Connors State College

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020

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Independent Auditor's Report

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

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, 2021 and 2020, 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, 2021 and 2020, 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 management's discussion and analysis and pension and other postemployment information, as 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, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, 2021

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, 2021, with fiscal years 2020 and 2019 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, 2021, the College's net position increased by $1,516,617 from current year activity when compared to a total net position of $6,932,086 in 2020.

Total revenues increased to $22,816,850 in 2021 from $21,401,388 in 2020. The College experienced a decrease in operating revenues in 2020 primarily due to the shutdown of student housing in the spring 2020 semester.

Total expenses increased to $21,300,233 in 2021 from $19,859,437 in 2020. The majority of the current year's increase in expenses was in the area of compensation and scholarship 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, 2021, 2020, and 2019, 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

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Assets							
Current assets	$ 6,340,031	$ 4,779,026	$ 1,561,005	32.66%	$ 3,337,055	$ 1,441,971	43.21%
Noncurrent assets							
Capital assets, net	31,188,736	31,799,651	(610,915)	-1.92%	33,313,110	(1,513,459)	-4.54%
Other assets	71,043	91,771	(20,728)	-22.59%	93,303	(1,532)	-1.64%
Total assets	37,599,810	36,670,448	929,362	2.53%	36,743,468	(73,020)	-0.20%
Deferred Outflows of Resources	4,129,709	1,826,819	2,302,890	126.06%	1,680,495	146,324	8.71%
Liabilities							
Current liabilities	2,170,179	1,921,861	248,318	12.92%	2,205,764	(283,903)	-12.87%
Noncurrent liabilities	28,829,043	27,466,780	1,362,263	4.96%	28,296,674	(829,894)	-2.93%
Total liabilities	30,999,222	29,388,641	1,610,581	5.48%	30,502,438	(1,113,797)	-3.65%
Deferred Inflows of Resources	2,281,594	2,176,540	105,054	4.83%	2,531,390	(354,850)	-14.02%
Net Position							
Net investment in capital assets	13,596,175	12,905,071	691,104	5.36%	13,275,941	(370,870)	-2.79%
Restricted	452,037	826,246	(374,209)	-45.29%	317,999	508,247	159.83%
Unrestricted	(5,599,509)	(6,799,231)	1,199,722	17.64%	(8,203,805)	1,404,574	17.12%
Total net position	$ 8,448,703	$ 6,932,086	$ 1,516,617	21.88%	$ 5,390,135	$ 1,541,951	28.61%

Changes from 2020 to 2021

During fiscal year 2021, the College's current assets increased by $1.5 million primarily due to increased cash from collection of tuition and fees along with lost revenue reimbursement from CARES Act grant funds. Net position also increased by $1,516,617 after an increase of $1,541,951 in 2020 and $1,334,021 in 2019. For fiscal year 2021, the net investment in capital assets increased by $691,104 compared to a decrease of $370,870 in 2020. In 2021, unrestricted net position increased by $1,199,722, while restricted net position decreased by $374,209. In 2020, unrestricted net position increased by $1,404,574, while restricted net position increased by $508,247.

Current assets increased by $1,441,971 during fiscal year 2020 primarily due to increased cash from collection of tuition and fees. Total liabilities increased from $29,388,641 in fiscal year 2020 to $30,999,222 in fiscal year 2021. The majority of this was due to the increased net pension liability share of OTRS. Current liabilities increased by $248,318 from fiscal year 2020 to fiscal year 2021, of which the majority was due to increased accounts payable and current portions of long-term debt.

Changes from 2019 to 2020

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

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Operating Revenues							
Student tuition and fees, net	$ 3,463,896	$ 3,227,866	$ 236,030	7.31%	$ 3,454,096	$ (226,230)	-6.55%
Federal grants and contracts	1,246,783	1,311,311	(64,528)	-4.92%	2,259,861	(948,550)	-41.97%
State and local grants and contracts	1,544,561	1,482,585	61,976	4.18%	1,527,180	(44,595)	-2.92%
Auxiliary enterprise charges	1,920,681	1,620,634	300,047	18.51%	2,097,674	(477,040)	-22.74%
Other operating revenues	72,116	101,017	(28,901)	-28.61%	65,477	35,540	54.28%
Total operating revenues	8,248,037	7,743,413	504,624	6.52%	9,404,288	(1,660,875)	-17.66%
Operating Expenses	20,841,851	19,122,112	1,719,739	8.99%	19,441,430	(319,318)	-1.64%
Operating Loss	(12,593,814)	(11,378,699)	(1,215,115)	-10.68%	(10,037,142)	(1,341,557)	-13.37%
Nonoperating Revenues (Expenses)							
State appropriations	5,140,925	5,391,279	(250,354)	-4.64%	5,202,496	188,783	3.63%
OTRS on-behalf contributions	392,654	465,479	(72,825)	-15.65%	459,320	6,159	1.34%
Federal grants and contracts	7,260,489	6,022,032	1,238,457	20.57%	5,099,501	922,531	18.09%
State grants and contracts	854,974	834,757	20,217	2.42%	869,523	(34,766)	-4.00%
Investment income	9,851	10,358	(507)	-4.89%	6,702	3,656	54.55%
Interest expense	(458,382)	(737,325)	278,943	37.83%	(762,165)	24,840	3.26%
Total nonoperating revenues (expenses)	13,200,511	11,986,580	1,213,931	10.13%	10,875,377	1,111,203	10.22%
Income Before Other Revenues, Expenses, Gains, and Losses	606,697	607,881	(1,184)	-0.19%	838,235	(230,354)	-27.48%
Other Revenues, Expenses, Gains, and Losses							
Capital contributions	45,456	-	45,456	100.00%	-	-	0.00%
State appropriations restricted for capital purposes	741,542	772,011	(30,469)	-3.95%	330,792	441,219	133.38%
OCIA on-behalf payments	122,922	162,059	(39,137)	-24.15%	164,994	(2,935)	-1.78%
Increase in Net Position	1,516,617	1,541,951	(25,334)	-1.64%	1,334,021	207,930	15.59%
Net Position, Beginning of Year	6,932,086	5,390,135	1,541,951	28.61%	4,056,114	1,334,021	32.89%
Net Position, End of Year	$ 8,448,703	$ 6,932,086	$ 1,516,617	21.88%	$ 5,390,135	$ 1,541,951	28.61%

Changes from 2020 to 2021

During the year ended June 30, 2021, total revenues increased by $1,415,462, state appropriations decreased by $280,823, net tuition revenues increased by $236,030, auxiliary revenues increased by $300,047, grants and contracts increased by $1,256,122, OTRS on-behalf contributions and OCIA on-behalf payments decreased by $111,962, and other revenues increased by $16,048. Revenues overall are up primarily due to increased grant revenue from Higher Education Emergency Relief Fund (HEERF) funding.

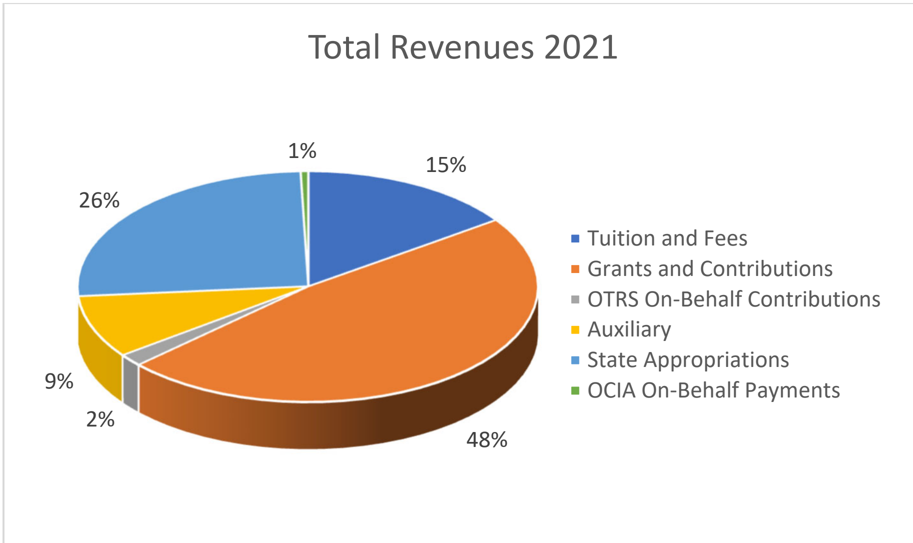
During the three-year period, the percentage of revenue furnished by state appropriations was 26% in 2021, 29% in 2020, and 26% in 2019. Net tuition and fees percentage of total revenues was 15% in 2021, 15% in 2020, and 16% in 2019, while auxiliary enterprises and other income accounted for 9% in 2021, 8% in 2020, and 10% in 2019.

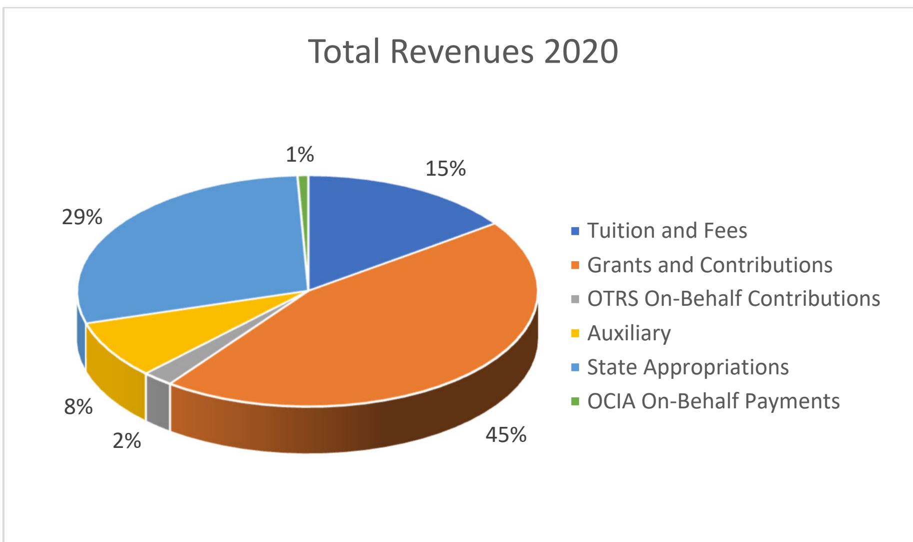
Changes from 2019 to 2020

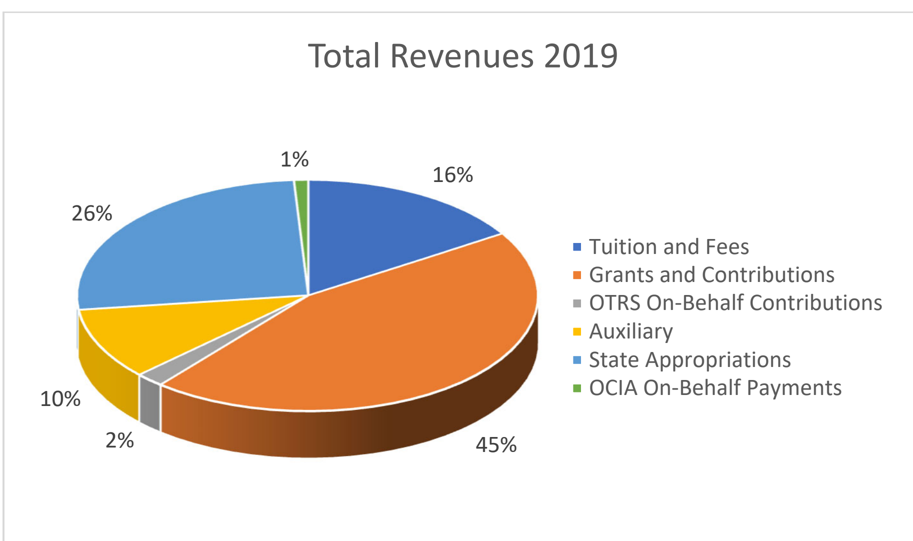
During the year ended June 30, 2020, total revenues decreased by $136,228, state appropriations increased by $630,002, net tuition revenues decreased by $226,230, auxiliary revenues decreased by $477,040, grants and contracts decreased by $105,380, OTRS on-behalf contributions and OCIA on-behalf payments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

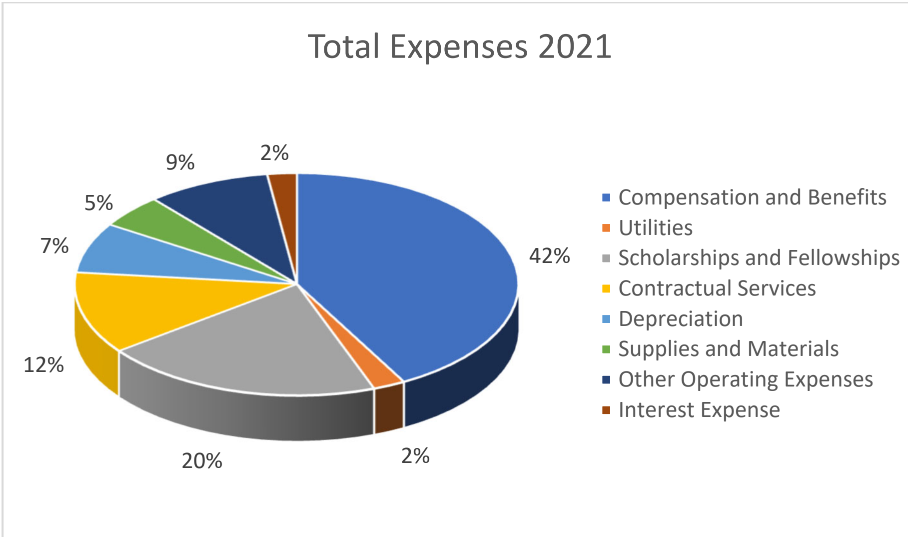
Following is a graphic illustration of the College's revenues for the years ended June 30, 2021, 2020, and 2019:

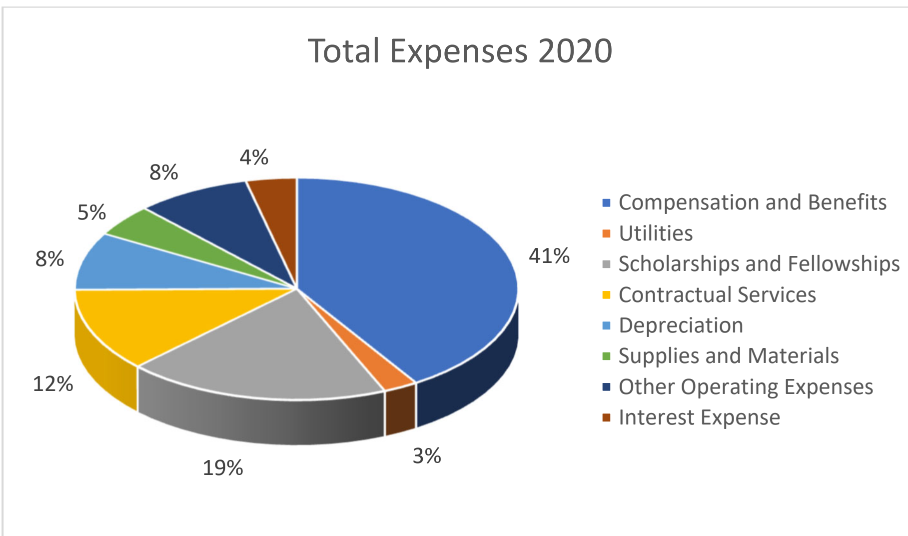


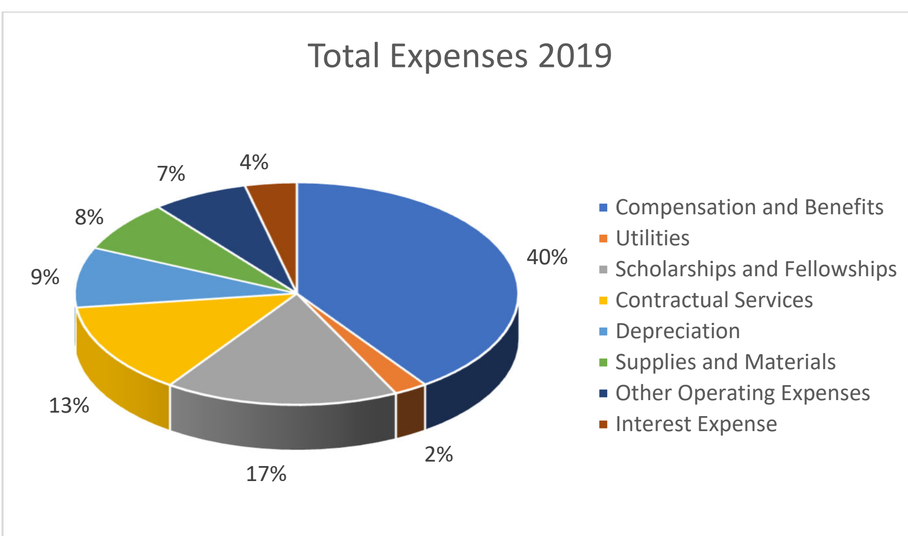




The College's total expenses for the year ended June 30, 2021, increased by $1,440,796, primarily due to an increase in compensation and scholarship expenses. Following is a graphic illustration of the College's expenses for the years ended June 30, 2021, 2020, and 2019:







Analysis of Net Position

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Net Position							
Net investment in capital assets	$ 13,596,175	$ 12,905,071	$ 691,104	5.36%	$ 13,275,941	$ (370,870)	-2.79%
Restricted	452,037	826,246	(374,209)	-45.29%	317,999	508,247	159.83%
Unrestricted	(5,599,509)	(6,799,231)	1,199,722	17.64%	(8,203,805)	1,404,574	17.12%
Total net position	$ 8,448,703	$ 6,932,086	$ 1,516,617	21.88%	$ 5,390,135	$ 1,541,951	28.61%

Condensed Statements of Cash Flows

During the year ended June 30, 2021, the College's overall cash and cash equivalents increased by $1,858,052. This change was largely due to an overall increase in tuition and fees, including auxiliary accounts, along with lost revenue reimbursement from CARES Act grant funds.

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.

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Net Cash Provided by (Used in)							
Operating activities	$ (9,498,947)	$ (9,758,912)	$ 259,965	2.66%	$ (8,510,095)	$ (1,248,817)	-14.67%
Noncapital financing activities	13,256,388	12,248,068	1,008,320	8.23%	11,171,520	1,076,548	9.64%
Capital and related financing activities	(1,909,240)	(1,106,567)	(802,673)	-72.54%	(2,454,729)	1,348,162	54.92%
Investing activities	9,851	10,358	(507)	-4.89%	6,702	3,656	54.55%
Increase in Cash and Cash Equivalents	1,858,052	1,392,947	465,105	33.39%	213,398	1,179,549	552.75%
Cash and Cash Equivalents, Beginning of Year	3,719,481	2,326,534	1,392,947	59.87%	2,113,136	213,398	10.10%
Cash and Cash Equivalents, End of Year	$ 5,577,533	$ 3,719,481	$ 1,858,052	49.95%	$ 2,326,534	$ 1,392,947	59.87%

Capital Assets and Debt Administration

As of June 30, 2021, 2020, and 2019, the College had recorded $56,233,578, $55,528,523, and $55,367,799, respectively, in capital assets and $25,044,842, $23,728,872, and $22,054,689, respectively, in accumulated depreciation on those capital assets (see *Note 4*).

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Capital Assets							
Land	$ 772,479	$ 772,479	$ -	0.00%	$ 769,729	$ 2,750	0.36%
Buildings and improvements	42,694,882	42,630,764	64,118	0.15%	42,630,764	-	0.00%
Nonstructural improvements	5,384,247	5,453,454	(69,207)	-1.27%	5,380,110	73,344	1.36%
Equipment	6,479,760	5,770,612	709,148	12.29%	5,689,494	81,118	1.43%
Library materials	747,814	747,814	-	0.00%	747,814	-	0.00%
Livestock	112,900	153,400	(40,500)	-26.40%	135,800	17,600	12.96%
Construction in progress	41,496	-	41,496	100.00%	14,088	(14,088)	-100.00%
	56,233,578	55,528,523	705,055	1.27%	55,367,799	160,724	0.29%
Less accumulated depreciation	(25,044,842)	(23,728,872)	(1,315,970)	5.55%	(22,054,689)	(1,674,183)	7.59%
Net capital assets	$ 31,188,736	$ 31,799,651	$ (610,915)	-1.92%	$ 33,313,110	$ (1,513,459)	-4.54%

Long-Term Liabilities

During 2021, the College refinanced one Oklahoma Development Finance Authority (ODFA) debt and issued one new note for a new tractor. At June 30, 2021, 2020, and 2019, the College had long-term liabilities of $17,622,946, $18,577,039, and $19,684,882, respectively, excluding related unamortized premiums.

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
OCIA capital lease	$ 2,580,870	$ 2,580,870	$ -	0.00%	$ 2,619,132	$ (38,262)	-1.46%
ODFA capital lease	15,007,334	15,996,169	(988,835)	-6.18%	17,065,750	(1,069,581)	-6.27%
Note payable	34,742	-	34,742	100.00%	-	-	0.00%
	$ 17,622,946	$ 18,577,039	$ (954,093)	-5.14%	$ 19,684,882	$ (1,107,843)	-5.63%

Economic Factors

During fiscal year 2021, the College's enrollment and revenue were affected by COVID-19. The prisons that the College is serving (Eddie Warrior and Jess Dunn) both experienced coronavirus outbreaks and implemented a hard shutdown during the summer, which canceled all summer classes to those institutions. Public concern and media attention further depleted fall and spring enrollment and had moved the majority of classes to online versus face-to-face. In the end, the College's fiscal year enrollment decline of 1,112 credit hours was offset by the difference in online fees and lost revenue reimbursements. Although this pandemic had a significant impact, it 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 9% of total charges for the year.

As a result of the COVID-19 pandemic, the College has continued to offer substantially more 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, CRRSA, and ARP COVID-19 funds, the College received a total of $6,633,517 in HEERF institutional grants along with $1,154,415 in HEERF Minority Serving Institution funds in fiscal year 2020 and fiscal year 2021. The institutional portion can and has been used to provide for additional cleaning services and supplies as well as updating remote learning technology. It is also being used to develop additional distance learning labs, zoom rooms, wireless access locations, and upgrades to the College's older HVAC systems to prevent the spread of COVID-19 in the air-handling systems.

The College also received cumulative $4,99,6371 CARES Act student scholarship funds, which are in the process of being distributed straight to the College's students; this process will continue for another year or so.

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, 2021 and 2020

	College		Component Unit	
	2021	2020	2021	2020
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 5,073,321	$ 3,194,230	$ 1,984,430	$ 1,386,056
Restricted cash and cash equivalents	444,930	517,237	-	-
Investments	-	-	1,892,667	1,319,036
Accounts receivable, net	667,022	570,363	-	-
Other receivables	-	-	-	100,000
Grants and contracts receivable	154,758	497,196	-	-
Total current assets	6,340,031	4,779,026	3,877,097	2,805,092
Noncurrent Assets				
Restricted cash and cash equivalents	59,282	8,014	-	-
Restricted net OPEB asset	11,761	83,757	-	-
Capital assets, net	31,188,736	31,799,651	-	-
Total noncurrent assets	31,259,779	31,891,422	-	-
Total assets	37,599,810	36,670,448	3,877,097	2,805,092
Deferred Outflows of Resources				
Deferred outflows related to debt refinance	313,180	-	-	-
Deferred outflows related to OPEB	224,300	142,598	-	-
Deferred outflows related to pensions	3,592,229	1,684,221	-	-
Total deferred outflows of resources	4,129,709	1,826,819	-	-

Connors State College
Statements of Net Position, continued
June 30, 2021 and 2020

	College 2021	College 2020	Component Unit 2021	Component Unit 2020
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	$ 435,656	$ 276,507	$ 28,599	$ 7,971
Accrued liabilities	306,505	324,511	-	-
Unearned revenues	149,552	105,367	-	-
Student and other deposits	53,304	24,591	-	-
Current portion of noncurrent liabilities	1,225,162	1,190,885	-	-
Total current liabilities	2,170,179	1,921,861	28,599	7,971
Noncurrent Liabilities, Net of Current Portion				
OPEB liability	660,887	616,378	-	-
Accrued compensated absences	87,577	80,446	-	-
Net pension liability	11,414,007	9,095,535	-	-
Capital lease obligation	16,666,572	17,674,421	-	-
Total noncurrent liabilities	28,829,043	27,466,780	-	-
Total liabilities	30,999,222	29,388,641	28,599	7,971
Deferred Inflows of Resources				
Deferred gain on OCIA lease restructure	85,662	95,093	-	-
Deferred inflows related to OPEB	254,549	301,325	-	-
Deferred inflows related to pensions	1,941,383	1,780,122	-	-
Total deferred inflows of resources	2,281,594	2,176,540	-	-
Net Position				
Net investment in capital assets	13,596,175	12,905,071	-	-
Restricted for				
Nonexpendable				
Scholarships and other	-	-	1,912,613	854,616
Expendable				
Scholarships, research, instruction, and other	401,240	773,978	1,116,553	989,314
Loans	3,197	3,197	-	-
OPEB	47,600	49,071	-	-
Unrestricted	(5,599,509)	(6,799,231)	819,332	953,191
Total net position	$ 8,448,703	$ 6,932,086	$ 3,848,498	$ 2,797,121

Connors State College

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	College		Component Unit	
	2021	2020	2021	2020
Operating Revenues				
Student tuition and fees, net of scholarship 2021 – \$3,551,000, 2020 – \$3,729,000	\$ 3,463,896	\$ 3,227,866	\$ -	\$ -
Federal grants and contracts	1,246,783	1,311,311	-	-
State and local grants and contracts	1,544,561	1,482,585	-	-
Auxiliary enterprise charges				
Housing, net of scholarship allowances; 2021 – \$540,000, 2020 – \$539,000	548,190	425,488	-	-
Food services, net of scholarship allowances; 2021 – \$358,000, 2020 – \$347,000	363,711	274,038	-	-
Bookstore, net of scholarship allowances; 2021 – \$36,000, 2020 – \$70,000	40,298	66,858	-	-
Student Union	516,114	522,217	-	-
Other	452,368	332,033	-	-
Gifts and contributions	-	-	1,496,636	1,183,753
Other operating revenues	72,116	101,017	-	-
Total operating revenues	8,248,037	7,743,413	1,496,636	1,183,753
Operating Expenses				
Compensation and employee benefits	8,952,409	8,144,672	-	-
Contractual services	2,544,759	2,412,842	-	-
Supplies and materials	1,030,787	925,391	74,387	68,253
Utilities	498,086	501,460	-	-
Communications	99,840	99,425	-	-
Other operating expenses	1,814,219	1,561,317	639,184	468,319
Scholarships and fellowships	4,337,133	3,802,822	38,507	13,800
Depreciation	1,564,618	1,674,183	-	-
Total operating expenses	20,841,851	19,122,112	752,078	550,372
Operating Income (Loss)	(12,593,814)	(11,378,699)	744,558	633,381
Nonoperating Revenues (Expenses)				
State appropriations	5,140,925	5,391,279	-	-
OTRS on-behalf contributions	392,654	465,479	-	-
Federal grants and contracts	7,260,489	6,022,032	-	-
State grants and contracts	854,974	834,757	-	-
Investment income	9,851	10,358	306,819	10,105
Interest expense	(458,382)	(737,325)	-	-
Total nonoperating revenues (expenses)	13,200,511	11,986,580	306,819	10,105
Income Before Other Revenues, Expenses, Gains, and Losses	606,697	607,881	1,051,377	643,486
Other Revenues, Expenses, Gains, and Losses				
Capital contributions	45,456	-	-	-
State appropriations restricted for capital purposes	741,542	772,011	-	-
OCIA on-behalf payments	122,922	162,059	-	-
Increase in Net Position	1,516,617	1,541,951	1,051,377	643,486
Net Position, Beginning of Year	6,932,086	5,390,135	2,797,121	2,153,635
Net Position, End of Year	\$ 8,448,703	\$ 6,932,086	\$ 3,848,498	\$ 2,797,121

Connors State College

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Tuition and fees	$ 3,400,866	$ 3,396,990
Grants and contracts	3,133,782	2,464,124
Auxiliary enterprise charges	1,931,237	1,655,622
Other operating receipts	72,116	101,017
Payments to employees for salaries and benefits	(8,005,042)	(7,997,598)
Payments to suppliers	(10,031,906)	(9,379,067)
Net cash used in operating activities	(9,498,947)	(9,758,912)
Noncapital Financing Activities		
State appropriations	5,140,925	5,391,279
Federal grants and contracts	7,260,489	6,022,032
State and local grants and contracts	854,974	834,757
Net cash provided by noncapital financing activities	13,256,388	12,248,068
Capital and Related Financing Activities		
Cash paid for capital assets	(1,058,759)	(160,723)
Capital appropriations received	786,998	772,011
Proceeds of capital debt and leases	5,197,938	-
Repayments of capital debt and leases	(6,465,210)	(1,069,580)
Interest paid on capital debt and leases	(370,207)	(648,275)
Net cash used in capital and related financing activities	(1,909,240)	(1,106,567)
Investing Activities		
Interest received on investments	9,851	10,358
Net cash provided by investing activities	9,851	10,358
Increase in Cash and Cash Equivalents	1,858,052	1,392,947
Cash and Cash Equivalents, Beginning of Year	3,719,481	2,326,534
Cash and Cash Equivalents, End of Year	$ 5,577,533	$ 3,719,481

Connors State College
Statements of Cash Flows, continued
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	$ 5,073,321	$ 3,194,230
Restricted cash and cash equivalents	444,930	517,237
Noncurrent assets		
Restricted cash and cash equivalents	59,282	8,014
Total cash and cash equivalents	$ 5,577,533	$ 3,719,481
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (12,593,814)	$ (11,378,699)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,564,618	1,674,183
Loss on disposal of asset	105,056	-
OTRS on-behalf contributions	392,654	465,479
Changes in net assets and liabilities		
Accounts and other receivables	245,779	(57,038)
Deferred outflows related to OPEB	(81,702)	(37,582)
Deferred outflows related to pensions	(1,908,008)	(108,742)
Restricted net OPEB asset	71,996	9,546
Accounts payable and accrued liabilities	141,143	(162,215)
Deferred inflows related to OPEB	(46,776)	(56,852)
Deferred inflows related to pensions	161,261	(288,567)
Total OPEB liability	44,509	49,400
Net pension liability	2,318,472	242,073
Unearned revenues	44,185	(68,622)
Student and other deposits	28,713	(47,995)
Accrued compensated absences	12,967	6,719
Net cash used in operating activities	$ (9,498,947)	$ (9,758,912)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities		
Interest on capital debt paid by state agency on behalf of the College	$ 122,922	$ 123,797
Principal on capital debt paid by state agency on behalf of the College	$ -	$ 38,262

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 consist 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, *Determining Whether Certain Organizations Are Component Units—an Amendment of GASB Statement No. 14*. 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, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, 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, 2021, the College's deferred outflows of resources were comprised of deferred outflows related to pensions and other postemployment benefits (OPEB) and deferred outflows related to Oklahoma Development Finance Authority (ODFA) debt refinancing. At June 30, 2020, the College's deferred outflows of resources were comprised of deferred outflows related to pensions and 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, 2021 and 2020, 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 Pronouncements Adopted in Fiscal Year 2021

The College adopted the following new accounting pronouncements during the year ended June 30, 2021:

GASB Statement No. 84, ***Fiduciary Activities***

GASB 84 was issued in January 2017; the primary objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for account and financial reporting purposes and how those activities should be reported. The College adopted GASB 84 for the June 30, 2021, reporting year, and the implementation had no effect on the College's financial statements.

GASB Statement No. 97, ***Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32***

GASB 97 was issued in June 2020; the primary objective of GASB 97 is to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The College adopted GASB 97 for the June 30, 2021, reporting year and the implementation had no effect on the College's financial statements.

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:

	2021	2020
Deposits with State Treasurer	$ 5,573,233	$ 3,715,181
Change funds	4,300	4,300
	$ 5,577,533	$ 3,719,481

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 $5,573,233 and $3,715,181 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2021 and 2020, respectively, $1,160,945 and $712,744, 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 management of OK INVEST with an emphasis on safety of capital, 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 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:

	2021	2020
Student tuition and fees	$ 1,691,694	$ 1,582,726
Auxiliary enterprises and other student activities	452,559	571,616
Less allowance for doubtful accounts	(1,477,231)	(1,583,979)
	$ 667,022	$ 570,363

Note 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance, June 30, 2020	Additions	Transfers	Retirements	Balance, June 30, 2021
Capital assets not being depreciated					
Land	$ 772,479	$ -	$ -	$ -	$ 772,479
Livestock	153,400	-	-	(40,500)	112,900
Construction in progress	-	41,496	-	-	41,496
Total capital assets not being depreciated	925,879	41,496	-	(40,500)	926,875
Capital assets being depreciated					
Buildings and improvements	42,630,764	209,639	-	(145,521)	42,694,882
Nonstructural improvements	5,453,454	89,951	-	(159,158)	5,384,247
Equipment	5,770,612	717,673	-	(8,525)	6,479,760
Library materials	747,814	-	-	-	747,814
Total capital assets being depreciated	54,602,644	1,017,263	-	(313,204)	55,306,703
Less accumulated depreciation					
Buildings and improvements	(14,892,632)	(1,083,178)	-	142,860	(15,832,950)
Nonstructural improvements	(3,039,034)	(218,684)	-	97,263	(3,160,455)
Equipment	(5,049,392)	(262,756)	-	8,525	(5,303,623)
Library materials	(747,814)	-	-	-	(747,814)
Total accumulated depreciation	(23,728,872)	(1,564,618)	-	248,648	(25,044,842)
Capital assets, net	$ 31,799,651	$ (505,859)	$ -	$ (105,056)	$ 31,188,736

At June 30, 2021, 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	(4,256,392)	(1,621,719)	(5,878,111)
	$ 18,703,486	$ 448,234	$ 19,151,720

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

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance, June 30, 2020	Additions	Reductions	Balance, June 30, 2021	Amounts Due Within One Year
Capital lease obligations					
OCIA 2014A Series	$ 2,580,870	$ -	$ -	$ 2,580,870	$ -
ODFA 2011A Series	68,750	-	(68,750)	-	-
ODFA 2011E Series	5,398,334	-	(5,398,334)	-	-
ODFA 2014C Series – Student Union	4,158,918	-	(229,667)	3,929,251	238,167
ODFA 2014C Series – Nursing Allied Health	6,052,334	-	(333,417)	5,718,917	350,250
ODFA 2014C–D	317,833	-	(88,333)	229,500	92,333
ODFA 2020D	-	5,471,000	(341,333)	5,129,667	437,000
Tractor note payable	-	40,118	(5,376)	34,742	13,141
Premium on lease obligation	222,448	-	(25,316)	197,132	22,616
Total capital leases	18,799,487	5,511,118	(6,490,526)	17,820,079	1,153,507
Other liabilities					
Accrued compensated absences	146,265	97,411	(84,444)	159,232	71,655
Total other liabilities	146,265	97,411	(84,444)	159,232	71,655
Total long-term liabilities	$ 18,945,752	$ 5,608,529	$ (6,574,970)	$ 17,979,311	$ 1,225,162

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

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 went through May 15, 2021, with monthly amounts ranging from $6,597 to $7,094. Proceeds from the obligation were used for structural improvements to the College's waste management system. The obligation was paid off during FY21.

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, with monthly amounts ranging from $27,251 to $49,820. Proceeds from the obligation were used in the purchase of the Miller's Crossing building. This debt was refinanced during FY21 with ODFA Series 2020D.

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, with monthly amounts ranging from $29,525 to $32,484. Proceeds from the obligation were used to renovate the College's Student Union.

As of June 30, 2021, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
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	282,833	104,035	386,868
2027–2031	1,564,583	371,293	1,935,876
2032–2034	1,051,084	78,600	1,129,684
	$ 3,929,251	$ 1,074,047	$ 5,003,298

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, with monthly amounts 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, 2021, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
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	412,167	151,494	563,661
2027–2031	2,278,667	540,663	2,819,330
2032–2034	1,529,916	114,413	1,644,329
	$ 5,718,917	$ 1,563,276	$ 7,282,193

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, with monthly amounts ranging from $8,440 to $9,183. Proceeds from the obligation were used to refinance and pay off 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, 2021, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2022	$ 92,333	$ 9,180	$ 101,513
2023	96,333	5,487	101,820
2024	40,834	1,633	42,467
	$ 229,500	$ 16,300	$ 245,800

ODFA Higher Education Master Lease Program – Series 2020D

In October 2020, the College entered into a capital lease obligation (Series 2020D) in the amount of $5,471,000. Lease payments over the term of the agreement, including interest, total $6,086,772. Payments began November 15, 2020 and go through May 15, 2032, with monthly amounts ranging from $42,237 to $51,139. Proceeds from the obligation were used to refinance the ODFA Series 2011E that was used to purchase the Miller's Crossing building. This refinancing resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $332,306. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to interest expense through the year 2032 using the effective interest method. The College completed the refinancing to reduce its total debt service payments by approximately $865,000 and to obtain an economic gain of approximately $622,000.

As of June 30, 2021, future aggregate maturities of principal and interest requirements on capital leases payable are as follows:

	Principal	Interest	Total
2022	$ 437,000	$ 79,288	$ 516,288
2023	448,500	75,842	524,342
2024	454,333	71,839	526,172
2025	458,250	67,113	525,363
2026	461,417	61,728	523,145
2027–2031	2,416,417	192,111	2,608,528
2032	453,750	9,983	463,733
	$ 5,129,667	$ 557,904	$ 5,687,571

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.

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, 2021 and 2020, the unamortized gain totaled $85,662 and $95,093, respectively.

Lease principal and interest payments to OCIA, totaling $122,922 and $162,059 during the years ended June 30, 2021 and 2020, 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, 2021, future aggregate maturities of principal and interest requirements on OCIA capital leases payable are as follows:

	Principal	Interest	Total
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	270,292	88,057	358,349
2027–2031	1,557,867	233,694	1,791,561
	$ 2,580,870	$ 777,936	$ 3,358,806

Note Payable Obligations

In December 2020, the College entered into a note payable obligation in the amount of $40,117 for the purchase of a new tractor. Payments over the term of the agreement, including interest, total $41,922. Payments began February 28, 2021 and go through January 31, 2024, with monthly amounts of $1,165.

	Direct Borrowing		
	Principal	Interest	Total
2022	$ 13,141	$ 833	$ 13,974
2023	13,527	447	13,974
2024	8,074	78	8,152
	$ 34,742	$ 1,358	$ 36,100

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 Liability

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
2021				
Supplemental retirement obligation	$ 143,143	$ -	$ -	$ 22,274
OTRS net pension liability	11,270,864	3,592,229	1,941,383	1,572,855
Total	$ 11,414,007	$ 3,592,229	$ 1,941,383	$ 1,595,129
2020				
Supplemental retirement obligation	$ 132,707	$ -	$ -	$ 16,482
OTRS net pension liability	8,962,828	1,684,221	1,780,122	882,965
Total	$ 9,095,535	$ 1,684,221	$ 1,780,122	$ 899,447

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. Section 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 2021 and 2020. Contributions to the pension plan from the College were $618,912 and $577,366 for the years ended June 30, 2021 and 2020, respectively. The State also made on-behalf contributions to OTRS totaling $392,654 and $465,479 during 2021 and 2020, 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, 2021 and 2020, the College reported a liability of $11,270,864 and $8,962,828, respectively, for its proportionate share of the 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. 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, 2020 and 2019. Based upon this information, the College's proportion was 0.1188% and 0.1354% for June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the College recognized pension expense of $1,572,855 and $882,965, 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
2021		
Difference between expected and actual experience	$ 548,687	$ 190,893
Change of assumptions	1,382,230	162,836
Net difference between projected and actual earnings on pension plan investments	971,553	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	70,847	1,556,902
College contributions at the measurement date	-	30,752
College contributions subsequent to the measurement date	618,912	-
Total	$ 3,592,229	$ 1,941,383
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

The $618,912 and $577,366 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date for June 30, 2021 and 2020, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021, 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:

2022	$ (52,323)
2023	200,949
2024	440,643
2025	400,544
2026	42,121
	$ 1,031,934

Actuarial Assumptions – The total pension liability as of June 30, 2021 and 2020, 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
- Inflation – 2.25% for 2020 and 2.50% for 2019
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25% for 2020 and 3.25% for 2019 inflation, including 0.75% for 2020 and 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00% for 2020 and 7.50% for 2019
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 and 2020, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	6.5%	6.2%
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 7.00% and 7.50% was used to measure the total pension liability as of June 30, 2021 and 2020, respectively. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00% and 7.50%, respectively. 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 respective discount rate for 2021 and 2020, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2021			
College's proportionate share of the net pension liability	$ 15,042,775	$ 11,270,864	$ 8,148,308

	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

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, 2021 and 2020, the College made benefit payments of $11,838.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions – At June 30, 2021 and 2020, the College reported a liability of $143,143 and $132,707, respectively, for its net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the College recognized pension expense of $22,274 and $16,482, respectively.

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

	2021	2020
Beginning total pension liability	$ 132,707	$ 128,063
Interest	3,373	4,287
Change of assumptions	16,033	6,388
Difference between actual and expected experience	2,868	5,807
Benefit payments	(11,838)	(11,838)
Ending total pension liability	$ 143,143	$ 132,707

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

- Actuarial Cost Method – Entry Age
- Amortization Method – Three-year closed period
- Discount Rate – 2.19% and 2.66% for 2021 and 2020, 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 2020 and 2019 for 2021 and 2020, 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 (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Total pension liability	$ 153,425	$ 143,143	$ 133,946

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

Note 7: Other Postemployment Benefits

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

1. OTRS Supplemental Health Insurance Plan – 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)
2021				
CSC OPEB Plan	$ 660,887	$ 161,315	$ 228,569	$ 19,459
OTRS OPEB Plan	(11,761)	62,985	25,980	2,558
Total	$ 649,126	$ 224,300	$ 254,549	$ 22,017
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

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 0.15% and 0.13% of normal cost, as determined by an actuarial valuation as of June 30, 2020 and 2019, respectively. Contributions allocated to the OTRS OPEB Plan from the College were $1,166 and $1,087 for 2021 and 2020, respectively.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB – At June 30, 2021 and 2020, the College reported an asset of $11,761 and $83,757, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020 and 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020 and 2019. 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, 2020 and 2019. Based upon this information, the College's proportion was 0.1188% and 0.1354% for June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense (benefit) of $2,558 and $(11,391), 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
2021		
Difference between expected and actual experience	$ -	$ 25,837
Changes in assumptions	25,446	-
Net difference between projected and actual earnings on OTRS OPEB Plan investments	25,686	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	5,809	-
College contributions at the measurement date	4,878	143
College contributions subsequent to the measurement date	1,166	-
Total	$ 62,985	$ 25,980
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

The $1,166 and $1,087 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date for June 30, 2021 and 2020, will be recognized as a reduction of the net OPEB asset in the years ended June 30, 2022 and 2021, 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:

2022	$	438
2023		7,698
2024		11,812
2025		10,615
2026		4,339
Thereafter		937
	$	35,839

Actuarial Assumptions – The total OPEB liability (asset) as of June 30, 2021 and 2020, 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
- Inflation – 2.25% for 2020 and 2.50% for 2019
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25% for 2020 and 3.25% for 2019 inflation, including 0.75% for 2020 and 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00% for 2020 and 7.50% for 2019
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 and 2020, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	6.5%	6.2%
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 7.00% and 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2021 and 2020, respectively. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00% and 7.50%, respectively. 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 respective discount rate for 2021 and 2020, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2021			
College's proportionate share of the net OPEB liability (asset)	$ 42,693	$ (11,761)	$ (57,936)

	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)

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:

	2021	2020
Active employees (participants)	112	108
Retired participants (health benefits)	2	5
Retired participants (death benefits)	101	115

Total OPEB Liability – The College's total OPEB liability of $660,887 and $616,378 at June 30, 2021 and 2020, respectively, was measured as of June 30, 2021 and 2020, 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, 2021 and 2020, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal

- Discount Rate – 2.19% and 2.66% for 2021 and 2020, respectively, based on published Bond Buyer Go-20 bond index
- Health Care Cost Trend Rates – 8.00% for 2021 and 7.50% for 2020, decreasing 0.50% annually to an ultimate rate of 4.50%
- Mortality Rates – 2021 SOA RPH-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020 and 2020 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:

	2021	2020
Beginning total OPEB liability	$ 616,378	$ 566,978
Service cost	10,542	8,453
Interest	16,242	19,584
Change of assumptions	59,193	59,015
Difference between actual and expected experience	(8,644)	(2,355)
Benefit payments	(32,824)	(35,297)
Ending total OPEB liability	$ 660,887	$ 616,378

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

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Total OPEB liability	$ 760,862	$ 660,887	$ 579,498

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

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability of the employer calculated using the health care cost trend rate of 8.00% for 2021 and 7.50% for 2020, decreasing by 0.50% annually to 4.50%, as well as what the plan's total OPEB liability 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 (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
2021			
Total OPEB liability	$ 646,085	$ 660,887	$ 678,937

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

OPEB Expense – For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of $19,459 and $12,287, 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
2021		
Differences between expected and actual experience	$ 44,076	$ 206,207
Change of assumptions	117,239	22,362
Total	$ 161,315	$ 228,569
2020		
Differences between expected and actual experience	$ 50,854	$ 232,303
Change of assumptions	82,509	26,188
Total	$ 133,363	$ 258,491

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:

2022	$ (7,325)
2023	(7,892)
2024	(6,385)
2025	(6,383)
2026	(15,829)
Thereafter	(23,440)
	$ (67,254)

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, 2021 and 2020, the Foundation awarded scholarships to students totaling approximately $39,000 and $14,000, 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, 2021 and 2020, were approximately $335,000 and $328,000, 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, 2021 and 2020, 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:

	2021	2020
Scholarships to students – held in perpetuity	$ 1,111,207	$ 789,223
Academic programs – held in perpetuity	801,406	65,393
Scholarships to students	281,059	70,505
Other support to the College	835,494	918,809
	$ 3,029,166	$ 1,843,930

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

	2021	2020
Beginning balance	$ 1,376,198	$ 842,242
Investment return		
Interest and dividends	35,216	(13,922)
Net increase (decrease) in fair value	266,842	20,907
Total investment return	302,058	6,985
New contributions	824,903	533,721
Appropriations of endowment assets for expenditures	(87,094)	(6,750)
Ending balance	$ 2,416,065	$ 1,376,198

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

(Unaudited)

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1188%	0.1354%	0.1444%	0.1523%	0.1485%	0.1620%	0.1623%
College's proportionate share of the net pension liability	$ 11,270,864	$ 8,962,828	$ 8,725,399	$ 10,086,061	$ 12,395,679	$ 9,838,802	$ 8,733,960
College's covered payroll	$ 5,593,934	$ 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 payroll	201.48%	156.47%	140.50%	165.27%	191.11%	141.20%	128.72%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

*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
(Unaudited)
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 618,912	$ 577,366	$ 597,540	$ 617,964	$ 610,502	$ 631,024	$ 675,899
Contributions in relation to the contractually required contribution	618,912	577,366	597,540	617,964	610,502	631,024	675,899
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 6,063,224	$ 5,593,934	$ 5,728,313	$ 6,210,429	$ 6,102,886	$ 6,486,210	$ 6,967,930
Contributions as a percentage of covered payroll	10.21%	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

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

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 0.75% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

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
(Unaudited)
Last 10 Fiscal Years*

	2021	2020	2019	2018
College’s proportion of the net OPEB liability (asset)	0.1188%	0.1354%	0.1444%	0.1523%
College’s proportionate share of the net OPEB liability (asset)	$ (11,761)	$ (83,757)	$ (93,303)	$ (67,927)
College’s covered-employee payroll	$ 5,593,934	$ 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	-0.21%	-1.46%	-1.50%	-1.11%
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	102.30%	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
(Unaudited)
Last 10 Fiscal Years

	2021	2020	2019	2018
Contractually required contribution	$ 1,166	$ 1,087	$ 4,031	$ 9,812
Contributions in relation to the contractually required contribution	1,166	1,087	4,031	9,812
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 6,063,224	$ 5,593,934	$ 5,728,313	$ 6,210,429
Contributions as a percentage of covered-employee payroll	0.02%	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

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

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 0.75% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Connors State College

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 10,542	$ 8,453	$ 6,830	$ 99,284
Interest	16,242	19,584	31,260	23,596
Change of assumptions	59,193	59,015	42,852	(37,666)
Difference between actual and expected experience	(8,644)	(2,355)	(296,153)	71,188
Benefit payments	(32,824)	(35,297)	(32,995)	(114,840)
Net change in OPEB liability	44,509	49,400	(248,206)	41,562
Total OPEB liability, beginning of year	616,378	566,978	815,184	773,622
Total OPEB liability, end of year	$ 660,887	$ 616,378	$ 566,978	$ 815,184
Covered-employee payroll	$ 4,538,496	$ 4,486,584	$ 4,291,944	$ 6,210,429
Total OPEB liability as a percentage of covered-employee payroll	14.56%	13.74%	13.21%	13.13%
Discount rate used	2.19%	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 2021, the health care cost trend rate was changed from a rate of 7.5% in 2020 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

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%.

Connors State College

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

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, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing 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	$ 135,330
Federal Work-Study Program	84.033	N/A	154,057
Federal Pell Grant Program	84.063	N/A	4,830,394
Federal Direct Student Loans	84.268	N/A	4,195,332
Total Student Financial Assistance Cluster			9,315,113
TRIO Program Cluster			
TRIO – Student Support Services	84.042	N/A	296,504
Total TRIO Program Cluster			296,504
Other Programs			
Higher Education Institutional Aid	84.031X	N/A	212,792
Strengthening Minority-Serving Institutions	84.382C	N/A	358,209
Pass-through from Oklahoma Department of Vocational and Technical Education			
Career and Technical Education – Basic Grants to States	84.048	N/A	21,163
Total other programs			592,164
COVID-19 – Education Stabilization Fund			
Higher Education Emergency Relief Fund – Student Aid Portion	84.425E	N/A	1,366,189
Higher Education Emergency Relief Fund – Institutional Portion	84.425F	N/A	676,872
Higher Education Emergency Relief Fund – Minority Serving Institutions	84.425L	N/A	206,475
Total COVID-19 – Education Stabilization Fund			2,249,536
Total U.S. Department of Education			12,453,317
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	100,640
Total U.S. Department of Health and Human Services			100,640
U.S. DEPARTMENT OF AGRICULTURE			
Distance Learning and Telemedicine Grant	10.855	OK 725-B16	128,095
Total U.S. Department of Agriculture			128,095
Total Expenditures of Federal Awards			$ 12,682,052

Connors State College

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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, 2021. 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), Federal Assistance Listing Number 84.268, which includes Federal Subsidized Direct Loans, Federal Unsubsidized Direct Loans, Federal Graduate Student PLUS Direct Loans, and Federal Direct Parent Loans for Undergraduate Students. The Program requires the 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, 2021, the College did not provide any federal awards to subrecipients.

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 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 29, 2021. The financial statements of 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.

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, 2021

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Report on Compliance for Each 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 Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and 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 each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Tulsa, Oklahoma
October 29, 2021

Connors State College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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 (GAAP) 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 each major federal award program 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 each major federal award program 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 programs were:

Cluster/Program	Assistance Listing Number
Student Financial Assistance Cluster	
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
COVID-19 – Education Stabilization Fund – Higher Education Emergency Relief Fund	84.425E, 84.425F, 84.425L

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, 2021

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
	No matters are reportable.

Connors State College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Reference Number	Finding	Status
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.	Resolved