Eastern Oklahoma State College
(A Component Unit of the State of Oklahoma)

Financial Statements
With Independent Auditors' Reports Thereon

June 30, 2024

EASTERN OKLAHOMA STATE COLLEGE
(A Component Unit of the State of Oklahoma)

Table of Contents

Table of Contents (Continued)

Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Eastern Oklahoma State College
Wilburton, Oklahoma

Opinions

We have audited the accompanying financial statements of Eastern Oklahoma State College (the "College"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

We did not audit the financial statements of the College's discretely presented component unit, Eastern Oklahoma State Development Foundation, Inc. (the "Foundation"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2024, 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 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 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.

Arledge & Associates PC

Oklahoma City, Oklahoma
November 10, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2024

This discussion and analysis of Eastern Oklahoma State College's (College) financial statements provides an overview of the College's financial performance during the fiscal year ended June 30, 2024, with comparison to the previous year. Since the management's discussion and analysis is designed to focus on current activities, resulting change and current known facts, it should be read in conjunction with the College's financial statements and footnotes.

Using This Report

The financial statements for 2024 and 2023 were prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments (GASB 34)* and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities* (GASB 35). These standards ensure the inclusion of the management’s discussion and analysis along with the following statements.

Statement of Net Position: The purpose of this statement is to report the financial position of the College at a point in time, the report date. It is prepared on the accrual basis of accounting and presents current and noncurrent assets, outflows of resources, current and noncurrent liabilities, deferred inflows of resources, and net position of the College.

Statement of Revenues, Expenses, and Changes in Net Position: A primary purpose of the statement of revenues, expenses, and changes in net position is to show whether the College is better or worse off as a result of the year’s activities. When revenues exceed expenses, the result is an increase in net position.

Statement of Cash Flows: This statement presents the sources and uses of cash and cash equivalents and a reconciliation of these flow to net operating revenues.

The College follows the accrual method of accounting, reporting revenues and expenses as they occur rather than when cash is received or expended. The College engaged a firm in fiscal year 2001 to inventory and value all fixed assets. That evaluation serves as a basis for the cost and accumulated depreciation for fixed assets reported in the financial statements purchased prior to that year. The College records the cost of fixed assets when purchased and when disposed. Depreciation is recorded on all depreciable assets on a straight-line basis and according to the guidelines established by the College for depreciable lives. (See Note 1 for more information on these guidelines.)

The statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows are presented as a business-type activity and has no “fund” financial statements. The statement of net position presents assets, liabilities, and equity like a business balance sheet. In the College’s statements, equity is considered to be net position. The statement of revenues, expenses, and changes in net position displays the results of the operations for the current year like a business income statement. The statement of cash flows presents the cash activity for the College for the current year like statement used by a business.

Financial Analysis of the College as a Whole

The College's net position on June 30, 2023, and 2024 were $6,217,274 and $7,130,488, respectively, an increase of $913,216. Revenue and expenses are classified as either operating or non-operating. Operating revenue totaled $11,802,351 which is an increase of $365,681 from fiscal year 2023. Operating expense increased $2,439,906 to $22,889,424 for fiscal year 2024. This is mostly due to added expenses for the construction of the East Campus Apartments. Net nonoperating revenue increased $1,280,754 to $10,502,845 and includes state appropriation and some federal and state grants.

The Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year. Over time the increases and decreases in the College's net position are one indicator of whether its financial health in improving. Non-financial factors are also important to be considered such as enrollment levels, the condition of the physical facilities, and the programs and degrees offered.

Condensed Statement of Net Position

	2024	2023
Assets		
Current assets	$ 7,493,221	$ 5,979,443
Noncurrent assets	23,235,706	22,173,413
Total assets	30,728,927	28,152,856
Deferred outflows	3,312,014	4,276,811
Liabilities		
Current liabilities	2,429,650	1,956,763
Noncurrent liabilities	21,519,799	21,320,487
Total liabilities	23,949,449	23,277,250
Deferred inflows	2,961,004	2,935,143
Net assets		
Invested in capital assets, net of debt	14,398,681	15,550,362
Restricted – expendable, grant funds	2,297,613	860,781
Unrestricted	(9,565,806)	(10,193,869)
Net position, end of year	$ 7,130,488	$ 6,217,274

The following paragraphs discuss the changes in the major categories of the statement of net position for the current year.

Assets

The statement of net position presents the assets in two major categories: Current assets and noncurrent assets.

Current assets are those readily available to meet the College's current operational needs. This includes cash on deposit with the Oklahoma State Treasurer. These investments can quickly be converted to cash when necessary. Additionally, accounts receivable represents amounts owed to the College, which are expected to be collected within a short period.

Noncurrent assets are resources not immediately available for meeting obligations. A key component of noncurrent assets is capital assets, which include college owned property, buildings, equipment, library resources, livestock, and improvements to land and buildings. These are reported net of accumulated depreciation, with more details provided in Note 4 to the financial statements.

Liabilities

Similarly, liabilities are classified into current and noncurrent liabilities.

Current liabilities refer to obligations due within the near future, to be settled with current resources. Current liabilities increased from fiscal year 2023 due primarily to an increase in accounts payable and current portion of lease payments.

Noncurrent liabilities include long-term lease obligations. More detailed information on the lease obligations is provided in *Note 5* of the financial statements.

Statement of Revenues, Expenses, and Changes in Net Assets

Graphic illustrations follow that report elements of the statement of revenues, expenses, and changes in net assets including operating revenues by source, operating expenses by natural classifications, and nonoperating revenue. Previous year amounts are also reported for comparative purposes. See the financial highlights section previously reported in this analysis and the financial statements for additional analysis of these figures.

Operating revenue increased by $365,681 from $11,436,670 to $11,802,351 in fiscal year 2024. Operating revenue includes tuition and fees, federal and state grants, and auxiliary services. Tuition and fees decreased by $235,108. Federal grants and contracts along with state grants and contract decreased a total of $784,108 for the year, due to a decrease in federal grants received. Sales and services of auxiliary activities decreased $291,678. Other operating revenues increased $1,676,575 due to the 2023 master lease. Tuition and fees accounted for 29% of total operating revenues and federal and state grants accounted for 46% of total operating revenue.

Operating Revenue

Source of Revenue	Fiscal Year 2024	Fiscal Year 2023	Net Change
Tuition and fees	$ 3,392,811	$ 3,627,919	$ (235,108)
Federal grants and contracts	$ 3,812,103	$ 4,445,385	$ (633,282)
State grants and contracts	$ 1,581,463	$ 1,732,289	$ (150,826)
Sales and services of Auxiliary Activities	$ 756,683	$ 1,048,361	$ (291,678)
Other operating revenues	$ 2,259,291	$ 582,716	$ 1,676,575

Operating expenses increased by $2,439,906 or 12% from $20,449,518 to $ 22,889,424 for the fiscal year 2024. There was an increase of $622,410 in compensation expense and $247,537 in depreciation which was offset by a decrease in scholarships and fellowships of $113,983. Other operating expenses increased $1,692,509 due mainly to an increase in expenses for our new East Campus Apartments through the 2023 master lease. Employee compensation represents 46% of the total operating expenses for 2024.

Operating Expenses by Natural Classifications

Classification	Fiscal Year 2024	Fiscal Year 2023	Net Change
Compensation	$ 10,583,262	$ 9,960,852	$ 622,410
Contractual services	$ 2,127,329	$ 2,108,092	$ 19,237
Supplies and materials	$ 1,794,845	$ 1,863,421	$ (68,576)
Communication	$ 85,252	$ 117,607	$ (32,355)
Depreciation	$ 1,816,046	$ 1,568,509	$ 247,537
Amortization	$ 440,210	$ 415,190	$ 25,020
Utilities	$ 876,239	$ 828,132	$ 48,107
Scholarships and fellowships	$ 1,944,127	$ 2,058,110	$ (113,983)
Other operating expense	$ 3,222,114	$ 1,529,605	$ 1,692,509

Nonoperating revenues increased $1,280,754 from $9,222,091 to $10,502,845 for the fiscal year 2024. State appropriations increased by $643,350 or 12% from 2023 while on-behalf teachers retirement contributions increased $23,660. Federal and state grants increased $613,180 as well as investment income of $110,002. Interest expense increased by $109,438. State appropriations accounted for 57% of nonoperating revenues and federal and state grants accounted for 37% of the nonoperating revenues.

Nonoperating Revenues (Expenses)

Revenue (Expenses)	Fiscal Year 2024	Fiscal Year 2023	Net Change
State appropriations	$ 6,025,810	$ 5,382,460	$ 643,350
Federal and state grants	$ 3,880,719	$ 3,267,539	$ 613,180
On-behalf Teachers' Retirement System Contributions	$ 760,869	$ 737,209	$ 23,660
Investment income	$ 136,237	$ 26,235	$ 110,002
Interest expense	$ (300,790)	$ (191,352)	$ (109,438)

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of an entity during the fiscal period and to help access the College's ability to generate future net cash flows and meet obligations as they become due, as well as its need for external financing.

Cash on June 30, 2024, was $5,745,015 compared to $4,014,816 on June 30, 2023, which results in a net increase in cash and cash equivalents of $1,730,199 as explained below.

Condensed Statement of Cash Flows

	Fiscal Year 2024	Fiscal Year 2023
Cash flows provided (used) by		
Operating activities	$ (8,291,190)	$ (8,715,909)
Noncapital financing activities	$ 9,906,529	$ 8,649,999
Capital and related financing activities	$ (21,377)	$ (149,581)
Investing activities	$ 136,237	$ 26,235
Net Increase (decrease) in cash	$ 1,730,199	$ (189,256)
Cash and equivalents, beginning of the year	$ 4,014,816	$ 4,204,072
Cash and equivalents, end of year	$ 5,745,015	$ 4,014,816

Cash used in operating activities decreased by $424,718 during the fiscal year 2024. Inflows of cash included receipts from tuition and fees, grants and contracts, and auxiliary enterprise sales. Outflows of cash consisted of payments to employees and suppliers. This decrease in cash used in operating activities was the result of a decrease in from federal and state grants and contracts and an increase in other operating receipts. This change was offset by an increase in payments for salaries and wages and payments to suppliers for the year.

Cash flows from noncapital financing activities increased by $1,256,530 from $8,649,999 in 2023 to $9,906,529 in 2024. This increase was primarily due to an increase in state appropriation of $643,350 and an increase of $613,180 for federal and state grants such as student financial aid.

Cash used in capital and related financing activities, which includes cash used for the acquisition, construction, and renovation of capital assets, changed by $128,204. This is mainly due to an increase in the purchase of capital assets and an increase in debt through financing.

Cash provided by investing activities increased by $110,002 due to an increase in the interest earned by our investments.

The College's total cash and cash equivalent for fiscal year 2024 increased by $1,730,199 or 30% compared to fiscal 2023 results.

Capital Assets

As of June 30, 2024, the College had a net book value of fixed assets of $22,662,431 compared to $21,686,351 the previous year-end, an increase of $976,080. Capital assets additions for the current year included $2,898,777 for the purchase of equipment, livestock, library books, building and land improvements. Depreciation recorded for 2024 and 2023 was $1,816,046 and $1,568,509 respectively.

Capital Financing

The College has secured financing for capital expenditures through three separate processes.

Oklahoma Capital Improvement Authority (OCIA)

The College has one capital lease obligations through the OCIA to finance capital expenditures. The 2005/14A series was used to fund construction of the new Student Center, construction of various ADA infrastructure projects and to purchase a new integrated campus-wide ERP software system. The Oklahoma State Legislature appropriates revenues each year to fund the amount of principal and interest due for that year. The College is required to pay any principal and interest due not appropriated by the legislature because of a lack of funding. In May 2024, the OCIA issued bond series 2024A that refunded the 2005/2014A bonds. The lease agreement will no longer secure the 2024A bond issue but will now act as security for the 2024A bond over the term of the lease through the year 2030. The capital lease obligations on June 30, 2024, for the 2024A series were $2,387,186 extending through the period ending 2030. The lease restructuring has resulted in a gain on restructuring that has been recorded as a gain of $284,367 on restructuring as a deferred inflow of resources that will be amortized over a period of 6 years. The unamortized amount of the deferred lease restructuring gain on June 30, 2024, was $226,348. For the year ended June 30, 2024, the Oklahoma State Regents for Higher Education made on-behalf payments of $497,442 for the total principal and interest due for the year. Accordingly, the College did not make any payments this year.

Oklahoma Development Finance Authority (ODFA)

Currently the College has five Equipment Master Lease/Purchase agreements with the ODFA (Oklahoma Development Finance Authority, an agency of the State of Oklahoma).

- The 2005A Master Lease/Purchase was for the purpose of financing $2,951,180 in equipment related to the conservation of energy on the campus. In June 2015 the 2005A OCIA series was refunded to the 2015B ML. On June 30, 2024, the remaining principal obligation was $180,583 and interest obligation was $7,223, due through 2025.
- The 2010A Master Lease/Purchase was for the purpose of financing $401,000 to remodel the College's Apartments. In May 2020 the 2010A Master Lease was refunded to the 2020A Master Lease. On June 30, 2024, the remaining principal obligation was $28,417 and interest obligation were $1,137, due through 2025.
- The 2011A Equipment Master Lease/Purchase was for the purpose of acquiring certain equipment items. The College obtained these funds for the purpose of financing $550,000 to remodel two classroom buildings on campus and $50,000 to purchase dorm furnishings. In June 2021 the 2011A Equipment Master Lease was refunded to the 2021A Master Lease Equipment. On June 30, 2024, the remaining principal obligation was $85,333 and interest obligation were $5,063, due through 2026.
- The 2011A Real Property Master Lease/Purchase was for the purpose of financing $4,900,000 to remodel the Administration building, Pratt Hall, Gunning Hall, Baker Hall, for the construction of the Regents Court Apartments, and for certain equipment and furnishings. In October 2020 the 2011A Real Property Master Lease/Purchase was refunded to the 2020D Master Lease Real Property. On June 30, 2024, the remaining principal obligation was $2,100,833 and the interest obligation was $392,877, due through 2031.
- The 2019A Master Lease/Purchase Real Property was for the purpose of financing $278,000 to replace the roof on Mitchell Hall and the roof of the Wanda Bass building. On June 30, 2024, the remaining principal obligation was $112,916 and interest obligation were $11,267, due through 2027.
- The 2023A Real Property Master Lease was for the purpose of financing $2,752,000 to construct the East Campus Apartments. The apartments were completed and in use in August 2024. On June 30, 2024, the remaining principal obligation was $2,658,667 and interest obligation were $926,617, due through 2038.

Other Capital Leases

During 2024, the College entered into a purchase agreement with Verkada, Inc. in the amount of $272,763. This agreement was entered into to provide financing for a campus wide camera system to help protect our students, faculty, and staff. The agreement provides for a yearly payment to Verkada, Inc. of $54,523 (except the first payment, which is in the amount of $54,673) for 5 years through June 2028. During 2024 the college made the first payment of $54,673.

Net Position

Net position, which represents total equity, of the College are divided into three major categories, defined below:

Invested in capital assets, net of related debt. This category presents the institution's equity in property, buildings, equipment, library resources, livestock, and other plant assets owned by the College, less related depreciation and outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted. This category represents those assets which are subject to externally imposed restrictions governing their use.

Unrestricted. This category represents the College's net position that is free from external restrictions. While unrestricted net position is not bound by external requirements, nearly all of it has been internally allocated for specific purposes, such as various programs, initiatives, capital projects, and working capital needs.

Net Position

Net Position	Fiscal Year 2024	Fiscal Year 2023	Net Change
Invested in capital assets, net	$ 14,398,681	$ 15,550,362	$ (1,144,754)
Restricted for loans	-	-	-
Restricted for capital projects	-	-	-
Restricted for debt service	-	-	-
Restricted for grant funds	$ 2,297,613	$ 860,781	$ 1,436,832
Unrestricted	$ (9,565,806)	$ (10,193,869)	$ 628,065

Economic Outlook

The funding provided by the State of Oklahoma has a large impact on the economic position of Eastern Oklahoma State College. The operating budget for the fiscal year from July 1, 2024, to June 30, 2025, has been approved, with state appropriations estimate at $6,458,454, which includes an increase from fiscal year 2024 of $432,644. The College is not anticipating any change in state appropriations for fiscal year 2025.

The College continues to develop scenarios to hold down costs while preserving the ability to deliver quality instructional programs to our students. The EOSC Board of Regents has been able to maintain affordable tuition and fees during this time, with no increase in tuition and fees for the past four years. The College is diligent in safeguarding its reserves so that it will be available in the upcoming years if needed. However, the College is continuing to look for ways to effectively allocate resources while supporting the excellent programs offered at Eastern, while at the same time looking for areas that expenses can be reduced with a minimal impact on student programs and services. Eastern also continues to pursue additional sources of revenue to help support programs and educational opportunities.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. For questions regarding this report please direct all questions to Trisha White, Vice President of Business Affairs at Eastern Oklahoma State College, 1301 West Main, Wilburton, OK 74578.

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Statements of Net Position
June 30, 2024

	EOSC	EOSC Development Foundation
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,174,171	$ 776,067
Restricted cash and cash equivalents	1,570,844	-
Investments	-	6,398,602
Accounts receivable, net of allowance for doubtful accounts of $2,789,865	1,004,979	-
Federal and state grants receivable	726,769	-
Inventories	16,458	-
Total current assets	7,493,221	7,174,669
Noncurrent assets		
Right of use assets, net of accumulated amortization	96,117	-
Subscription based software arrangements, net of accumulated amortization	477,158	-
Capital assets, net of accumulated depreciation and amortization	22,662,431	-
Total noncurrent assets	23,235,706	-
Total assets	30,728,927	7,174,669
DEFERRED OUTFLOWS OF RESOURCES		
Deferred cost on Oklahoma Capitol Improvement Authority lease restructuring	1,654	-
Deferred amounts related to pensions	2,574,821	-
Deferred amounts related to OPEB	735,539	-
Total deferred outflow of resources	3,312,014	-
Total assets and deferred outflows of resources	$ 34,040,941	$ 7,174,669

See notes to financial statements.

	EOSC	EOSC Development Foundation
LIABILITIES		
Current liabilities		
Accounts payable	$ 308,639	$ -
Accrued compensated absences	124,041	-
Unearned revenue	260,651	-
Deposits held in custody for others	164,856	-
Current portion of lease liabilities	34,669	-
Current portion of subscription based software liabilities	400,261	-
Current portion of obligations under capital leases and notes payable	1,136,533	-
Total current liabilities	2,429,650	-
Noncurrent liabilities, net of current portion		
Accrued compensated absences	177,050	-
Long term portion of lease liabilities	62,294	-
Long term portion of subscription based software liabilities	105,606	-
Obligations under capital leases and notes payable	6,902,523	-
Net OTRS pension liability	12,687,250	-
Net OPEB liability	1,585,076	-
Total noncurrent liabilities	21,519,799	-
Total liabilities	23,949,449	-
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on Oklahoma Capitol Improvements Authoirty lease restructure	226,348	-
Deferred amounts related to pensions	1,700,087	-
Deferred amounts related to OPEB	1,034,569	-
Total deferred inflows of resources	2,961,004	-
NET POSITION		
Net investments in capital assets	14,398,681	-
Restricted for:		
Nonexpendable	-	2,986,139
Expendable		
Instruction, scholarships and other	-	3,474,785
Grants	2,297,613	-
Unrestricted	(9,565,806)	713,745
Total net position	7,130,488	7,174,669
Total liabilities, deferred inflows of resources and net position	$ 34,040,941	$ 7,174,669

See notes to financial statements.

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	EOSC	EOSC Development Foundation
Operating revenues		
Tuition and fees, net of scholarship allowances	$ 3,392,811	$ -
Federal grants and contracts	3,812,103	-
State and local grants and contracts	1,581,463	-
Sales and services of auxiliary enterprises, net	756,683	-
Other operating revenues	2,259,291	45,263
Total operating revenues	11,802,351	45,263
Operating expenses		
Compensation	10,583,262	-
Contract services	2,127,329	-
Supplies and materials	1,794,845	-
Scholarships and fellowships	1,944,127	363,440
Communications	85,252	-
Depreciation	1,816,046	-
Amortization	440,210	-
Utilities	876,239	-
Support to college	-	325,350
Other operating expenses	3,222,114	88,773
Total operating expenses	22,889,424	777,563
Operating loss	(11,087,073)	(732,300)
Nonoperating revenues (expenses)		
State appropriations	6,025,810	-
Federal grants and contracts	3,880,719	-
Contributions and other receipts	-	916,679.00
OTRS on-behalf contributions	760,869	-
Investment income	136,237	711,186.00
Interest on capital asset-related debt	(300,790)	-
Net nonoperating revenues	10,502,845	1,627,865
Income before other revenues, expenses, gains, losses, and transfers	(584,228)	895,565
State appropriations restricted for capital purposes	1,000,000	-
Oklahoma Capitol Improvement Authority on-behalf appropriations	497,442	-
Change in net position	913,214	895,565
Net position, beginning of year	6,217,274	6,279,104
Net position, end of year	$ 7,130,488	$ 7,174,669

See notes to financial statements.

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Statements of Cash Flows
For the Year Ended June 30, 2024

	EOSC	EOSC Development Foundation
Cash flows from operating activities		
Tuition and fees	$ 3,417,954	$ -
Grants and contracts	5,183,294	-
Auxiliary enterprise sales and service	767,082	-
Payments to suppliers	(9,809,878)	-
Payments to employees for salaries and benefits, net on-behalf payments	(10,108,933)	-
Other operating receipts	2,259,291	(593,627)
Net cash used in operating activities	(8,291,190)	(593,627)
Cash flows from noncapital financing activities		
Federal direct loan program receipts	1,242,387	-
Federal direct loan program disbursements	(1,242,387)	-
State appropriations	6,025,810	-
Non-operating grants	3,880,719	-
Net cash provided by noncapital financing activities	9,906,529	-
Cash flows from capital and related financing activities		
Cash paid for capital assets	(3,013,048)	-
Principal paid on capital leases and bonds	(976,402)	-
Interest paid on capital leases and bonds	(163,341)	-
Proceeds from issuance of debt	3,024,763	-
Contribution restricted from endowment	-	915,579
Loss on disposition of assets	106,651	-
Capital appropriations-state	1,000,000	-
Net cash provided by capital and related financing activities	(21,377)	915,579
Cash flows from investing activities		
Interest received on investments	136,237	-
Proceeds from sale of investments	-	1,042,842
Purchases of investments	-	(1,006,644)
Net cash provided by investing activities	136,237	36,198
Net increase in cash and cash equivalents	1,730,199	358,150
Cash and cash equivalents, beginning of year	4,014,816	417,917
Cash and cash equivalents, end of year	$ 5,745,015	$ 776,067

See notes to financial statements.

Eastern Oklahoma State College

A Component Unit of the State of Oklahoma

Statements of Cash Flows

For the Year Ended June 30, 2024

(Continued)

	EOSC	EOSC Development Foundation
Reconciliation of operating loss to cash provided by (used in) operating activities		
Operating loss (gain) /change in net assets, Foundation	$ (11,087,073)	$ 895,565
Adjustments to reconcile operating loss/change to net cash provided by (used in) operating activities		
Appreciation in funds held by others and investment	-	(573,432)
Foundation contributions restricted for endowment	-	(915,579)
Depreciation expense	1,816,046	-
State of Oklahoma on-behalf contributions to OTRS	760,869	-
Changes in assets and liabilities		
Student accounts receivable	18,879	-
Other receivables	(210,272)	1,035
Inventories	(4,339)	-
Right of use assets and subscription based software arrangements	440,210	-
Compensated absences	(52,098)	-
Accounts payable and accrued expenses	244,366	(1,216)
Unearned revenue and other	16,663	-
Net pension liability	(1,225,100)	-
Deferred outflows	964,797	-
Deferred inflows	25,861	-
Net cash used in operating activities	$ (8,291,191)	$ (593,627)
Noncash investing, noncapital financing and capital and related financing activities		
On-behalf principal and interest paid by Oklahoma Capitol Improvements Authority	$ 497,442	$ -
Reconciliation of cash and cash equivalents to statements of net position		
Current assets:		
Cash and cash equivalents	4,174,171	776,067
Noncurrent assets:		
Restricted cash and cash equivalents	1,570,844	-
Net cash provided by capital and related financing activities	$ 5,745,015	$ 776,067

See notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Eastern Oklahoma State College (the "College") is a two-year, state supported College operating under the jurisdiction of the Board of Regents of Eastern Oklahoma State College (the "Board of Regents") and the Oklahoma State Regents for Higher Education. The College is a component unit of the State of Oklahoma and is included in the general-purpose financial statements of the State of Oklahoma as part of the higher education component unit. The College has two primarily campuses located in Wilburton and in McAlester.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Eastern Oklahoma State College Development Foundation, Inc. (the "Foundation") is a legally separate, tax exempt component unit of the College. The Foundation is organized for the purpose of receiving and administering gifts intended for the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a discretely presented component unit of the College. Separate financial statements of the Foundation can be requested from the Foundation's controller.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 958, "Not-for-Profit Entities." 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 in the College's financial reporting entity for these differences.

Financial Statement Presentation

The College's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – or State and Local Governments* (GASB 34), and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis—for Public Colleges and Universities* (GASB 35).

Under GASB 34 and GASB 35, the College is required to present a statement of net position classified between current and noncurrent assets and liabilities; a statement of revenues, expenses, and changes in net position with separate presentation for operating and non-operating revenues and expenses; and a statement of cash flows using the direct method.

Note 1: Summary of Significant Accounting Policies (Continued)

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. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

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

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

Deposits and Investment
The College accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gains (losses) on the carrying values of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or purchase capital or other noncurrent assets are classified as restricted assets in the statements of net position. In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures - an Amendment of GASB Statement No. 3 (GASB 40), the College has disclosed its deposit and investment policies related to the risks identified in GASB 40.

In accordance with GAAP authoritative guidance on fair value measurements and disclosures, the College's investments measured and reported at fair value are classified according to the following hierarchal input levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets.

Level 2 - Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.

Level 3 - Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3. As of June 30, 2024, the College had no investments.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Other Receivables

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

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

Capital Assets

Capital assets are stated at cost, or fair value if acquired by gifts, less accumulated depreciation. For equipment, the College's capitalization policy includes all items with a unit cost of $1,500 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 occurs. Livestock is stated at fair market value. Land and livestock are not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are utilized by the College:

Land improvements	10 years
Buildings	30 years
Building improvements	10 years
Furniture, fixtures, and equipment	3 years
Infrastructure	20 years
Library materials	5 years

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

Leases and subscription based information technology assets are amortized over the life of the associated contract.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Amounts received from grant and contract sponsors that have not yet been earned, unless due to timing requirements, will be considered deferred revenue. Grant and contract sponsor amounts received but not recognized due to timing requirements will be reported as a deferred inflow of resources.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Subscription-based Information Technology Arrangements (SBITA)
The College is a party as lessee for various noncancellable long-term subscriptions of intangible information technology software. The corresponding subscription payable is recorded in an amount equal to the present value of the expected future minimum subscription payments discounted by an applicable interest rate.

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. The College generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charged is known.

Inventories
Inventories consist of fuel and meat products, which are valued at the lower of cost (first-in, first-out basis) or market.

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 in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

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

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the 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. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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

Income Taxes

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

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, (3) federal, state and local grants and contracts, and (4) interest on institutional student loans.

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

Scholarship Discounts and Allowances

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period. Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period. At June 30, 2024, the College's deferred outflows and deferred inflows of resources were comprised of deferred cost and gain on Oklahoma Capitol Improvement Authority (OCIA) lease restructure, related pension and Other Post-Employment Benefits (OPEB) sources.

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

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as 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.

Other Post-Employment Benefits (OPEB)
For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and the Oklahoma Public Employees Retirement System (OPERS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Net OPEB liability or asset and plan deferrals are recognized as of the measurement date. Payments from the measurement date to the date of the statement of net position are reported as deferred outflows.

Supplemental Retirement Benefit Plan
In addition to OTRS, the College has a supplemental retirement benefit plan (SRB) for a former president. The SRB requires the College to pay approximately $30,000 per year to the former president until his death. During 2017, the College established a pension liability for the estimated benefits in accordance with GASB 73.

New Accounting Pronouncements Not Yet Adopted
In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). GASB 101 provides guidance on the accounting and financial reporting for compensated absences. The requirements of GASB 101 are effective July 1, 2024, for the June 30, 2025 reporting year. Earlier application is encouraged. The College has not determined the impact of GASB 101 on the financial statements.

Subsequent Events
Subsequent events have been evaluated through October 31, 2024, which is the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the financial statements.

Note 2: Deposits and Investments

Custodial Credit Risk - Deposits

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

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

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

The carrying amount of the College's deposits was $5,745,015. This amount consisted of deposits with the State Treasurer of $4,292,171 at June 30, 2024.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in obligations of the U.S. government, its agencies and instrumentalities, including agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments, and State of Israel Bonds. Various other investments, as allowed by law, may be added to the *OK INVEST* portfolio, as the State Treasurer determines, without formal revision to its policy statement. Of funds on deposit with the State Treasurer, amounts invested in *OK INVEST* totaled $479,372 at June 30, 2024.

For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents. At June 30, 2024, the distribution of deposits in *OK INVEST* was as follows:

OK INVEST Portfolio	Cost	Market Value
U.S. agency bonds	$ 25,947	$ 25,414
Money market mutual funds	37,049	37,049
Certificates of deposits	1,152	1,152
Mortgage backed agency securities	75,958	66,589
Municipal bonds	878	878
Foreign bonds	3,145	3,134
U.S. treasury obligations	350,086	345,157
Total	$ 494,215	$ 479,372

Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST.

Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting

Note 2: Deposits and Investments (Continued)

Custodial Credit Risk - Deposits (Continued)
the State's daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the State Treasurer's website at *http://www.treasurer.state.ok.us*. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to 10 years. OK INVEST maintains an overall weighted average maturity of no more than 4 years.

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

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

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest rate changes. The College does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the College follows Title 70, Section 695.13, which mandates any investments made from funds designated for future obligations must mature by the time the funds are needed for their intended purpose.

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

Note 2: Deposits and Investments (Continued)

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

Note 3: Accounts Receivable
Accounts receivable consist of the following at June 30, 2024:

	2024
Student tuition and fees	$ 3,919,172
Less allowance for doubtful accounts	(2,914,193)
Accounts receivable, net of allowance	$ 1,004,979

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Year Ended June 30, 2024			
	Beginning Balance	Increases	Retirements/ Reclass	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,238,008	$ -	$ -	$ 1,238,008
Construction in progress	76,701	2,016,201	(429,777)	1,663,125
Livestock	227,200	39,300	(106,650)	159,850
Total capital assets not being depreciated	1,541,909	2,055,501	(536,427)	3,060,983
Capital assts being depreciated:				
Land improvements	2,865,834	2,250	-	2,868,084
Buildings and building improvements	31,958,702	229,489	429,777	32,617,968
Infrastructure	733,015	2,000	-	735,015
Equipment	9,614,687	501,620	(334,415)	9,781,892
Library materials	193,384	171	-	193,555
Licenses	-	107,746	-	107,746
Total capital assets being depreciated:	45,365,622	843,276	95,362	46,304,260

Note 4: Capital Assets (Continued)

Less accumulated depreciation for:				
Land improvements	(2,177,796)	(67,635)	-	(2,245,431)
Buildings and building improvements	(13,696,703)	(984,717)	-	(14,681,420)
Infrastructure	(677,673)	(2,544)	-	(680,217)
Equipment	(8,537,616)	(743,592)	334,415	(8,946,793)
Library materials	(131,392)	(12,172)	-	(143,564)
Licenses	-	(5,387)	-	(5,387)
Total accumulated depreciation	(25,221,180)	(1,816,047)	334,415	(26,702,812)
Total capital assets being depreciated, net	20,144,442	(972,771)	429,777	19,601,448
Total capital assets, net	21,686,351	1,082,730	(106,650)	22,662,431
Lease assets:				
Equipment	37,761	114,271	-	152,032
Total lease asset being amortized	37,761	114,271	-	152,032
Less accumulated amortization for:				
Equipment	(19,260)	(36,655)	-	(55,915)
Total accumulated amortization	(19,260)	(36,655)	-	(55,915)
Total lease assets being amortized, net	18,501	77,616	-	96,117
Subscription asset arrangements:				
Intangible software	1,282,730	-	-	1,282,730
Total subscription based assets being amortized	1,282,730	-	-	1,282,730
Less accumulated amortization for:				
Intangible software	(402,016)	(403,556)	-	(805,572)
Total accumulated amortization	(402,016)	(403,556)	-	(805,572)
Total subscription assets being amortized, net	880,714	(403,556)	-	477,158
Capital assets, net	$ 22,585,566	$ 756,790	$ (106,650)	$ 23,235,706

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance at 6/30/2023	Additions	Reductions	Balance at 6/30/2024	Due Within One Year
Capital leases obligations:					
OCIA 2014A Series	$ 2,897,901	$ -	$ (2,897,901)	$ -	$ -
OCIA 2024A Series	-	2,387,186	-	2,387,186	340,840
ODFA Master Lease 2015B	370,249	-	(189,666)	180,583	180,583
ODFA Master Lease 2020A	58,500	-	(30,083)	28,417	28,417
ODFA Master Lease 2021A/11A	127,500	-	(42,167)	85,333	44,083
ODFA Master Lease 2011A - RP	2,389,000	-	(288,167)	2,100,833	290,333
ODFA 2019ML Real Property	148,084	-	(35,167)	112,917	37,167
ODFA 2023A ML Real Property	-	2,752,000	(93,333)	2,658,667	132,417
Other capital lease obligations	-	272,767	(54,673)	218,094	54,523
Total capital leases	5,991,234	5,411,953	(3,631,157)	7,772,030	1,108,363
Other long-term debt					
Bond premium	54,842	248,000	(35,814)	267,028	28,170
Lease liabilities	18,303	114,271	(35,611)	96,963	34,669
Subscription based arrangements payable	889,138	-	(383,271)	505,867	400,261
Compensated absences	353,189	95,888	(147,988)	301,089	124,041
OTRS pension liability	14,231,639	-	(1,544,389)	12,687,250	-
OPEB liability	1,265,787	319,289	-	1,585,076	-
Total other liabilities	16,812,898	777,448	(2,147,073)	15,443,273	587,141
	$ 22,804,132	$ 6,189,401	$ (5,778,230)	$ 23,215,303	$ 1,695,504

Capital Lease Obligations

Oklahoma Capital Improvement Authority Lease Obligations

In September 1999, the Oklahoma Capitol Improvement Authority (OCIA) issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, the State Regents for Higher Education allocated $1,000,000 to the College. Concurrently with the allocation, the College entered into an individual lease agreement with OCIA, representing the project being funded by the OCIA bonds.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the State Regents allocated approximately $7,671,000 to the College. Concurrently with the allocation, the College entered into a lease agreement with OCIA for capital improvements being funded by the OCIA bonds. The lease agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 25 years.

In 2014, the OCIA issued Bond Series 2014A that refunded a significant portion of the 2005F bonds. In 2024 the OCIA issued Bond Series 2024A that refunded the 2014A bonds. The lease agreement will no longer secure the 2014A bond issue but will now act as security for the 2024A bond issue over the term of the lease through the fiscal year 2031. This lease restructuring has resulted in a gain on restructuring that has been recorded as a gain of $232,551 on restructuring as a deferred inflow of resources that will be amortized over a period of 7 years. The unamortized amount of the deferred lease restructuring gain on June 30, 2024, was $226,348. Lease interest

Note 5: Long-Term Liabilities (Continued)

payments to OCIA totaling $137,449 during the year ended June 30, 2024, were made by the State of Oklahoma on behalf of the College. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the statement of revenue, expenses, and changes in net position.

Oklahoma Capital Improvement Authority Lease Obligations (Continued)
College's property under the OCIA capital leases is summarized as follows:

	Building	Equipment	Total
Cost	$ 8,214,037	$ 831,819	$ 9,045,856
Less accumulated depreciation	(2,823,319)	(831,819)	(3,655,138)
Total	$ 5,390,718	$ -	$ 5,390,718

Future minimum lease payments under the College's obligations to the OCIA for the year ended June 30, 2024, are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 340,840	$ 134,279	$ 475,119
2026	371,093	102,317	473,411
2027	389,702	83,763	473,465
2028	406,679	64,277	470,957
2029	427,138	43,944	471,082
Thereafter	451,733	22,587	474,320
Total	$ 2,387,186	$ 451,167	$ 2,838,353

Oklahoma Development Finance Authority Lease Obligations
In May 2005, the College entered into a 20-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority State Regents for Higher Education Master Lease Revenue Bonds, Series 2005A. The College financed $3,005,000 to upgrade the College's energy management systems.

The lease agreement with ODFA provides for monthly payments to ODFA ranging from $17,187 to $17,292 for 20 years through May 15, 2025, or until the ODFA bonds and related interest are paid.

On June 17, 2015, the College entered into Master Equipment Lease Revenue Bonds, Series 2015B in the amount of $1,689,000 to refinance the Series 2005A Master Lease Revenue Bonds. The lease agreement with ODFA provides for monthly payments to ODFA ranging from $17,187 to $17,292 for 10 years through May 15, 2025. Lease principal and interest payments to ODFA totaled $204,477 during the year ended June 30, 2024.

The 2015B issuance resulted in a premium for the bonds of $105,437 that is being amortized over 120 months. The unamortized balance of the premium at June 30, 2024, was $10,544.

In September 2010, the College entered into a 15-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2010A. In June 2020, the College entered into a capital lease obligation Series 2020A in the amount of

Note 5: Long-Term Liabilities (Continued)

Oklahoma Development Finance Authority Lease Obligations (Continued)
$144,000 to refinance the 2010A College Apartment Remodel Bond. Lease payments over the term of the agreement, including interest, total $161,808. Payments began July 15, 2020, and go through May 15, 2025, and will range from $2,975 to $2,710, monthly. The net present value of the savings for the refinance is $6,299. The lease agreement with ODFA provides for monthly payments to ODFA ranging from $2,793 to $3,177 for 15 years through May 15, 2025, or until the ODFA bonds and related interest are paid. The monthly lease payments are funded through additional apartment rent realized after the project was completed. Lease principal and interest payments to ODFA totaled $32,423 during the year ended June 30, 2024.

The 2020A refunding issuance resulted in a premium for the bonds of $12,733 that is being amortized over 60 months. The unamortized balance of the premium at June 30, 2024, was $2,546.

In May 2011, the College entered into a 15-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the State Regents as a beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority State Regents for Higher Education Master Lease Revenue Bonds, Series 2011A. The College received a net amount of $550,000 of the proceeds for improvements to the College's equipment. In June 2022, the 2011A Equipment Master Lease was refunded to the 2022A Master Lease Equipment. Lease principal and interest payments to ODFA totaled $47,267 during the year ended June 30, 2024.

In 2011, the College entered into a 20-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2011A. The College Financed $4,900,000, for the building of Regents Courts (apartment style dorms) and the remodeling of the first floor of the Library, Gunning, Baker, and a portion of Pratt.

Lease payments made by the College are forwarded to the trustee bank by the State Regents for future principal and interest payments on the Master Lease bonds. The ODFA deposits the lease payments into an interest-bearing sinking fund and may use the interest earnings to reduce the College's future lease payments. Lease principal and interest payments to ODFA totaling $392,037 during the year ended June 30, 2024. The 2021A refunding issuance resulted in a premium for the bonds of $21,101 that is being amortized over 60 months. The unamortized balance of the premium on June 30, 2024, was $8,441.

The Board of Regents authorized the College to issue the Student Facilities Revenue Bonds, Series 2004 (the Series 2004 Bonds) dated May 1, 2004, in the amounts of $2,200,000. The Series 2004 Bonds mature June 1 of each year beginning June 1, 2005, through June 1, 2024, in annual amounts varying from $85,000 to $160,000, interest rates ranging from 2.40% to 4.45%. The Series 1997 Bonds are payable from pledged revenues derived from a student union fee and other ancillary services, and the reserve account held by the bond trustees.

On June 15, 2016, the College entered into capital lease obligation Series 2016B in the amount of $844,000 to refinance the 2004 Student Facilities Revenue Bonds. Lease payments over the term of the agreement, including interest, total $960,686. Payments began July 15, 2016, and go through May 15, 2023, and will range from $11,608 to $12,327, monthly. The net present value of the savings for the refinance is $138,201.

In May 2019, the College entered into an 8-year lease agreement with the Oklahoma Development Finance Authority (ODFA) and the Oklahoma State Regents as beneficiary of a portion of the proceeds from the Oklahoma

Note 5: Long-Term Liabilities (Continued)

Oklahoma Development Finance Authority Lease Obligations (Continued)
Development Finance Authority State Regents for Higher Education Real Property Master Lease Revenue Bonds, Series 2019A. The College financed $278,000 for the roof replacement on Mitchell Hall and Wanda Bass buildings. Lease payments over the term of the agreement, including interest, total $42,250. Payments begin June 2020 and go through May 2027 and will range from $2,500 to $3,333 monthly. The 2019 issuance resulted in a premium for the bonds of $32,000 that is being amortized over 96 months. The unamortized balance of the premium on June 30, 2024, was $12,000.

The College's property under the ODFA capital leases is summarized as follows:

	Building	Equipment	Total
Cost	$ 12,344,081	$ 29,851	$ 12,373,932
Less accumulated depreciation	(4,440,078)	(29,851)	(4,469,929)
Total	$ 7,904,003	$ -	$ 7,904,003

Future minimum lease payments under the College's obligations to the ODFA for the year ended June 30, 2024, are as follows:

Year ending June 30,	Principal	Interest	Total
2025	713,000	126,313	839,313
2026	526,250	118,729	644,979
2027	493,750	110,746	604,496
2028	470,167	102,363	572,530
2029	484,167	93,579	577,746
Thereafter	2,479,416	374,888	2,854,304
Total	$ 5,166,750	$ 926,618	$ 6,093,368

Other Property Under Capital Leases
The College's property under the other capital leases is summarized as follows:

	Building	Equipment	Total
Cost	$ 303,750	$ 285,056	$ 588,806
Less accumulated depreciation	(205,031)	(174,091)	(379,122)
Total	$ 98,719	$ 110,965	$ 209,684

Note 6: Retirement Plans

Substantially all of the College's academic and nonacademic personnel are covered by the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employee retirement system. Certain eligible employees also participate in the Supplemental Retirement Plan, a single-employer defined benefit plan. The College does not maintain the accounting records, hold the investments for, or administer the OTRS plan.

Summary of Net Position Obligation

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Pension Expense
Supplemental retirement				
Benefit obligation	$ 194,959	$ -	$ -	$ 53,709
OTRS pension	12,492,291	2,574,821	1,700,087	1,354,018
Total	$ 12,687,250	$ 2,574,821	$ 1,700,087	$ 1,407,727

Plan Description

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

Oklahoma Teachers' Retirement System

Benefits Provided

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

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation, except for certain employees of the 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 benefits the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

Note 6: Retirement Plans (Continued)

Oklahoma Teachers' Retirement System (Continued)

Benefits Provided (Continued)

- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service. Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions
The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 8.4% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note (7). Contributions to the pension plan from the College were $902,977. The State of Oklahoma also made on-behalf contributions to OTRS, of which $760,869 was recognized by the College; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2024, the College reported a liability of $12,492,290 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the College's proportion was .1621% percent.

Note 6: Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)
For the year ended June 30, 2024, the College recognized pension expense of $1,354,018. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 203,808	$ 243,220
Changes of assumptions	507,497	-
Net difference between projected and actual earnings on pension plan investments	874,188	-
Changes in College's proportionate share of contributions	80,626	1,444,772
Differences between College contributions and proportionate share of contributions	5,725	12,096
College contributions subsequent to the measurement date	902,977	-
Total	$ 2,574,821	$ 1,700,088

The $902,977 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ 101,957
2026	(619,862)
2027	762,096
2028	(213,939)
2029	(904,986)
Total	$ (874,734)

Actuarial Assumptions
The total pension liability as of June 30, 2024, was determined based on an actuarial valuation prepared as of June 30, 2023, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases - Composed of 2.25 percent wage inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return - 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.

Note 6: Retirement Plans (Continued)

Actuarial Assumptions (Continued)

- 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.

Asset class	Target Asset Allocation	Long-Term Expected Rate of Return
Domestic equity	38.3%	4.6%
International equity	16.7%	5.2%
Fixed income	22.0%	1.8%
Real estate*	10.0%	4.4%
Private equity	8.0%	7.3%
Private debt	5.0%	5.3%
Total	100.0%	

* The Real estate total expected return is a combination of US direct real estate (unleveraged) and US value added real estate (unleveraged)

Discount Rate

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

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

The following presents the net pension liability of the employers calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net pension liability	$ 18,043,191	$ 12,492,290	$ 7,896,986

Note 6: Retirement Plans (Continued)

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

Supplemental Retirement Benefit Plan (SRB)

Plan description
In 1995 the College, through its board of regents, entered into an agreement to provide supplemental retirement benefits to its then president. The agreement called for the College to establish an annuity for the former president which would be paid monthly from his retirement date until death, with up to 3.5% in annual cost of living increases allowable. The annuity account was opened in 1995 with a $154,000 first time payment, the amount projected as necessary to fund the supplemental retirement benefits over the former president's lifetime.

In 2000 the former president retired and began to draw on the annuity established in 1995. In late 2009, the College was informed that the annuity account was near insolvency and that supplemental payments would be necessary to fulfill the commitment for the benefits of the former president. After determining it has a legal obligation to do so, the College began making supplemental payments to this account.

Funding Policy
Benefits are funded on a "pay as you go" basis, so there are no assets accumulated to pay these benefits. During the fiscal year ended June 30, 2024, the College made benefit payments of $28,361.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2024, the College reported a liability of $194,960 for its net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. For the year ended June 30, 2024, the College recognized pension expense of $53,709.

Schedule of Changes in Total Pension Liability

The College's changes in total pension liability are as follows as of June 30,2024:

Beginning net pension liability	$ 169,611
Interest	4,559
Change of assumptions	23,807
Difference between actual and expected experience	25,344
Benefit payments	(28,361)
Ending net pension liability	$ 194,960

Note 6: Retirement Plans (Continued)

Actuarial Assumptions
The total pension liability as of June 30, 2024, was determined based on an actuarial valuation prepared as of June 30, 2024, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Amortization Method - Level Percentage of Payroll
- Discount Rate - 3.65% (Based on Bond Buyers General Municipal Bond Index)
- Mortality Rates after Retirement - RP-2000 Combined Mortality Table projected to 2020.

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

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Employers' net pension liability	$ 203,570	$ 194,960	$ 187,046

Note 7: Post Retirement Plans: OTRS – OPEB

Supplemental Health Insurance Program

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

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 OMES Employees Group Insurance Division (EGID), provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions
Employer and employee contributions are made based upon the OTRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note (8); from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were $10,061.

Note 7: Post Retirement Plans: OTRS – OPEB (Continued)

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the College reported an asset of $81,649 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The College's proportion of the net OPEB asset was based on the College's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2023. Based upon this information, the College's proportion was 0.1621%.

For the year ended June 30, 2024, the College recognized OPEB benefit of $12,830. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 20,383
Changes of assumptions	14,700	-
Net difference between projected and actual earnings on OPEB plan investments	20,042	-
Changes in College's proportionate share of contributions	13,382	561
Differences between College contributions and proportionate share of contributions	13,712	4,874
College contributions subsequent to the measurement date	4,428	-
Total	$ 66,264	$ 25,818

The $4,428 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	$ 5,478
2026	(3,179)
2027	29,530
2028	1,717
2029	1,962
Thereafter	4,938
Total	$ 40,446

Note 7: Post Retirement Plans: OTRS – OPEB (Continued)

Actuarial Assumptions

The total OPEB liability (asset) as of June 30, 2024, was determined based on an actuarial valuation prepared as if June 30, 2023, using the following actuarial assumptions:

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

Asset Class	Target Asset Allocation	Long-Term Expected Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate*	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100.0%	

* The real estate total expected return is a combination of US direct real estate (unlevered) and US value added real estate (unleveraged)

Discount Rate

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net OPEB liability (asset)	$ 3,343	$ (81,649)	$ (151,008)

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

Note 8: Post Retirement Plans – OPEB

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

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

Employees Covered by Benefit Terms
At June 30, 2024, the following employees were covered by the benefit terms:

Active employees	147
Inactive or beneficiaries currently receiving benefit payments	17
Total	164

Total OPEB Liability
The College's total OPEB liability of $1,666,725 was as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Note 8: Post Retirement Plans – OPEB (Continued)

Actuarial Assumptions
The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2024, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.65%, based on published Bond Pay Go-20 bond index
- Retirement Age: 63
- Healthcare cost trend rates - Level 5.00% per year
- Mortality Rates - RPA-2000 Mortality Table projected to 2020
- Pre-Retirement Termination - Table T-3 of the Actuary's Pension Handbook.

Age	Annual Termination Rate
25	5.3%
30	4.8%
35	4.5%
40	3.8%
45	3.2%
50	1.5%
55	0.3%
60	0.0%

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

	Total OPEB Liability
Balance beginning of year	$ 1,265,787
Changes for the year	
Service cost	94,371
Interest expense	46,201
Changes of assumptions	25,018
Difference between expected and actual expenses	389,832
Benefits paid	(154,484)
Net changes	400,938
Balance end of year	$ 1,666,725

Note 8: Post Retirement Plans – OPEB (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the employer calculated using the discount rate of 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Employers' net OPEB liability	$ 1,787,002	$ 1,666,725	$ 1,560,093

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.00%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease 4.00%	Healthcare Cost Trend Rates 5.00%	1% Increase 6.00%
Employers' net OPEB liability	$ 1,539,528	$ 1,666,725	$ 1,816,772

OPEB Expense
For the year ended June 30, 2024, the College recognized OPEB expense of $56,910. The College also reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 370,597	$ 825,046
Changes of assumptions	298,677	183,705
Total	$ 669,274	$ 1,008,751

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

2025	$ (83,663)
2026	(83,663)
2027	(83,663)
2028	(83,663)
2029	(83,663)
Thereafter	78,838
Total	$ (339,477)

Note 9: 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 carrying out its activities. The Foundation paid $1,200 to the College for the services received and $18,958 for management services for the year ended June 30, 2024.

Note 10: Commitments and Contingencies

Federal Awards
The College participates in a number of 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.

The College participates in the Federal Direct Student Loan Program (Direct Loan Program). The Direct Loan Program does not require the College to draw down cash; however, the College is required to perform certain administrative functions. Failure to perform such functions may require the College to reimburse the loan guarantee agencies. For the year ended June 30, 2024, approximately $1,243,000 of Direct Loan Program loans were provided to college students.

Other
During the course of ordinary business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2024, that management believes would result in a material loss to the College in the event of an adverse outcome.

Note 11: 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.

The College also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an interlocal cooperative act agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through CompSource.

Note 11: Risk Management (Continued)

CALM is a political subdivision of the State of Oklahoma and is governed by a Board of Regents elected from members of the participating colleges and universities.

Note 12: Eastern Oklahoma State College Development Foundation, Inc.

Note A: Summary of Significant Accounting Policies

Nature of Operations
Eastern Oklahoma State College Development Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in the State of Oklahoma in 1973 and operates to receive and administer gifts for the sole benefit of Eastern Oklahoma State College (the College) and its students.

Distribution of amounts is subject to the approval of the Board of Trustees or the appropriate fund sponsor and the availability of monies. Accordingly, the accompanying financial statements reflect only transactions for which appropriate approvals have been received by the Foundation as of the financial reporting date.

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

> *Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions.
>
> *Board Designated Net Assets* - Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.
>
> *Net assets with Donor Imposed Restrictions* - Net assets subject to donor-imposed stipulations that can be met either by actions of the Foundation or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

Cash and Cash Equivalents
The Foundation defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of $792,578 as of June 30, 2024, held in financial institutions.

Investments
Investments consist of marketable debt and equity securities and certificates of deposit with original maturities of more than three months. Investments are carried at fair value based on the quoted market prices of the underlying securities.

Contributions
The Foundation reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note A: Summary of Significant Accounting Policies (Continued)

Contributions (Continued)
perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as net assets with donor restrictions. When the donor restrictions expire, such as when the Foundation expends the funds in accordance with the donor's wishes, restricted net assets are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Tax Status
The Foundation is a nonprofit corporation and is an exempt organization as defined in Internal Revenue Code Section 501(c)(3). The Foundation has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and qualified for deductible contributions under Section 170(b)(1)(A)(vi). The Foundation receives limited income that is unrelated to its exempt purpose and is taxable under the Internal Revenue Code.

Concentrations of Credit Risk
Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist primarily of cash and cash equivalents and short-term investments. The Foundation places its cash and certificates of deposit with high quality financial institutions. The Foundation's management believes that it is not exposed to any significant credit risk with regard to those accounts.

Management Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. Actual results could differ from those estimates.

Note B: Cash and Cash Equivalents
The Foundation maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by the Foundation based upon how its deposits were insured at June 30, 2024 and 2023. FDIC regulations state time and savings accounts are insured up to a $250,000 maximum.

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

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

Category 3 - Uninsured and uncollateralized.

Type of Deposits	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
June 30, 2024				
Demand deposits				
BankFirst	$ 254,195	$ 250,000	$ -	$ 4,195
Community State Bank	330,925	250,000	-	80,925
First National Bank	207,458	207,458	-	-
Total deposits	$ 792,578	$ 707,458	$ -	$ 85,120

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note C: Investments
Investments consist of the following at June 30, 2024:

Investments	Cost	Fair Value
Equity funds	$ 2,569,609	$ 3,513,216
Fixed income funds	1,996,046	1,807,857
Alternative investments	523,802	570,427
Certificate of deposit	244,028	244,028
Money market funds	263,074	263,074
Total	$ 5,596,559	$ 6,398,602

Investment income consists of the following:

	2024
Interest and dividend income	$ 157,777
Realized gains	42,832
Unrealized gains	521,744
Investment management fees	(27,701)
Total	$ 694,652

Note D: Related Party Transactions
Based upon an exchange of service agreement, the Foundation pays the College for the necessary staffing, office space, furniture, equipment, utilities, telephone and technology services. Thus, the Foundation has no employees or fixed assets at June 30, 2024.

Note E: Fair Value Measurements
The Foundation uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, the Foundation determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates.

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the financial statements.

Cash and Cash Equivalents: The carrying amount approximates the fair value due to the short maturity of such amounts.

Investments: Investments in cash and cash equivalents, publicly traded securities and mutual funds are stated at market value based on quoted market prices. Investments common trust funds, certificates of deposit, government agency bonds and mortgage-backed securities are stated at market price as determined by the fund manager or quoted market prices in nonactive markets. Other investments are stated at fair value based upon current market conditions and other factors deemed relevant to the valuation as provided by the independent valuation specialist and or Foundation management.

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note E: Fair Value Measurements (Continued)

Accounts Payable and Other Liabilities: The carrying amount approximates fair value due to the short maturity of those amounts.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

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

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at June 30, 2024.

	2024			
	Level 1	Level 2	Level 3	Total
Investments				
Equity funds	$ 3,513,216	$ -	$ -	$ 3,513,216
Fixed income funds	1,807,857	-	-	1,807,857
Alternative investments	570,427	-	-	570,427
Certificate of deposits	-	244,028	-	244,028
Money market funds	263,074	-	-	263,074
	$ 6,154,574	$ 244,028	$ -	$ 6,398,602

The following is a description of methodologies used for instruments measured at fair value on a recurring basis:

Investments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include equity securities, mutual funds and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 investments include equity securities with similar characteristics or discounted cash flows. Level 2 investments include equity securities, corporate and other bonds, U.S. government securities, marketable alternative assets, inflation hedging and opportunistic and other investments. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy and include corporate and other bonds and marketable and nonmarketable alternative assets.

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note F: Net Assets
Net assets with donor restrictions subject to expenditures consist of the following at June 30:

	2024
Scholarships	$ 1,352,556
College support	1,633,583
Total	$ 2,986,139

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

	2024
Scholarships	$ 3,474,785
Total	$ 3,474,785

Net assets released from restrictions were as follows at June 30:

	2024
Scholarships	$ 361,940
College support	325,350
Total	$ 687,290

Note G: Endowments
The Foundation endowments consist of 226 individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: In accordance with the requirements of FAS 117-1 and the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, (3) all realized and unrealized gains and losses of the endowment, (4) less any income distribution in accordance with the spending policy which will be classified as restricted. In accordance with OUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purpose of the foundation and the donor-restricted endowment fund; General economic conditions;
(3) The possible effect of inflation and deflation;
(4) The expected total return from income and the appreciation of investments;
(5) Other resources of the Foundation;
(6) The investment policies of the Foundation.

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note G: Endowments (Continued)
Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

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

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year the equivalent of up to 5% of its endowment fund's fair value as of the immediately preceding July 1. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 4,827,341	$ 4,827,341
Board-designated endowment funds	-	-	-
Total endowment funds	$ -	$ 4,827,341	$ 4,827,341

Changes in Endowment Net Assets for the year ending June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 4,513,615	$ 4,513,615
Investment return	-	408,421	408,421
Contributions	-	36,424	36,424
Appropriation of endowment assets for expenditure	-	(131,119)	(131,119)
Total endowment funds	$ -	$ 4,827,341	$ 4,827,341

Note 12: Eastern Oklahoma State College Development Foundation, Inc. (Continued)

Note H: Liquidity and Availability of Financial Assets
The Foundation manages its liquid resources by focusing on fundraising efforts to ensure that it has adequate contributions to cover the programs that are being conducted. The table below reflects the Foundation's financial assets, as of June 30, 2023, expected to be available within one year to meet the cash needs for general expenditures.

	2024
Financial Assets	
Cash and cash equivalents	$ 776,067
Investments	6,398,602
	7,174,669
Less those unavailable for gerneral expenditures within one year, due to:	
Donor-imposed restrictions subject to expenditures	
Donor restriction for scholarship	1,352,556
Donor restriction for college support	1,633,583
Donor-imposed restrictions not subject to apporpriations or expenditures	
Donor restriction for scholarships	3,474,785
	6,460,924
Financial assets available to meet cash needs for general expenditures within one year	$ 713,745

Required Supplementary Information

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Schedules of Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
Oklahoma Teachers Retirement System
Last 10 Fiscal Years* (Dollar amounts in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
College's proportion of the net pension liability	0.2262%	0.2252%	0.2078%	0.2111%	0.2039%	0.1900%	0.1952%	0.1834%	0.1713%	0.1621%
College's proportionate share of the net pension liability	$12,171,485	$13,674,951	$17,341,303	$13,980,193	$12,324,270	$12,579,132	$18,526,482	$9,371,124	$14,062,028	$12,492,290
College's covered payroll	$ 8,599,447	$ 8,728,536	$ 8,322,346	$ 8,130,782	$ 8,040,984	$ 8,084,613	$ 8,443,761	$8,291,434	$ 8,424,550	$ 8,142,158
College's proportionate share of the net pension liability as a percentage of its covered payroll	142%	157%	208%	172%	153%	156%	219%	113%	167%	153%
Plan fiduciary net position as a percentage of the total pension liability	72.43%	70.31%	62.24%	69.32%	72.74%	71.56%	63.47%	80.80%	70.05%	72.57%

*The amounts present for each fiscal year were determined as of 6/30

Notes to schedule:

The Plan’s net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board.
Increase for 2017 is attributable to the change in assumed election rate for the Supplemental Medical Insurance Benefit.
The most notable change was the lowering of the System's discount rate from 7.5% to 7.0% for fiscal year 2021.

Eastern Oklahoma State College

A Component Unit of the State of Oklahoma

Schedules of Required Supplementary Information

Schedule of the College's Pension Contributions

Oklahoma Teachers Retirement System

Last 10 Fiscal Years (Dollar amounts in thousands)

	2015	2016	2017	2018	2019
Contractually required contribution	$ 949,012	$ 915,049	$ 877,121	$ 872,873	$ 896,693
Contributions in relation to the contractually required contribution	$ 949,012	$ 915,049	$ 877,121	$ 872,873	$ 896,693
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,443,761	$ 8,291,434	$ 8,130,782	$ 8,040,984	$ 8,084,613
Contributions as a percentage of covered payroll	11.24%	11.04%	10.79%	10.86%	11.09%

	2020	2021	2022	2023	2024
Contractually required contribution	$ 949,012	$ 915,049	$ 918,249	$ 897,216	$ 902,977
Contributions in relation to the contractually required contribution	$ 949,012	$ 915,049	$ 918,249	$ 897,216	$ 902,977
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,443,761	$ 8,291,434	$ 8,424,550	$ 8,142,158	$ 8,236,593
Contributions as a percentage of covered payroll	11.24%	11.04%	10.90%	11.02%	10.96%

Notes to schedule:

Employer contributions rate: 9.50%

Employer rate for Federal and other external source match: 7.70%

Eastern Oklahoma State College

A Component Unit of the State of Oklahoma

Schedules of Required Supplementary Information

Schedule of College's Change in Total Pension Liability

Supplemental Retirement Annuity

Last 10 Fiscal Years

	2017	2018	2019	2020	2021	2022	2023	2024
Beginning net pension liability	$ 264,248	$ 259,235	$ 235,608	$ 228,858	$ 220,110	$ 198,852	$ 192,812	$ 169,611
Interest	9,460	7,907	9,142	7,964	4,930	4,490	6,845	4,559
Change of assumptions	7,547	(11,638)	5,049	14,854	3,699	(5,014)	(678)	23,807
Difference between actual and expected experience	6,341	8,465	7,420	(3,205)	(1,526)	22,845	(1,007)	25,344
Benefit payments	(28,361)	(28,361)	(28,361)	(28,361)	(28,361)	(28,361)	(28,361)	(28,361)
Ending net pension liability	$ 259,235	$ 235,608	$ 228,858	$ 220,110	$ 198,852	$ 192,812	$ 169,611	$ 194,960
Discount rate used	3.05%	3.88%	3.43%	2.21%	3.05%	3.55%	3.65%	3.66%

Notes to schedule:

Only these fiscal years are presented because 10-year data is not yet available

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Schedules of Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)
Supplemental Health Insurance Program
Last 10 Fiscal Years* (Dollar amounts in thousands)

	2018	2019	2020	2021	2022	2023	2024
College's proportion of the net OPEB liability (asset)	0.2111%	0.2039%	0.1900%	0.1952%	0.1834%	0.1713%	0.1621%
College's proportionate share of the net OPEB liability (asset)	$ (94,157)	$ (131,778)	$ (117,500)	$ (19,341)	$ (233,637)	$ (80,236)	$ (81,649)
College's covered payroll	$ 8,130,782	$ 8,040,984	$ 8,084,613	$ 8,443,761	$ 8,291,434	$ 8,424,550	$ 8,142,158
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.16%	-1.64%	-1.45%	-0.23%	-2.82%	-1.16%	-1.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.07%	102.30%	129.91%	110.31%	112.01%

*The amounts present for each fiscal year were determined as of 6/30

Notes to schedule:

Only the current and prior fiscal years are presented because 10-year data is not yet available.

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Schedules of Required Supplementary Information
Schedule of the College's Contributions
Supplemental Health Insurance Program
Last 10 Fiscal Years* (Dollar amounts in thousands)

	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 13,860	$ 6,048	$ 1,788	$ 1,724	$ 11,350	$ 10,062	$ 4,428
Contributions in relation to the contractually required contribution	13,860	6,048	1,788	1,724	11,350	10,062	4,428
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 8,040,984	$ 8,084,613	$ 8,443,761	$ 8,291,434	$ 8,424,550	$ 8,142,158	$ 8,236,593
Contributions as a percentage of covered payroll	0.17%	0.07%	0.02%	0.02%	0.13%	0.12%	0.05%

Notes to schedule:

Only the current and prior fiscal year is presented because 10 year data is not yet available.

Eastern Oklahoma State College
A Component Unit of the State of Oklahoma
Schedules of Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 284,427	$ 142,516	$ 122,189	$ 130,320	$ 124,358	$ 95,841	$ 94,371
Interest	65,045	56,748	33,141	28,184	30,239	46,220	46,201
Changes in assumptions	(131,852)	11,189	405,118	26,487	(151,588)	(78,882)	389,832
Differences between expected and actual experience	(833,844)	(638,622)	(40,326)	15,840	(35,846)	(9,545)	25,018
Benefit payments, including refunds of member contributions	(53,817)	(68,203)	(91,756)	(113,124)	(147,475)	(89,817)	(154,484)
Net change in total OPEB liability	(670,041)	(496,372)	428,366	87,707	(180,312)	(36,183)	400,938
Total OPEB liability - *beginning*	2,132,622	1,462,581	966,209	1,394,575	1,482,282	1,301,970	1,265,787
Total OPEB liability - *ending*	$ 1,462,581	$ 966,209	$ 1,394,575	$ 1,482,282	$ 1,301,970	$ 1,265,787	$ 1,666,725
Covered employee payroll	8,040,984	8,084,613	8,443,761	5,914,842	6,268,122	6,268,122	6,870,250
Net OPEB liability (asset) as a percentage of covered - employee payroll	18.19%	11.95%	16.52%	25.06%	20.77%	20.19%	24.26%
Discount rate used	3.88%	3.43%	2.21%	2.04%	2.04%	3.65%	3.86%

Notes to schedule:

Only these fiscal years are presented because 10 year data is not yet available.

Arledge
certified public accountants

INDEPENDENT AUDITOR'S 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*

To the Board of Regents
Eastern Oklahoma State College
Wilburton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements and the discretely presented component unit of Eastern Oklahoma State College (the "College"), collectively a component unit of the State of Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 10, 2024. Our report includes a reference to the financial statements of Eastern Oklahoma State Development Foundation, Inc. (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation, 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.

Report on 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 did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider a significant deficiency.

Report on 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.

Arledge & Associates PC

Oklahoma City, Oklahoma
November 10, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Regents
Eastern Oklahoma State College
Wilburton, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Oklahoma State College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the College as indicated in the table of contents of the accompanying report as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 10, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Arledge & Associates PC

Oklahoma City, Oklahoma
November 10, 2024

EASTERN OKLAHOMA STATE COLLEGE
A Component Unit of the State of Oklahoma
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Cluster/Program	Federal Agency/ Pass-Through Entity	AL Number	Amount Expended
Student Financial Aid Cluster:			
Federal Pell Grant	U.S. Department of Education	84.063	$ 3,180,760
Federal Supplemental Education Opportunity Grant (SEOG)	U.S. Department of Education	84.007	101,930
Federal Work Study (FY23)	U.S. Department of Education	84.033	61,450
Direct Lending-Subsidized Loans	U.S. Department of Education	84.268	523,775
Direct Lending-Unsubsidized Loans	U.S. Department of Education	84.268	640,333
Direct Lending-Direct Plus Loans	U.S. Department of Education	84.268	78,279
Total Direct Lending			1,242,387
Total Student Financial Aid Cluster			**4,586,527**
TRIO Cluster			
Student Support Services	U.S. Department of Education	84.042	51,240
Student Support Services	U.S. Department of Education	84.042	314,586
Total TRIO Cluster Services			365,826
Other Federal Programs:			
Mine Safety Grant	U.S. Department of Labor passed through	17.600	101,501
Mine Safety Grant	State of Oklahoma Mine Health and	17.600	298,732
Total Mine Safety Grant	Safety Administration		400,233
Academic Excellence: Engaging Students to Persist and Complete	U.S. Department of Education	84.031X	57,928
Academic Excellence: Engaging Students to Persist and Complete	U.S. Department of Education	84.031X	252,237
Total Academic Excellence Grants			310,165
Carl Perkins Vo-Tech	Passed through Oklahoma Department of	84.048	25,467
Collaborative Equity Mindedness Approach to Guided Pathways to Success	U.S. Department of Education	84.031X	11,995
CARES#1 - Institutional	U.S. Department of Education	84.425F	4,890
CARES#1 - Strengthening Institutions	U.S. Department of Education	84.425L	1,171
CARES#2 - Strengthening Inst CRRSAA	U.S. Department of Education	84.425L	452
Total CARES Strengthening Institution			1,623
CARES SSARP	U.S. Department of Education	84.425T	138,688
Gear Up 3	U.S. Department of Education	84.334A	559,148
Gear Up 3	U.S. Department of Education	84.334A	1,697,002
Total Gear Up For Success			2,256,150
Small Business Development	US Small Business Administration	59.037	7,844
Small Business Development	passed through Southeastern University	59.037	33,078
Total Small Business Development			40,922
HWC Nursing ARPA	US Department of Education	93.498	156,539
		Grand Total	**$ 8,299,025**

See notes to schedule

Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal grant activity of Eastern Oklahoma State College (the "College"), under programs of the federal government for the year ended June 30, 2024. The information in this SEFA 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 statement of net position, changes in net position, or cash flows of the College.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Under the Federal Direct Student Loan Program (Direct Loan Program), the U.S. Department of Education makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. The Direct Loan Program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The College administers the origination and disbursement of the loans to eligible students or parents. The College is not responsible for the collection of these loans.

Note C – Indirect Cost Rate

The College has a negotiated indirect cost rate. Agreement issued by the U.S. Department of Human services as of January 16, 2023. The negotiated rate of 31% was applied in accordance with the Agreement for the year ended June 30, 2024, except that certain grants limited the rate charged.

Note D – Subrecipients

During the year ended June 30, 2024, the College did not provide federal awards to subrecipients.

Note E – Subsequent Events

The College has evaluated the effects of all subsequent events through the date the SEFA was available to be issued, for potential recognition or disclosure in the SEFA. The College is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

SECTION I – Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified? __X__ yes _____ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __X__ yes _____ no

Identification of major federal programs:

Program	Federal AL Number
Student Financial Aid Cluster (SFA)	**
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334A

** Multiple assistance listing numbers

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ yes _____no

SECTION II – Findings Required to be Reported in Accordance with *Government Auditing Standards:*

A. Internal Control Findings

Finding 2024-001 – Improper tracking property plant and equipment

Criteria: In accordance with Governmental Accountability Office (GAO) Standards– Principal 1 – *Design Control Activities* emphasizes, in part, the importance of designing effective control activities for authorization, approvals, reconciliation, physical controls over property plant and equipment, and documentation retention standards.

Condition: The College lacked appropriate internal controls over the disposition of property plant and equipment and tracking of individual inventoried items. Regular reconciliation did not occur throughout the fiscal year.

Cause and Effect: The absence of existing control activities and appropriate communication amongst departments resulted in inadequate tracking of cattle counts during the fiscal year. Rather than track individual purchase price, purchase dates, calf births, cow sales, or disposals, program personnel were only sporadically communicating to Finance an ending asset detail. This results in an increased risk of improper financial reporting and a potential for asset misappropriation. Without regular tagging and tracking of individual assets a higher risk of material misstatements exists.

Additionally, a sampled item selected for disposal testing lacked the necessary documentation, and disposal forms were not consistently completed by the College, which increases the risk of noncompliance over financial reporting.

Recommendation: We recommend the College implement a monthly process to ensure accurate tracking and reconciliation of property to the underlying accounting records.

Additionally, disposal forms should be completed for all disposed items, and appropriate personnel should review and approve any asset disposed to maintain accuracy and accountability.

Management Response: The College acknowledges the need for improved cattle inventory tracking. In response, we have implemented a formal policy to ensure monthly tagging, documentation, and reconciliation of cattle inventory by designated personnel. Management has communicated this policy to program personnel to promote accountability and compliance with tracking requirements.

Additionally, the College has taken steps to improve the documentation of asset disposals. A policy has been established requiring the completion of disposal forms for all disposed items, with mandatory review and approval by appropriate personnel to ensure transparency and accuracy in financial reporting.

It is important to note that the College has requested action from department personnel in prior years to address these control deficiencies. With recent changes to personnel, progress toward compliance has improved. Moving forward, we are committed to ensuring adherence to the new processes and policies to prevent future discrepancies and strengthen our internal controls.

B. Compliance Findings

No findings to report as of June 30, 2024

SECTION III – Findings Required to be Reported in Accordance with the Uniform Guidance

A. Internal Control Findings

No findings to report as of June 30, 2024

B. Compliance Findings

Finding 2024-002 – SFA (FWS and FSEOG) matching

Criteria: Per 34 CFR, Section 674, Federal Work-Study Program, schools participating in FWS (Federal Work Study) and FSEOG (Federal Supplemental Educational Opportunity Grant) a College must provide an institutional share as a match for its federal allocation received, with the minimum requirement being 25% of the total funds received. Although a College is required to match its federal allocation, there is a waiver that some schools are eligible for, under Sections A and B of Titles III and V of the Higher Education Act of 1965.

Condition: Although the College usually qualifies for the match waiver, during fiscal year 2024 the College did not obtain the letter confirming the waiver. Therefore, the College was required to provide a 25% match of FWS and FSEOG funds. The total related federal expenses for the year totaled $168,372 from FWS and FSEOG funds, of which the College should have matched a total of $42,093; however, the College only matched approximately 21% utilizing local funds.

Cause and Effect: As a result of inadequate reviews of the College's matching requirements for its federal grants received and the absence of a waiver, the College was not in compliance with 24 CFR Section 674. The College missed its required match for a total of 43 students during fiscal year 2024.

Recommendation: We recommend obtaining the available waiver prior to the start of the fiscal year, or prior to approving the upcoming year budget. A proactive approach will avoid any incidents of possible noncompliance related to matching FWS and FSEG funds in the future.

Management Response: The College acknowledges the finding and agrees with the recommendation to proactively obtain the waiver to ensure compliance with federal matching requirements. For the fiscal year 2025, we have already verified and obtained the waiver letter, ensuring that the College qualifies for the matching exemption.

To prevent future occurrences, we have added the waiver verification process to our compliance tracking spreadsheet. This ensures that the waiver is requested and obtained from the appropriate department each year and documentation is presented to management to verify it has been obtained.

We are committed to maintaining accurate oversight of matching requirements and will take all necessary steps to ensure full compliance moving forward.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SECTION I –Findings Required to be Reported in Accordance with *Government Auditing Standards:*

A. Internal Control

Reference Number	Summary of Finding	Status	Corrective Action Plan or Other Explanation
2023-001	A federal programs assistance listing number was improperly reflected on the SEFA versus the grant award received by the U.S. Department of Education. Also, a federal program which was passed through the State of Oklahoma to the College was originally excluded from the SEFA, as the costs were incorrectly treated as spending of state funds.	**Corrected**	Management agrees the federal grant was reported incorrectly as state funds instead of federal funds on the initial SEFA. This error did not have any impact on how the revenue was recorded.

B. Compliance Findings

There are no prior findings requiring reporting under this section.

Summary Schedule of Prior Year Audit Findings
For the year ended June 30, 2023

SECTION II – Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control Findings

There are no prior findings requiring reporting under this section.

B. Compliance Findings

Reference Number	Summary of Finding	Status	Corrective Action Plan or Other Explanation
2023-002	A student received a direct subsidized loan despite showing no financial need, as the student's EFC was higher than the student's COA. The student's EFC was determined to be $24,282, whereas their COA was $20,686. Despite no financial need existing, the student was awarded a direct subsidized loan of $3,500, resulting in an over award.	**Corrected**	Management agrees this student had an incorrect type of loan awarded. Based off the students EFC number the loan should have been an unsubsidized loan and not the subsidized loan. The Financial Aid office will make the corrections of the loan type to the student's account. Financial Aid will add an internal control process to ensure there is a second verification of student federal loans in place.
2023-003	A qualifying student was awarded a Federal Pell Grant for the Fall semester as a full-time student. Upon review of the student's transcript, it showed the student was enrolled in 10 credit hours, categorizing the student as a three-quarter time student, therefore, an over award of Pell occurred.	**Corrected**	We concur with this finding and have reinforced with enrollment staff the internal control procedures to ensure the proper process is followed for students who withdraw or are considered no-shows. The enterprise management system for the College should adjust the credit hours for all dropped courses. Due to the student being administratively withdrawn after the last day to drop courses our system did not adjust these courses from the student financial aid aspect. We are aware of this and working toward ensuring this does not occur in the future. We will be scheduling additional training with our system in the upcoming year address this.