Connors State College

Independent Auditor's Reports and Financial Statements

June 30, 2020 and 2019

BKD
CPAs & Advisors

Connors State College

June 30, 2020 and 2019

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Independent Auditor's Report

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Connors State College
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Connors State College (the College) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Connors Development Foundation, Inc. (the Foundation), a discretely presented component unit of the College. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 29, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

BKD, LLP

Tulsa, Oklahoma
October 29, 2020, except for the schedule of expenditures of federal awards as to which the date is March 11, 2021

Connors State College
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Introduction

The following management's discussion and analysis of the financial performance of Connors State College (the College) provides an overview of the College's financial activities for the fiscal year ended June 30, 2020, with fiscal years 2019 and 2018 data presented for comparative purposes. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's financial statements and footnotes.

Financial Highlights

For the year ended June 30, 2020, the College's net position increased by $1,541,951 from current year activity when compared to a total net position of $5,390,135 in 2019.

Total revenues decreased to $21,401,388 in 2020 from $21,537,616 in 2019. The College experienced a decrease in operating revenues due to the shutdown of student housing in the spring 2020 semester that accounts for the majority of the reduction.

Total expenses decreased to $19,859,437 in 2020 from $20,203,595 in 2019. The majority of the current year's decrease in expenses was in the area of contractual and compensation expenses.

Using This Annual Report

The annual report consists of three basic financial statements, a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and its activities. When revenue and other support exceed expenses, the result is an increase in net position. The relationship between revenues and expenses may be thought of as the College's operating results.

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

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

Financial Analysis of the College as a Whole

A comparative schedule of the College's net position for the years ended June 30, 2020, 2019, and 2018, is shown below and includes the percentage of annual change. The amounts are from the accompanying statements of net position and are presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

Condensed Statements of Net Position

	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
Assets							
Current assets	$ 4,779,026	$ 3,337,055	$ 1,441,971	43.21%	$ 3,004,007	$ 333,048	11.09%
Noncurrent assets							
Capital assets, net	31,799,651	33,313,110	(1,513,459)	-4.54%	34,019,924	(706,814)	-2.08%
Other assets	91,771	93,303	(1,532)	-1.64%	67,927	25,376	37.36%
Total assets	36,670,448	36,743,468	(73,020)	-0.20%	37,091,858	(348,390)	-0.94%
Deferred Outflows of Resources	1,826,819	1,680,495	146,324	8.71%	2,240,099	(559,604)	-24.98%
Liabilities							
Current liabilities	1,921,861	2,205,764	(283,903)	-12.87%	2,189,512	16,252	0.74%
Noncurrent liabilities	27,466,780	28,296,674	(829,894)	-2.93%	30,990,731	(2,694,057)	-8.69%
Total liabilities	29,388,641	30,502,438	(1,113,797)	-3.65%	33,180,243	(2,677,805)	-8.07%
Deferred Inflows of Resources	2,176,540	2,531,390	(354,850)	-14.02%	2,095,600	435,790	20.80%
Net Position							
Net investment in capital assets	12,905,071	13,275,941	(370,870)	-2.79%	12,859,625	416,316	3.24%
Restricted	826,246	317,999	508,247	159.83%	362,942	(44,943)	-12.38%
Unrestricted	(6,799,231)	(8,203,805)	1,404,574	17.12%	(9,166,453)	962,648	10.50%
Total net position	$ 6,932,086	$ 5,390,135	$ 1,541,951	28.61%	$ 4,056,114	$ 1,334,021	32.89%

During fiscal year 2020, the College’s net position increased by $1,541,951 after an increase of $1,334,021 in 2019 and $485,718 in 2018. For fiscal year 2020, the net investment in capital assets decreased by $370,870 compared to an increase of $416,316 in 2019. In 2020, unrestricted net position increased by $1,404,574, while restricted net position increased by $508,247. In 2019, unrestricted net position increased by $962,648, while restricted net position decreased by $44,943.

Total liabilities decreased from $30,502,438 in fiscal year 2019 to $29,388,641 in fiscal year 2020. The majority of this was due to the decreased long-term debt due to annual principal payments. Current liabilities decreased by $283,903 from fiscal year 2019 to fiscal year 2020, of which the majority was due to decreased accrued liabilities.

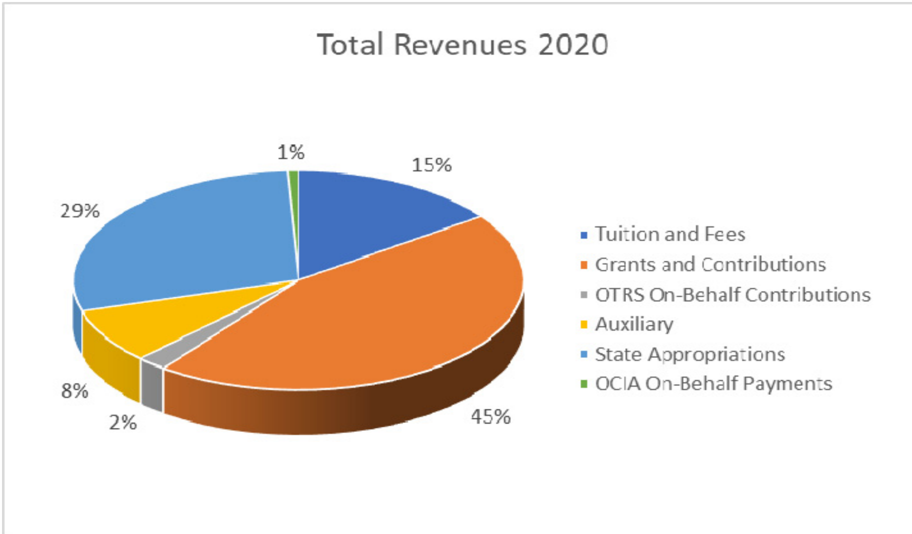
Condensed Statements of Revenues, Expenses, and Changes in Net Position

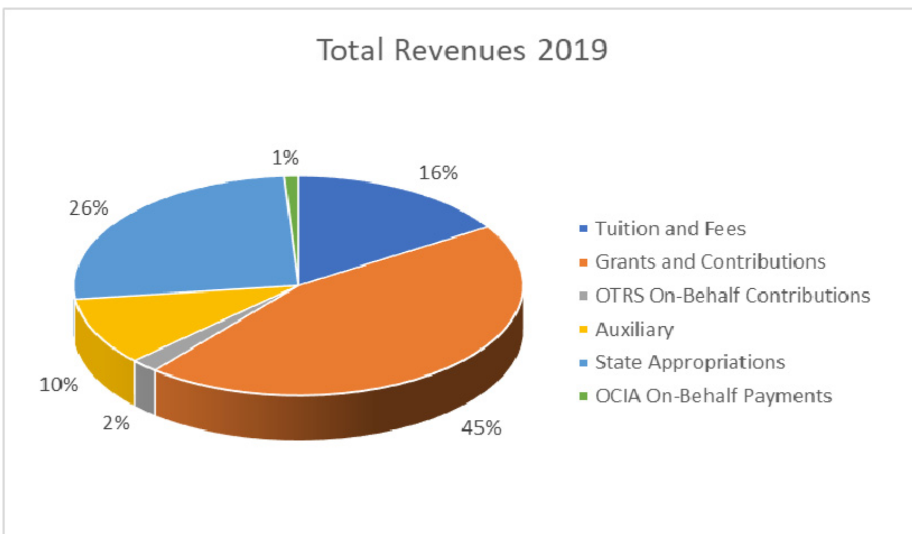
	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
Operating Revenues							
Student tuition and fees, net	$ 3,227,866	$ 3,454,096	$ (226,230)	-6.55%	$ 3,207,326	$ 246,770	7.69%
Federal grants and contracts	1,311,311	2,259,861	(948,550)	-41.97%	2,163,552	96,309	4.45%
State and local grants and contracts	1,482,585	1,527,180	(44,595)	-2.92%	1,598,469	(71,289)	-4.46%
Auxiliary enterprise charges	1,620,634	2,097,674	(477,040)	-22.74%	2,043,047	54,627	2.67%
Other operating revenues	101,017	65,477	35,540	54.28%	98,114	(32,637)	-33.26%
Total operating revenues	7,743,413	9,404,288	(1,660,875)	-17.66%	9,110,508	293,780	3.22%
Operating Expenses	19,122,112	19,441,430	(319,318)	-1.64%	20,020,570	(579,140)	-2.89%
Operating Loss	(11,378,699)	(10,037,142)	(1,341,557)	-13.37%	(10,910,062)	872,920	8.00%
Nonoperating Revenues (Expenses)							
State appropriations	5,391,279	5,202,496	188,783	3.63%	5,225,390	(22,894)	-0.44%
OTRS on-behalf contributions	465,479	459,320	6,159	1.34%	424,877	34,443	8.11%
Federal grants and contracts	6,022,032	5,099,501	922,531	18.09%	5,397,228	(297,727)	-5.52%
State grants and contracts	834,757	869,523	(34,766)	-4.00%	726,570	142,953	19.68%
Investment income	10,358	6,702	3,656	54.55%	4,461	2,241	50.24%
Interest expense	(737,325)	(762,165)	24,840	3.26%	(810,267)	48,102	5.94%
Total nonoperating revenues (expenses)	11,986,580	10,875,377	1,111,203	10.22%	10,968,259	(92,882)	-0.85%
Income (Loss) Before Other Revenues, Expenses, Gains, and Losses	607,881	838,235	(230,354)	-27.48%	58,197	780,038	-1340.34%
Other Revenues, Expenses, Gains, and Losses							
Capital contributions	-	-	-	0.00%	134,789	(134,789)	-100.00%
State appropriations restricted for capital purposes	772,011	330,792	441,219	133.38%	344,128	(13,336)	-3.88%
OCIA on-behalf payments	162,059	164,994	(2,935)	-1.78%	686,533	(521,539)	-75.97%
Increase in Net Position	1,541,951	1,334,021	207,930	15.59%	1,223,647	110,374	9.02%
Net Position, Beginning of Year	5,390,135	4,056,114	1,334,021	32.89%	2,832,467	1,223,647	43.20%
Net Position, End of Year	$ 6,932,086	$ 5,390,135	$ 1,541,951	28.61%	$ 4,056,114	$ 1,334,021	32.89%

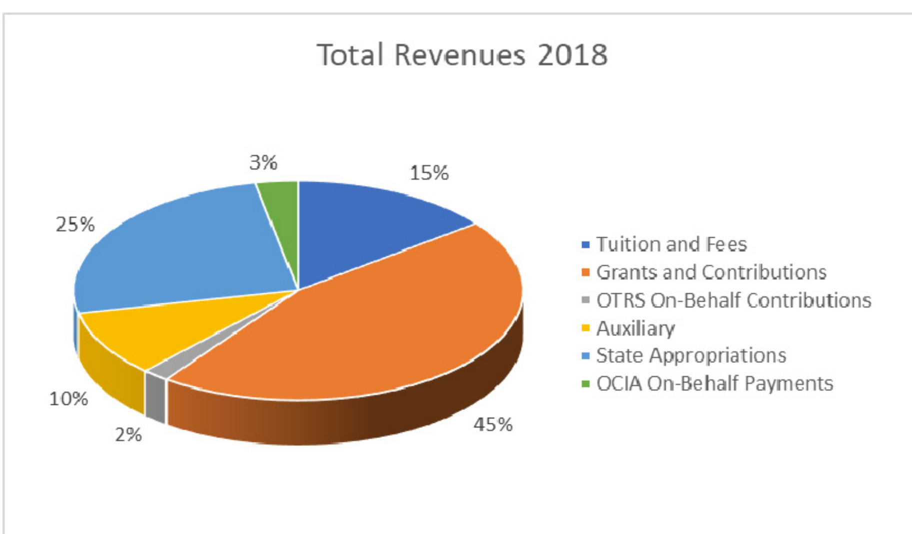
During the year ended June 30, 2020, total revenues decreased by $136,228, state appropriations increased by $630,002, net tuition revenues decreased by $226,230, auxiliary revenues decreased by $477,040, grants and contracts decreased by $105,380, OTRS on-behalf contributions and OCIA on-behalf payments increased by $3,224, and other revenues increased by $39,196.

During the three-year period, the percentage of revenue furnished by state appropriations was 29% in 2020, 26% in 2019, and 25% in 2018. Net tuition and fees percentage of total revenues was 15% in 2020, 16% in 2019, and 15% in 2018, while auxiliary enterprises accounted for 8% in 2020, 10% in 2019, and 10% in 2018.

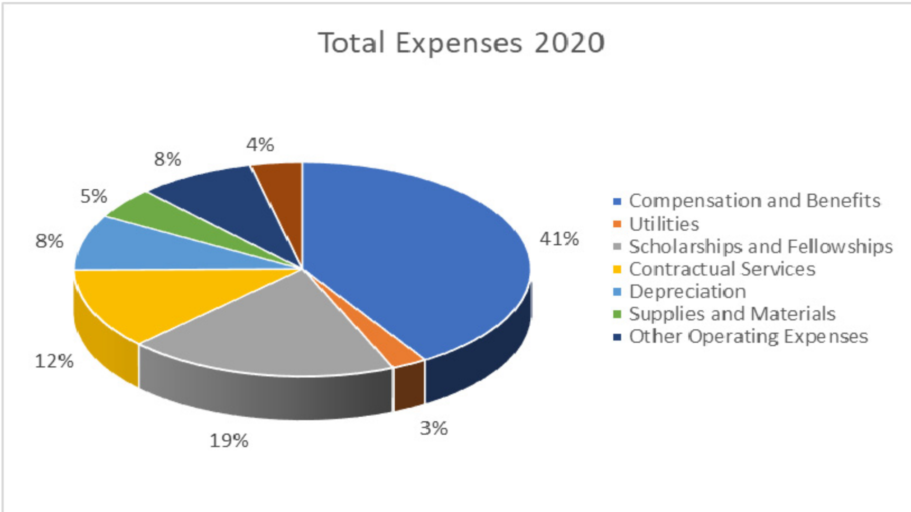
Following is a graphic illustration of the College's revenues for the years ended June 30, 2020, 2019, and 2018:

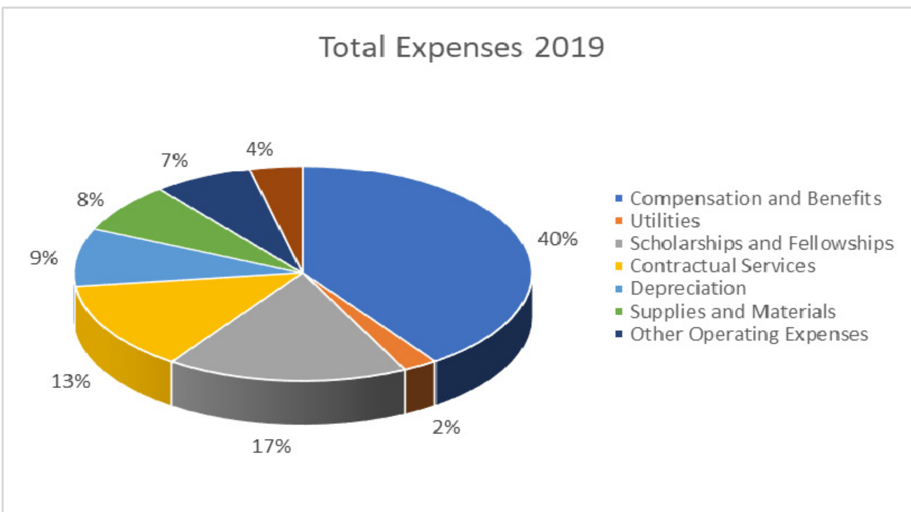


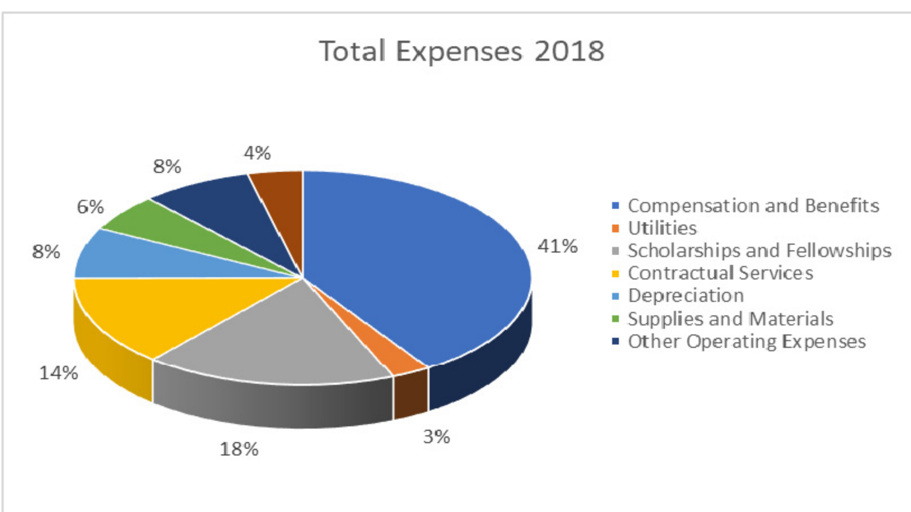




The College's total expenses for the year ended June 30, 2020, decreased by $344,158, primarily due to a decrease in supplies, contractual, and other expenses. Following is a graphic illustration of the College's expenses for the years ended June 30, 2020, 2019, and 2018:







Analysis of Net Position

	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
Net Position							
Net investment in capital assets	$ 12,905,071	$ 13,275,941	$ (370,870)	-2.79%	$ 12,859,625	$ 416,316	3.24%
Restricted	826,246	317,999	508,247	159.83%	362,942	(44,943)	-12.38%
Unrestricted	(6,799,231)	(8,203,805)	1,404,574	17.12%	(9,166,453)	962,648	10.50%
Total net position	$ 6,932,086	$ 5,390,135	$ 1,541,951	28.61%	$ 4,056,114	$ 1,334,021	32.89%

Condensed Statements of Cash Flows

During the year ended June 30, 2020, the College’s overall cash and cash equivalents increased by $1,392,947. This change was largely due to overall decreased expenses and increased state appropriations.

During the year ended June 30, 2019, the College’s overall cash and cash equivalents increased by $213,398. This change was largely due to overall decreased expenses.

	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
Net Cash Provided by (Used in)							
Operating activities	$ (9,758,912)	$ (8,510,095)	$ (1,248,817)	14.67%	$ (8,925,204)	$ 415,109	-4.65%
Noncapital financing activities	12,248,068	11,171,520	1,076,548	9.64%	11,483,977	(312,457)	-2.72%
Capital and related financing activities	(1,106,567)	(2,454,729)	1,348,162	-54.92%	(1,670,458)	(784,271)	46.95%
Investing activities	10,358	6,702	3,656	54.55%	4,461	2,241	50.24%
Increase (Decrease) in Cash and Cash Equivalents	1,392,947	213,398	1,179,549	552.75%	892,776	(679,378)	-76.10%
Cash and Cash Equivalents, Beginning of Year	2,326,534	2,113,136	213,398	10.10%	1,220,360	892,776	73.16%
Cash and Cash Equivalents, End of Year	$ 3,719,481	$ 2,326,534	$ 1,392,947	59.87%	$ 2,113,136	$ 213,398	10.10%

Capital Assets and Debt Administration

As of June 30, 2020, 2019, and 2018, the College had recorded $55,528,523, $55,367,799, and $54,308,098, respectively, in capital assets and $23,728,872, $22,054,689, and $20,288,174, respectively, in accumulated depreciation on those capital assets.

	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
Capital Assets							
Land	$ 772,479	$ 769,729	$ 2,750	0.36%	$ 769,729	$ -	0.00%
Buildings and improvements	42,630,764	42,630,764	-	0.00%	42,092,403	538,361	1.28%
Nonstructural improvements	5,453,454	5,380,110	73,344	1.36%	5,361,901	18,209	0.34%
Equipment	5,770,612	5,689,494	81,118	1.43%	5,212,751	476,743	9.15%
Library materials	747,814	747,814	-	0.00%	747,814	-	0.00%
Livestock	153,400	135,800	17,600	12.96%	102,550	33,250	32.42%
Construction in progress	-	14,088	(14,088)	-100.00%	20,950	(6,862)	-32.75%
	55,528,523	55,367,799	160,724	0.29%	54,308,098	1,059,701	1.95%
Less accumulated depreciation	(23,728,872)	(22,054,689)	(1,674,183)	7.59%	(20,288,174)	(1,766,515)	8.71%
Net capital assets	$ 31,799,651	$ 33,313,110	$ (1,513,459)	-4.54%	$ 34,019,924	$ (706,814)	-2.08%

Long-Term Liabilities

During 2020, 2019, and 2018, the College did not issue any new debt. At June 30, 2020, 2019, and 2018, the College had long-term liabilities of $18,577,039, $19,684,882, and $20,770,801, respectively, excluding related unamortized premiums.

	2020	2019	2020 Increase (Decrease)	2020 Percent Change	2018	2019 Increase (Decrease)	2019 Percent Change
OCIA capital lease	$ 2,580,870	$ 2,619,132	$ (38,262)	-1.46%	$ 2,658,717	$ (39,585)	-1.49%
ODFA capital lease	15,996,169	17,065,750	(1,069,581)	-6.27%	18,112,084	(1,046,334)	-5.78%
	$ 18,577,039	$ 19,684,882	$ (1,107,843)	-5.63%	$ 20,770,801	$ (1,085,919)	-5.23%

Economic Factors

During fiscal year 2020, the College's enrollment and revenue were affected by COVID-19 starting with the spring break pandemic announcement, subsequent dorm and food service shutdown, and then further domino effects through the summer. The prisons that the College is serving (Eddie Warrior and Jess Dunn) both experienced coronavirus outbreaks and implemented a hard shutdown, which canceled all summer classes to those institutions. Public concern and media attention further depleted routine summer enrollment. In the end, the College's summer enrollment was down 1,488 credit hours or approximately $225,000 in revenue. In addition, the College had to refund the prorated five weeks that on-campus students were forced to vacate. The College also had to cancel more than half of the summer camps scheduled as well as some of the athletic camps. Although this pandemic had a significant impact, this was offset by a fairly productive year in the other sectors, and the College was able to keep expenses down and accounts receivable stayed below 10%.

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

As part of the CARES Act, the College received $1,785,542 in Higher Education Emergency Relief Funds (HEERF) grants in fiscal year 2020 and fiscal year 2021. Half of that funding had to be distributed straight to the College's students. The remaining institutional portion can and has been used to provide for additional cleaning services and supplies as well as updating remote learning technology. The College had received $351,194 of these funds and recorded a receivable of $364,476 for other amounts earned during fiscal year 2020.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of the College's finances and to show the accountability for the monies it receives. If there are any questions about this report or if additional information is needed, contact the Fiscal Services Department at Connors State College, Warner, Oklahoma.

Connors State College
Statements of Net Position
June 30, 2020 and 2019

	College 2020	College 2019	Component Unit 2020	Component Unit 2019
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 3,194,230	$ 1,874,679	$ 1,386,056	$ 1,143,903
Restricted cash and cash equivalents	517,237	451,855	-	-
Investments	-	-	1,319,036	815,241
Accounts receivable, net	570,363	843,097	-	-
Other receivables	-	-	100,000	100,000
Grants and contracts receivable	497,196	167,424	-	-
Total current assets	4,779,026	3,337,055	2,805,092	2,059,144
Noncurrent Assets				
Restricted cash and cash equivalents	8,014	-	-	-
Other receivables	-	-	-	100,000
Restricted net OPEB asset	83,757	93,303	-	-
Capital assets, net	31,799,651	33,313,110	-	-
Total noncurrent assets	31,891,422	33,406,413	-	100,000
Total assets	36,670,448	36,743,468	2,805,092	2,159,144
Deferred Outflows of Resources				
Deferred outflows related to OPEB	142,598	105,016	-	-
Deferred outflows related to pensions	1,684,221	1,575,479	-	-
Total deferred outflows of resources	1,826,819	1,680,495	-	-

Connors State College

Statements of Net Position, continued

June 30, 2020 and 2019

	College 2020	College 2019	Component Unit 2020	Component Unit 2019
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	$ 276,507	$ 304,322	$ 7,971	$ 5,509
Accrued liabilities	324,511	458,911	-	-
Unearned revenues	105,367	173,989	-	-
Student and other deposits	24,591	72,586	-	-
Current portion of noncurrent liabilities	1,190,885	1,195,956	-	-
Total current liabilities	1,921,861	2,205,764	7,971	5,509
Noncurrent Liabilities, Net of Current Portion				
OPEB liability	616,378	566,978	-	-
Accrued compensated absences	80,446	76,749	-	-
Net pension obligation	9,095,535	8,853,462	-	-
Capital lease obligation	17,674,421	18,799,485	-	-
Total noncurrent liabilities	27,466,780	28,296,674	-	-
Total liabilities	29,388,641	30,502,438	7,971	5,509
Deferred Inflows of Resources				
Deferred gain on OCIA lease restructure	95,093	104,524	-	-
Deferred inflows related to OPEB	301,325	358,177	-	-
Deferred inflows related to pensions	1,780,122	2,068,689	-	-
Total deferred inflows of resources	2,176,540	2,531,390	-	-
Net Position				
Net investment in capital assets	12,905,071	13,275,941	-	-
Restricted for				
Nonexpendable, scholarships, and other	-	-	854,616	819,754
Expendable				
Scholarships, research, instruction, and other	773,978	281,153	989,314	885,665
Loans	3,197	3,197	-	-
OPEB	49,071	33,649	-	-
Unrestricted	(6,799,231)	(8,203,805)	953,191	448,216
Total net position	$ 6,932,086	$ 5,390,135	$ 2,797,121	$ 2,153,635

Connors State College

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	College		Component Unit	
	2020	2019	2020	2019
Operating Revenues				
Student tuition and fees, net of scholarship allowances; 2020 – $3,729,000, 2019 – $3,313,000	$ 3,227,866	$ 3,454,096	$ -	$ -
Federal grants and contracts	1,311,311	2,259,861	-	-
State and local grants and contracts	1,482,585	1,527,180	-	-
Auxiliary enterprise charges				
Housing, net of scholarship allowances; 2020 – $539,000, 2019 – $564,000	425,488	596,971	-	-
Food services, net of scholarship allowances; 2020 – $347,000, 2019 – $376,000	274,038	397,811	-	-
Bookstore, net of scholarship allowances; 2020 – $70,000, 2019 – $57,000	66,858	67,467	-	-
Student Union	522,217	531,807	-	-
Other	332,033	503,618	-	-
Gifts and contributions	-	-	1,183,753	550,921
Other operating revenues	101,017	65,477	-	-
Total operating revenues	7,743,413	9,404,288	1,183,753	550,921
Operating Expenses				
Compensation and employee benefits	8,144,672	8,128,791	-	-
Contractual services	2,412,842	2,688,652	-	-
Supplies and materials	925,391	1,180,207	68,253	68,372
Utilities	501,460	493,794	-	-
Communications	99,425	97,601	-	-
Other operating expenses	1,561,317	1,648,027	468,319	706,382
Scholarships and fellowships	3,802,822	3,432,325	13,800	24,101
Depreciation	1,674,183	1,772,033	-	-
Total operating expenses	19,122,112	19,441,430	550,372	798,855
Operating Loss	(11,378,699)	(10,037,142)	633,381	(247,934)
Nonoperating Revenues (Expenses)				
State appropriations	5,391,279	5,202,496	-	-
OTRS on-behalf contributions	465,479	459,320	-	-
Federal grants and contracts	6,022,032	5,099,501	-	-
State grants and contracts	834,757	869,523	-	-
Investment income	10,358	6,702	10,105	26,825
Interest expense	(737,325)	(762,165)	-	-
Total nonoperating revenues (expenses)	11,986,580	10,875,377	10,105	26,825
Income (Loss) Before Other Revenues, Expenses, Gains, and Losses	607,881	838,235	643,486	(221,109)
Other Revenues, Expenses, Gains, and Losses				
State appropriations restricted for capital purposes	772,011	330,792	-	-
OCIA on-behalf payments	162,059	164,994	-	-
Increase (Decrease) in Net Position	1,541,951	1,334,021	643,486	(221,109)
Net Position, Beginning of Year	5,390,135	4,056,114	2,153,635	2,374,744
Net Position, End of Year	$ 6,932,086	$ 5,390,135	$ 2,797,121	$ 2,153,635

Connors State College

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Tuition and fees	$ 3,396,990	$ 3,203,397
Grants and contracts	2,464,124	3,811,434
Auxiliary enterprise charges	1,655,622	2,257,684
Other operating receipts	101,017	65,477
Payments to employees for salaries and benefits	(7,997,598)	(8,102,274)
Payments to suppliers	(9,379,067)	(9,745,813)
Net cash used in operating activities	(9,758,912)	(8,510,095)
Noncapital Financing Activities		
State appropriations	5,391,279	5,202,496
Federal grants and contracts	6,022,032	5,099,501
State and local grants and contracts	834,757	869,523
Net cash provided by noncapital financing activities	12,248,068	11,171,520
Capital and Related Financing Activities		
Cash paid for capital assets	(160,723)	(1,065,220)
Capital appropriations received	772,011	330,792
Repayments of capital debt and leases	(1,069,580)	(1,046,334)
Interest paid on capital debt and leases	(648,275)	(673,967)
Net cash used in capital and related financing activities	(1,106,567)	(2,454,729)
Investing Activities		
Interest received on investments	10,358	6,702
Net cash provided by investing activities	10,358	6,702
Increase in Cash and Cash Equivalents	1,392,947	213,398
Cash and Cash Equivalents, Beginning of Year	2,326,534	2,113,136
Cash and Cash Equivalents, End of Year	$ 3,719,481	$ 2,326,534

Connors State College

Statements of Cash Flows, continued

Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	$ 3,194,230	$ 1,874,679
Restricted cash and cash equivalents	517,237	451,855
Noncurrent assets		
Restricted cash and cash equivalents	8,014	-
Total cash and cash equivalents	$ 3,719,481	$ 2,326,534
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (11,378,699)	$ (10,037,142)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,674,183	1,772,033
OTRS on-behalf contributions	465,479	459,320
Changes in net assets and liabilities		
Accounts and other receivables	(57,038)	(119,650)
Deferred outflows related to OPEB	(37,582)	(27,712)
Deferred outflows related to pensions	(108,742)	587,316
Restricted net OPEB asset	9,546	(25,376)
Accounts payable and accrued liabilities	(162,215)	(106,180)
Deferred inflows related to OPEB	(56,852)	265,446
Deferred inflows related to pensions	(288,567)	182,239
Total OPEB liability	49,400	(248,206)
Net pension obligation	242,073	(1,310,776)
Unearned revenues	(68,622)	53,354
Student and other deposits	(47,995)	48,718
Accrued compensated absences	6,719	(3,479)
Net cash used in operating activities	$ (9,758,912)	$ (8,510,095)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities		
Interest on capital debt paid by state agency on behalf of the College	$ 123,797	$ 125,409
Principal on capital debt paid by state agency on behalf of the College	$ 38,262	$ 39,585

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

Nature of Operations

Connors State College (the College) is an associate degree granting institution established by an act of the Oklahoma State Legislature in 1908. The College's mission is to provide higher education primarily for people of eastern Oklahoma and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities.

Reporting Entity

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

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

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

Discretely Presented Component Unit

Connors Development Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the College. Although the College does not control the timing or amounts of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests is restricted to the activities governed by donors, bond documents, and/or trustees. Accordingly, resources received and held by the Foundation can only be used by, or for the benefit of, the College. The Foundation is considered a discretely presented component unit of the College under the definition of GASB Statement No. 39. The Foundation reports under Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, standalone financial statements, which may be obtained by contacting the Foundation's management.

Financial Statement Presentation

GASB is the recognized standard-setting body for accounting principles generally accepted in the United States of America applicable to public sector institutions of higher education. The College applies all applicable GASB pronouncements.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and deferred outflows of resources, and liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant inter-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of cash flows, the College considers all 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 College accounts for its investments at fair value based on quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the accompanying statements of revenues, expenses, and changes in net position.

Accounts Receivable

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

A student account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days after the end of the semester. Interest and late charges are not generally assessed and, if they are assessed, are not included in income or trade accounts receivable.

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

Restricted Cash and Cash Equivalents

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 40 years for buildings, infrastructure, and land improvements and seven years for library materials and equipment.

Unearned Revenues

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

Compensated Absences

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

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

Net Position

The College's net position is classified as follows:

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

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

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

Use of Estimates

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

Income Taxes

As a state institution of higher education, the College is generally exempt from federal income taxes under Section 115(l) of the Internal Revenue Code (IRC), as amended. However, the College may be subject to income taxes on unrelated business income under IRC Section 511(a)(2)(B).

Classification of Revenues

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

- **Operating Revenues –** Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances; 2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and 3) most federal, state, and local grants and contracts meeting certain criteria.

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

Scholarship Discounts and Allowances

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

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position by the College that are applicable to a future reporting period. At June 30, 2020 and 2019, the College's deferred outflows of resources were comprised of deferred outflows related to pensions and other postemployment benefits (OPEB).

Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2020 and 2019, the College's deferred inflows of resources were comprised of a deferred gain on an Oklahoma Capital Improvement Authority (OCIA) lease restructure and deferred inflows related to pensions and OPEB.

Defined Benefit Pension Plan

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

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

Single-Employer Defined Benefit Other Postemployment Benefit Plan

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

Cost-Sharing Defined Benefit Other Postemployment Benefit Plan

The College participates in a cost-sharing, multiple-employer defined benefit OPEB plan, the OTRS Supplemental Health Insurance Plan (the OTRS OPEB Plan). For purposes of measuring the net OPEB liability (asset), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OTRS OPEB Plan and additions to/deductions from the OTRS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncement Adopted in Fiscal Year 2020

The College adopted the following new accounting pronouncement during the year ended June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

GASB 95 was issued in May 2020; the primary objective of GASB 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods after June 15, 2018, and later. The College adopted GASB 95 for the June 30, 2020, reporting year.

Note 2: Deposits and Investments

Deposits

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

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

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

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

	2020	2019
Deposits with State Treasurer	$ 3,715,181	$ 2,322,234
Change funds	4,300	4,300
	$ 3,719,481	$ 2,326,534

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

Of the $3,715,181 and $2,322,234 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2020 and 2019, respectively, $712,744 and $325,821, respectively, represent amounts held within OK INVEST, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's comprehensive annual financial report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at http://www.ok.gov/treasurer/. The College considers its amounts on deposit with OK INVEST to be demand accounts and they are reported as cash equivalents.

Note 3: Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2020	2019
Student tuition and fees	$ 1,582,726	$ 2,354,338
Auxiliary enterprises and other student activities	571,616	667,918
Less allowance for doubtful accounts	(1,583,979)	(2,179,159)
	$ 570,363	$ 843,097

Note 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance, June 30, 2019	Additions	Transfers	Retirements	Balance, June 30, 2020
Capital assets not being depreciated					
Land	$ 769,729	$ 2,750	$ -	$ -	$ 772,479
Livestock	135,800	17,600	-	-	153,400
Construction in progress	14,088	6,400	(20,488)	-	-
Total capital assets not being depreciated	919,617	26,750	(20,488)	-	925,879
Capital assets being depreciated					
Buildings and improvements	42,630,764	-	-	-	42,630,764
Nonstructural improvements	5,380,110	52,856	20,488	-	5,453,454
Equipment	5,689,494	81,118	-	-	5,770,612
Library materials	747,814	-	-	-	747,814
Total capital assets being depreciated	54,448,182	133,974	20,488	-	54,602,644
Less accumulated depreciation					
Buildings and improvements	(13,788,014)	(1,104,618)	-	-	(14,892,632)
Nonstructural improvements	(2,786,672)	(252,362)	-	-	(3,039,034)
Equipment	(4,732,189)	(317,203)	-	-	(5,049,392)
Library materials	(747,814)	-	-	-	(747,814)
Total accumulated depreciation	(22,054,689)	(1,674,183)	-	-	(23,728,872)
Capital assets, net	$ 33,313,110	$ (1,513,459)	$ -	$ -	$ 31,799,651

At June 30, 2020, the cost and related accumulated depreciation of assets held under capital lease obligations were as follows:

	Buildings	Infrastructure	Total
Cost	$ 22,959,878	$ 2,069,953	$ 25,029,831
Less accumulated depreciation	(3,673,566)	(1,588,921)	(5,262,487)
	$ 19,286,312	$ 481,032	$ 19,767,344

Following are the changes in capital assets for the year ended June 30, 2019:

	Balance, June 30, 2018	Additions	Transfers	Retirements	Balance, June 30, 2019
Capital assets not being depreciated					
Land	$ 769,729	$ -	$ -	$ -	$ 769,729
Livestock	102,550	33,250	-	-	135,800
Construction in progress	20,950	531,499	(538,361)	-	14,088
Total capital assets not being depreciated	893,229	564,749	(538,361)	-	919,617
Capital assets being depreciated					
Buildings and improvements	42,092,403	-	538,361	-	42,630,764
Nonstructural improvements	5,361,901	18,209	-	-	5,380,110
Equipment	5,212,751	482,261	-	(5,518)	5,689,494
Library materials	747,814	-	-	-	747,814
Total capital assets being depreciated	53,414,869	500,470	538,361	(5,518)	54,448,182
Less accumulated depreciation					
Buildings and improvements	(12,714,681)	(1,073,333)	-	-	(13,788,014)
Nonstructural improvements	(2,507,441)	(279,231)	-	-	(2,786,672)
Equipment	(4,318,238)	(419,469)	-	5,518	(4,732,189)
Library materials	(747,814)	-	-	-	(747,814)
Total accumulated depreciation	(20,288,174)	(1,772,033)	-	5,518	(22,054,689)
Capital assets, net	$ 34,019,924	$ (706,814)	$ -	$ -	$ 33,313,110

At June 30, 2019, the cost and related accumulated depreciation of assets held under capital lease obligations were as follows:

	Buildings	Infrastructure	Total
Cost	$ 22,959,878	$ 2,069,953	$ 25,029,831
Less accumulated depreciation	(3,090,740)	(1,502,861)	(4,593,601)
	$ 19,869,138	$ 567,092	$ 20,436,230

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance, June 30, 2019	Additions	Reductions	Balance, June 30, 2020	Amounts Due Within One Year
Capital lease obligations					
OCIA 2014A Series	$ 2,584,005	$ -	$ (3,135)	$ 2,580,870	$ -
OCIA 2014B Series	35,127	-	(35,127)	-	-
ODFA 2011A Series	140,998	-	(72,248)	68,750	68,750
ODFA 2011E Series	5,764,584	-	(366,250)	5,398,334	379,583
ODFA 2014C Series – Student Union	4,381,501	-	(222,583)	4,158,918	229,667
ODFA 2014C Series – Nursing Allied Health	6,376,084	-	(323,750)	6,052,334	333,417
ODFA 2014C–D	402,583	-	(84,750)	317,833	88,333
Premium on lease obligation	247,764	-	(25,316)	222,448	25,316
Total capital leases	19,932,646	-	(1,133,159)	18,799,487	1,125,066
Other liabilities					
Accrued compensated absences	139,544	108,699	(101,978)	146,265	65,819
Total other liabilities	139,544	108,699	(101,978)	146,265	65,819
Total long-term liabilities	$ 20,072,190	$ 108,699	$ (1,235,137)	$ 18,945,752	$ 1,190,885

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance, June 30, 2018	Additions	Reductions	Balance, June 30, 2019	Amounts Due Within One Year
Capital lease obligations					
OCIA 2014A Series	$ 2,589,806	$ -	$ (5,801)	$ 2,584,005	$ 3,136
OCIA 2014B Series	68,911	-	(33,784)	35,127	35,126
ODFA 2011A Series	211,165	-	(70,167)	140,998	72,250
ODFA 2011E Series	6,125,001	-	(360,417)	5,764,584	366,250
ODFA 2014C Series – Student Union	4,598,918	-	(217,417)	4,381,501	222,583
ODFA 2014C Series – Nursing Allied Health	6,692,667	-	(316,583)	6,376,084	323,750
ODFA 2014C–D	484,333	-	(81,750)	402,583	84,750
Premium on lease obligation	273,079	-	(25,315)	247,764	25,316
Total capital leases	21,043,880	-	(1,111,234)	19,932,646	1,133,161
Other liabilities					
Accrued compensated absences	143,025	64,880	(68,361)	139,544	62,795
Total other liabilities	143,025	64,880	(68,361)	139,544	62,795
Total long-term liabilities	$ 21,186,905	$ 64,880	$ (1,179,595)	$ 20,072,190	$ 1,195,956

Capital Lease Obligations

ODFA Higher Education Master Lease Program – Series 2011A

In July 2011, the College entered into a capital lease obligation (Series 2011A) in the amount of $646,000. Lease payments over the term of the agreement, including interest, total $779,803. Payments began August 15, 2011, and go through May 15, 2021, and are made monthly ranging from $6,597 to $7,094. Proceeds from the obligation were used for structural improvements to the College's waste management system.

As of June 30, 2020, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2021	$ 68,750	$ 3,355	$ 72,105

ODFA Higher Education Master Lease Program – Series 2011E

In September 2011, the College entered into a capital lease obligation (Series 2011E) in the amount of $8,165,000. Lease payments over the term of the agreement, including interest, total approximately $11,837,000. Payments began October 15, 2011, and go through May 15, 2032, and are made monthly ranging from $27,251 to $49,820. Proceeds from the obligation were used in the purchase of the Miller's Crossing building.

As of June 30, 2020, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2021	$ 379,583	$ 208,169	$ 587,752
2022	376,667	196,781	573,448
2023	396,250	185,399	581,649
2024	411,250	172,307	583,557
2025	426,250	156,371	582,621
2026–2030	2,377,917	519,678	2,897,595
2031–2032	1,030,417	64,830	1,095,247
	$ 5,398,334	$ 1,503,535	$ 6,901,869

ODFA Higher Education Master Lease Program – Series 2014C – Student Union

In April 2014, the College entered into a capital lease obligation (Series 2014C – Student Union) in the amount of $5,421,000. Lease payments over the term of the agreement, including interest, total $7,749,763. Payments began May 15, 2014, and go through May 15, 2034, and are made monthly ranging from $29,525 to $32,484. Proceeds from the obligation were used to renovate the College's Student Union.

As of June 30, 2020, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2021	$ 229,667	$ 158,332	$ 387,999
2022	238,167	147,592	385,759
2023	252,167	136,022	388,189
2024	265,750	123,857	389,607
2025	274,667	112,648	387,315
2026–2030	1,512,333	423,347	1,935,680
2031–2034	1,386,167	130,581	1,516,748
	$ 4,158,918	$ 1,232,379	$ 5,391,297

ODFA Higher Education Master Lease Program – Series 2014C – Nursing Allied Health

In April 2014, the College entered into a capital lease obligation (Series 2014C – Nursing Allied Health) in the amount of $7,885,000. Lease payments over the term of the agreement, including interest, total $11,273,480. Payments began May 15, 2014, and go through May 15, 2034, and are made monthly ranging from $42,957 to $47,100. Proceeds from the obligation were used to build the College's Nursing Allied Health building on the Muskogee campus.

As of June 30, 2020, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2021	$ 333,417	$ 230,368	$ 563,785
2022	350,250	214,782	565,032
2023	365,417	197,750	563,167
2024	382,500	180,137	562,637
2025	400,000	164,037	564,037
2026–2030	2,202,333	616,467	2,818,800
2031–2034	2,018,416	190,103	2,208,519
	$ 6,052,333	$ 1,793,644	$ 7,845,977

ODFA Higher Education Master Lease Program – Series 2014C–D

In December 2014, the College entered into a capital lease obligation (Series 2014C–D) in the amount of $753,000. Lease payments over the term of the agreement, including interest, total $913,607. Payments began January 15, 2015, and go through November 15, 2023, and are made monthly ranging from $8,440 to $9,183. Proceeds from the obligation were used to refinance and payoff the ODFA Series 2004B. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $73,076, which approximates the economic savings of the transaction.

As of June 30, 2020, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2021	$ 88,333	$ 13,072	$ 101,405
2022	92,333	9,180	101,513
2023	96,333	5,487	101,820
2024	40,834	1,633	42,467
	$ 317,833	$ 29,372	$ 347,205

OCIA Lease Obligations

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the State Regents allocated $7,025,000 to the College. Total lease payments over the term of the agreement, including principal and interest, beginning July 1, 2006 through July 1, 2030, will be $14,373,397. Payments will be made annually ranging from $192,596 to $1,676,268. Concurrent with the allocation, the College entered into a lease agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the College.

In 2011, the College's 2005F lease agreement with OCIA was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the lease agreement with OCIA was automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future resulting in a cost on restructuring. The College recorded a charge of $642,631 on restructuring as a deferred outflow of resources that was amortized over a period of six years.

During 2014, the College's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal; thus, the College has recorded a credit of $154,039 on restructuring as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2020 and 2019, the unamortized gain totaled $95,093 and $104,524, respectively. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $407,408, which approximates the economic savings of the transaction.

During 2015, the College's remaining 2004 lease agreement with OCIA was restructured through a refunding of the Series 2004A bonds. OCIA issued new bonds, Series 2014B, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal; thus, the College has recorded a credit of $11,907 on restructuring as a deferred inflow of resources. As of June 30, 2019, the deferred inflow was fully amortized. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $26,006, which approximates the economic savings of the transaction.

Lease principal and interest payments to OCIA, totaling $162,059 and $164,994 during the years ended June 30, 2020 and 2019, respectively, were made by the State on behalf of the College. These payments have been recorded as OCIA on-behalf payments in the accompanying statements of revenues, expenses, and changes in net position.

At June 30, 2020, future aggregate maturities of principal and interest requirements on OCIA capital leases payable are as follows:

	Principal	Interest	Total
2021	$ -	$ 122,922	$ 122,922
2022	-	122,922	122,922
2023	240,582	122,922	363,504
2024	252,811	111,331	364,142
2025	259,318	99,010	358,328
2026–2030	1,486,686	304,882	1,791,568
2031	341,473	16,869	358,342
	$ 2,580,870	$ 900,858	$ 3,481,728

Note 6: Retirement Plans

The College's academic and nonacademic personnel are covered by various retirement plans. The plans available to college personnel include the OTRS, which is a State of Oklahoma public employee retirement system, and the Supplemental Retirement Plan, which is a single-employer public employee retirement system. The College does not maintain the accounting records of, hold the investments for, or administer these plans.

Summary of Net Pension Obligation

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Pension Expense
2020				
Supplemental retirement obligation	$ 132,707	$ -	$ -	$ 16,482
OTRS net pension obligation	8,962,828	1,684,221	1,780,122	882,965
Total	$ 9,095,535	$ 1,684,221	$ 1,780,122	$ 899,447
2019				
Supplemental retirement obligation	$ 128,063	$ -	$ -	$ 61,210
OTRS net pension obligation	8,725,399	1,575,479	2,068,689	465,753
Total	$ 8,853,462	$ 1,575,479	$ 2,068,689	$ 526,963

Oklahoma Teachers Retirement System

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

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

- Members who join OTRS after July 1, 1991, become fully vested in retirement benefits earned to date after five years of credited service. Members who join OTRS on or after November 1, 2017, become fully vested after seven years of credited service. Any member who has attained age 55 or who has completed 30 years of creditable service, or for any person who initially became a member prior to July 1, 1992, whose age and number of years of creditable service total 80 may be retired upon proper application for retirement on forms established by OTRS and executing a retirement contract. Any person who became a member after June 30, 1992, but prior to November 1, 2011, whose age and number of years of creditable service total 90 may be retired upon proper application for retirement and executing a retirement contract. Any person who becomes a member on or after November 1, 2011, who attains the age of 65 years or who reaches a normal retirement date having attained a minimum age of 60 years may be retired upon proper application for retirement and executing a retirement contract.

- Final compensation for members who joined OTRS prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, OTRS will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under IRC Section 403(b).

Contributions – The contribution requirements of the plan are at an established rate determined by Oklahoma Statute, as amended by the State Legislature, and are not based on actuarial calculations. Employees are required to contribute 7.0% of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 7.7% for any employees' salaries covered by federal funds for 2020 and 2019. Contributions to the pension plan from the College were $577,366 and $597,540 for the years ended June 30, 2020 and 2019, respectively. The State also made on-behalf contributions to OTRS totaling $465,479 and $459,320 during 2020 and 2019, respectively. These amounts are reported as nonoperating revenues in the accompanying financial statements. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions – At June 30, 2020 and 2019, the College reported a liability of $8,962,828 and $8,725,399, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2019 and 2018. Based upon this information, the College's proportion was 0.1354% and 0.1444% for June 30, 2020 and 2019, respectively.

For the years ended June 30, 2020 and 2019, the College recognized pension expense of $882,965 and $465,753, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Difference between expected and actual experience	$ 460,096	$ 384,084
Change of assumptions	470,567	302,477
Net difference between projected and actual earnings on pension plan investments	60,786	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	115,406	1,050,399
College contributions at the measurement date	-	43,162
College contributions subsequent to the measurement date	577,366	-
Total	$ 1,684,221	$ 1,780,122
2019		
Difference between expected and actual experience	$ -	$ 603,147
Change of assumptions	817,974	446,911
Net difference between projected and actual earnings on pension plan investments	-	151,675
Changes in proportion and differences between the College's contributions and proportionate share of contributions	159,965	844,891
College contributions at the measurement date	-	22,065
College contributions subsequent to the measurement date	597,540	-
Total	$ 1,575,479	$ 2,068,689

The $577,366 and $597,540 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date for June 30, 2020 and 2019, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2021 and 2020, respectively.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense for the years ending June 30 as follows:

2021	$ (38,164)
2022	(484,354)
2023	(208,473)
2024	59,622
2025	(1,898)
	$ (673,267)

Actuarial Assumptions – The total pension liability as of June 30, 2020 and 2019, was determined based on an actuarial valuation prepared as of June 30, 2019 and 2018, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.50%
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service
- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014
- Mortality Rates After Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012
- Mortality Rates for Active Members – RP-2000 Employer Mortality Tables with male rates multiplied by 60% and female rates multiplied by 50%

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2020 and 2019, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

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

Discount Rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2020 and 2019. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50% for 2020 and 2019, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2020			
College's proportionate share of the net pension liability	$ 12,629,604	$ 8,962,828	$ 5,895,388

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2019			
College's proportionate share of the net pension liability	$ 12,406,993	$ 8,725,399	$ 5,643,284

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

Supplemental Retirement Plan

Plan Description – The Supplemental Retirement Plan (the Plan) is a single-employer defined benefit pension plan administered by the College. It guarantees eligible employees a level of retirement benefits. If Social Security and OTRS payments do not equal one-half of the employee's highest three years' earnings, the College pays the balance from the current year's operating budget. The authority to establish and amend benefit provisions rests with the Board of Regents. The Plan does not issue a separate financial report nor is it included in the financial report of another entity.

Funding Policy – The Plan is not funded and benefits do not vest to the participants until their retirement. The College has been funding the benefits on a "pay as you go" basis. Only certain employees are eligible to participate in the Plan, and the Plan has been discontinued. During the years ended June 30, 2020 and 2019, the College made benefit payments of $11,838 and $11,324, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions – At June 30, 2020 and 2019, the College reported a liability of $132,707 and $128,063, respectively, for its net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively.

For the years ended June 30, 2020 and 2019, the College recognized pension expense of $16,482 and $61,210, respectively.

Schedule of Changes in Total Pension Liability – The College's changes in total pension liability are as follows as of June 30:

	2020	2019
Beginning total pension liability	$ 128,063	$ 78,177
Interest	4,287	2,814
Change of assumptions	6,388	58,946
Difference between actual and expected experience	5,807	(550)
Benefit payments	(11,838)	(11,324)
Ending total pension liability	$ 132,707	$ 128,063

Actuarial Assumptions – The total pension liability as of June 30, 2020 and 2019, was determined based on an actuarial valuation prepared as of June 30, 2020 and 2019, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Amortization Method – Three-year closed period
- Discount Rate – 2.66% and 3.51% for 2020 and 2019, respectively (based on Bond Buyers General Municipal Bond Index)
- Mortality Rates After Retirement – RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP 2019 and 2018 for 2020 and 2019, respectively

Sensitivity of the Total Pension Liability to Change in the Discount Rate – The following presents the total pension liability of the College calculated using the discount rate each year, as well as what the College's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
2020			
Total pension liability	$ 141,976	$ 132,707	$ 124,407

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
2019			
Total pension liability	$ 137,197	$ 128,063	$ 119,903

Note 7: Other Postemployment Benefits

Currently, the College provides postemployment benefits to retirees under two OPEB plans:

1. OTRS Supplemental Health Insurance Program – a cost-sharing, multiple-employer defined benefit OPEB plan administered by OTRS
2. CSC Retiree Health Insurance and Death Benefits Plan – a single-employer defined benefit health insurance and death benefit plan

Summary of Net OPEB Obligation

	Net OPEB Obligation (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Benefit)
2020				
CSC OPEB Plan	$ 616,378	$ 133,363	$ 258,491	$ 12,287
OTRS OPEB Plan	(83,757)	9,235	42,834	(11,391)
Total	$ 532,621	$ 142,598	$ 301,325	$ 896
2019				
CSC OPEB Plan	$ 566,978	$ 95,723	$ 293,261	$ 12,898
OTRS OPEB Plan	(93,303)	9,293	64,916	(11,720)
Total	$ 473,675	$ 105,016	$ 358,177	$ 1,178

OTRS OPEB Plan

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

Benefits Provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer-provided health insurance. The supplement payment is between $100 and $105 per month, remitted to Oklahoma State University Human Resources, provided the member has 10 years of Oklahoma service prior to retirement.

Contributions – Employer and employee contributions are made based upon the OTRS OPEB Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate, as described in *Note 6*; from this amount, OTRS allocates a portion of the contributions to the OTRS OPEB Plan. The cost of the OTRS OPEB Plan averages 0.13% and

0.14% of normal cost, as determined by an actuarial valuation as of June 30, 2019 and 2018, respectively. Contributions allocated to the OTRS OPEB Plan from the College were $1,087 and $4,031 for 2020 and 2019, respectively.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB – At June 30, 2020 and 2019, the College reported an asset of $83,757 and $93,303, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019 and 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019 and 2018. The College's proportion of the net OPEB asset was based on the College's contributions received by the OTRS OPEB Plan relative to the total contributions received by the OTRS OPEB Plan for all participating employers as of June 30, 2019 and 2018. Based upon this information, the College's proportion was 0.1354% and 0.1444% for June 30, 2020 and 2019, respectively.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $(11,391) and $(11,720), respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Difference between expected and actual experience	$ -	$ 30,614
Net difference between projected and actual earnings on OTRS OPEB Plan investments	-	12,018
Changes in proportion and differences between the College's contributions and proportionate share of contributions	1,930	-
College contributions at the measurement date	6,218	202
College contributions subsequent to the measurement date	1,087	-
Total	$ 9,235	$ 42,834
2019		
Difference between expected and actual experience	$ -	$ 26,000
Net difference between projected and actual earnings on OTRS OPEB Plan investments	-	38,655
Changes in proportion and differences between the College's contributions and proportionate share of contributions	545	-
College contributions at the measurement date	4,717	261
College contributions subsequent to the measurement date	4,031	-
Total	$ 9,293	$ 64,916

The $1,087 and $4,031 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date for June 30, 2020 and 2019, will be recognized as a reduction of the net OPEB asset in the years ended June 30, 2021 and 2020, respectively.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense for the years ending June 30 as follows:

2021	$ (13,444)
2022	(13,444)
2023	(5,161)
2024	(471)
2025	(1,742)
Thereafter	(424)
	$ (34,686)

Actuarial Assumptions – The total OPEB liability (asset) as of June 30, 2020 and 2019, was determined based on an actuarial valuation prepared as of June 30, 2019 and 2018, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.50%
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service
- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014
- Mortality Rates After Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012
- Mortality Rates for Active Members – RP-2000 Employer Mortality Tables with male rates multiplied by 60% and female rates multiplied by 50%

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2020 and 2019, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

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

Discount Rate – A single discount rate of 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2020 and 2019. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the OTRS OPEB Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OTRS OPEB Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the College's proportionate share of the net OPEB liability (asset) of the employer calculated using the discount rate of 7.50% for 2020 and 2019, as well as what the College's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2020			
College's proportionate share of the net OPEB asset	$ (28,067)	$ (83,757)	$ (131,341)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2019			
College's proportionate share of the net OPEB asset	$ (32,770)	$ (93,303)	$ (145,027)

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

CSC OPEB Plan

Plan Description – The CSC OPEB Plan provides OPEB to eligible retirees and their dependents. The Board of Regents has the authority to establish and amend benefit provisions. No assets that meet the criteria in GASB 75, Paragraph 4, are accumulated in a trust.

Benefits Provided – The College provides medical and death benefits to eligible retirees and their dependents through the Oklahoma State University A&M System. This plan allows employees who retire from the College to continue to be covered under the College's health insurance plan until age 65. The retired participant must pay the active participant's premium. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College. The College also pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must meet the OTRS guidelines. In addition, the individual must also have been enrolled in the College's life insurance program prior to retirement. Each retiree is eligible to receive $6,000 of life insurance coverage.

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

	2020	2019
Active employees (participants)	108	108
Retired participants (health benefits)	5	5
Retired participants (death benefits)	115	115

Total OPEB Liability – The College's total OPEB liability of $616,378 and $566,978 at June 30, 2020 and 2019, respectively, was measured as of June 30, 2020 and 2019, and was determined by an actuarial valuation as of those dates.

Actuarial Assumptions – The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2020 and 2019, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal

- Discount Rate – 2.66% and 3.51% for 2020 and 2019, respectively, based on published Bond Buyer Go-20 bond index
- Health Care Cost Trend Rates – 7.50% for 2020 and 8.00% for 2019, decreasing 0.50% annually to an ultimate rate of 4.50%
- Mortality Rates – SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018
- Pre-Retirement Termination – OTRS actuarial valuation study as of June 30, 2016

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability as of June 30:

	2020	2019
Beginning total OPEB liability	$ 566,978	$ 815,184
Service cost	8,453	6,830
Interest	19,584	31,260
Change of assumptions	59,015	42,852
Difference between actual and expected experience	(2,355)	(296,153)
Benefit payments	(35,297)	(32,995)
Ending total OPEB liability	$ 616,378	$ 566,978

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

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
2020			
Total OPEB liability	$ 699,336	$ 616,378	$ 547,880

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
2019			
Total OPEB liability	$ 639,084	$ 566,978	$ 507,079

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability (asset) of the employer calculated using the health care cost trend rate of 7.50% for 2020 and 8.00% for 2019, decreasing by 0.50% annually to 4.50%, as well as what the plan's total OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2020			
Total OPEB liability	$ 607,865	$ 616,378	$ 626,989

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
2019			
Total OPEB liability	$ 560,026	$ 566,978	$ 575,570

OPEB Expense – For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $12,287 and $12,898, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Differences between expected and actual experience	$ 50,854	$ 232,303
Change of assumptions	82,509	26,188
Total	$ 133,363	$ 258,491
2019		
Differences between expected and actual experience	$ 57,632	$ 263,247
Change of assumptions	38,091	30,014
Total	$ 95,723	$ 293,261

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense for the years ending June 30 as follows:

2021	$	(15,750)
2022		(15,750)
2023		(16,317)
2024		(14,810)
2025		(14,808)
Thereafter		(47,693)
	$	(125,128)

Note 8: Related-Party Transactions

The Foundation is a tax-exempt organization whose objective is the betterment of the College and its related activities. The College is the ultimate beneficiary of the Foundation. The College has entered into a written agreement with the Foundation whereby the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, bequests, and payment of services for the benefit of the College. During the years ended June 30, 2020 and 2019, the Foundation awarded scholarships to students totaling approximately $14,000 and $24,000, respectively.

The Foundation also services the funds of the various campus clubs and organizations. All receipts and disbursements of these funds are handled through the Foundation office. Payments for goods and services for the benefit of the College provided by the clubs and organizations for the years ended June 30, 2020 and 2019, were approximately $328,000 and $584,000, respectively.

Note 9: Commitments and Contingencies

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. At June 30, 2020 and 2019, there were no pending lawsuits or claims against the College that management believes would result in a material loss to the College in the event of an adverse outcome.

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

Note 10: Risk Management

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

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

Note 11: Connors Development Foundation, Inc.

The following are significant disclosures of the Foundation:

Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Foundation considers all liquid investments with an original maturity of three months or less to be cash equivalents. None of the Foundation's investments are considered to be cash equivalents.

Investments

The Foundation uses the market approach to value marketable securities with readily determinable fair values based on quoted prices in active markets.

Restricted endowment investment income and losses are recorded as with donor restrictions unless the terms of the gift require that they be added to the principal of a permanent or term endowment fund. If the funds are classified as with donor restrictions, any expenditure is subject to the donor-restricted use of the funds as indicated in the gift instrument.

Fair Value Measurements

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

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

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

The Foundation's investments consist of marketable certificates of deposit, equity securities, and mutual funds, all with quoted market prices in an active market; therefore, all are classified as Level 1 investments.

Endowment Funds

Endowment funds with donor restrictions are subject to the restriction of gift instruments requiring that the principal be invested in perpetuity and only the earnings, or portions thereof, be utilized. Term endowment funds are similar to such funds except that, upon the passage of a stated period of time or the occurrence of a particular event, all or a part of the principal may be expended.

The Foundation's endowment consists of approximately 30 individual funds established primarily for scholarship and academic program support. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect and/or preserve the Foundation's assets while maintaining a satisfactory return. To satisfy the Foundation's risk and return objectives, the majority of the Foundation's funds are invested in certificates of deposit and U.S. Treasury notes; hence, the Foundation's investment return is achieved through current yields (interest and dividends) and capital preservation.

Net Assets

The *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA) was enacted by the State effective November 1, 2007. The Board of Trustees (the Trustees) of the Foundation has interpreted UPMIFA to require the Foundation to exercise prudence in determining whether to spend from or accumulate to donor-restricted endowment funds with a view toward the permanent nature and long-term continuing viability of such funds.

The Foundation has interpreted UPMIFA, as passed by the State, 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, the Foundation classifies the following as net assets with donor restrictions:

- Original value of gifts donated to the permanent endowment
- Original value of subsequent gifts to the permanent endowment
- Accumulations to the permanent endowment made with explicit direction from donor gift instrument

The remaining portion of the donor-restricted endowment funds that is not classified in nonexpendable net position is classified as expendable net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Net assets with donor restrictions consist of the following for the years ended June 30:

	2020	2019
Scholarships to students – held in perpetuity	$ 789,223	$ 755,750
Academic programs – held in perpetuity	65,393	64,004
Scholarships to students	70,505	68,043
Other support to the College	918,809	817,622
	$ 1,843,930	$ 1,705,419

Endowment activity for the years ended June 30 is summarized as follows:

	2020	2019
Beginning balance	$ 842,242	$ 807,958
Investment return		
Interest and dividends	(13,922)	22,832
Net increase (decrease) in fair value	20,907	(624)
Total investment return	6,985	22,208
New contributions	533,721	24,627
Appropriations of endowment assets for expenditures	(6,750)	(12,551)
Ending balance	$ 1,376,198	$ 842,242

In 2020, the board established a board-designated quasi-endowment fund totaling $500,000 for direct match for new scholarship endowments. While quasi-endowment funds have been established by the governing board for the same purposes as permanent endowment funds, any portion of the quasi-endowment funds may be expended at the discretion of the governing board and, therefore, is without donor restrictions.

Note 12: Current Economic Conditions

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

Required Supplementary Information

Connors State College

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

Oklahoma Teachers Retirement System

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1354%	0.1444%	0.1523%	0.1485%	0.1620%	0.1623%
College's proportionate share of the net pension liability	$ 8,962,828	$ 8,725,399	$ 10,086,061	$ 12,395,679	$ 9,838,802	$ 8,733,960
College's covered-employee payroll	$ 5,728,313	$ 6,210,429	$ 6,102,886	$ 6,486,210	$ 6,967,930	$ 6,785,277
College's proportion of the net pension liability as a percentage of its covered-employee payroll	156.47%	140.50%	165.27%	191.11%	141.20%	128.72%
Plan fiduciary net position as a percentage of the total pension liability	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Connors State College

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 577,366	$ 597,540	$ 617,964	$ 610,502	$ 631,024	$ 675,899
Contributions in relation to the contractually required contribution	577,366	597,540	617,964	610,502	631,024	675,899
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 5,593,934	$ 5,728,313	$ 6,210,429	$ 6,102,886	$ 6,486,210	$ 6,967,930
Contributions as a percentage of covered-employee payroll	10.32%	10.43%	9.95%	10.00%	9.73%	9.70%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Benefit Changes

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

Changes of Assumptions

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

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

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

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

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

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

Connors State College

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

Supplemental Health Insurance Program

Last 10 Fiscal Years*

	2020	2019	2018
College's proportion of the net OPEB liability (asset)	0.1354%	0.1444%	0.1523%
College's proportionate share of the net OPEB liability (asset)	$ (83,757)	$ (93,303)	$ (67,927)
College's covered-employee payroll	$ 5,728,313	$ 6,210,429	$ 6,102,886
College's proportion of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.46%	-1.50%	-1.11%
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	115.07%	115.41%	110.40%

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

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Connors State College

Schedule of the College's OPEB Contributions
Supplemental Health Insurance Program
Last 10 Fiscal Years

	2020	2019	2018
Contractually required contribution	$ 1,087	$ 4,031	$ 9,812
Contributions in relation to the contractually required contribution	1,087	4,031	9,812
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered-employee payroll	$ 5,593,934	$ 5,728,313	$ 6,210,429
Contributions as a percentage of covered-employee payroll	0.02%	0.07%	0.16%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Benefit Changes

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

Changes of Assumptions

There were no changes to assumptions in valuation reports for the years presented.

Connors State College

Schedule of Changes in the College's Total OPEB Liability and Related Ratios
CSC Retiree Health Insurance and Death Benefits Plan
Last 10 Fiscal Years

	2020	2019	2018
Total OPEB liability			
Service cost	$ 8,453	$ 6,830	$ 99,284
Interest	19,584	31,260	23,596
Change of assumptions	59,015	42,852	(37,666)
experience			
experience	(2,355)	(296,153)	71,188
Benefit payments	(35,297)	(32,995)	(114,840)
Net change in OPEB liability	49,400	(248,206)	41,562
Total OPEB liability, beginning of year	566,978	815,184	773,622
Total OPEB liability, end of year	$ 616,378	$ 566,978	$ 815,184
Covered-employee payroll	$ 4,486,584	$ 4,291,944	$ 6,210,429
Total OPEB liability as a percentage of covered-employee payroll	13.74%	13.21%	13.13%
Discount rate used	2.66%	3.51%	3.88%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Benefit Changes

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

Changes of Assumptions

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

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

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

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

Supplementary Information

Connors State College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ 145,879
Federal Work-Study Program	84.033	N/A	115,222
Federal Pell Grant Program	84.063	N/A	5,145,083
Federal Direct Student Loans	84.268	N/A	4,529,901
Total Student Financial Assistance Cluster			9,936,085
TRIO Program Cluster			
TRIO – Student Support Services	84.042	N/A	288,670
Total TRIO Program Cluster			288,670
Other Programs			
Higher Education Institutional Aid	84.031F	N/A	237,120
Strengthening Minority-Serving Institutions	84.382C	N/A	413,935
Pass-through from Oklahoma State Regents for Higher Education			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S110011	10,630
Pass-through from Oklahoma Department of Vocational and Technical Education			
Career and Technical Education – Basic Grants to States	84.048	N/A	21,287
Total other programs			682,972
COVID-19 Education Stabilization Fund			
Higher Education Emergency Relief Fund – Student Aid Portion	84.425E	N/A	419,353
Higher Education Emergency Relief Fund – Institutional Portion	84.425F	N/A	296,317
			715,670
Total U.S. Department of Education			11,623,397
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
National Institute for Health			
Pass-through from Oklahoma State Regents for Higher Education			
Temporary Assistance for Needy Families	93.558	N/A	87,708
Total U.S. Department of Health and Human Services			87,708
U.S. DEPARTMENT OF AGRICULTURE			
Research and Development Cluster			
National Institute of Food and Agriculture			
Pass-through from Oklahoma State University			
Higher Education – Institution Challenge Grants Program	10.217	1-563056-CSC	14,737
Total Research and Development Cluster			14,737
Total U.S. Department of Agriculture			14,737
Total Expenditures of Federal Awards			$ 11,725,842

Connors State College
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal award activity of the College under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Federal Direct Student Loans Program

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

Note 4: Subrecipients

During the year ended June 30, 2020, the College did not provide any federal awards to subrecipients.

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

Independent Auditor's Report

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Connors State College
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Connors State College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 29, 2020. Our report includes a reference to the report of other auditors who audited the financial statements of Connors Development Foundation, Inc. (the Foundation). The financial statements of the Foundation, which are included in the College's financial statements as a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

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

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

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Connors State College

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

Compliance and Other Matters

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

Purpose of This Report

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

BKD, LLP

Tulsa, Oklahoma
October 29, 2020

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Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Connors State College
Oklahoma City, Oklahoma

Report on Compliance for the Major Federal Program

We have audited the College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2020. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Connors State College

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

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

BKD, LLP

Tulsa, Oklahoma
March 11, 2021

Connors State College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

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

Federal Awards

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

   Significant deficiency(ies)? ☒ Yes ☐ None reported

   Material weakness(es)? ☐ Yes ☒ No

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

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☒ Yes ☐ No

7. The College's major program was:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The College qualified as a low-risk auditee? ☒ Yes ☐ No

Connors State College

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
2020-001	Student Financial Assistance Cluster, CFDA Number 84.063 Federal Pell Grant Program, CFDA Number 84.268 Federal Direct Student Loans, U.S. Department of Education Program Year 2019–2020

Criteria or Specific Requirement – Special Tests and Provisions: Enrollment Reporting 34 CFR Sections 690.83(b)(2) and 685.309

Condition – A total of nine student enrollment status changes were not communicated to the National Student Loan Data System (NSLDS) on a timely basis. Additionally, a total of 35 of 250 attributes tested did not agree between the NSLDS and institutional records.

Questioned Costs – None

Context – Out of the population of 1,140 students with enrollment status changes requiring reporting to NSLDS, a sample of 25 student enrollment status changes was selected for testing. Nine student enrollment status changes were not reported to NSLDS within the required 60 days. An additional 35 student data attributes on 18 students did not agree between NSLDS and institutional records. Our sample was not, and was not intended to be, statistically valid.

Effect – NSLDS was not notified of student enrollment status changes for Direct Loan and Pell Grant recipients in a timely or accurate manner.

Cause – A staffing change in the VP of Academic Affairs, Registrar and Financial Aid Office caused a failure in timely reporting. Also, change in staff resulted in a lack of training for the registrar who does the reporting through the National Clearinghouse (NCH), and it was noted that NCH is dropping students from the roster when students start and stop school more than twice. When the student restarts, the report is submitted to NCH; however, it is treated as a mistake and is not forwarded to NSLDS.

Indication as a Repeat Finding – Prior year finding 2019-001

Recommendation – The College should review its procedures for reporting student enrollment status changes for students receiving Direct Loans and Pell Grants.

Views of Responsible Officials and Planned Corrective Actions – Both the registrar and director of FAO will work closely together to compare monthly reports being sent to NCH for changes. The registrar will work through the error reports received from NCH. Also, in working with IT, we have found and are correcting CIP code issues.

Connors State College

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2020

Reference Number	Finding
2020-001	Student Financial Assistance Cluster, CFDA Number 84.063 Federal Pell Grant Program, CFDA Number 84.268 Federal Direct Student Loans, U.S. Department of Education Program Year 2019–2020

We will run reports and compare to ensure necessary changes have been made to correct CIP codes for future terms. We will also be double checking withdrawn students who are returning and those who are not returning to ensure they are correctly reported at the first of term.

The registrar plans on completing a more robust investigation of rejected NCH student records and completing follow-up, focused on the code given for the rejection in reconciliation of our student records with those of NCH. This is an alternative to past practices, as the registrar has noticed a reduction in the types and amounts of rejected records that have been received while completing the process and based on past enrollment report submissions. The current registrar never got to this stage of training as timing did not allow for a smooth transition. He has since been able to advance his knowledge and learn the proper handling of rejected records in a more timely manner.

Connors State College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Reference Number	Finding	Status
2019-001	Student Financial Assistance Cluster, CFDA Number 84.063 Federal Pell Grant Program, CFDA Number 84.268 Federal Direct Student Loans, U.S. Department of Education Program Year 2018–2019 Criteria or Specific Requirement – Special Tests and Provisions: Enrollment Reporting 34 CFR Sections 690.83(b)(2) and 685.309 Condition – A total of 16 student enrollment status changes were not communicated to the National Student Loan Data System (NSLDS) on a timely basis. Management's Response – After finding that the Banner enrollment reporting was lacking sufficient information and returning various errors, a process was put in place by the financial aid staff to correct the issues. The process involves running a Cognos report that compares enrollment status changes from census date to first month of the term on the initial report, then month-to-month thereafter. The process was established in December and compared enrollment status changes monthly. These changes were then reported directly to NSLDS to meet the reporting requirement. This process not only locates status changes to report per student but also will ensure graduation dates are reported correctly to NSLDS. Reason for Recurrence – Turnover in the Registrar's Office resulted in a lack of oversight. Views of Responsible Officials and Planned Corrective Actions – See 2020-001.	Unresolved – See 2020-001

Connors State College

Summary Schedule of Prior Audit Findings, continued

Year Ended June 30, 2020

Reference Number	Finding	Status
2019-002	Student Financial Assistance Cluster, CFDA Number 84.007 Federal Supplemental Educational Opportunity Grants CFDA Number 84.033 Federal Work Study Program, CFDA Number 84.063 Federal Pell Grant Program, CFDA Number 84.268 Federal Direct Student Loans, U.S. Department of Education Program Year 2018–2019 Criteria or Specific Requirement – Special Tests and Provisions: Return of Title IV Funds 34 CFR Section 668.22 Condition – The return of one student's Title IV was not appropriately applied to the student's account and communicated to the student.	Resolved

Connors State College

Summary Schedule of Prior Audit Findings, continued

Year Ended June 30, 2020

Reference Number	Finding	Status
2019-003	Student Financial Assistance Cluster, CFDA Number 84.007 Federal Supplemental Educational Opportunity Grants CFDA Number 84.033 Federal Work Study Program, CFDA Number 84.063 Federal Pell Grant Program, CFDA Number 84.268 Federal Direct Student Loans, U.S. Department of Education Program Year 2018–2019 Criteria or Specific Requirement – Eligibility 34 CFR Sections 668.32, 668.34, 685.203 Condition – One student was not eligible for federal student financial assistance and one student received more than the Direct Subsidized Loan limit.	Resolved