



Southeastern Oklahoma State University

A Department of the Regional
University System of Oklahoma

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED**

JUNE 30, 2023

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
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June 30, 2023

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**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
Southeastern Oklahoma State University
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Southeastern Oklahoma State University (the University), a department of the Regional University System of Oklahoma (RUSO), which is a component unit of the State of Oklahoma, and its discretely presented component unit, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the 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 accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Southeastern Foundation, Inc. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditor.

Basis for Opinions

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

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Emphasis of Matter

As discussed in Note A, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of RUSO that is attributable to the transactions of the University. They do not purport to, and do not present fairly the financial position of RUSO as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or event, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 (under separate cover), on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
October 31, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Introduction

The discussion and analysis of Southeastern Oklahoma State University's (the "University") financial statements provides an overview of the University's financial activities for the fiscal year ending June 30, 2023, with selected comparative information for the year ended June 30, 2022. Management's discussion and analysis is designed to focus on current activities, resulting changes, and current known facts, so it should be read in conjunction with the University's financial statements and footnotes.

These financial statements include those of the University and its discretely presented component unit, Southeastern Foundation, Inc. A component unit is a legally separate entity associated with the primary organization.

Financial Highlights

The University's Total Net Position as of June 30, 2023 was \$37.4 million compared to \$43.2 million as of June 30, 2022. This is a decrease of \$5.8 million or 13%. Total Assets decreased approximately \$5.9 million, and Total Liabilities decreased approximately \$105,000.

Operating Revenue and Non-Operating Revenue as of June 30, 2023 totaled \$77.6 million compared to \$79.9 million as of June 30, 2022. This is a decrease of \$2.3 million or 2.9%.

Operating Expenses and interest expense as of June 30, 2023 totaled \$85.5 million compared to \$81.6 million as of June 30, 2022. This is an increase of \$3.9 million or 4.9%.

Three capital projects, two Piper Seminole Airplanes, Campus-wide Information Technology Switches, and Softball Facility Improvements – were completed in fiscal year 2023. Four capital projects – Rodeo/Ag Expo Center, Front Lawn Water Feature, IT Wiring Infrastructure, and Storm Uri Winter Weather Repair – are in the construction/implementation phase. The Rodeo/Ag Expo Center, along with the Front Lawn Water Feature, are both partially funded by external fund raising. The Storm Uri Winter Weather Repair is an OMES Risk Management claim that will be reimbursed.

Bonds payable and capital lease obligations decreased by \$1.8 million, leaving a balance of \$17.7 million. The decrease is due to paying down current debt and foregoing new obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Statement of Net Position

The Statement of Net Position presents current and noncurrent assets and liabilities, deferred outflows of resources and inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of June 30, 2023.

Net Position are divided into three (3) major categories: (1) Invested in capital assets, the University's investment in property, plant, and equipment, (2) Restricted expendable, includes resources that are available for expenditure by the University to spend in accordance with restrictions imposed by external third parties, and (3) Unrestricted, represents resources to be 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.

CONDENSED STATEMENT OF NET POSITION

	June 30, (In Millions)		Increase (Decrease)	Percent Change
	<u>2023</u>	<u>2022</u>		
CURRENT ASSETS	\$ 18.0	\$ 22.8	\$ (4.8)	-21.1%
NONCURRENT ASSETS	<u>49.7</u>	<u>50.9</u>	<u>(1.2)</u>	-2.4%
TOTAL ASSETS	<u>\$ 67.7</u>	<u>\$ 73.7</u>	<u>\$ (6.0)</u>	-8.1%
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
CURRENT LIABILITIES	\$ 13.0	\$ 11.4	\$ 1.6	14.0%
NONCURRENT LIABILITIES	<u>16.8</u>	<u>18.5</u>	<u>(1.7)</u>	-9.2%
TOTAL LIABILITIES	<u>\$ 29.8</u>	<u>\$ 29.9</u>	<u>\$ (0.1)</u>	-0.3%
DEFERRED INFLOWS OF RESOURCES	<u>\$ 0.5</u>	<u>\$ 0.5</u>	<u>\$ -</u>	0.0%
NET POSITION				
Net Investment in Capital Assets	\$ 25.2	\$ 20.1	\$ 5.1	25.4%
Restricted	5.8	10.1	(4.3)	-42.6%
Unrestricted	<u>6.4</u>	<u>13.0</u>	<u>(6.6)</u>	-50.8%
TOTAL NET POSITION	<u>\$ 37.4</u>	<u>\$ 43.2</u>	<u>\$ (5.8)</u>	-13.4%

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

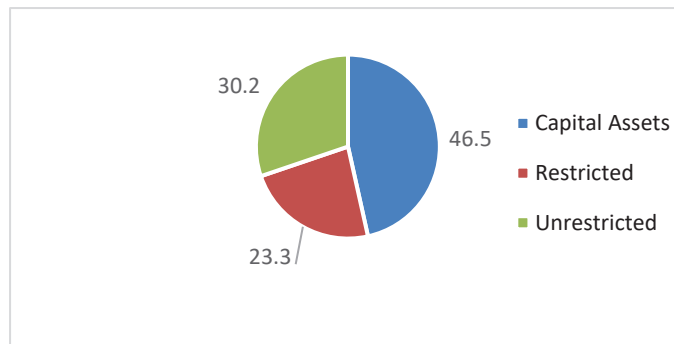
Analysis of Net Position

Total assets decreased \$5.9 million with decreases in current cash and cash equivalents of \$6.9 million, accounts receivable of \$0.1 million, non-current restricted cash of \$4.5 million. Restricted cash and cash equivalents increased \$1.0 million, receivables from state agencies increased \$1.2 million, and capital assets increased \$3.5 million.

Total liabilities decreased \$0.1 million with increases of \$0.4 million in accounts payable, \$0.6 million in accrued liabilities, \$0.5 in unearned revenue, and \$0.2 million in current maturities of long-term debt. Capital lease obligations payable to state agencies decreased \$1.7 million, with additional small decreases in Student and other deposits, accrued compensated absences, and leases payable.

The following graph indicates that the bulk of the University's net position at June 30, 2023, are capital assets invested in land, buildings, infrastructure, library, and equipment.

Analysis of Net Position



Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's results of operations for the year and the effect on net position. Operating revenues and expenses are generated from "exchange" transactions that arise in the course of normal activity for the organization. Tuition and fees, sales of services and merchandise, and similar transactions are considered operating revenues, and all the expenses required to provide these services are considered operating expenses. Nonoperating revenue and expenses are characterized as non-exchange and include such items as gifts and contributions, investment income or expense, federal grants, and most significantly, state appropriations.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Statement of Revenues, Expenses, and Changes in Net Position-Continued

Condensed Statements of Revenues, Expenses, and Changes in Net Position are a summary for the year ended June 30, 2023, compared to the year ended June 30, 2022.

	Years Ended June 30, (in millions)		Increase
	<u>2023</u>	<u>2022</u>	<u>(Decrease)</u>
OPERATING REVENUES			
Student tuition and fees (net of scholarship discounts and allowances)	\$ 31.1	\$ 30.8	\$ 0.3
Federal, state and local grants and contracts	6.3	7.0	(0.7)
Auxiliary operations	4.2	3.5	0.7
Other operating revenues	<u>0.9</u>	<u>1.0</u>	<u>(0.1)</u>
TOTAL OPERATING REVENUE	<u>42.5</u>	<u>42.3</u>	<u>0.2</u>
OPERATING EXPENSES			
Compensation and employee benefits	41.5	39.1	2.4
Contractual services	12.6	12.3	0.3
Supplies and materials	1.1	3.8	(2.7)
Depreciation	4.3	3.8	0.5
Utilities	1.6	1.4	0.2
Communication expense	0.3	0.3	-
Scholarships and fellowships	15.5	16.8	(1.3)
Other operating expense	<u>8.0</u>	<u>3.4</u>	<u>4.6</u>
TOTAL OPERATING EXPENSES	<u>84.9</u>	<u>80.9</u>	<u>4.0</u>
OPERATING INCOME (LOSS)	(42.4)	(38.6)	(3.8)
NONOPERATING REVENUE			
State appropriations	15.9	14.9	1.0
Financial aid grants	9.4	15.5	(6.1)
State and Private Grants	7.6	7.0	0.6
Other Gains and Losses	0.1	0.1	-
OMES Insurance Proceeds	1.7	-	1.7
Investment income	0.3	0.1	0.2
Net gain on disposal of assets	-	-	-
Interest expense	<u>(0.6)</u>	<u>(0.6)</u>	<u>-</u>
NET NONOPERATING REVENUE (EXPENSES)	<u>34.4</u>	<u>37.0</u>	<u>(2.6)</u>
Income (loss) before other revenues, expenses, gains and losses	<u>(8.0)</u>	<u>(1.6)</u>	<u>(6.4)</u>
OTHER REVENUE/EXPENSES	<u>2.2</u>	<u>2.1</u>	<u>0.1</u>
CHANGE IN NET POSITION	(5.8)	0.5	(6.3)
NET POSITION, BEGINNING OF YEAR	<u>43.2</u>	<u>42.7</u>	<u>0.5</u>
NET POSITION, END OF YEAR	<u>\$ 37.4</u>	<u>\$ 43.2</u>	<u>\$ (5.80)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Statement of Revenues, Expenses, and Changes in Net Position-Continued

Revenues 2023

Total operating revenues increased by \$0.3 million and non-operating revenue decreased \$2.3 million, for a total decrease of \$2.0 million.

Student tuition and fees, net of scholarship discounts and allowances increased \$0.03 million. Rates for tuition were not increased for resident and non-resident students. Mandatory fees were increased by \$1. 50 per student credit hour. Student credit hours remained relatively level in most categories.

Federal, State, and local grants and contracts revenue is \$6.3 million, a decrease of \$0.6 million from the previous year's total.

Auxiliary operations generated total revenues of \$4.2 million – \$1.4 million is from housing and food services, \$1.7 million is from aerospace operations, and \$1.1 from Athletics, which is an increase of \$0.7 million from the previous years' \$3.5 million. Housing revenue increased \$0.2 million, aerospace revenue increased \$0.2 million, and athletics revenue increased \$0.3 million. Rates for room remained the same while board rates increased by about 4.5%.

State appropriations for operations in fiscal year 2023 were \$15.9 million, resulting in an increase of \$1.0 million or approximately 6.8%.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

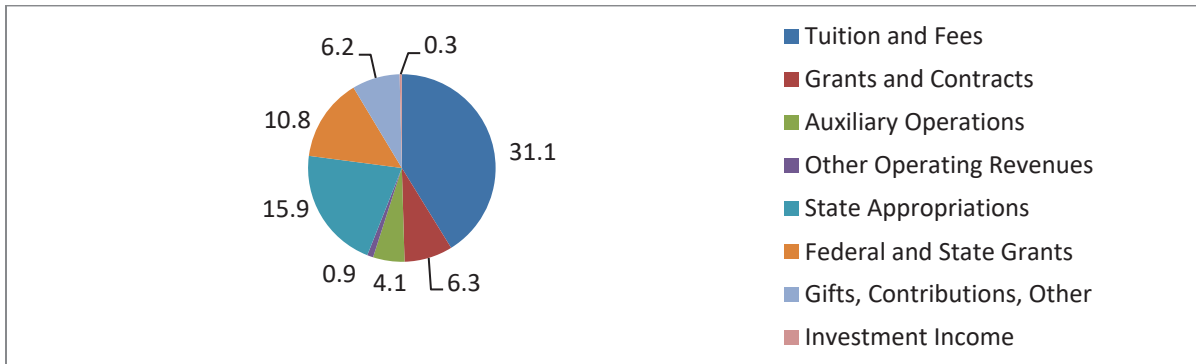
Year Ended June 30, 2023

Statement of Revenues, Expenses, and Changes in Net Position-Continued

Revenues 2023--continued

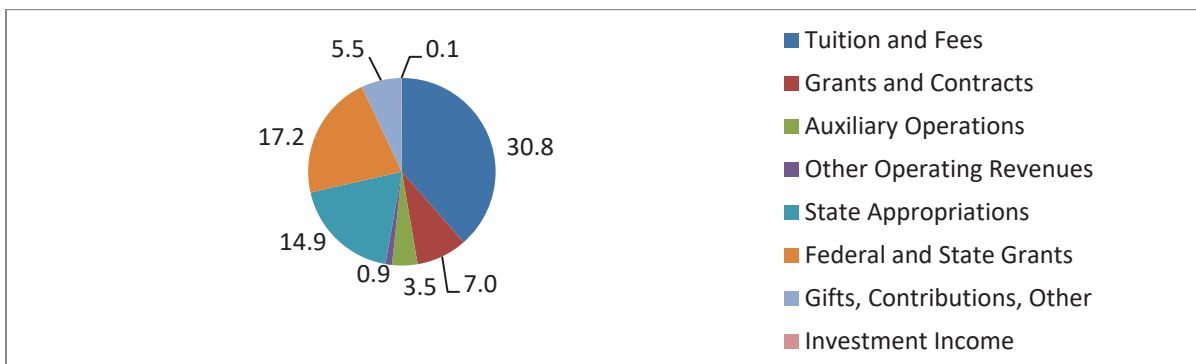
The following is a graphical representation of total operating and nonoperating revenue for the year ended June 30, 2023.

*Total Revenues 2023
Operating and Nonoperating
(In Millions)*



The following is a graphical representation of total operating and nonoperating revenue for the year ended June 30, 2021.

*Total Revenues 2022
Operating and Nonoperating
(In Millions)*



MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

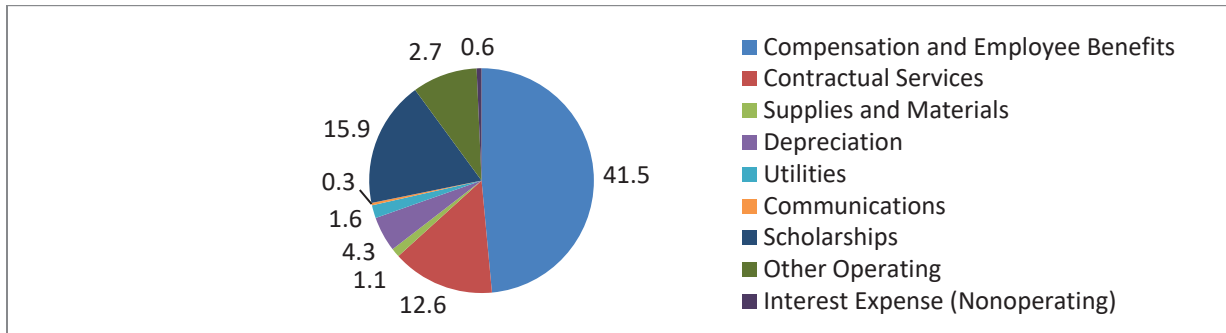
Statement of Revenues, Expenses, and Changes in Net Position-Continued

Expenses

Operating expenses and interest expense for the year are \$85.5 million, an increase of \$4 million. Increases include compensation and employee benefits \$2.3 million, contractual services \$0.3 million, depreciation \$0.6 million, utilities \$0.2 million, and other operating expenses of \$4.6 million. Decreases include supplies and materials of \$2.7 million, and scholarships and fellowships expense of \$1.3 million.

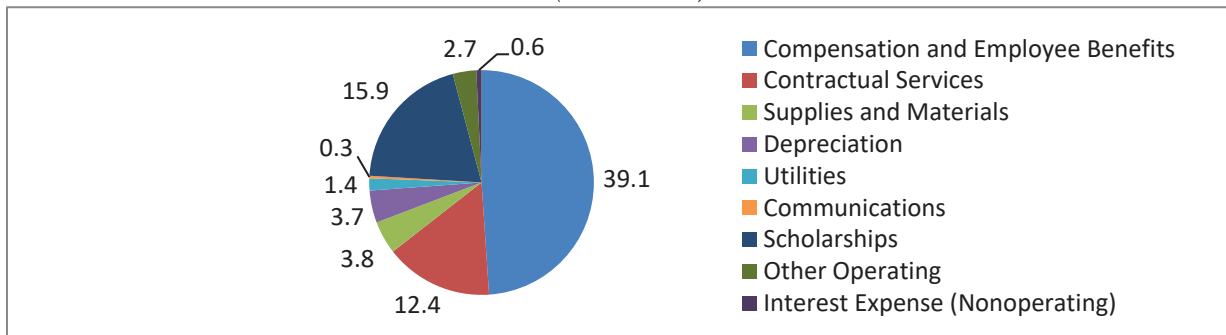
The following is a graphic illustration of expenses for the year ended June 30, 2023.

*Total Expenditures 2023
(In Millions)*



The following is a graphic illustration of expenses for the year ended June 30, 2022.

*Total Expenditures 2022
(In Millions)*



MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Statement of Cash Flows

The Statement of Cash Flows presents information about the cash receipts and disbursements of the university during the year.

A condensed Statement of Cash Flows is a summary for the year ended June 30, 2022, compared to the year ended June 30, 2021.

	Years Ended June 30, (in Millions)	
	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN):		
Operating activities	\$ (37.2)	\$ (34.7)
Noncapital financing activities	33.5	37.6
Investing activities	0.3	0.1
Capital and related financing activities	<u>(7.0)</u>	<u>(0.1)</u>
NET INCREASE (DECREASE) IN CASH	(10.4)	2.9
CASH, BEGINNING OF YEAR	<u>28.0</u>	<u>25.1</u>
CASH, END OF YEAR	<u>\$ 17.6</u>	<u>\$ 28.0</u>

Capital Assets

At June 30, 2023, the University had approximately \$44.0 million invested in capital assets, net of accumulated depreciation of \$86.6 million. Depreciation charges totaled approximately \$4.3 million for the current fiscal year.

Capital Assets, net

	(in Millions)	
	<u>2023</u>	<u>2022</u>
Land	\$ 3.1	\$ 3.1
Capitalized collections	0.4	0.4
Construction in-progress	3.9	1.0
Infrastructure	1.0	1.2
Improvements	1.9	1.2
Buildings	31.3	30.4
Furniture, fixtures, and equipment	1.6	2.8
Leased Assets - Equipment	0.1	0.1
SBITA Assets - Intangibles	0.6	-
Library materials	0.1	0.1
TOTALS	<u>\$ 44.0</u>	<u>\$ 40.3</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Debt

At June 30, 2023, the University had approximately \$17.7 million in debt outstanding compared to \$19.5 million at the end of the previous fiscal year. The table below summarizes these amounts by type.

<i>Outstanding Debt</i>		June 30, (in Millions)	
		<u>2023</u>	<u>2022</u>
OCIA Capital Lease Obligations	\$	4.3	\$ 4.8
ODFA Capital Lease Obligations		13.4	14.7
TOTALS	\$	<u>17.7</u>	<u>\$ 19.5</u>

Oklahoma Capital Improvement Authority Leases

In 2014, the OCIA issued Bond Series 2014A to partially refund the Series 2005F Revenue Bonds. This restructuring resulted in a gain of \$316,314 between the remaining liability of 2005F and the new liability of 2014A. This gain on restructuring was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2022, the unamortized gain totaled \$137,177.52. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment, less payments made on the University's behalf, which is \$4,286,576 at June 30, 2023.

During the year ended June 30, 2023, OCIA made lease principal and interest payments totaling \$746,756 on behalf of the University. These on-behalf payments have been recorded as restricted state appropriations in the statement of revenues, expenses, and changes in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

Oklahoma Development Finance Authority Master Lease Program

During fiscal 2023, the University's outstanding debt decreased by \$1.8 million due to paying down current obligations and foregoing any new obligations.

More detailed information about the University's outstanding debt is presented in notes to the financial statements.

Component Unit

The Southeastern Foundation, Inc. (the "Foundation") meets the criteria for inclusion as a discretely presented component unit of Southeastern Oklahoma State University. The most recent financial statements of the Foundation are included in this presentation under the heading Component Unit. A complete set of financial statements may be obtained from the Foundation.

Economic Outlook

The economic stability of the University is directly related to the state's economic stability. The State's economy continues to show signs of economic fluctuations directly related to the oil and gas industry as well as other industries. The University will continue to maintain rigorous processes and controls to limit expenditures in this uncertain revenue climate.

Enrollment for the Fall 2022 remained relatively steady. Enrollment has grown noticeably in the last seven years mostly in graduate students. Expansion and growth in the graduate school continues to meet or exceed expectations. The partnership with a third-party marketing firm has made tremendous progress in expanding enrollment across most of the University's graduate programs. In the last several years, that partnership has been expanded to include more undergraduate programs as well. Enrollment in those areas continues to exceed expectations. This steady increase in enrollment, while providing for additional revenue, has required additional financial and non-financial investments on the part of the University. In order to maintain academic quality and mission, those investments have impacted University financials on a short-term basis.

Other key initiatives that have shown promise include strengthening ties with community colleges to grow transfer student enrollment. The University has also increased private fundraising in order to provide a wider array of scholarship opportunities across the board in order to attract and retain students. These efforts will continue along with new and expanded

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

SOUTHEASTERN OKLAHOMA STATE UNIVERSITY
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2023

initiatives to promote student enrichment experiences, improve the University's regional image, optimize the learning environment, and enhance collaboration and partnerships.

The University is cautiously optimistic with positive signs of revenue increases at the state level. The experience of our management team and our team approach to problem solving helps to meet any challenges critical to the success of the University. We believe that many of the actions that have been taken in the recent past and those planned for the future will help us maintain and strengthen the organization. We realize that serving our students and maintaining quality academic programs is dependent on receiving an adequate level of state and federal appropriations in the future and will continue to work diligently toward that objective.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Statement of Net Position
June 30, 2023

	University	Component Unit
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,628,254	\$ 1,976,403
Restricted cash and cash equivalents	1,649,770	604,686
Accounts receivable, net	4,092,512	51,340
Leases receivable	12,836	-
Interest receivable	8,574	97,868
Receivable from state agencies	1,633,088	-
Total Current Assets	18,025,034	2,730,297
Noncurrent Assets		
Investments	-	30,754,138
Restricted cash and cash equivalents	5,344,900	-
Leases receivable	337,079	-
Prepaid pension asset	-	16,528
Other assets	-	282,496
Capital assets, net	44,016,956	5,041,775
Total Noncurrent Assets	49,698,935	36,094,937
Total Assets	\$ 67,723,969	\$ 38,825,234

(Continued)

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Statement of Net Position
June 30, 2023
(Continued)

	University	Component Unit
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 3,465,004	\$ 1,688,861
Other accrued liabilities	852,577	-
Accrued interest payable	-	28,705
Unearned revenue	5,465,306	25,670
Deposits held in custody for others	329,459	-
Current portion of noncurrent liabilities	2,980,223	1,690,821
Total Current Liabilities	13,092,569	3,434,057
Noncurrent Liabilities		
Accrued compensated absences	376,111	-
Notes payable	-	4,431,729
Notes payable to state agencies	15,969,213	-
Leases payable	3,822	-
SBITA payable	372,865	-
Total Noncurrent Liabilities	16,722,011	4,431,729
Total Liabilities	29,814,580	7,865,786
Deferred Inflows of Resources		
Deferred gain on OCIA lease restructure	137,178	-
Deferred inflows related to leases	345,447	-
	482,625	-
Net Position		
Invested in capital assets, net of related debt	25,231,060	-
Restricted:		
Nonexpendable	-	-
Expendable:		
Scholarships, instruction and other	-	31,161,441
Capital projects and debt service	5,802,376	-
Unrestricted	6,393,328	(201,993)
Total Net Position	\$ 37,426,764	\$ 30,959,448

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	University	Component Unit
Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances of \$18,266,118	\$ 31,141,818	\$ -
Federal grants and contracts	4,833,557	-
State and local grants and contracts	1,505,831	-
Housing and food service, net of scholarship discounts allowances of \$807,873	1,408,418	-
Aerospace operations	1,706,146	-
Athletics	1,057,411	-
Net investment income (loss)	-	1,081,663
Contributions	-	795,942
Other operating revenues	891,616	1,784,593
Total Operating Revenues	42,544,797	3,662,198
Operating Expenses		
Compensation and employee benefits	41,473,511	-
Contractual services	12,616,911	-
Supplies and materials	1,065,446	-
Depreciation	4,335,362	-
Utilities	1,574,546	-
Communications expense	294,580	-
Scholarships and fellowships	15,513,367	2,442,935
Other operating expenses	8,024,312	552,158
Total Operating Expenses	84,898,035	2,995,093
Operating Income (Loss)	(42,353,238)	667,105
Nonoperating Revenues (Expenses)		
State appropriations	15,916,913	-
Financial aid grants	16,955,407	-
Other gains and (losses)	137,103	-
OMES Insurance Proceeds	1,719,551	-
Investment income	315,105	-
Net gain (loss) on disposal of assets	(1,340)	-
Interest expense	(642,231)	-
Net Nonoperating Revenue	34,400,508	-
Income before other revenues, expenses, gains and losses	(7,952,730)	667,105
State appropriations restricted for capital purposes	1,416,633	-
OCIA on-behalf payments	747,756	-
Change in Net Position	(5,788,341)	667,105
Net Position, <i>Beginning of Year</i>	43,215,105	30,292,343
Net Position, <i>End of Year</i>	\$ 37,426,764	\$ 30,959,448

See Notes to the Financial Statements.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities		
Tuition and fees	\$	31,480,589
Grants and contracts		6,754,471
Other operating receipts		4,890,752
Payments to employees for salaries and benefits		(40,828,137)
Payments to suppliers		<u>(39,506,764)</u>
	Net Cash Used in Operating Activities	<u>(37,209,089)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations		15,916,913
Gifts and contributions		6,725,814
Financial aid grants		10,889,931
Direct Loan receipts		23,094,367
Direct Loan payments		<u>(23,094,367)</u>
	Net Cash Provided by Noncapital Financing Activities	<u>33,532,658</u>
Cash Flows from Investing Activities		
Interest income received		<u>309,760</u>
	Net Cash Provided by Investing Activities	<u>309,760</u>
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets		(7,008,185)
Capital appropriations received		1,416,633
Interest paid on capital debt and leases		(557,483)
Proceeds from capital debt and leases		478,939
Principal payments on capital debt and leases		<u>(1,428,776)</u>
	Net Cash Used in Capital and Related Financing Activities	<u>(7,098,872)</u>
	Net Change in Cash and Cash Equivalents	(10,465,543)
Cash and Cash Equivalents, <i>Beginning of Year</i>		<u>28,088,467</u>
Cash and Cash Equivalents, <i>End of Year</i>	\$	<u><u>17,622,924</u></u>

(Continued)

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Statement of Cash Flows
For the Year Ended June 30, 2023
(Continued)

**Reconciliation of Operating Loss to
Net Cash Used in Operating Activities**

Operating loss	\$ (42,353,238)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	4,335,362
Changes in assets and liabilities	
Accounts receivable	109,727
Leases receivable	12,645
Loans receivable	-
Accounts payable and student deposits	(417,602)
Accrued payroll	608,231
Unearned revenues	473,663
Retirement incentive	(15,020)
Compensated absences	<u>37,143</u>
Net Cash Used in Operating Activities	\$ <u><u>(37,209,089)</u></u>

**Noncash Investing, Noncapital Financing
and Capital and Related Financing Activities**

Interest on capital debt paid by State Agency on behalf of the University	\$ <u><u>228,615</u></u>
Principal on capital debt paid by State Agency on behalf of the University	\$ <u><u>(519,141)</u></u>
Deferred gain on OCIA lease restructure	\$ <u><u>137,178</u></u>

**Reconciliation of Cash and Cash Equivalents
to Statement of Net Position**

Current assets	
Cash and cash equivalents	\$ 10,628,254
Restricted cash and cash equivalents	<u>6,994,670</u>
Total Cash and Cash Equivalents	\$ <u><u>17,622,924</u></u>

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note A: Summary of Significant Accounting Policies

Southeastern Oklahoma State University (the “University”) is a regional university operating under the jurisdiction of the Regional University System of Oklahoma (“RUSO” or the “System”) and the Oklahoma State Regents for Higher Education.

Reporting Entity

The University is one of six institutions of higher education in Oklahoma that comprise part of the RUSO, 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 RUSO, which consist of six institutions and an administrative office. 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 a department of RUSO 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 Units

Southeastern Foundation, Inc. (the “Foundation”) is a component unit of the University under GASB 39 that is required to be discretely presented with the financial statements of the University. The University is the beneficiary of the Foundation, a separate legal entity with its own Board of Trustees. The Foundation is organized for the benefit of the University, and its faculty, student body and programs. The Foundation provides scholarships and support and enhances the further development of the University. Additional and selected disclosures for the Foundation are located in this report in Note L. A complete report of the Foundation’s financial statements and footnotes can be requested form the Foundation’s director.

Financial Statement Presentation

The University’s financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. Under GASB Statements No. 34 and 35, the University is required to present a statement of net position classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position, with separate presentation for operating and nonoperation revenues and expenses, and a statement of cash flows using the direct method.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

For financial reporting purposes, the University is considered a department of 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 statement 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 in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the University has disclosed its deposit and investment policies related to the risks identified in GASB Statement No. 40. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Restricted Cash and Investments

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

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Oklahoma. Student accounts receivable are carried at the unpaid balance of the original amount billed to students, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. A student account receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. No allowance for doubtful accounts has been provided for other receivables.

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 one year or greater. 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 40 to 60 years for buildings, 10 to 30 years for infrastructure, land improvements, and building renovations, and 5 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.

Compensated Absences

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

Noncurrent Liabilities

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

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Leases

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

Net Position

The University's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital 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 invested in capital assets, net of related debt.

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

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the 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 toward 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 or unrelated business income under Internal Revenue Code Section 511(a)(2)(b).

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

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, and (3) certain grants and contracts.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the 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, state or nongovernmental programs, are recorded as 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. At June 30, 2023, the University's had no reported deferred outflows of resources.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
 Notes to Financial Statements
 June 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the University that is applicable to a future reporting period. At June 30, 2023, the University's deferred inflows of resources were comprised of deferred gains on OCIA debt restructure, and leases as defined by GASB 87. Lease-related amounts are recognized at the inception of leases in which the University is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Note B: Deposits and Investments

Deposits and investments are presented in the June 30, 2023 financial statements as follows:

Deposits and Investments	
Cash and cash equivalents	\$ 10,628,254
Restricted cash and cash equivalents	<u>6,994,670</u>
Total Deposits and Investments	<u>\$ 17,622,924</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned or the University will not be able to recover collateral securities in the possession of an outside party. The University deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The 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 Treasurer may determine, in the State's name.

At June 30, 2023, the carrying amount of all University deposits with the OST and other financial institutions was \$17,622,924. Cash and cash equivalents also consisted of change funds (\$4,400). Funds on deposit with OST include \$2,902,386 with *OK INVEST*, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note B: Deposits and Investments (Continued)

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.

Investments

Investment *credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the University's investments are managed by the State Treasurer. In accordance with state statutes the State Treasurer may only purchase and invest in (a) obligations of the United States government, its agencies and instrumentalities; (b) bonds, notes, debenture or other similar obligation of a foreign government; (c) investment grade obligations of state and local governments; (d) money market mutual funds and short term bond funds; (e) collateralized or insured certificates of deposits; (f) negotiable certificates of deposits; (g) prime commercial paper; and (h) repurchase agreements.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest changes. Neither the University nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST Investment Policy limits the average maturity on its portfolio to four (4) years, with certain individual securities having more restrictive limits as defined in the policy.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Neither the University's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST Investment Policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2023, none of the University's investments were subject to custodial credit risk.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note B: Deposits and Investments (Continued)

Bond Fund Cash and Investments

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

Note C: Accounts Receivable

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

Student tuition and fees	\$	15,367,081
Auxiliary enterprises and other operating activities		452,464
Federal, state, and private grants and contracts		1,515,114
		17,334,659
Less: allowance for doubtful accounts		(13,242,147)
Net accounts receivable	\$	4,092,512

Note D: Leases Receivable

The University as a lessor, has entered into lease agreements involving a rooftop cellular tower. A summary of the University's lease terms and interest rates at June 30, 2023, was as follows:

Annual installments of \$18,000	
Imputed interest rate of 1.50%	
Final payment due date of June 2046	
The balance outstanding at June 30, 2023 was:	\$ 349,915

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note E: Capital Assets

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

	Restated Balance June 30, 2022	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$ 3,129,636	\$ -	\$ -	\$ -	\$ 3,129,636
Capitalized collections	401,385	-	-	-	401,385
Construction in Progress	983,676	5,299,439	(2,359,935)	-	3,923,180
Total capital assets not being depreciated	<u>\$ 4,514,697</u>	<u>\$ 5,299,439</u>	<u>\$ (2,359,935)</u>	<u>\$ -</u>	<u>\$ 7,454,201</u>
Other capital assets					
Non-major Infrastructure networks	\$ 14,357,482	\$ 57,402	\$ -	\$ -	\$ 14,414,884
Improvements	4,662,269	1,074,505	-	-	5,736,774
Buildings	78,626,653	543,259	2,359,935	-	81,529,847
Furniture, fixtures, and equipment	13,386,877	330,229	-	(53,963)	13,663,143
Leased Assets-Equipment	67,758	-	-	-	67,758
SBITA Assets-Intangibles	341,887	478,939	-	-	820,826
Library materials	6,938,361	11,729	-	(13,039)	6,937,051
Total other capital assets	<u>\$ 118,381,287</u>	<u>\$ 2,496,063</u>	<u>\$ 2,359,935</u>	<u>\$ (67,002)</u>	<u>\$ 123,170,283</u>
Less accumulated depreciation for					
Non-major Infrastructure networks	\$ (13,150,611)	\$ (290,662)	\$ -	\$ -	\$ (13,441,273)
Improvements	(3,463,248)	(330,609)	-	-	(3,793,857)
Buildings	(48,270,815)	(1,943,881)	-	-	(50,214,696)
Furniture, fixtures, and equipment	(10,561,086)	(1,518,376)	-	53,963	(12,025,499)
Leased Assets-Equipment	(21,876)	(21,876)	-	-	(43,752)
SBITA Assets-Intangibles	-	(183,523)	-	-	(183,523)
Library materials	(6,870,192)	(46,435)	-	11,699	(6,904,928)
Total accumulated depreciation	<u>\$ (82,337,828)</u>	<u>\$ (4,335,362)</u>	<u>\$ -</u>	<u>\$ 65,662</u>	<u>\$ (86,607,528)</u>
Other capital assets, net	<u>\$ 36,043,459</u>	<u>\$ (1,839,299)</u>	<u>\$ 2,359,935</u>	<u>\$ (1,340)</u>	<u>\$ 36,562,755</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 4,514,697	\$ 5,299,439	\$ (2,359,935)	\$ -	\$ 7,454,201
Other capital assets, at cost	118,381,287	2,496,063	2,359,935	(67,002)	123,170,283
Total cost of capital assets	<u>\$ 122,895,984</u>	<u>\$ 7,795,502</u>	<u>\$ -</u>	<u>\$ (67,002)</u>	<u>\$ 130,624,484</u>
Less accumulated depreciation	\$ (82,337,828)	\$ (4,335,362)	\$ -	\$ 65,662	\$ (86,607,528)
Capital Assets, net	<u>\$ 40,558,156</u>	<u>\$ 3,460,140</u>	<u>\$ -</u>	<u>\$ (1,340)</u>	<u>\$ 44,016,956</u>

The beginning balance at June 30, 2022, was restated with the implementation of GASB 96.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Notes to Financial Statements
June 30, 2023

Note F: Long-term Liabilities

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

	Restated Balance <u>June 30, 2022</u>	Additions	Reductions/ Adjustments	Balance <u>June 30, 2023</u>	Amounts due within one year
Notes payable and lease obligations					
OCIA Master Lease Notes Payable	\$ 4,805,717	\$ -	\$ (519,141)	\$ 4,286,576	\$ 532,502
ODFA Master Lease Notes Payable	13,070,282	-	(1,172,697)	11,897,585	1,071,417
Premiums on Master Leases Notes Payable	1,632,903	-	(124,502)	1,508,401	119,430
Leases payable	45,962	-	(21,864)	24,098	20,276
SBITA payable	<u>341,887</u>	<u>478,939</u>	<u>(234,215)</u>	<u>586,611</u>	<u>213,746</u>
Total notes payable, lease, and SBITA obligations	19,896,751	478,939	(2,072,419)	18,303,271	1,957,371
Other liabilities:					
Accrued compensated absences	<u>1,361,820</u>	<u>994,289</u>	<u>(957,146)</u>	<u>1,398,963</u>	<u>1,022,852</u>
Total other liabilities	<u>1,361,820</u>	<u>994,289</u>	<u>(957,146)</u>	<u>1,398,963</u>	<u>1,022,852</u>
Total long-term liabilities	<u>\$ 21,258,571</u>	<u>\$ 1,473,228</u>	<u>\$ (3,029,565)</u>	<u>\$ 19,702,234</u>	<u>\$ 2,980,223</u>

The beginning balance at June 30, 2022, was restated with the implementation of GASB 96.

Master Lease Obligations

Oklahoma Capital Improvement Authority Master Leases

In 2014, the OCIA issued Bond Series 2014A to partially refund the Series 2005F Revenue Bonds. This restructuring resulted in a gain of \$316,314 between the remaining liability of 2005F and the new liability of 2014A. This gain on restructuring was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2023, the unamortized gain totaled \$137,178. The University has recorded a master lease obligation payable to OCIA for the total amount of the allotment, less payments made on the University's behalf, which is \$4,286,576 at June 30, 2023.

During the year ended June 30, 2023, OCIA made master lease principal and interest payments totaling \$747,756 on behalf of the University. These on-behalf payments have been recorded as OCIA on-behalf appropriations in the University's statements of revenues, expenses, and changes in net position.

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Note F: Long-term Liabilities (Continued)

Master Lease Obligations (Continued)

Oklahoma Development Finance Authority Master Lease Program:

	2023
ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2022A, allocated to the University in the original amount of \$2,285,000 and mature in varying annual amounts to May 15, 2037.	\$ 2,169,667
ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2021C, allocated to the University in the original amount of \$1,850,000 and mature in varying annual amounts to November 15, 2041.	1,720,417
ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2021A, allocated to the University in the original amount of \$5,838,000 and mature in varying annual amounts to May 15, 2046.	5,419,833
ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2015C, allocated to the University in the original amount of \$733,000 and mature in varying annual amounts to June 1, 2025.	26,833
ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2014C refinanced 2004C, allocated to the University in the original amount of \$1,936,000 and mature in varying annual amounts to December 1, 2024.	320,417
Student Union Revenue Serial Bonds and Term Bonds Series 2003, refinanced to ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds Series 2013B, allocated to the University in the original amount of \$5,515,000 and	2,240,418
	\$ 11,897,585

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Note F: Long-term Liabilities (Continued)

Master Lease Obligations (Continued)

Oklahoma Development Finance Authority Master Lease Program--Continued

During fiscal 2021, the ODFA issued new Bond Series 2021A totaling \$5,838,000. The University has recorded a lease obligation payable for this amount in the accompanying financial statements, and has drawn down all but \$4,338,863 of the available funds at June 30, 2023.

During fiscal 2022, the ODFA issued new Bond Series 2021C totaling \$1,850,000. The University has recorded a lease obligation payable for this amount in the accompanying financial statements, and has drawn down all but \$29,638 of the available funds at June 30, 2023.

During fiscal 2022, the ODFA issued new Bond Series 2022A totaling \$2,285,000. The University has recorded a lease obligation payable for this amount in the accompanying financial statements, and has drawn down all but \$976,398 of the available funds at June 30, 2023.

Future minimum lease payments under the University's capital lease obligations, which include the OCIA obligations and the ODFA obligations, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:			
2024	\$ 1,603,918	\$ 699,267	\$ 2,303,185
2025	1,533,872	630,186	2,164,058
2026	1,492,909	559,513	2,052,422
2027	1,554,220	495,682	2,049,902
2028	1,438,585	340,696	1,779,281
2029-2033	3,761,906	1,388,321	5,150,227
2034-2038	2,390,917	786,783	3,177,700
2039-2043	1,574,667	341,383	1,916,050
2044-2046	833,167	66,547	899,714
	<u>\$ 16,184,161</u>	<u>\$ 5,308,378</u>	<u>\$ 21,492,539</u>

Lease Obligations

The University as a lessee, has entered into lease agreements involving copiers and mailroom equipment (postage meter). A summary of the University's lease terms and interest rates is as follows:

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Note F: Long-term Liabilities (Continued)

Lease Obligations (Continued)

Annual installments ranging from \$3,825 to \$20,336
Imputed interest rate of 0.42%
Due dates ranging from March 2024 to September 2024
The balance outstanding at June 30, 2023 was: \$ 24,098

Future annual lease payments are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,276	\$ 60	\$ 20,336
2025	3,822	3	3,825
	<u>\$ 24,098</u>	<u>\$ 63</u>	<u>\$ 24,161</u>

SBITA Obligations

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

Annual installments ranging from \$32,111 to \$227,213
Imputed interest rates ranging from 1.65% to 2.71%
Due dates ranging from March 2024 to December 2027
The balance outstanding at June 30, 2023 was: \$ 586,611

Future annual SBITA payments are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 213,746	\$ 13,467	\$ 227,213
2025	129,725	9,044	138,769
2026	104,223	5,978	110,201
2027	107,654	3,455	111,109
2028	31,263	848	32,111
	<u>\$ 586,611</u>	<u>\$ 32,792</u>	<u>\$ 619,403</u>

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Note G: Retirement Plans

The University's academic and nonacademic personnel are covered by various retirement plans. The plans available to University personnel include the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employees' retirement system, the Supplemental Retirement Annuity (SRA), a single employer defined benefit pension plan available to employees hired prior to July 1, 1995, and a defined contribution 403(b) plan. Personnel may also be eligible to participate in the Other Post-Employment Benefit (OPEB) plan, as described further in Note G. The University does not maintain the accounting records, hold the investments for, or administer these plans.

The accounting and financial reporting for OTRS Pension, OTRS OPEB, the SRA, and the single employer trusted and non-trusted OPEB plans are recorded at the reporting entity level in the System's financial statements and not at the university level. That report may be obtained by writing to the Regional University System of Oklahoma, 3555 N.W. 58th Street, Suite 320, Oklahoma City, Oklahoma 73112, or by calling (405) 924-8817.

Oklahoma Teachers' Retirement System (OTRS)

The application of GAAP at the departmental level does not include certain liabilities incurred by the System as a whole. Those liabilities relate to the participation of System employees in the Oklahoma Teachers Retirement System, the Supplemental Retirement Plan, and the Postemployment Healthcare Plan. The accounting and reporting of these can be located in the financial statements of RUSO.

All payments made to these plans by the University are accounted for as compensation expense in the accompanying financial statements.

Plan Description

The University contributes to OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 116.9, as amended, assigns the authority for management and operations of the Plan to the Board of Trustees of OTRS. OTRS is not required to provide for a cost of living adjustment. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

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Note G: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (OTRS)

Funding Policy

The University is required by state statute to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate, as determined by state statute, was 8.55% for 2023, 2022, and 2021, and was applied to annual compensation.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2023, 2022, and 2021. For compensation in excess of \$25,000, the employee's contributions are paid directly by the University to the OTRS.

The University's contributions to the OTRS for the years ended June 30, 2023, 2022, and 2021, were \$5,264,846, \$4,905,201, and \$4,622,233, respectively, equal to the required contributions for each year. These contributions included the University's statutory contribution and the share of the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2023, the State of Oklahoma contribution was 5% of state revenues from sales and use taxes and individual income taxes, to the OTRS on behalf of participating employers. These amounts and other system-wide related amounts are reported in the System's financial statements and not at the individual department level.

Supplemental Retirement Annuity (SRA)

Plan Description

The University's SRA plan is a single employer, defined benefit pension plan administered by the University's Board of Regents. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to University employees who were hired prior to July 1, 1987, or to those eligible employees' beneficiaries. Effective December 1, 2002, the SRA was amended to provide supplemental retirement and death benefits to University employees who were hired between July 1, 1987 and June 30, 1995. Effective October 1, 2003, the SRA plan was changed to eliminate the TIAA offset in the benefit calculation. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents. The SRA is included in the financial report of RUSO, and does not issue separate, stand-alone financial statements.

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Note G: Retirement Plans (Continued)

Supplemental Retirement Annuity (SRA)

Funding Policy

The authority to establish and amend eligible employees' and employer contribution obligations to the SRA rests with the University's Board of Regents. Eligible employees are not required to make contributions to the SRA. The University is required to contribute to the SRA an actuarially determined amount on an annual basis. Under a policy adopted in September 2016, the Plan must achieve 80% funding of the pension benefit obligation by December 1, 2022.

The University's contributions to the SRA for the years ended June 30, 2023, 2022, and 2021, were \$447,200, \$434,102, and \$465,046, respectively.

Defined Contribution Plan

The University also has a defined contribution 403(b) plan (DCP) available to full-time employees. The DCP is administered by the RUSO System, and the plan provisions are established and may be amended by the Board of Regents. Plan members may make voluntary contributions in accordance with IRS regulations. The University has no contribution requirements, and no contributions were made during the years ended June 30, 2023, 2022, and 2021.

Note H: Other Post-Employment Insurance Benefits

Trusted Plan

Plan Description

The University's postemployment healthcare plan is a single employer defined benefit plan administered by the System's Board of Regents. The plan provides medical and life insurance benefits to eligible retired employees until age 65. A retiring employee must have been employed full-time in the Regional University System of Oklahoma for not less than ten years immediately preceding the date of retirement; been a member of the OTRS during that time; and elected to receive a vested benefit under the provision of the Oklahoma Teachers' Retirement System. As of June 30, 2023, there were 19 active participants in the plan. The retirement insurance program was adopted by the Board of Regents in 1985. In March of 2008, the Retiree Medical Trust for the System was established to hold assets and pay benefits on behalf of the University's postemployment healthcare plan, and was administered by Bank of Oklahoma, N.A. The plan is included in the financial report of the System reporting entity and does not issue separate, stand-alone financial statements.

Southeastern Oklahoma State University
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Note H: Other Post-Employment Insurance Benefits (Continued)

Funding Policy

The contribution requirements of the University are established and may be amended by the Board of Regents. The University is required to contribute the actuarially determined employer contribution amount in accordance with the parameters of GASB Statement 75.

The University's contributions to the plan for the years ended June 30, 2023, 2022, and 2021, were \$0, \$281,653, and \$281,653, respectively.

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

Benefits provided

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

Note I: Funds Held in Trust by Others

Beneficial Interest in State School Land Funds

The University has a beneficial interest in the "Section Thirteen Fund State Educational Institutions" and the "New College Fund" administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The University has the right to receive annually 3.7% of the distributions of income produced by "Section Thirteen Fund State Educational Institutions" assets and 100% of the distributions of income produced by the University's "New College Fund." The University received \$1,103,261 during the year ended June 30, 2023, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. This amount is recorded as state appropriations restricted for capital purposes in the statement 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 Land Office, was \$22,181,303 at June 30, 2023.

Southeastern Oklahoma State University
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Note I: Funds Held in Trust by Others (Continued)

Oklahoma State Regents Endowment Trust Fund

The University participates in the Oklahoma State Regents' Endowment Program (the "Endowment Program"). Under the Endowment Program, the State of Oklahoma matches contributions received. Such contributions generally come from private donations through the Foundation, for endowed chairs, lectureships, fellowships, and similar activities. The University is entitled to receive an annual distribution of 4.5% of the market value at year-end on these funds. As legal title of the State Regents matching endowment funds is retained by the Oklahoma State Regents, only the funds available for distribution at June 30, 2023, have been reflected as assets in the statement of net position. The total market value of endowment funds on deposit with the Oklahoma State Regents and held for the benefit of the University at June 30, 2023 was \$6,728,993.

Note J: Related Party Transactions

The University contracts with the Foundation to provide limited services and office space without charge in exchange for the support the University receives. During the year ended June 30, 2022, total support provided by the Foundation to the University, including scholarships awarded to University students, was approximately \$1,106,886.

Note K: Commitments and Contingencies

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

The University participates in the Federal Direct Student Loan Program (Direct Lending Program). The William D. Ford Direct Loan Program requires the University to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the William D. Ford Direct Loan Program. For the year ended June 30, 2023, \$23,094,367 of Direct Loan Program loans was provided to University students.

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management believes that resolution of any such matters pending at June 30, 2023, will not have a material adverse impact to the University.

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Note L: Risk Management

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

The University, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program which is a public entity risk pools currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pools for tort, property, and liability insurance coverage.

The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The University also participates in the College Association of Liability Management ("CALM") Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through the CompSource Mutual. CALM is a political subdivision of the State of Oklahoma and is governed by a Board of Trustees elected from members of the participating colleges and universities.

Note M: New Accounting Standards Adopted in Fiscal Year 2023

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

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

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Note M: New Accounting Standards Adopted in Fiscal Year 2023 (Continued)

Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA)

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

Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit

The following are significant disclosures of Southeastern Foundation, Inc:

Nature of Activities and Summary of Significant Accounting Policies

Principles of Consolidation. The accompanying financial statements reflect all accounts of Southeastern Foundation, Inc. (the "Foundation") and its wholly owned subsidiary SOSU Housing, L.L.C. (the "L.L.C."). All Trustees of the Foundation also serve as Trustees of the L.L.C.

Nature of Activities. The Foundation is a nonprofit corporation organized for the purpose of receiving and administering gifts for the benefit of Southeastern Oklahoma State University (the "University"), located in Durant, Oklahoma.

Net asset classifications. For reporting purposes, the Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") that requires resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two categories of net assets – net assets without donor restrictions and net assets with donor restrictions. Descriptions of the two net asset categories, and the type of transactions affecting each category, follow.

Net assets without donor restrictions are not subject to donor-imposed restrictions. This category includes all resources that are expendable at the discretion of the Board of Trustees for the Organization's programs.

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Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
(Continued)

Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions may be temporarily or permanently restricted.

- Temporarily restricted assets are limited by donor-imposed restrictions that expire with either the passage of time or the occurrence of specified events or actions. When a restriction has been fulfilled, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.
- Permanently restricted assets are limited by donor-imposed restrictions that require the principle be maintained in perpetuity but permit the income therefrom to be utilized for operating or other donor-imposed purposes.

Substantially all the restrictions on net assets as of June 30, 2023 are related to funds for scholarships, endowments, and special projects. Temporarily restricted funds are contributions to be used for scholarships and special projects that may arise during the fiscal year. Permanently restricted funds are contributions and investments designated by donors for endowments and scholarships. Both restrictions are presented in net assets with donor restrictions. At this time, there is a minimum \$15,000 requirement before contributions may be endowed.

Investments. Investments in marketable equity securities with readily determinable fair values are stated at fair value. The organization's investment committee monitors the performance of all investments and instructs Foundation management as to the mix of assets maintained in the investment pool. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities. The Foundation carries its real estate investments at the fair market value as of the dates the investments were donated.

Fair Value Measurements. The Foundation follows the accounting standards, Fair Value Measurements and Disclosures, with respect to financial assets and liabilities. The standards define fair value, establish a framework for measuring fair value and expand disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels.

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Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
 (Continued)

Nature of Activities and Summary of Significant Accounting Policies *(Continued)*

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs that are derived principally from or corroborated by observable market data; and
- Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets carried at fair value on a recurring basis include investments. The Foundation has no liabilities carried at fair value on a recurring basis.

Investments

Investments are presented in the financial statements at fair market value. Market values were determined on the basis of closing prices on June 30, 2023, as quoted on major stock exchanges or over-the-counter markets.

The following tabulation summarizes the relationship between carrying values and market values of investment assets:

Investments as of June 30, 2023 summarized as follows	Fair Value	Carrying Value
	<u> </u>	<u> </u>
US government securities	\$ 7,019,394	\$ 7,019,394
Mutual funds	1,112,237	1,112,237
Common stock	18,824,634	18,824,634
Corporate bonds	<u>3,797,873</u>	<u>3,797,873</u>
	<u>\$ 30,754,138</u>	<u>\$ 30,754,138</u>

Investment income is summarized as follows:

Interest	\$ 268,879
Dividends	<u>995,038</u>
	<u>\$ 1,263,917</u>
Realized and unrealized gain or (loss) on investments	<u>\$ (142,254)</u>

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Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
(Continued)

Scholarships

Prior to year-end, the Foundation Scholarship Committee meets and awards scholarships for the upcoming year. Additional scholarships are awarded as recommended by the University faculty and administration. These scholarships are contingent upon the acceptance and enrollment of the recipients, and many contain additional requirements. Those scholarships awarded and accepted in the amount of \$764,321 were accrued as current liabilities at June 30, 2023.

Related Party Transactions

The Foundation has an agreement with the University regarding the use of services and facilities. During the year ended June 30, 2023, the University made one of its employees available to perform Foundation services. The University also provided payroll and human resources services, internet and mailing services, office space, and office equipment without charge. The value of those services was \$225,000. The Foundation has entered a lease agreement with the University whereby the University has exclusive use of a downtown, main street building known as the Massey Building. The University may use the building for its various functions or may also rent out the facilities. The value of those facilities and other services provided by the Foundation is approximately \$15,000. Services provided from the University are measured at the University's estimate of the costs it incurred in providing those services. The facilities used by the University are measured at the fair value rental for similar facilities. The amounts above were not included in the financial statements for year ended June 30, 2023.

Net Assets Without Donor Restrictions

The consolidated statement of net assets reports net assets without donor restrictions of \$(201,993). Net assets without donor restrictions of the Foundation total \$1,261,959, while the L.L.C. has a (deficiency) in net assets without donor restrictions totaling \$(1,192,831). Included in Foundation net assets are board-designated funds totaling \$510,967. The L.L.C.'s deficiency in assets arose from operating deficits related to housing rental activities in the early years that were ultimately funded by University subsidies. The University will continue to pay unfunded expenses, however management believes that the L.L.C.'s housing revenues have been adjusted so that it will now be self-sustaining and will not require further subsidies from the University. In the current year, the L.L.C. had a net decrease in net assets of \$148,167.

Board Designated Endowments

At its February 2013 meeting the Board approved transferring \$275,000 from the Foundation's General Fund account along with \$235,967 of existing board-controlled endowment funds to a board designated fund. At June 30, 2023, these funds total \$510,967. The Board voted that only current year earnings from these funds could be used for Foundation activities. Since these results from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions in the Foundation financial statements.

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 June 30, 2023

Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
 (Continued)

Compositions and changes in endowment net assets for the year ended June 30, 2023 were as follows:

Board designated endowment net assets beginning of year	\$ 510,505
Investment income	21,702
Net appreciation (depreciation)	614
Amounts appropriated for expenditure	(21,854)
Board designated endowment before transfer	\$ 510,967

Donor Designated Endowments

The Organization's endowment consists of approximately 200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's endowment consists of approximately 200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
(Continued)

Donor Designated Endowments (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Spending Policy. The Organization has two policies for appropriating distributions each year. One pooled account will distribute five percent of the previous five-year average of the fund's assets. The other pooled account will distribute ninety percent of investment revenues of its fund's average revenues of the prior three calendar year-ends preceding the fiscal year in which the distribution is planned. In establishing these policies, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policies to allow its endowment funds to grow at a small nominal rate. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform State Prudent Management of Institutional Funds Act (UPMIFA) requires the organization to retain as a fund of perpetual duration.

Deficiencies of this nature exist in five donor-restricted endowment funds, which together have an original gift value of \$1,510,967, a current fair value of \$1,442,042, and a deficiency of \$68,925 as of June 30, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred shortly before the end of the year for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of directors.

The following reflects Southeastern Foundation's financial assets at June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
 Notes to Financial Statements
 June 30, 2023

Note N: Southeastern Foundation, Inc.--Discretely Presented Component Unit
 (Continued)

Financial assets, at June 30, 2023	\$ 33,484,435
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(31,161,441)
Restricted cash for debt service and maintenance	(604,686)
Current liabilities due within one year	(1,717,566)
Notes payable due within one year	(360,958)
Financial assets available to meet cash needs for general expenditures within one year	\$ (360,216)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ -
	\$ -

As part of Southeastern Foundation's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Housing LLC has rental income that will support its general expenditures. In addition, the majority of the Southeastern Foundation, Inc. expenditures is made up of scholarship related expenditures and expenditures that support the University. These expenditures can be used from the donor restricted amounts above and are discretionary based on giving and investment performance.

OTHER SUPPLEMENTARY
INFORMATION

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
 Supplementary Information
 June 30, 2023

Schedule of state contract revenues and expenditures-budget versus actual

Contract Title: Oklahoma Small Business Development
 Contract Agency: Oklahoma Department of Commerce
 Purchase Order Number: SBDC
 Contract Dates: July 1, 2022, to June 30, 2023

	<u>Program Budget</u>	<u>Year Ended June 30, 2023</u>
Revenues:		
Contract proceeds	\$ 959,118	\$ 959,118
Expenditures:		
Salaries & Wages	619,857	619,857
Fringe Benefits	237,301	237,301
Consultant/Professional	74,989	74,989
Travel	5,945	5,945
Contractual	8,681	8,681
Other Misc. Costs	12,344	12,344
Total expenditures	<u>959,118</u>	<u>959,118</u>
(Expenditures) in excess of revenues	<u>\$ -</u>	<u>\$ -</u>

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE



Southeastern Oklahoma State University

A Department of the Regional
University System of Oklahoma

Single Audit Reports
For the Fiscal Year Ended
June 30, 2023

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
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June 30, 2023

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COMPANY**
Strategic PC
Business Advisors

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

Board of Regents
Regional University System of Oklahoma
Southeastern Oklahoma 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 Southeastern Oklahoma State University (the University), a department of the Regional University system of Oklahoma (RUSO), which is a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 31, 2023.

Our report includes a reference to other auditors who audited the financial statements of Southeastern Foundation, Inc. (the Foundation), the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Southeastern Oklahoma State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tulsa, Oklahoma
October 31, 2023

Hick & Company, PC





**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

Board of Regents
Regional University System of Oklahoma
Southeastern Oklahoma State University
Oklahoma City, Oklahoma

Opinion on Each Major Federal Program

We have audited Southeastern Oklahoma State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southeastern Oklahoma 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 Southeastern Oklahoma State University's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southeastern Oklahoma 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 Southeastern Oklahoma 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 Southeastern Oklahoma 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.



Report on Internal Control Over Compliance

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

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

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

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

Hick & Company, PC

Tulsa, Oklahoma
October 31, 2023



Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Student Financial Aid Cluster:				
Federal Pell Grant Program	84.063	N/A	\$ 6,458,932	\$ -
Federal Work Study Program	84.033	N/A	319,173	-
Federal Supplemental Educational Opportunity Grants	84.007	N/A	230,500	-
Federal Direct Student Loans	84.268	N/A	23,094,367	-
Federal Iraq and Afghanistan Service Grant	84.408	N/A	6,502	-
<i>Total Student Financial Aid Cluster</i>			30,109,474	-
Trio Program Cluster:				
TRIO_Education Opportunity Centers	84.066A	N/A	554,179	-
TRIO_Student Support Services	84.042A	N/A	381,515	-
TRIO_Student Support Services (Teacher Preparation)	84.042A	N/A	203,917	-
TRIO_Talent Search	84.044A	N/A	450,099	-
TRIO_Upward Bound (Texoma)	84.047A	N/A	230,466	-
TRIO_Upward Bound	84.047A	N/A	516,739	-
TRIO_Upward Bound (McCurtain)	84.047A	N/A	125,283	-
TRIO_Upward Bound (Carter-Love)	84.047A	N/A	120,192	-
TRIO_Upward Bound (Math and Science)	84.047M	N/A	300,328	-
TRIO_McNair	84.217A	N/A	133,742	-
<i>Total Trio Program Cluster</i>			3,016,460	-
Other Programs:				
Special Projects Demonstration Grants	84.299B	N/A	125,579	-
GEAR UP	84.334S	N/A	43,779	-
<i>Total Other Programs</i>			169,358	-
Coronavirus Aid, Relief, and Economic Security Act:				
Higher Education Emergency Relief Fund-Minority Serving Institutions	84.425L	N/A	439,506	-
<i>Total Coronavirus Aid, Relief, and Economic Security Act</i>			439,506	-
Total U.S. Department of Education			33,734,798	-
Research and Development (R&D) Cluster:				
National Science Foundation				
Passed through Oklahoma State University				
Education and Human Resources	47.076	N/A	61,554	-
<i>Total National Science Foundation</i>			61,554	-
National Aeronautics and Space Administration				
Passed through University of Oklahoma				
Education (NASA-Oklahoma Space Grant Consortium)	43.008	N/A	26,816	-
<i>Total National Aeronautics and Space Administration</i>			26,816	-
National Institute of Health				
Passed through University of Oklahoma Health Sciences Center				
Institutional Development Award Networks of Biomedical Research Excellence	93.859	N/A	7,876	-
<i>Total U.S. Department of Homeland Security</i>			7,876	-
Health and Human Services				
Passed through Oklahoma Mental Health & Substance Abuse Services				
Opioid STR (Stimulant and Opioid Prevention)	93.788	N/A	37,315	-
<i>Total U.S. Department of Health and Human Services</i>			37,315	-
Department of Interior				
Passed through Oklahoma Department of Wildlife				
State Wildlife Grants (Assessment of American Alligators)	15.634	N/A	40,956	-
<i>Total U.S. Department of Interior</i>			40,956	-
Total Research and Development Cluster			174,517	-

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Schedule of Expenditures of Federal Awards-continued
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Small Business Administration				
Small Business Development Centers:				
Small Business Development Centers	59.037	N/A	1,602,090	-
<i>Total Small Business Development Centers</i>			<u>1,602,090</u>	-
Growth Accelerator Fund Competition				
Growth Accelerator Fund Competition	59.065	N/A	32,821	-
<i>Total Small Business Development Centers Growth Accelerator Fund</i>			<u>32,821</u>	-
Total U.S. Small Business Administration			<u>1,634,911</u>	-
Total Expenditures of Federal Awards			<u>\$ 35,544,226</u>	<u>\$ -</u>

Southeastern Oklahoma State University
A Department of the Regional University System of Oklahoma
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Southeastern Oklahoma State University (the 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 B: Summary of Significant Accounting Policies

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

NOTE C: Federal Direct Student Loan Program

The University participates in the Federal Direct Loan Program (the Program), CFDA number 84.268, which includes the Federal Subsidized Direct Loan, the Federal Unsubsidized Direct Loan, the Federal Graduate Student PLUS Direct Loan and Federal Direct Loans Parents of Undergraduate Students. The Federal Direct Loan 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.

NOTE D: Subrecipients

Of the federal expenditures presented in this Schedule, the University provided federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided</u>
Small Business Development Centers	59.037	Eastern Oklahoma State College	23,981
Small Business Development Centers	59.037	OSU Grants & Contracts Fin Adm	132,575
Small Business Development Centers	59.037	Pioneer Tecnology Center	52,863
Small Business Development Centers	59.037	Wes Watkins Technology Center	76,427
			<u>\$ 285,846</u>

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
 Unmodified Qualified Adverse Disclaimed

2. The independent auditor's report on internal control over financial reporting described:
Significant deficiencies Yes None reported
Material weaknesses? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiencies? Yes None reported
Material weaknesses? Yes No

5. The opinion expressed in the independent auditors' report on compliance for major federal awards was:
 Unmodified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? Yes No

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Summary of Auditor's Results (Continued)

7. The University's major program was:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Loan Program	84.268
Federal Work Study	84.033
Federal Iraq and Afghanistan Service Grant	84.408

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

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

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

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

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

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

Southeastern Oklahoma State University
(A Department of the Regional University System of Oklahoma)
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

No matters were reportable.