,168)	122,833	122,833
ODFA - Series 2014B (2.00% - 3.375%)	2,852,083	-	(211,332)	2,640,751	215,333
ODFA - Series 2017E (2.15% - 3.60%)	747,499	-	(90,000)	657,499	92,917
ODFA - Series 2018A (3.75% - 4.00%)	459,083	-	(127,917)	331,166	133,500
ODFA - Series 2019A 15 yr (3.00% - 5.00%)	47,001	-	(24,084)	22,917	22,917
ODFA - Series 2019A 20 yr (3.00% - 5.00%)	669,000	-	(84,250)	584,750	87,333
ODFA - Series 2020D (4.00% - 5.00%)	706,417	-	(31,167)	675,250	32,917
ODFA - Series 2022B (5.00% - 5.25%)	-	3,914,000	(63,000)	3,851,000	118,500
Premiums	160,783	164,102	(39,535)	285,350	42,133
Leases payable	223,979	180,457	(139,788)	264,648	98,688
Subscriptions payable	59,756	31,636	(56,099)	35,293	10,698
<b>Total noncurrent liabilities</b>	<b>\$ 9,743,034</b>	<b>\$ 4,290,195</b>	<b>\$ (1,331,421)</b>	<b>\$ 12,701,808</b>	<b>\$ 1,326,730</b>

	Beginning Balance	2022		Ending Balance	Current Portion
		Additions	Deductions		
OCIA - Series 2014A (2.00% - 5.00%)	\$ 3,562,432	\$ -	\$ -	\$ 3,562,432	\$ 332,081
ODFA - Series 2014A - 2002 (3.00% - 5.00%)	200,750	-	(200,750)	-	-
ODFA - Series 2014A - 2004 (3.00% - 5.00%)	380,584	-	(125,583)	255,001	132,167
ODFA - Series 2014B (2.00% - 3.375%)	3,056,916	-	(204,833)	2,852,083	211,333
ODFA - Series 2017E (2.15% - 3.60%)	835,416	-	(87,917)	747,499	90,000
ODFA - Series 2018A (3.75% - 4.00%)	582,000	-	(122,917)	459,083	127,917
ODFA - Series 2019A 15 yr (3.00% - 5.00%)	70,084	-	(23,083)	47,001	24,083
ODFA - Series 2019A 20 yr (3.00% - 5.00%)	750,250	-	(81,250)	669,000	84,250
ODFA - Series 2020D (4.00% - 5.00%)	736,500	-	(30,083)	706,417	31,167
Premiums	210,624	-	(49,841)	160,783	34,752
Leases payable	308,402	58,271	(142,694)	223,979	118,496
Subscriptions payable	107,816	-	(48,060)	59,756	49,848
<b>Total noncurrent liabilities</b>	<b>\$ 10,801,774</b>	<b>\$ 58,271</b>	<b>\$ (1,117,011)</b>	<b>\$ 9,743,034</b>	<b>\$ 1,236,094</b>

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***Oklahoma Capital Improvement Authority Debt Obligations (OCIA)***

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the State Regents allocated approximately \$6,998,000 to the University. Total payments over the term of the agreement including principal and interest, beginning July 1, 2006, through July 1, 2030, will be \$12,223,801.

Payments will be made annually, ranging from \$82,033 to \$528,546, by the State of Oklahoma on behalf of the University. Concurrent with the allocation, the University entered into an agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the debt are provided for capital improvements at the University.

Through June 30, 2014, the University had drawn its total allotment for expenditures incurred in connection with the project. These expenditures have been capitalized as investments in capital assets or recorded as operating expenses, in accordance with the University's policy. The University has recorded a debt obligation payable to OCIA for the total amount of the allotment, less repayments made.

During fiscal year 2014, the University's remaining 2005 agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned agreement with OCIA was automatically restructured to secure the new bond issues. The restructuring resulted in a reduction of principal, thus the University has recorded a credit of \$212,623 on restructuring as a deferred inflow of resources that will be amortized over a period of eighteen years. As of June 30, 2023, and 2022, the unamortized gain totaled \$92,205 and \$105,223, respectively.

Debt principal and interest payments to OCIA related to Series 2014A, totaling \$501,754 and \$169,673 during the years ended June 30, 2023 and 2022, respectively, were made by the State of Oklahoma on behalf of the University. These payments have been recorded as on-behalf payments for OCIA in the statements of revenues, expenses, and changes in net position.

***Oklahoma Development Finance Authority Debt Obligation (ODFA)***

On June 14, 2014, the University entered into a debt obligation Series 2014A in the amount of \$2,693,000 to refinance the 2002 Revenue Bonds and Series 2004A ODFA obligation. Payments over the term of the agreement, including interest, total \$1,792,941 and \$1,385,449 for 2002A and 2004A, respectively. Payments begin July 15, 2014, and go through May 15, 2022 and 2024, for the 2002A and 2004A, respectively, and will range from \$206,773 to \$233,039 for the 2002A and \$126,518 to \$153,888 for the 2004A, annually.

On March 10, 2014, the University entered into a debt obligation Series 2014B in the amount of \$4,405,000 to refinance the 2003 A & B Student Housing Revenue Bonds. Payments over the term of the agreement, including interest, total \$6,138,082. Payments began April 15, 2014, and go through November 15, 2033, and will range from \$80,639 to \$315,443, annually.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

On December 3, 2017, the University entered into a debt obligation Series 2017E in the amount of \$1,135,000 for football field improvements. Payments over the term of the agreement, including interest, total \$1,386,539. Payments began December 15, 2017, and go through November 15, 2029, and will range from \$47,483 to \$117,302 annually.

On November 8, 2018, the University entered into a debt obligation Series 2018A in the amount of \$878,000 for classroom furniture upgrades. Payments over the term of the agreement, including interest, total \$1,025,858. Payments began December 15, 2018, and go through November 15, 2025, and will range from \$61,100 to \$146,823 annually.

On May 7, 2019, the University entered into a debt obligation Series 2019A in the amount of \$1,025,000 to refinance the 2009B ODFA debt obligation. Payments over the term of the agreement, including interest, total \$131,102 and \$1,167,801 for the 15-year and 20-year portions, respectively. Payments began June 15, 2019, and go through May 15, 2024 and 2029, for the 15-year and 20-year portions, respectively, and will range from \$2,250 to \$26,622 for the 15-year portion and \$9,978 to \$117,180 for the 20-year portion, annually.

On October 15, 2020, the University entered into a debt obligation Series 2020D in the amount of \$761,000 to refinance the 2011 ODFA obligation. Payments over the term of the agreement, including interest, total \$976,226. Payments began November 15, 2020, and go through May 15, 2041 and will range from \$3,678 to \$4,568 annually.

On October 28, 2022, the University entered into a debt obligation Series 2022B in the amount of \$3,914,000 for student union renovations. Payments over the term of the agreement, including interest, total \$6,401,508. Payments began December 15, 2022, and go through November 15, 2042 and will range from \$133,755 to \$321,567 annually.

Future minimum payments under the University's debt obligations are as follows at June 30, 2023:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Years ending June 30			
2024	\$ 1,175,211	\$ 532,045	\$ 1,707,256
2025	1,068,358	484,941	1,553,299
2026	1,026,507	443,177	1,469,684
2027	1,007,211	399,966	1,407,177
2028	1,049,231	358,247	1,407,478
2029 - 2033	4,014,165	1,140,346	5,154,511
2034 - 2038	1,412,500	542,172	1,954,672
2039 - 2043	1,363,334	189,909	1,553,243
	<u>\$ 12,116,517</u>	<u>\$ 4,090,803</u>	<u>\$ 16,207,320</u>

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Leases Payable**

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

Leases of equipment, such as copiers, vehicles, etc.: Annual installments totaling \$109,326 with interest rates ranging from 0.48% to 8.00%, and due dates ranging from October 2023 to May 2028.

\$ 264,648

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 98,688	\$ 10,638	\$ 109,326
2025	74,980	7,418	82,398
2026	44,217	4,519	48,736
2027	27,622	2,497	30,119
2028	19,141	774	19,915
	<u>\$ 264,648</u>	<u>\$ 25,846</u>	<u>\$ 290,494</u>

**SBITA Subscriptions Payable**

The University as a lessee, has entered into subscription agreements involving various intangible software summarized below.

Subscription of intangible software.: Annual installments totaling \$11,707 with interest rates ranging from 0.33% to 2.38%, and due dates ranging from October 2024 to April 2027.

\$ 35,293

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 10,698	\$ 666	\$ 11,364
2025	11,210	497	11,707
2026	6,512	319	6,831
2027	6,873	164	7,037
	<u>\$ 35,293</u>	<u>\$ 1,646</u>	<u>\$ 36,939</u>

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Note 7: Retirement Plans**

The University's academic and nonacademic personnel are covered by the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employee retirement system. The University does not maintain the accounting records, hold the investments for, or administer this plan.

***Plan Description***

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

***Benefits Provided***

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

Benefit provisions include:

- Members become 100 percent vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation, except for certain employees of the State's two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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

***Contributions***

The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual pay. Participating employers are required to contribute 8.55 percent of the employees' annual pay and an additional 8.00 percent for any employees' salaries covered by federal funds. Contributions to the pension plan from the University were \$674,677 and \$640,400 for June 30, 2023 and 2022, respectively. The State of Oklahoma also made on-behalf contributions to OTRS, totaling \$503,026 and \$345,077 during 2023 and 2022, respectively, which were recognized by the University; 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 and 2022, the University reported a liability of \$9,727,821 and \$6,366,270, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, and June 30, 2021. The University's proportion of the net pension liability was based on the University's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022 and June 30, 2021. Based upon this information, the University's proportion was 0.1185 percent and 0.1246 percent for June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, the University recognized pension expense of \$522,415 and \$3,727, respectively.

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



**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 311,635	\$ 121,685
Changes of assumptions	656,353	-
Net difference between projected and actual earnings on pension plan investments	926,090	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,004,973
University contributions during the measurement period	7,303	2,586
University contributions subsequent to the measurement date	674,677	-
Total	\$ 2,576,058	\$ 1,129,244

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 419,774	\$ 236,740
Changes of assumptions	990,334	63,400
Net difference between projected and actual earnings on pension plan investments	-	3,306,563
Changes in proportion and differences between University contributions and proportionate share of contributions	62,517	1,085,270
University contributions during the measurement period	10,408	1,485
University contributions subsequent to the measurement date	640,400	-
Total	\$ 2,123,433	\$ 4,693,458

The \$674,677 and \$640,400 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date for June 30, 2023 and 2022, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

<b>Year Ended June 30</b>	<b>Amount Recognized</b>
2024	\$ 163,796
2025	166,480
2026	(278,751)
2027	735,909
2028	<u>(15,297)</u>
	<u><u>\$ 772,137</u></u>

**Actuarial Assumptions**

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

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases – Composed of 2.25% for inflation, including 0.75% for 2020 & 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the 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 in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of June 30, 2023 and 2022, are summarized below:

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.9%
International Equity	16.7%	5.5%
Fixed Income	22.0%	1.3%
Real Estate**	10.0%	3.5%
Private Equity	8.0%	7.6%
Private Debt	5.0%	4.6%
Total	100.00%	

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

**Discount Rate**

A single discount rate of 7.00 percent was used to measure the total pension liability as of June 30, 2023, and June 30, 2022, respectively. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the employers calculated using the respective discount rate for 2023 and 2022, as well as what the University’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2023</b>		
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
University's proportionate share of the net pension liability	\$ 13,696,830	\$ 9,727,821	\$ 6,464,830
	<b>June 30, 2022</b>		
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
University's proportionate share of the net pension liability	\$ 10,405,772	\$ 6,366,270	\$ 3,022,110

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***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](http://www.ok.gov/TRS).

**Note 8: Other Postemployment Benefits**

Currently, the University provides postemployment benefits to retirees under two postemployment benefit (OPEB) plans:

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

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

	<b>June 30, 2023</b>				
	<b>Net OPEB Asset</b>	<b>Total OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB (Benefit) Expense</b>
Health and Death Benefit Plan	\$ -	\$ 115,351	\$ 104,071	\$ 945,408	\$ (113,610)
OTRS OPEB Plan	(54,506)	-	58,912	22,489	(2,535)
<b>Total</b>	<b>\$ (54,506)</b>	<b>\$ 115,351</b>	<b>\$ 162,983</b>	<b>\$ 967,897</b>	<b>\$ (116,145)</b>
	<b>June 30, 2022</b>				
	<b>Net OPEB Asset</b>	<b>Total OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB (Benefit) Expense</b>
Health and Death Benefit Plan	\$ -	\$ 583,487	\$ 132,728	\$ 623,174	\$ (42,288)
OTRS OPEB Plan	(158,715)	-	37,465	115,352	(22,371)
<b>Total</b>	<b>\$ (158,715)</b>	<b>\$ 583,487</b>	<b>\$ 170,193</b>	<b>\$ 738,526</b>	<b>\$ (64,659)</b>

***OTRS OPEB Plan***

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

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**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 Oklahoma State University Human Resources, provided the member has ten years of Oklahoma service prior to retirement.

**Contributions** – Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in *Note 7*; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program.

The cost of the supplemental health insurance program averages 0.12 percent and 0.12 percent of normal cost, as determined by an actuarial valuation as of June 30, 2022 and 2021. Contributions allocated to the OPEB plan from the University were \$7,566 and \$7,916 during 2023 and 2022, respectively.

**OPEB Liabilities (Assets), OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At June 30, 2023 and 2022, the University reported an asset of \$54,506 and \$158,715, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022, and June 30, 2021. The University's proportion of the net OPEB asset was based on the University'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, and June 30, 2021. Based upon this information, the University's proportion was 0.1246 percent and 0.1246 percent for June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, the University recognized OPEB (benefit) expense of (\$2,535) and (\$22,371), respectively.

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

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 18,144
Net difference between projected and actual earnings on OPEB plan investments	16,437	-
Changes in University's proportionate share of contributions	22,790	-
Differences between University contributions and proportionate share of contributions	12,119	4,345
University contributions subsequent to the measurement date	7,566	-
Total	\$ 58,912	\$ 22,489

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 24,848
Net difference between projected and actual earnings on OPEB plan investments	21,573	-
Changes in University's proportionate share of contributions	-	85,124
Differences between University contributions and proportionate share of contributions	7,976	5,380
University contributions subsequent to the measurement date	7,916	-
Total	\$ 37,465	\$ 115,352

The \$7,566 and \$7,916 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date for June 30, 2022 and 2021, respectively, will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023 and 2022, respectively.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30</b>	<b>Amount Recognized</b>
2024	\$ 5,152
2025	3,868
2026	(2,834)
2027	21,975
2028	518
Thereafter	178
	\$ 28,857

**Actuarial Assumptions** – The total OPEB liability (asset) as of June 30, 2023 and 2022, was determined based on an actuarial valuation prepared as of June 30, 2022 and 2021, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases – Composed of 2.25% for inflation, including 0.75% for 2020 & 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the 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 in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of June 30, 2023 and 2022, are summarized below:

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.9%
International Equity	16.7%	5.5%
Fixed Income	22.0%	1.3%
Real Estate**	10.0%	3.5%
Private Equity	8.0%	7.6%
Private Debt	5.0%	4.6%
Total	<u>100.00%</u>	

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

**Discount Rate** – A single discount rate of 7.00 percent was used to measure the total OPEB liability (asset) as of June 30, 2023 and 2022, respectively. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate** – The following presents the net OPEB liability (asset) of the University calculated using the respective discount rate for 2023 and 2022, as well as what the University’s net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>June 30, 2023</b>		
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
University's proportionate share of the net OPEB asset	\$ 2,271	\$ (54,506)	\$ (102,584)

	<b>June 30, 2022</b>		
	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
University's proportionate share of the net OPEB asset	\$ (101,966)	\$ (158,715)	\$ (206,801)



**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at [www.ok.gov/TRS](http://www.ok.gov/TRS).

**Health and Death Benefit Plan**

**Plan Description** - The University’s defined benefit OPEB plan, Health and Death Benefit Plan, provides OPEB to eligible retirees and their dependents. The University’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 University provides medical benefits to eligible retirees and their dependents through the Oklahoma State University A&M System. This Plan allows employees who retire from the University to continue to be covered under the University’s Health Insurance Plan until age 65. The retired participant must pay the active participant’s premium. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the University. The University also pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must meet the OTRS guidelines. In addition, the individual must also have been enrolled in the University’s life insurance program prior to retirement. Each retiree is eligible to receive \$10,000 of life insurance coverage.

**Employees Covered by Benefit Terms** – At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

	<b>2023</b>	<b>2022</b>
Active employees (participants)	115	112
Retired participants (death benefits)	59	57
	174	169

**Total OPEB Liability** – The University’s total OPEB liability of \$115,351 and \$583,487 was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of those dates.

**Actuarial Assumptions** – The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2023 and 2022, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.13 percent and 4.09 percent for 2023 and 2022, respectively, based on published Bond Buyer Go-20 bond index
- Healthcare Cost Trend Rates – 7.5% for 2023 and 7.5% for 2022, decreasing 0.50% annually to an ultimate rate of 4.50%

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

- Mortality Rates – 2023 & 2022 SOA RPH-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Pre-Retirement Termination – Oklahoma Teacher’s Retirement System actuarial valuation study as of June 30, 2022

**Changes in Total OPEB Liability** - The following table reports the components of changes in total OPEB liability:

	<b>2023</b>	<b>2022</b>
Total OPEB liability, beginning of year	\$ 583,487	\$ 746,845
Changes for the year		
Service cost	11,653	19,299
Interest expense	24,268	16,455
Change of assumptions	(445,320)	(162,135)
Difference between actual and expected experience	(55,102)	(7,300)
Benefit paid	<u>(3,635)</u>	<u>(29,677)</u>
Total OPEB liability, end of year	<u>\$ 115,351</u>	<u>\$ 583,487</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the total OPEB liability of the University calculated using the respective discount rate, as well as what the Plan’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (3.13%)</b>	<b>June 30, 2023 Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
University's total OPEB liability	\$ 127,714	\$ 115,351	\$ 104,212

	<b>1% Decrease (3.09%)</b>	<b>June 30, 2022 Current Discount Rate (4.09%)</b>	<b>1% Increase (5.09%)</b>
University's total OPEB liability	\$ 660,975	\$ 583,487	\$ 519,648

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rate** – The total OPEB liability of the University has been calculated using health care cost trend rates of 7.5 percent to 4.50 percent for 2023 and 2022. The following presented the total OPEB liability using health care cost trend rates 1-percent higher and 1-percent lower than the current health care cost trend rates:

	<b>June 30, 2023</b>		
	<b>1%</b>	<b>Current Health</b>	<b>1%</b>
	<b>Decrease</b>	<b>Care Cost</b>	<b>Increase</b>
		<b>Trend Rate</b>	
University's total OPEB liability	\$ 103,886	\$ 115,351	\$ 129,107

	<b>June 30, 2022</b>		
	<b>1%</b>	<b>Current Health</b>	<b>1%</b>
	<b>Decrease</b>	<b>Care Cost</b>	<b>Increase</b>
		<b>Trend Rate</b>	
University's total OPEB liability	\$ 569,907	\$ 583,487	\$ 599,729

**OPEB Expense** - For the years ended June 30, 2023 and 2022, the University recognized OPEB (benefit) expense of (\$113,610) and (\$42,288), respectively.

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

	<b>Deferred</b>	<b>Deferred</b>
	<b>Outflows of</b>	<b>Inflows of</b>
	<b>Resources</b>	<b>Resources</b>
Differences between expected and actual experience	\$ -	\$ 403,511
Changes of assumptions	104,071	541,897
Total	\$ 104,071	\$ 945,408

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

At June 30, 2022, the University also reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 432,663
Changes of assumptions	132,728	190,511
Total	\$ 132,728	\$ 623,174

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

<b>Year Ended June 30</b>	<b>Amount Recognized</b>
2024	\$ (149,531)
2025	(149,732)
2026	(148,277)
2027	(158,537)
2028	(123,590)
Thereafter	(111,670)
	\$ (841,337)

**Note 9: Funds Held in Trust by Others**

The University has a beneficial interest in the Section Thirteen Fund State Educational Institutions and the New University Fund administered by the Commissioners of the Land Office of the State of Oklahoma as trustee for the various educational institutions entitled thereto. The University has the right to receive annually approximately 3.7 percent of the distributions of income produced by Section Thirteen Fund State Educational Institutions assets and New University Fund.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

The University received approximately \$1,103,000 and \$1,013,000 from these funds during the years ended June 30, 2023 and 2022, respectively, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These appropriated amounts are recorded as State appropriations restricted for capital purposes in the statements of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the University, held in trust by the Commissioners of the Land Office, is approximately \$22,181,000 and \$19,081,000 at June 30, 2023 and 2022, respectively.

**Note 10: Panhandle State Foundation**

The following is a summary of transactions between the University and the Foundation during the years ended June 30:

	<b>2022</b>	<b>2021</b>
Direct support from the Foundation to the University	\$ 792,434	\$ 230,000
Scholarships paid directly by the Foundation to University students	514,250	309,599

The following are significant disclosures of the Foundation:

***Disclosure About Fair Value of Financial Instruments***

ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2** – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3** – Inputs consist of unobservable inputs which are used when observable inputs are unavailable and reflect an entity’s own assumptions about the assumptions that the market participants would use in pricing the assets or liabilities. Real estate held as investments would be valued as Level 3 inputs.

**Oklahoma Panhandle State University**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

The following is a summary of financial assets measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	<b>Fair Value Hierarchy</b>	<b>2022</b>	<b>2021</b>
Common stocks	Level 1	\$ 5,645,939	\$ 5,855,484
Money Market	Level 1	395,697	-
Mutual funds	Level 1	10,968,355	12,135,008
Corporate bonds	Level 2	633,720	891,865
Asset and mortgage-backed securities	Level 2	320,267	418,333
Publicly traded limited partnerships	Level 1	174,033	141,941
Exchange traded and closed end funds	Level 1	100,592	137,601
Interest in perpetual trust	Level 3	464,482	590,209
Certificate of deposits	Level 2	190,000	190,000
Mineral interests	Level 3	-	25,722
Investment in land	Level 3	-	5,000
		<u>\$18,893,085</u>	<u>\$20,391,163</u>
Total investments		<u>\$18,893,085</u>	<u>\$20,391,163</u>

**Note 11: Asset Retirement Obligation**

The University has incurred certain asset retirement obligations related to the operation of its wastewater lagoon system. The estimated liability of the legally required closure costs for the wastewater lagoon system cannot be reasonably estimated as of June 30, 2023 and 2022, due to the lack of guidance from the Oklahoma Department of Environmental Quality on what legally required costs of retirement include. The University is currently pursuing clarification of specific legally required retirement costs.

**Note 12: Risk Management**

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; employee health, life and accident benefits, and unemployment. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property damage, workers' compensation, and unemployment. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The University, 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 University pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

## **Required Supplementary Information**

**Oklahoma Panhandle State University**  
**Schedule of the University's Proportionate Share of the Net Pension Liability**  
**Oklahoma Teachers Retirement System**  
**Last 10 Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
University's proportion of the net pension liability	0.1185%	0.1246%	0.1308%	0.1350%	0.1490%	0.1586%	0.1496%	0.1535%	0.1626%
University's proportionate share of the net pension liability	\$ 9,727,821	\$ 6,366,270	\$ 12,416,462	\$ 8,936,808	\$ 9,007,882	\$ 10,501,352	\$ 12,482,485	\$ 9,324,270	\$ 8,747,608
University's covered-employee payroll	\$ 7,173,466	\$ 6,944,152	\$ 7,172,428	\$ 7,220,135	\$ 7,244,059	\$ 7,517,236	\$ 7,434,386	\$ 7,469,774	\$ 7,655,532
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	136%	92%	173%	124%	124%	140%	168%	125%	114%
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 presented for each fiscal year were determined as of June 30.

**Notes to Schedule:**

Only years beginning with 2015 are presented because 10-year history is not yet available.



**Oklahoma Panhandle State University**  
**Schedule of the University's Contributions**  
**Oklahoma Teachers Retirement System**  
**Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 674,677	\$ 640,400	\$ 622,297	\$ 636,051	\$ 637,053	\$ 637,971	\$ 650,374	\$ 635,443	\$ 640,552
Contributions in relation to the contractually required contribution	<u>674,677</u>	<u>640,400</u>	<u>622,297</u>	<u>636,051</u>	<u>637,053</u>	<u>637,971</u>	<u>650,374</u>	<u>635,443</u>	<u>640,552</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 7,570,986	\$ 7,173,466	\$ 6,944,152	\$ 7,172,428	\$ 7,220,135	\$ 7,244,059	\$ 7,517,236	\$ 7,434,386	\$ 7,469,774
Contributions as a percentage of covered-employee payroll	9%	9%	9%	9%	9%	9%	9%	9%	9%

**Notes to Schedule:**

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

**Benefit Changes**

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

**Changes of Assumptions**

There were no changes to assumptions in valuation reports for the years ended June 30, 2023 and 2022.

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

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

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

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

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

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

Inflation was increased to 2.50 percent.

Investment rate of return was decreased to 7.50 percent.

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

**Oklahoma Panhandle State University**  
**Schedule of the University's Proportionate Share of the Net OPEB Liability (Asset)**  
**Oklahoma Teachers Retirement System Supplemental Health Insurance Program**  
**Last 10 Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
University's proportion of the net OPEB liability (asset)	0.1246%	0.1246%	0.1308%	0.1350%	0.1490%	0.1586%
University's proportionate share of the net OPEB liability (asset)	\$ (54,506)	\$ (158,715)	\$ (12,963)	\$ (83,476)	\$ (96,320)	\$ (70,727)
University's covered payroll	\$ 7,173,466	\$ 6,944,152	\$ 7,172,428	\$ 7,220,135	\$ 7,244,059	\$ 7,517,236
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.76%	-2.29%	-0.18%	-1.16%	-1.33%	-0.94%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.31%	129.91%	102.30%	115.07%	115.41%	110.40%

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

**Notes to Schedule:**

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

**Oklahoma Panhandle State University**  
**Schedule of the University's Contributions**  
**Oklahoma Teachers Retirement System Supplemental Health Insurance Program**  
**Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 7,566	\$ 7,916	\$ 1,172	\$ 1,198	\$ 4,297	\$ 10,130
Contributions in relation to the contractually required contribution	<u>7,566</u>	<u>7,916</u>	<u>1,172</u>	<u>1,198</u>	<u>4,297</u>	<u>10,130</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 7,570,986	\$ 7,173,466	\$ 6,944,152	\$ 7,172,428	\$ 7,220,135	\$ 7,244,059
Contributions as a percentage of covered payroll	0.10%	0.11%	0.02%	0.02%	0.06%	0.14%

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

**Notes to Schedule:**

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

**Benefit Changes**

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

**Changes of Assumptions**

There were no changes in assumptions in valuation reports for the years 2023 and 2022.

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

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

There were no changes in assumptions in valuation reports for the years 2020, 2019, and 2018.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 11,653	\$ 19,299	\$ 19,827	\$ 15,511	\$ 11,527	\$ 129,317
Interest	24,268	16,455	20,315	24,159	37,565	35,642
Change in assumptions	(445,320)	(162,135)	65,137	73,917	79,132	(87,313)
Differences between expected and actual experience	(55,102)	(7,300)	(81,939)	(2,003)	(372,131)	(269,990)
Contributions	<u>(3,635)</u>	<u>(29,677)</u>	<u>(40,544)</u>	<u>(40,277)</u>	<u>(39,606)</u>	<u>-</u>
<b>Net Change in Total OPEB Liability</b>	(468,136)	(163,358)	(17,204)	71,307	(283,513)	(192,344)
<b>Total OPEB Liability - Beginning</b>	<u>583,487</u>	<u>746,845</u>	<u>764,049</u>	<u>692,742</u>	<u>976,255</u>	<u>1,168,599</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 115,351</u>	<u>\$ 583,487</u>	<u>\$ 746,845</u>	<u>\$ 764,049</u>	<u>\$ 692,742</u>	<u>\$ 976,255</u>
<b>Covered Employee Payroll</b>	\$ 5,153,241	\$ 4,770,025	\$ 5,143,179	\$ 5,441,835	\$ 4,847,356	\$ 7,244,059
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	2.24%	12.23%	14.52%	14.04%	14.29%	13.48%
<b>Discount Rate Used</b>	4.13%	4.09%	2.19%	2.66%	3.51%	3.88%

**Notes to Schedule:**

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

**Benefit Changes**

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

**Changes of Assumptions**

In 2023, the cost method to value life insurance benefits was changed from applying \$6,000 life insurance coverage to a flat insurance premium rate provided by the insurance provider.

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

In 2021, the health care cost trend rate was changed from a rate of 7.50 percent in 2020 to an initial rate of 8.00 percent decreasing by 0.50 percent annually to an ultimate rate of 4.50 percent.

In 2021, the mortality table used was updated to the SOA RPH-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020.

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

In 2019, the health care rate was changed from a flat 5 percent to an initial rate of 8.0 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

The assumed rates of employee turnover have been changed from the T-3 Table to the rates used in the OTRS Actuarial Valuation as of June 30, 2016. The assumed rates of retirement have been changed from 100 percent at age 65 (healthcare) and 63 (life insurance) to the rates used in the OTRS actuarial valuation as of June 30, 2016.

## **Supplementary Information**

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Expended
<b>Student Financial Assistance Cluster:</b>			
U.S. Department of Education:			
Direct Programs:			
Office of Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 46,313
Federal Work Study Program	84.033	N/A	37,269
Federal Pell Grant Program	84.063	N/A	2,850,785
Federal Direct Student Loans	84.268	N/A	3,853,185
Total Student Financial Assistance Cluster			<u>6,787,551</u>
<b>Trio Cluster:</b>			
U.S. Department of Education:			
Office of Post-secondary Education TRIO			
Upward Bound	84.047	N/A	302,971
Total TRIO Cluster			<u>302,971</u>
<b>Other Programs:</b>			
U.S. Department of Education:			
Higher Education - Institutional Aid			
Developing Hispanic Serving Institution	84.031S	N/A	466,004
COVID-19 Higher Education Emergency Relief Fund	84.425F	N/A	137,100
COVID-19 Higher Education Emergency Relief Fund	84.425L	N/A	65,168
84.425 Total			<u>202,268</u>
Total U.S. Department of Education			<u>7,758,794</u>
U.S. Department of Health and Human Services			
Opioid STR	93.788	N/A	58,358
Total U.S. Department of Health and Human Services			<u>58,358</u>
National Science Foundation			
Passed through Oklahoma State University			
STEM Education - Louis Stokes Pathways and Research Alliance	47.076	1-578530-OPSU	12,000
Total National Science Foundation			<u>12,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,829,152</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Oklahoma Panhandle State University**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Oklahoma Panhandle State University has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 FEDERAL DIRECT STUDENT LOANS PROGRAM**

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



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

Oklahoma Agricultural and Mechanical Colleges Board of Regents  
Oklahoma Panhandle State University  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Oklahoma Panhandle State University, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Oklahoma Panhandle State University's basic financial statements, and have issued our report thereon dated October 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Panhandle State Foundation as described in our report on Oklahoma Panhandle State University's financial statements. The financial statements of Panhandle State Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Panhandle State Foundation.

**Report on Internal Control Over Financial Reporting**

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

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

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

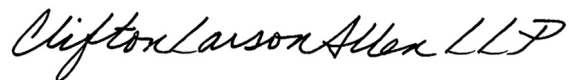


**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oklahoma Panhandle State University'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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 27, 2023



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

Oklahoma Agricultural and Mechanical Colleges Board of Regents  
Oklahoma Panhandle State University  
Oklahoma City, Oklahoma

**Report on Compliance for the Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Oklahoma Panhandle State University's 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 of Oklahoma Panhandle State University's major federal program for the year ended June 30, 2023. Oklahoma Panhandle State University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oklahoma Panhandle State University 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oklahoma Panhandle State University 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 the major federal program. Our audit does not provide a legal determination of Oklahoma Panhandle State University'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 Oklahoma Panhandle State University's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oklahoma Panhandle State University'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 Oklahoma Panhandle State University's compliance with the requirements of the 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 Oklahoma Panhandle State University'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 Oklahoma Panhandle State University'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 Oklahoma Panhandle State University's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005. Our opinion on the major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-004, and 2023-005 to be significant deficiencies.

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

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

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

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Oklahoma Panhandle State University as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Oklahoma Panhandle State University’s basic financial statements. We have issued our report thereon dated October 27, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
January 30, 2024

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

---

***Section I – Summary of Auditors’ Results***

---

***Financial Statements***

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

***Federal Awards***

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

***Identification of Major Federal Programs***

<b>Federal Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>    x    </u> yes      _____ no

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

---

***Section II – Financial Statement Findings***

---

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

**2023 – 001**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Federal Award Identification Number and Year: P007A223438 - 2023, P033A223438 - 2023, P063P222047 - 2023, P268K232047 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

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

**Criteria or specific requirement:** The Gramm-Leach Bliley Act (GLBA) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The regulation states that the college must designate a qualified individual responsible for overseeing and implementing your information security program and enforcing your information security program. (16 CFR 314.4(a)). The entity shall have a Written Information Security Program (WISP) that outlines the design and implementation of the risk assessment procedures. (16 CFR 314.4(b)). At a minimum, the institution's written information security program must address the implementation of the minimum safeguards identified in 16 CFR 314.4(c)(1) through (8) including: Assess apps developed by the institution. In addition, the written security program provides for the institution to regularly test or otherwise monitor the effectiveness of the safeguards it has implemented (16 CFR 314.4(d)).

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

**Condition:** The University has a Written information Security Program; however, the University did not meet the minimum requirements stated in the Gramm-Leach-Bliley Act. Additionally, the University did not designate a qualified individual responsible for overseeing and implementing the information and security program.

**Context:** These new GLBA requirements were applicable beginning on June 9, 2023, and there were multiple elements missing from their Written Information Security Program.

**Questioned costs:** None.

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

---

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

---

**2023 – 001 (Continued)**

**Cause:** There was not a formal process in place to review against all the new GLBA requirements to ensure compliance.

**Effect:** The University was not in Gramm-Leach-Bliley compliance standards.

**Repeat Finding:** No

**Recommendation:** We recommend that the College review the updated GLBA requirements and ensure their WISP includes all required elements.

**Views of Responsible Officials:** Management agrees with the finding and has developed a plan to correct the finding.

**2023 – 002**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Federal Award Identification Number and Year: P007A223438 - 2023, P033A223438 - 2023, P063P222047 - 2023, P268K232047 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

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

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 682.604, states that a school must ensure that exit counseling is conducted with each Stafford Loan borrower and graduate or professional student PLUS Loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The University did not properly have documentation of exit counseling notification.

**Context:** During our testing of 40 students, we identified 4 students that did not have documentation of exit counseling notification.

**Questioned costs:** None.



**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

---

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

---

**2023 – 002 (Continued)**

**Cause:** The University did not have proper procedures in place to ensure that notification of required exit counseling was sent to applicable students.

**Effect:** Exit counseling helps federal student loan borrowers understand how to repay their loans and reviews deferment and repayment plans options. If students are not notified of exit counseling, they could be at risk of not understanding their rights and responsibilities regarding loan repayment.

**Repeat Finding:** No

**Recommendation:** We recommend the University review reporting processes to ensure all students that require exit counseling receive it in a timely manner.

**Views of Responsible Officials:** Management agrees with the finding and has developed a plan to correct the finding.

**2023 – 003**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Federal Award Identification Number and Year: P007A223438 - 2023, P033A223438 - 2023, P063P222047 - 2023, P268K232047 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Material Weakness in Internal Control over Compliance

**Criteria or specific requirement:** Per Uniform Guidance 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. The Code of Federal Regulations, 34 CFR 685.309(b), states the school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date.

**Condition:** The University did not properly report student enrollment changes for students who received federal student aid to the National Student Loan Data System (NSLDS).

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

---

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

---

**2023 – 003 (Continued)**

**Context:** During our testing of 40 students, we identified 17 students had the incorrect effective date for campus-level and program-level enrollment, 1 student had the incorrect effective date for only program-level enrollment, 10 students were reported past the 60-day reporting timeframe, and 4 students did not have their graduate status reported to NSLDS.

**Questioned costs:** None.

**Cause:** The University did not have proper procedures in place to verify students' status in NSLDS matched the institutions records accurately or in a timely manner.

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

**Repeat Finding:** No.

**Recommendation:** We recommend the University review current processes for reporting to NSLDS and implement procedures to ensure submissions are reported timely and accurately.

**Views of responsible officials:** Management agrees with the finding and has developed a plan to correct the finding.

**2023 – 004**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Federal Award Identification Number and Year: P007A223438 - 2023, P033A223438 - 2023, P063P222047 - 2023, P268K232047 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

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

**Criteria or specific requirement:** Per 34 CFR 690.62 states the Pell grant for an academic year is based upon the payment and disbursement schedule published by the Secretary for each award year. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The University incorrectly awarded Pell Title IV Funds.

**OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

---

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

---

**2023 – 004 (Continued)**

**Context:** During our testing we identified 2 out of 40 students were awarded incorrect Pell amounts based on the 2022-23 Pell payment schedule. Of the two instances, one student was under awarded \$861 of Pell, while the other student was over awarded \$564. The Pell payment schedule takes into account the cost of attendance, the student's Expected Family Contribution and the enrollment status of the student.

**Questioned costs:** None.

**Cause:** The University did not award the correct amounts of the Pell.

**Effect:** Students were not awarded proper amount of Pell they were eligible for.

**Repeat Finding:** No.

**Recommendation:** We recommend the University review its current procedures for awarding Title IV funds and implement changes necessary to ensure federal funds are awarded and disbursed in accordance with federal regulations. We also recommend the University disburse the proper Pell award to these students.

**Views of responsible officials:** Management agrees with the finding and has developed a plan to correct the finding.

**2023 – 005**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Federal Award Identification Number and Year: P007A223438 - 2023, P033A223438 - 2023, P063P222047 - 2023, P268K232047 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

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

**Criteria or specific requirement:** 34 CFR 668.21(a) states that the institution must return all title IV, HEA program funds that were credited to the student's account at the institution or disbursed directly to the student for the payment period. The institution must return those funds no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

OKLAHOMA PANHANDLE STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023

---

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

---

**2023 – 005 (Continued)**

**Condition:** The University incorrectly calculated and did not disburse aid timely for Return to Title IV (R2T4) calculations. The University also did not have formal procedures in place to review the Return to Title IV calculations.

**Context:** During our testing of 14 R2T4s, we identified that 9 R2T4 calculations had mechanically incorrect calculations. Out of the 9, 7 had the incorrect number of scheduled break days, and 6 had incorrect disbursed amounts. Also, during our testing, we identified 1 instance of payments returned later than 45 days after withdrawal. Additionally, we were unable to identify formal control procedures related to Return to Title IV transactions.

**Questioned costs:** \$3,391

**Cause:** The University was incorrectly calculating R2T4s as well as using the incorrect number of scheduled break days for Spring Semester. Additionally, the University did not have a formal procedure for reviewing R2T4s.

**Effect:** The University could return incorrect amounts based off of their calculations and incorrect calculations could affect student repayment amounts based off of amount earned.

**Repeat Finding:** No.

**Recommendation:** We recommend the University document review of Return to Title IV calculations by an employee that did not prepare the calculations. We also recommend that the University review policies and procedures related to R2T4 calculations to ensure calculations are performed correctly and disbursed timely.

**Views of responsible officials:** Management agrees with the finding and has developed a plan to correct the finding.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.