

# **Connors State College**

## **Independent Auditor's Reports and Financial Statements**

June 30, 2024 and 2023



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# Connors State College

## June 30, 2024 and 2023

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Connors State College, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Connors State College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of Connors State College, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Connors Development Foundation, Inc, a component of Connors State College, which statements reflect total assets, net assets, and revenues constituting 100 percent, 100 percent, and 100 percent, respectively, of the 2024 assets, net position, and revenues of the Foundation, and 100 percent, 100 percent, and 100 percent of assets, net assets, and revenues of the 2023 assets, net assets, and revenues of the discretely presented component unit for the years then ended. 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 Connors Development Foundation, Inc, is based solely on the report of the other auditors.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Connors State 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. The financial statements of the Connors Development Foundation, Inc, were not audited in accordance with *Government Auditing Standards*.

***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 Connors State 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.

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

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

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

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

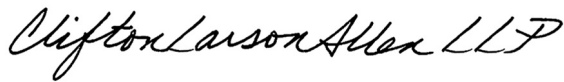
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the College's Proportionate Share of the Net Pension Liability, Schedule of the College's Pension Contributions, Schedule of the College's OPEB Contributions, and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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Connors State College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of Connors State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Connors State College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connors State College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 29, 2024

## ***Introduction***

The following management's discussion and analysis of the financial performance of Connors State College (the College) provides an overview of the College's financial activities for the fiscal year ended June 30, 2024, with fiscal years 2023 and 2022 data presented for comparative purposes. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's financial statements and footnotes.

## ***Financial Highlights***

For the year ended June 30, 2024, the College's net position increased by \$1,745,405 from current year activity when compared to a total net position of \$16,694,622 in 2023.

Total revenues increased to \$24,233,070 in 2024 from \$20,810,189 in 2023. The College experienced an increase in tuition and fees due to increased enrollment as well as in grant funding due to increased Pell and ARPA funding received from the State of Oklahoma.

Total expenses increased to \$22,487,664 in 2024 from \$19,334,692 in 2023. The majority of the current year's increase in expenses was in the area of compensation expense due to the changes in the OTRS pension and OPEB liabilities as well as an overall increase in scholarships due to increased enrollment.

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

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

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

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

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

## ***Financial Analysis of the College as a Whole***

A comparative schedule of the College's net position for the years ended June 30, 2024, 2023, and 2022, is shown below and includes the percentage of annual change. The amounts are from the accompanying statements of net position and are presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

## Condensed Statements of Net Position

	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
<b>Assets</b>							
Current assets	\$ 7,257,797	\$ 6,227,408	\$ 1,030,389	16.55%	\$ 6,743,712	\$ (516,304)	-7.66%
Noncurrent assets							
Capital assets, net	33,160,164	31,870,761	1,289,403	4.05%	31,509,686	361,075	1.15%
Other assets	1,899,840	4,074,455	(2,174,615)	-53.37%	4,496,311	(421,856)	-9.38%
Total assets	42,317,801	42,172,624	145,177	0.34%	42,749,709	(577,085)	-1.35%
<b>Deferred Outflows of Resources</b>	2,579,585	3,590,085	(1,010,500)	-28.15%	3,548,457	41,628	1.17%
<b>Liabilities</b>							
Current liabilities	3,037,064	2,672,389	364,675	13.65%	2,608,981	63,408	2.43%
Noncurrent liabilities	20,978,480	23,927,688	(2,949,208)	-12.33%	22,969,409	958,279	4.17%
Total liabilities	24,015,544	26,600,077	(2,584,533)	-9.72%	25,578,390	1,021,687	3.99%
<b>Deferred Inflows of Resources</b>	2,441,814	2,468,010	(26,196)	-1.06%	5,500,651	(3,032,641)	-55.13%
<b>Net Position</b>							
Net investment in capital assets	19,153,738	16,466,829	2,686,909	16.32%	14,763,865	1,702,964	11.53%
Restricted	2,055,284	4,291,735	(2,236,451)	-52.11%	4,825,271	(533,536)	-11.06%
Unrestricted	(2,768,994)	(4,063,942)	1,294,948	31.86%	(4,370,011)	306,069	7.00%
Total net position	\$ 18,440,028	\$ 16,694,622	\$ 1,745,406	10.45%	\$ 15,219,125	\$ 1,475,497	9.70%

During fiscal year 2024, the College's total assets increased by approximately \$145 thousand primarily due to increased accounts receivables.

Total liabilities decreased from \$26,600,077 in fiscal year 2023 to \$24,015,544 in fiscal year 2024. The majority of this was due to the decreased Net pension obligation share of OTRS as well as a \$1.5 decrease in long-term debt due to regular principal payments and an OCIA refunding during FY24. Current liabilities increased approximately \$365 thousand due to increased accounts payable for ongoing projects.

Net position increased by \$1.7 million after an increase of \$1.5 million in 2023 and \$6.8 million in 2022. For fiscal year 2024, the net investment in capital assets increased by \$2,686,909 compared to an increase of \$1,702,964 in 2023. In 2024, unrestricted net position increased by \$1,294,948, while restricted net position decreased by \$2,236,451. In 2023, unrestricted net position increased by \$306,069, while restricted net position decreased by \$533,536.



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

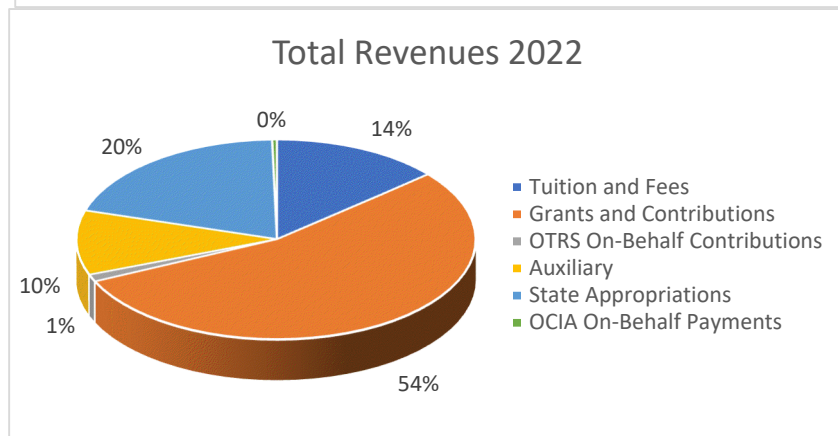
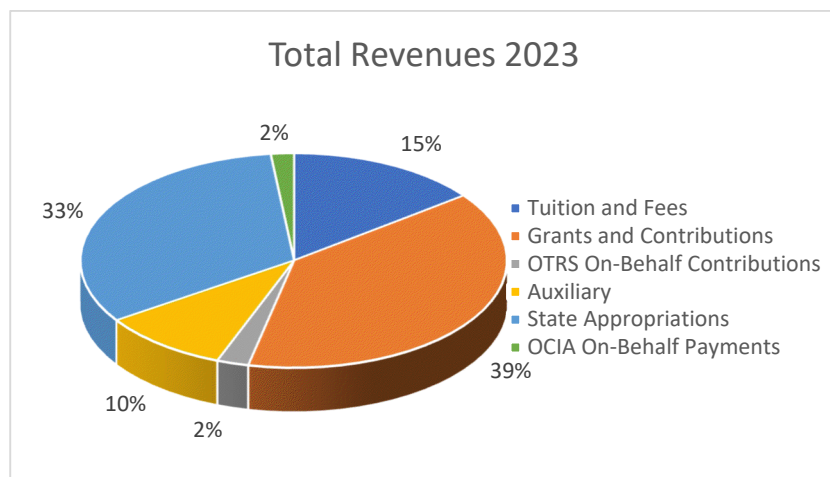
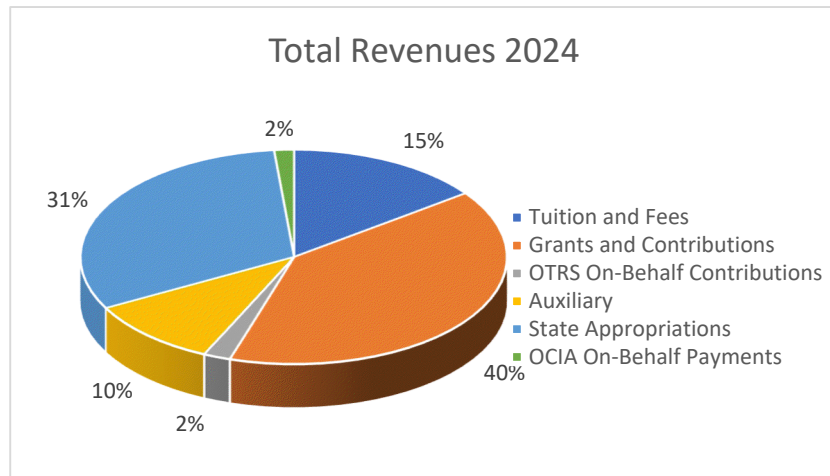
	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
<b>Operating Revenues</b>							
Student tuition and fees, net	\$ 3,604,914	\$ 3,031,748	\$ 573,166	18.91%	\$ 4,362,057	\$ (1,330,309)	-30.50%
Federal grants and contracts	1,429,063	970,127	458,936	47.31%	893,704	76,423	8.55%
State and local grants and contracts	2,293,036	1,903,758	389,278	20.45%	1,841,422	62,336	3.39%
Auxiliary enterprise charges	2,140,241	1,775,447	364,794	20.55%	2,116,834	(341,387)	-16.13%
Other operating revenues	286,080	133,660	152,420	114.04%	142,100	(8,440)	-5.94%
Total operating revenues	9,753,334	7,814,740	1,938,594	24.81%	9,356,117	(1,541,377)	-16.47%
<b>Operating Expenses</b>	21,996,318	18,796,298	3,200,020	17.02%	24,496,093	(5,699,795)	-23.27%
<b>Operating Loss</b>	(12,242,984)	(10,981,558)	(1,261,426)	-11.49%	(15,139,976)	4,158,418	27.47%
<b>Nonoperating Revenues (Expenses)</b>							
State appropriations	6,608,252	5,766,689	841,563	14.59%	5,453,446	313,243	5.74%
OTRS on-behalf contributions	497,866	498,257	(391)	-0.08%	372,222	126,035	33.86%
Federal grants and contracts	5,290,303	4,507,592	782,711	17.36%	13,928,680	(9,421,088)	-67.64%
State grants and contracts	675,700	654,600	21,100	3.22%	639,300	15,300	2.39%
Insurance recoveries	14,507	87,314	(72,807)	-83.39%	1,053,202	(965,888)	-91.71%
Investment income	28,965	17,493	11,472	65.58%	13,091	4,402	33.63%
Interest expense	(491,346)	(538,394)	47,048	8.74%	(575,570)	37,176	6.46%
Total nonoperating revenues (expenses)	12,624,247	10,993,551	1,630,696	14.83%	20,884,371	(9,890,820)	-47.36%
<b>Income (Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	381,263	11,993	369,270	3079.05%	5,744,395	(5,732,402)	-99.79%
<b>Other Revenues, Expenses, Gains, and Losses</b>							
Capital contributions	-	100,000	(100,000)	-100.00%	3,443	96,557	2804.44%
State appropriations restricted for capital purposes	1,000,000	1,000,000	-	0.00%	900,000	100,000	11.11%
OCIA on-behalf payments	364,143	363,504	639	0.18%	122,922	240,582	195.72%
<b>Increase in Net Position</b>	1,745,406	1,475,497	269,909	18.29%	6,770,760	(5,295,263)	-78.21%
<b>Net Position, Beginning of Year</b>	16,694,622	15,219,125	1,475,497	9.70%	8,448,365	6,770,760	80.14%
<b>Net Position, End of Year</b>	\$ 18,440,028	\$ 16,694,622	\$ 1,745,406	10.45%	\$ 15,219,125	\$ 1,475,497	9.70%

During the year ended June 30, 2024, total revenues increased by \$3.4 million, state appropriations increased by \$841,563, net tuition revenues increased by \$573,166, auxiliary revenues increased by \$364,794, grants and contracts increased by \$1,652,025, OTRS on-behalf contributions and OCIA on-behalf payments increased by \$248, and other revenues decreased by \$8,915. Revenues overall are up primarily due to increased tuition and grant funding due to increased enrollment.

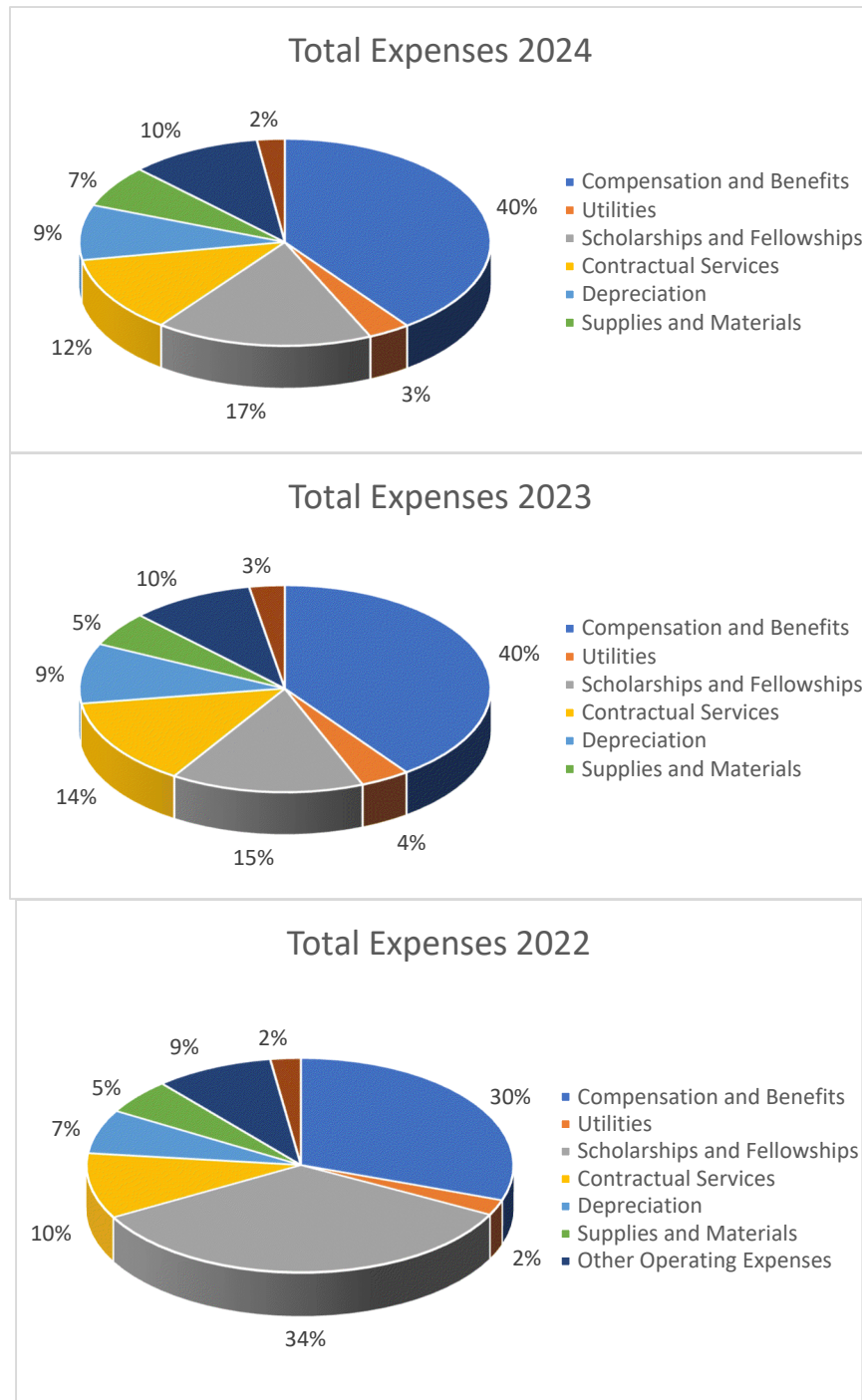
During the three-year period, the percentage of revenue furnished by state appropriations was 31% in 2024, 33% in 2023, and 20% in 2022. Net tuition and fees percentage of total revenues was 15% in 2024, 15% in 2023, and 14% in 2022, while auxiliary enterprises and other revenue accounted for 10% in 2024, 10% in 2023, and 10% in 2022.

However, it should be noted that these percentages were affected by the receipt of Federal HEERF funding. The three-year trend without HEERF funding shows revenue furnished by state appropriations to be 31% in 2024, 33% in 2023, and 30% in 2022. Net tuition and fees percentages of total revenues without HEERF funding was 15% in 2024, 15% in 2023, and 21% in 2022, while auxiliary enterprises accounted for 10% in 2024, 10% in 2023, and 11% in 2022.

Following is a graphic illustration of the College's revenues for the years ended June 30, 2024, 2023, and 2022:



Following is a graphic illustration of the College's expenses for the years ended June 30, 2024, 2023, and 2022:



## Analysis of Net Position

	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
<b>Net Position</b>							
Net investment in capital assets	\$ 19,153,738	\$ 16,466,829	\$ 2,686,909	16.32%	\$ 14,763,865	\$ 1,702,964	11.53%
Restricted	2,055,284	4,291,735	(2,236,451)	-52.11%	4,825,271	(533,536)	-11.06%
Unrestricted	(2,768,994)	(4,063,942)	1,294,948	31.86%	(4,370,011)	306,069	7.00%
Total net position	\$ 18,440,028	\$ 16,694,622	\$ 1,745,406	10.45%	\$ 15,219,125	\$ 1,475,497	9.70%

## Condensed Statements of Cash Flows

During the year ended June 30, 2024, the College's overall cash and cash equivalents decreased by \$2,443,801. This change was primarily due to costs associated with the ongoing HVAC upgrades at Classroom Bldg, Gatlin Hall, Garner Bldg and other projects across campus. Another major factor was the large amount of un-reimbursed grant expenses for ARPA nursing grant and CDS nursing grants which had long administrative delays, and a second bus purchase.

During the year ended June 30, 2023, the College's overall cash and cash equivalents decreased by \$787,663. This change was primarily due to overall increased mandatory costs and new bus purchased during the year.

	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
<b>Net Cash Provided by (Used in)</b>							
Operating activities	\$ (11,304,511)	\$ (9,419,170)	\$ (1,885,341)	-20.02%	\$ (13,734,963)	\$ 4,315,793	31.42%
Noncapital financing activities	12,574,255	10,928,881	1,645,374	15.06%	20,021,426	(9,092,545)	-45.41%
Capital and related financing activities	(3,742,512)	(2,314,866)	(1,427,646)	-61.67%	(1,687,082)	(627,784)	-37.21%
Investing activities	28,967	17,492	11,475	65.60%	13,091	4,401	33.62%
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(2,443,801)	(787,663)	(1,656,138)	-210.26%	4,612,472	(5,400,135)	-117.08%
<b>Cash and Cash Equivalents, Beginning of Year</b>	9,402,342	10,190,005	(787,663)	-7.73%	5,577,533	4,612,472	82.70%
<b>Cash and Cash Equivalents, End of Year</b>	\$ 6,958,541	\$ 9,402,342	\$ (2,443,801)	-25.99%	\$ 10,190,005	\$ (787,663)	-7.73%

## Capital Assets and Debt Administration

As of June 30, 2024, 2023, and 2022, the College had recorded \$63,632,482, \$60,400,177, and \$58,345,043, respectively, in capital assets and \$30,472,318, \$28,529,416, and \$26,835,357, respectively, in accumulated depreciation and amortization on those capital assets.

	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
<b>Capital Assets</b>							
Land	\$ 772,479	\$ 772,479	\$ -	0.00%	\$ 772,479	\$ -	0.00%
Buildings and improvements	44,181,553	44,163,797	17,756	0.04%	42,732,560	1,431,237	3.35%
Nonstructural improvements	5,608,395	5,592,758	15,637	0.28%	5,557,097	35,661	0.64%
Equipment	8,855,259	8,035,155	820,104	10.21%	6,637,691	1,397,464	21.05%
Library materials	747,814	747,814	-	0.00%	747,814	-	0.00%
Livestock	288,910	191,438	97,472	50.92%	102,360	89,078	87.02%
Construction in progress	2,537,154	477,759	2,059,395	431.05%	1,288,483	(810,724)	-62.92%
SBITA intangible assets	221,941	-	221,941	100.00%	87,582	(87,582)	-100.00%
Leased equipment	418,977	418,977	-	0.00%	418,977	-	0.00%
	63,632,482	60,400,177	3,232,305	5.35%	58,345,043	2,055,134	3.52%
Less accumulated depreciation	(30,472,318)	(28,529,416)	(1,942,902)	6.81%	(26,835,357)	(1,694,059)	6.31%
Net capital assets	\$ 33,160,164	\$ 31,870,761	\$ 1,289,403	4.05%	\$ 31,509,686	\$ 361,075	1.15%

## Long-Term Liabilities

At June 30, 2024, 2023, and 2022, the College had long-term liabilities of \$13,934,504, \$15,441,033, and \$16,780,131, respectively, excluding related unamortized premiums.

	2024	2023	2024 Increase (Decrease)	2024 Percent Change	2022 (restated)	2023 Increase (Decrease)	2023 Percent Change
OCLA payable	\$ 1,978,906	\$ 2,340,287	\$ (361,381)	-15.44%	\$ 2,580,870	\$ (240,583)	-9.32%
ODFA payable	11,583,751	12,727,167	(1,143,416)	-8.98%	13,889,585	(1,162,418)	-8.37%
Leases payable	70,628	165,506	(94,878)	-57.33%	259,774	(94,268)	-36.29%
Subscription payable	151,219	-	151,219	100.00%	28,301	(28,301)	-100.00%
Note payable	150,000	208,073	(58,073)	-27.91%	21,601	186,472	863.26%
	<u>\$ 13,934,504</u>	<u>\$ 15,441,033</u>	<u>\$ (1,506,529)</u>	<u>-9.76%</u>	<u>\$ 16,780,131</u>	<u>\$ (1,339,098)</u>	<u>-7.98%</u>

## Economic Factors

Looking at the primary financial factors...total revenue and expenses were significantly higher in FY24 than FY23 due to: state appropriations increased by \$841,563 due to state funding of higher faculty salaries, net tuition and fees revenues increased by \$573,166 and auxiliary enterprise revenues increased by \$364,794 due to an 11% credit hour enrollment increase, and grants and contracts increased by \$458,936.

During fiscal year 2024 as compared to FY2023, the College's overall credit hour enrollment remained increased by 11% from 39,506 in FY23 to 44,066 in FY24. Also, the operating revenue generated from those hours was nearly \$2.0M higher in FY24. One of the contributing factors to this was the addition of the men's and women's soccer programs which added approximately 50 students.

New norms are indicating a continuing trend of higher demand for online classes than before the pandemic and more part time students vs full time students. Additionally, there continues to be a need for more STEM programs and health care workers in Oklahoma and the state continues to channel additional funding in that direction; thus Connors continues to increase STEM programs and nursing enrollment and graduated 109 nurses in FY24 .

## Contacting the College's Financial Management

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

**Connors State College**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<b>College</b>		<b>Component Unit</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,112,433	\$ 4,789,326	\$ 1,364,297	\$ 1,205,484
Restricted cash and cash equivalents	-	597,356	-	-
Investments	-	-	2,793,335	2,560,679
Accounts receivable, net	1,007,361	634,168	-	-
Other receivables	-	-	150,000	200,000
Grants and contracts receivable	1,138,003	206,558	-	-
Total current assets	7,257,797	6,227,408	4,307,632	3,966,163
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	1,846,108	4,015,660	-	-
Other receivables	-	-	-	-
Restricted net OPEB asset	53,732	58,795	-	-
Capital assets, net	33,160,164	31,870,761	-	-
Total noncurrent assets	35,060,004	35,945,216	-	-
Total assets	42,317,801	42,172,624	4,307,632	3,966,163
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to debt refinance	227,116	255,804	-	-
Deferred outflows related to OPEB	121,481	160,020	-	-
Deferred outflows related to pensions	2,230,988	3,174,261	-	-
Total deferred outflows of resources	2,579,585	3,590,085	-	-

**Connors State College**  
**Statements of Net Position, continued**  
**June 30, 2024 and 2023**

	<u>College</u>		<u>Component Unit</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 820,613	\$ 499,853	\$ -	\$ -
Accrued liabilities	306,777	280,153	-	-
Unearned revenues	196,346	135,285	-	-
Student and other deposits	43,362	112,526	-	-
Current portion of noncurrent liabilities	<u>1,669,966</u>	<u>1,644,572</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>3,037,064</u>	<u>2,672,389</u>	<u>-</u>	<u>-</u>
<b>Noncurrent Liabilities, Net of Current Portion</b>				
OPEB liability	80,332	73,252	-	-
Accrued compensated absences	100,967	95,401	-	-
Net pension obligation	8,315,472	9,732,616	-	-
Lease & SBITA obligations	90,293	70,628	-	-
Note payable obligation	<u>12,391,416</u>	<u>13,955,791</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>20,978,480</u>	<u>23,927,688</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>24,015,544</u>	<u>26,600,077</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Deferred gain on OCIA lease restructure	164,475	66,800	-	-
Deferred inflows related to OPEB	471,877	641,036	-	-
Deferred inflows related to pensions	<u>1,805,462</u>	<u>1,760,174</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,441,814</u>	<u>2,468,010</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	19,153,738	16,466,829	-	-
Restricted for				
Nonexpendable, scholarships, and other	-	-	2,441,042	2,280,111
Expendable				
Scholarships, research, instruction, and other	385,841	288,754	1,192,916	1,008,619
Loans	3,197	3,197	-	-
Capital projects	1,612,514	3,939,989	-	-
OPEB	53,732	59,795	-	-
Unrestricted	<u>(2,768,994)</u>	<u>(4,063,942)</u>	<u>673,674</u>	<u>677,433</u>
Total net position	<u>\$ 18,440,028</u>	<u>\$ 16,694,622</u>	<u>\$ 4,307,632</u>	<u>\$ 3,966,163</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 44,897,386</u>	<u>\$ 41,729,519</u>	<u>\$ 4,307,632</u>	<u>\$ 3,966,163</u>

# Connors State College

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

### Years Ended June 30, 2024 and 2023

	<b>College</b>		<b>Component Unit</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>				
Student tuition and fees, net of scholarship allowances; 2024 – \$3,430,000, 2023 – \$3,249,000	\$ 3,604,914	\$ 3,031,748	\$ -	\$ -
Federal grants and contracts	1,429,063	970,127	-	-
State and local grants and contracts	2,293,036	1,903,758	-	-
Auxiliary enterprise charges				
Housing, net of scholarship allowances; 2024 – \$602,000, 2023 – \$536,000	683,492	504,887	-	-
Food services, net of scholarship allowances; 2024 – \$417,000, 2023 – \$352,000	478,550	327,083	-	-
Bookstore, net of scholarship allowances; 2024 – \$22,000, 2023 – \$37,000	27,073	77,162	-	-
Student Union	493,935	440,141	-	-
Other	457,191	426,174	-	-
Gifts and contributions	-	-	680,775	946,655
Other operating revenues	286,080	133,660	-	-
<b>Total operating revenues</b>	<b>9,753,334</b>	<b>7,814,740</b>	<b>680,775</b>	<b>946,655</b>
<b>Operating Expenses</b>				
Compensation and employee benefits	8,969,693	7,710,960	-	-
Contractual services	2,682,706	2,664,052	-	-
Supplies and materials	1,492,000	1,050,302	38,754	37,294
Utilities	740,839	750,779	-	-
Communications	109,797	97,689	-	-
Other operating expenses	2,217,679	1,770,224	487,361	939,727
Scholarships and fellowships	3,840,700	2,931,171	92,552	71,212
Depreciation and amortization	1,942,904	1,821,121	-	-
<b>Total operating expenses</b>	<b>21,996,318</b>	<b>18,796,298</b>	<b>618,667</b>	<b>1,048,233</b>
<b>Operating Loss</b>	<b>(12,242,984)</b>	<b>(10,981,558)</b>	<b>62,108</b>	<b>(101,578)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	6,608,252	5,766,689	-	-
OTRS on-behalf contributions	497,866	498,257	-	-
Federal grants and contracts	5,290,303	4,507,592	-	-
State grants and contracts	675,700	654,600	-	-
Other non-operating revenue	14,507	87,314	-	-
Investment income	28,965	17,493	279,361	252,236
Interest expense	(491,346)	(538,394)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>12,624,247</b>	<b>10,993,551</b>	<b>279,361</b>	<b>252,236</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>381,263</b>	<b>11,993</b>	<b>341,469</b>	<b>150,658</b>
<b>Other Revenues, Expenses, Gains, and Losses</b>				
Capital contributions	-	100,000	-	-
State appropriations restricted for capital purposes	1,000,000	1,000,000	-	-
OCIA on-behalf payments	364,143	363,504	-	-
<b>Increase (Decrease) in Net Position</b>	<b>1,745,406</b>	<b>1,475,497</b>	<b>341,469</b>	<b>150,658</b>
<b>Net Position, Beginning of Year</b>	<b>16,694,622</b>	<b>15,219,125</b>	<b>3,966,163</b>	<b>3,815,505</b>
<b>Net Position, End of Year</b>	<b>\$ 18,440,028</b>	<b>\$ 16,694,622</b>	<b>\$ 4,307,632</b>	<b>\$ 3,966,163</b>



**Connors State College**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Tuition and fees	\$ 3,296,842	\$ 2,875,938
Grants and contracts	2,790,654	2,768,366
Auxiliary enterprise charges	2,136,181	1,746,142
Other operating receipts	286,080	133,660
Payments to employees for salaries and benefits	(8,982,143)	(7,892,800)
Payments to suppliers	(10,832,125)	(9,050,476)
Net cash used in operating activities	<u>(11,304,511)</u>	<u>(9,419,170)</u>
<b>Noncapital Financing Activities</b>		
State appropriations	6,608,252	5,766,689
Federal grants and contracts	5,290,303	4,507,592
State and local grants and contracts	<u>675,700</u>	<u>654,600</u>
Net cash provided by noncapital financing activities	<u>12,574,255</u>	<u>10,928,881</u>
<b>Capital and Related Financing Activities</b>		
Cash paid for capital assets	(3,010,366)	(2,276,180)
Capital contributions	-	100,000
Insurance proceeds	14,507	378,092
Capital appropriations received	1,000,000	1,000,000
Proceeds of capital debt and leases	-	200,000
Repayments of capital debt and leases	(1,367,091)	(1,297,947)
Interest paid on capital debt and leases	<u>(379,562)</u>	<u>(418,831)</u>
Net cash used in capital and related financing activities	<u>(3,742,512)</u>	<u>(2,314,866)</u>
<b>Investing Activities</b>		
Interest received on investments	<u>28,967</u>	<u>17,492</u>
Net cash provided by investing activities	<u>28,967</u>	<u>17,492</u>
<b>Decrease in Cash and Cash Equivalents</b>	<u>(2,443,801)</u>	<u>(787,663)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>9,402,342</u>	<u>10,190,005</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 6,958,541</u></u>	<u><u>\$ 9,402,342</u></u>

**Connors State College**  
**Statements of Cash Flows, continued**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Current assets		
Cash and cash equivalents	\$ 5,112,433	\$ 4,789,326
Restricted cash and cash equivalents	-	597,356
Noncurrent assets		
Restricted cash and cash equivalents	<u>1,846,108</u>	<u>4,015,660</u>
Total cash and cash equivalents	<u>\$ 6,958,541</u>	<u>\$ 9,402,342</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (12,242,984)	\$ (10,981,558)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	1,942,904	1,821,121
Loss on disposal of asset	-	93,984
OTRS on-behalf contributions	497,866	498,257
Changes in net assets and liabilities		
Accounts and other receivables	(1,304,638)	(252,692)
Deferred outflows related to OPEB	38,539	9,082
Deferred outflows related to pensions	943,273	(79,398)
Restricted net OPEB asset	5,063	112,411
Accounts payable and accrued liabilities	347,384	42,530
Deferred inflows related to OPEB	(169,159)	204,947
Deferred inflows related to pensions	45,288	(3,228,157)
Total OPEB liability	7,080	(442,672)
Net pension obligation	(1,417,144)	2,762,157
Unearned revenues	61,061	(37,942)
Student and other deposits	(69,164)	49,102
Accrued compensated absences	<u>10,120</u>	<u>9,658</u>
Net cash used in operating activities	<u>\$ (11,304,511)</u>	<u>\$ (9,419,170)</u>
<b>Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities</b>		
Interest on capital debt paid by state agency on behalf of the College	\$ 111,331	\$ 122,922
Principal on capital debt paid by state agency on behalf of the College	\$ 252,811	\$ 240,582
Subscription contracts	\$ 221,941	\$ -

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

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

##### ***Nature of Operations***

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

##### ***Reporting Entity***

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

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

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

##### ***Discretely Presented Component Unit***

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

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

standalone financial statements, which may be obtained by contacting the Foundation's management.

#### ***Financial Statement Presentation***

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

#### ***Basis of Accounting***

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

#### ***Cash Equivalents***

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

#### ***Investments***

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

#### ***Accounts Receivable***

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

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

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

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

#### ***Restricted Cash and Cash Equivalents***

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

#### ***Capital Assets***

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

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

#### ***Unearned Revenues***

Unearned revenues include amounts received or accrued for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

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

#### ***Leases***

The College is a party as lessee for various non-cancellable long-term leases of equipment and vehicles. The corresponding lease payables are recorded in an amount equal to the present value of the expected future minimum lease payments discounted by an applicable interest rate.

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

#### ***Subscription Based Information Technology Arrangements***

The College is a party as lessee for various non-cancellable long-term subscriptions of information technology arrangements (SBITA). The corresponding subscription payables are recorded in an amount equal to the present value of the expected future minimum subscription payments discounted by an applicable interest rate.

#### ***Compensated Absences***

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

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

#### ***Net Position***

The College's net position is classified as follows:

- **Net Investment in Capital Assets** – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted Net Position – Expendable** – Restricted expendable net position includes resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- **Unrestricted Net Position** – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. The included auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

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

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

#### ***Use of Estimates***

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

#### ***Income Taxes***

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

#### ***Classification of Revenues***

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

- **Operating Revenues** – Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances; 2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and 3) most federal, state, and local grants and contracts meeting certain criteria.
- **Nonoperating Revenues** – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, student aid revenue, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

#### ***Scholarship Discounts and Allowances***

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

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

#### ***Deferred Outflows of Resources***

Deferred outflows of resources are the consumption of net position by the College that are applicable to a future reporting period. The College's deferred outflows of resources were comprised of deferred outflows related to pensions and other postemployment benefits (OPEB) and deferred outflow related to ODFA debt refinancing.

#### ***Deferred Inflows of Resources***

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

#### ***Defined Benefit Pension Plan***

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

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

#### ***Single-Employer Defined Benefit Other Postemployment Benefit Plan***

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

#### ***Cost-Sharing Defined Benefit Other Postemployment Benefit Plan***

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



# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Note 2: Deposits and Investments**

### ***Deposits***

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

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

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

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

	<b>2024</b>	<b>2023</b>
Deposits with State Treasurer	\$ 6,954,241	\$ 9,398,042
Change funds	4,300	4,300
	<u>\$ 6,958,541</u>	<u>\$ 9,402,342</u>

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

Of the \$6,958,541 and \$9,402,342 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2024 and 2023, respectively, \$1,137,506 and \$1,396,676, respectively, represent amounts held within OK INVEST, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's annual comprehensive financial report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. The College considers its

**Connors State College**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

amounts on deposit with OK INVEST to be demand accounts and they are reported as cash equivalents.

**Note 3:   Accounts Receivable**

Accounts receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Student tuition and fees	\$ 1,730,338	\$ 1,468,129
Auxiliary enterprises and other student activities	242,439	341,718
Less allowance for doubtful accounts	<u>(965,416)</u>	<u>(1,175,679)</u>
	<u>\$ 1,007,361</u>	<u>\$ 634,168</u>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### Note 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2024:

	Balance, June 30, 2023	Additions	Transfers	Retirements	Balance, June 30, 2024
Capital assets not being depreciated					
Land	\$ 772,479	\$ -	\$ -	\$ -	\$ 772,479
Livestock	191,438	97,472	-	-	288,910
Construction in progress	477,759	2,059,395	-	-	2,537,154
Total capital assets not being depreciated	1,441,676	2,156,867	-	-	3,598,543
Capital assets being depreciated					
Buildings and improvements	44,163,794	17,759	-	-	44,181,553
Nonstructural improvements	5,592,758	15,637	-	-	5,608,395
Equipment	8,035,155	820,104	-	-	8,855,259
Library materials	747,814	-	-	-	747,814
Total capital assets being depreciated	58,539,521	853,500	-	-	59,393,021
Less accumulated depreciation					
Buildings and improvements	(17,999,958)	(1,097,219)	-	-	(19,097,177)
Nonstructural improvements	(3,604,500)	(221,080)	-	-	(3,825,580)
Equipment	(5,923,712)	(467,120)	-	-	(6,390,832)
Library materials	(747,814)	-	-	-	(747,814)
Total accumulated depreciation	(28,275,983)	(1,785,419)	-	-	(30,061,403)
Lease assets					
Equipment	418,977	-	-	-	418,977
Total capital assets being amortized	418,977	-	-	-	418,977
Less lease accumulated amortization					
Equipment	(253,430)	(92,992)	-	-	(346,422)
Total accumulated amortization	(253,430)	(92,992)	-	-	(346,422)
Subscription assets					
Intangible assets	-	221,941	-	-	221,941
Total subscription assets being amortized	-	221,941	-	-	221,941
Less subscription accumulated amortization					
Intangible assets	-	(64,493)	-	-	(64,493)
Total accumulated amortization	-	(64,493)	-	-	(64,493)
Capital assets, net	\$ 31,870,761	\$ 1,289,404	\$ -	\$ -	\$ 33,160,164

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

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

	Balance, June 30, 2022	Additions	Transfers	Retirements	Balance, June 30, 2023
Capital assets not being depreciated					
Land	\$ 772,479	\$ -	\$ -	\$ -	\$ 772,479
Livestock	102,360	89,078	-	-	191,438
Construction in progress	1,288,483	1,616,678	(2,333,418)	(93,984)	477,759
Total capital assets not being depreciated	2,163,322	1,705,756	(2,333,418)	(93,984)	1,441,676
Capital assets being depreciated					
Buildings and improvements	42,732,560	121,234	1,310,000	-	44,163,794
Nonstructural improvements	5,557,097	35,661	-	-	5,592,758
Equipment	6,637,691	413,527	1,023,418	(39,481)	8,035,155
Library materials	747,814	-	-	-	747,814
Total capital assets being depreciated	55,675,162	570,422	2,333,418	(39,481)	58,539,521
Less accumulated depreciation					
Buildings and improvements	(16,906,637)	(1,093,321)	-	-	(17,999,958)
Nonstructural improvements	(3,380,823)	(223,677)	-	-	(3,604,500)
Equipment	(5,593,588)	(369,604)	-	39,481	(5,923,711)
Library materials	(747,814)	-	-	-	(747,814)
Total accumulated depreciation	(26,628,862)	(1,686,602)	-	39,481	(28,275,983)
Lease assets					
Equipment	418,977	-	-	-	418,977
Total capital assets being amortized	418,977	-	-	-	418,977
Less lease accumulated amortization					
Equipment	(160,438)	(92,992)	-	-	(253,430)
Total accumulated amortization	(160,438)	(92,992)	-	-	(253,430)
Subscription assets					
Intangible assets	87,582	-	-	(87,582)	-
Total subscription assets being amortized	87,582	-	-	(87,582)	-
Less subscription accumulated amortization					
Intangible assets	(46,057)	(41,525)	-	87,582	-
Total accumulated amortization	(46,057)	(41,525)	-	87,582	-
Capital assets, net	\$ 31,509,686	\$ 455,059	\$ -	\$ (93,984)	\$ 31,870,761

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### Note 5: Long-Term Liabilities

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

	Balance, June 30, 2023	Additions	Reductions	Balance, June 30, 2024	Amounts Due Within One Year
Long-term obligations					
OCIA 2014A Series	\$ 2,340,288	\$ -	\$ (2,080,969)	\$ 259,319	\$ 259,319
OCIA 2024A Series	-	1,719,587	-	1,719,587	-
Student Union	3,438,917	-	(265,750)	3,173,167	274,666
ODFA 2014C Series –					
Nursing Allied Health	5,003,250	-	(382,500)	4,620,750	400,000
ODFA 2014C–D	40,833	-	(40,833)	-	-
ODFA 2020D	4,244,167	-	(454,333)	3,789,834	458,250
Tractor note payable (direct borrowing)	8,073	-	(8,073)	-	-
Bus note payable (direct borrowing)	200,000	-	(50,000)	150,000	50,000
Leases payable	165,508	-	(94,880)	70,628	61,798
Subscription payable	-	221,941	(70,722)	151,219	69,756
Premium on notes payable	151,900	-	(17,338)	134,562	13,568
Total long-term obligations	<u>15,592,936</u>	<u>1,941,528</u>	<u>(3,465,398)</u>	<u>14,069,066</u>	<u>1,587,357</u>
Other liabilities					
Accrued compensated absences	173,456	88,175	(78,055)	183,576	82,609
Total other liabilities	<u>173,456</u>	<u>88,175</u>	<u>(78,055)</u>	<u>183,576</u>	<u>82,609</u>
Total long-term obligations and liabilities	<u>\$ 15,766,392</u>	<u>\$ 2,029,703</u>	<u>\$ (3,543,453)</u>	<u>\$ 14,252,642</u>	<u>\$ 1,669,966</u>

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

	Balance, June 30, 2022 (restated)	Additions	Reductions	Balance, June 30, 2023	Amounts Due Within One Year
Long-term obligations					
OCIA 2014A Series	\$ 2,580,870	\$ -	\$ (240,582)	\$ 2,340,288	\$ 252,811
Student Union	3,691,084	-	(252,167)	3,438,917	265,750
ODFA 2014C Series –					
Nursing Allied Health	5,368,667	-	(365,417)	5,003,250	382,500
ODFA 2014C–D	137,167	-	(96,334)	40,833	40,833
ODFA 2020D	4,692,667	-	(448,500)	4,244,167	454,333
Tractor note payable (direct borrowing)	21,601	-	(13,528)	8,073	8,073
Bus note payable (direct borrowing)	-	200,000	-	200,000	50,000
Leases payable	259,209	-	(93,701)	165,508	94,879
Subscription payable	28,301	-	(28,301)	-	-
Premium on notes payable	174,516	-	(22,616)	151,900	17,338
Total long-term obligations	<u>16,954,082</u>	<u>200,000</u>	<u>(1,561,146)</u>	<u>15,592,936</u>	<u>1,566,517</u>
Other liabilities					
Accrued compensated absences	163,798	83,366	(73,708)	173,456	78,055
Total other liabilities	<u>163,798</u>	<u>83,366</u>	<u>(73,708)</u>	<u>173,456</u>	<u>78,055</u>
Total long-term obligations and liabilities	<u>\$ 17,117,880</u>	<u>\$ 283,366</u>	<u>\$ (1,634,854)</u>	<u>\$ 15,766,392</u>	<u>\$ 1,644,572</u>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### **Note Payable Obligations**

##### **ODFA Higher Education Program – Series 2014C – Student Union**

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

As of June 30, 2024, future aggregate maturities of principal and interest requirements on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 274,667	\$ 112,648	\$ 387,315
2026	282,833	104,035	386,868
2027	292,750	94,843	387,593
2028	301,833	85,297	387,131
2029	311,917	75,078	386,995
2030-2034	<u>1,709,167</u>	<u>194,675</u>	<u>1,903,842</u>
	<u>\$ 3,173,167</u>	<u>\$ 666,576</u>	<u>\$ 3,839,743</u>

##### **ODFA Higher Education Program – Series 2014C – Nursing Allied Health**

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

As of June 30, 2024, future aggregate maturities of principal and interest requirements on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 400,000	\$ 164,037	\$ 564,037
2026	412,167	151,494	563,661
2027	426,083	138,099	564,182
2028	439,250	124,206	563,456
2029	454,333	109,334	563,667
2030-2034	<u>2,488,917</u>	<u>283,438</u>	<u>2,772,355</u>
	<u>\$ 4,620,750</u>	<u>\$ 970,608</u>	<u>\$ 5,591,358</u>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### ODFA Higher Education Program – Series 2020D

In October 2020, the College entered into a note payable obligation (Series 2020D) in the amount of \$5,471,000. Payments over the term of the agreement, including interest, total approximately \$6,086,772. Payments began November 15, 2020, and go through May 15, 2032, and are made monthly ranging from \$42,237 to \$51,139. Proceeds from the obligation were used to refinance the ODFA Series 2011E that was used to purchase the Miller's Crossing building.

As of June 30, 2024, future aggregate maturities of principal and interest requirements on the note payable are as follows:

	Principal	Interest	Total
2025	\$ 458,250	\$ 67,113	\$ 525,363
2026	461,417	61,728	523,145
2027	466,833	54,995	521,828
2028	476,417	47,625	524,042
2029	481,667	39,105	520,772
2030-2032	<u>1,445,251</u>	<u>60,369</u>	<u>1,505,620</u>
	<u>\$ 3,789,835</u>	<u>\$ 330,936</u>	<u>\$ 4,120,770</u>

#### OCIA Obligation

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

During 2014, the College's remaining 2005 agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned agreement with OCIA was automatically restructured to secure the new bond issues. The restructuring resulted in a reduction of principal; thus, the College has recorded a credit of \$154,039 on restructuring as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2023 the unamortized gain totaled \$66,800. The remaining portion was rolled into the 2024A deferred inflow during the refunding noted below.

During 2024, the College's remaining 2014A agreement with OCIA was restructured through a refunding of the Series 2014A bonds. OCIA issued new bonds, Series 2024A, to accomplish the refunding. The restructured agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned agreement with OCIA was automatically restructured to secure the new bond issues. The restructuring resulted in a reduction of principal; thus, the College has recorded a

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

credit of \$166,729 on restructuring as a deferred inflow of resources that will be amortized over a period of 6 years. As of June 30, 2024, the unamortized gain totaled \$164,475.

Principal and interest payments to OCIA, totaling \$364,142 and \$363,504 during the years ended June 30, 2024 and 2023, respectively, were made by the State on behalf of the College. These payments have been recorded as OCIA on-behalf payments in the accompanying statements of revenues, expenses, and changes in net position.

At June 30, 2024, future aggregate maturities of principal and interest requirements on the OCIA payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 259,319	\$ 99,010	\$ 358,329
2026	245,521	96,727	342,248
2027	267,314	73,703	341,017
2028	280,718	60,338	341,056
2029	292,947	46,302	339,249
2030-2034	<u>633,087</u>	<u>47,924</u>	<u>681,011</u>
	<u><u>\$ 1,978,906</u></u>	<u><u>\$ 424,004</u></u>	<u><u>\$ 2,402,910</u></u>

#### **Bus Note Payable**

In January 2023, the College entered into a note payable obligation in the amount of \$200,000 for the purchase of a bus which serves as collateral. Payments over the term of the agreement, are interest free. Payments begin in July 2023 and go through July 2027, and are made annually in the amount of \$50,000. In the event of default the College will be required to pay the amount applicable to the remaining value of the note during the remainder of the term when and if the financial exigency conditions are lifted.

At June 30, 2024, future aggregate maturities of principal and interest requirements on the bus note payable are as follows:

	<b>Direct Borrowing</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u><u>\$ 150,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 150,000</u></u>



# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### Leases Payable

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

Leases of equipment, such as copiers, vehicles, etc.: Annual installments totaling \$62,645 with interest rates ranging from 0.40% to 4.00%, and due dates ranging from July 2024 to June 2026.

\$ 70,628

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	61,798	849	62,647
2026	<u>8,830</u>	<u>136</u>	<u>8,966</u>
	<u>\$ 70,628</u>	<u>\$ 985</u>	<u>\$ 71,613</u>

#### Subscriptions Payable

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

Annual installments totaling \$70,722 with interest rates ranging from 2.73% to 3.64%, and due dates ranging from May 2025 to June 2027

\$ 151,219

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 69,756	\$ 4,388	\$ 74,144
2026	67,426	2,341	69,767
2027	<u>14,037</u>	<u>383</u>	<u>14,420</u>
	<u>\$ 151,219</u>	<u>\$ 7,112</u>	<u>\$ 158,331</u>

#### Note 6: Retirement Plans

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

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

#### Summary of Net Pension Obligation

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Pension Expense
<b>2024</b>				
Supplemental retirement obligation	\$ 93,428	\$ -	\$ -	\$ 8,782
OTRS net pension obligation	<u>8,222,044</u>	<u>2,230,988</u>	<u>1,805,462</u>	<u>765,176</u>
Total	<u>\$ 8,315,472</u>	<u>\$ 2,230,988</u>	<u>\$ 1,805,462</u>	<u>\$ 773,958</u>
<b>2023</b>				
Supplemental retirement obligation	\$ 97,022	\$ -	\$ -	\$ 5,697
OTRS net pension obligation	<u>9,635,594</u>	<u>3,174,261</u>	<u>1,760,174</u>	<u>544,077</u>
Total	<u>\$ 9,732,616</u>	<u>\$ 3,174,261</u>	<u>\$ 1,760,174</u>	<u>\$ 549,774</u>

#### Oklahoma Teachers Retirement System

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

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

- Members who join OTRS after July 1, 1991, become fully vested in retirement benefits earned to date after five years of credited service. Members who join OTRS on or after November 1, 2017, become fully vested after seven years of credited service. Any member who has attained age 55 or who has completed 30 years of creditable service, or for any person who initially became a member prior to July 1, 1992, whose age and number of years of creditable service total 80 may be retired upon proper application for retirement on forms established by OTRS and executing a retirement contract. Any person who became a member after June 30, 1992, but prior to November 1, 2011, whose age and number of years of creditable service total 90 may be retired upon proper application for retirement and executing a retirement contract. Any person who becomes a member on or after November 1, 2011, who attains the age of 65 years or who reaches a normal retirement date having attained a minimum age of 60 years may be retired upon proper application for retirement and executing a retirement contract.
- Final compensation for members who joined OTRS prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

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

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

**Contributions** – The contribution requirements of the plan are at an established rate determined by Oklahoma Statute, as amended by the State Legislature, and are not based on actuarial calculations. Employees are required to contribute 7.0% of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 8.40% and 8.00% for any employees' salaries covered by federal funds for 2024 and 2023. Contributions to the pension plan from the College were \$692,299 and \$584,841 for the years ended June 30, 2024 and 2023, respectively. The State also made on-behalf contributions to OTRS totaling \$497,866 and \$498,257 during 2024 and 2023, respectively. These amounts are reported as nonoperating revenues in the accompanying financial statements. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions** – At June 30, 2024 and 2023, the College reported a liability of \$8,222,044 and \$9,635,594, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2023 and 2022. Based upon this information, the College's proportion was 0.1067% and 0.1174% for June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, the College recognized pension expense of \$765,176 and \$544,077, respectively.

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>2024</b>		
Difference between expected and actual experience	\$ 134,140	\$ 160,080
Change of assumptions	334,019	-
Net difference between projected and actual earnings on pension plan investments	575,364	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	495,166	1,603,909
College contributions at the measurement date	-	41,473
College contributions subsequent to the measurement date	<u>692,299</u>	<u>-</u>
Total	<u>\$ 2,230,988</u>	<u>\$ 1,805,462</u>
<b>2023</b>		
Difference between expected and actual experience	\$ 308,680	\$ 120,531
Change of assumptions	650,130	-
Net difference between projected and actual earnings on pension plan investments	917,310	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	713,300	1,587,286
College contributions at the measurement date	-	52,357
College contributions subsequent to the measurement date	<u>584,841</u>	<u>-</u>
Total	<u>\$ 3,174,261</u>	<u>\$ 1,760,174</u>

The \$692,299 and \$584,841 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date for June 30, 2024 and 2023, respectively, will be recognized as a reduction of the net pension liability in the years ended June 30, 2025 and 2024, respectively.

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

2025	\$ (40,182)
2026	(344,104)
2027	406,900
2028	(227,418)
2029	<u>(61,969)</u>
	<u>\$ (266,773)</u>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

**Actuarial Assumptions** – The total pension liability as of June 30, 2024 and 2023, was determined based on an actuarial valuation prepared as of June 30, 2023 and 2022, respectively, using the following actuarial assumptions:

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

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2024 and 2023, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real 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	100.00%	

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

**Discount Rate** – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2024 and 2023, respectively. 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

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the College's proportionate share of the net pension liability calculated using the respective discount rate for 2024 and 2023, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>2024</b>			
College's proportionate share of the net pension liability	\$ 11,875,477	\$ 8,222,044	\$ 5,197,555
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>2023</b>			
College's proportionate share of the net pension liability	\$ 13,566,974	\$ 9,635,594	\$ 6,403,538

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

#### Supplemental Retirement Plan

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

**Funding Policy** – The Plan is not funded and benefits do not vest to the participants until their retirement. The College has been funding the benefits on a "pay as you go" basis. Only certain employees are eligible to participate in the Plan, and the Plan has been discontinued. During the

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

years ended June 30, 2024 and 2023, the College made benefit payments of \$12,376 and \$12,074, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions** – At June 30, 2024 and 2023, the College reported a liability of \$93,428 and \$97,022, respectively, for its net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, the College recognized pension expense (benefit) of \$8,782 and \$5,697, respectively.

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

	<b>2024</b>	<b>2023</b>
Beginning total pension liability	\$ 97,022	\$ 103,399
Interest	3,751	3,982
Change of assumptions	(385)	(211)
Difference between actual and expected experience	5,416	1,926
Benefit payments	<u>(12,376)</u>	<u>(12,074)</u>
Ending total pension liability	<u><u>\$ 93,428</u></u>	<u><u>\$ 97,022</u></u>

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

- Actuarial Cost Method – Entry Age
- Amortization Method – Three-year closed period
- Discount Rate – 4.21% and 4.13% for 2024 and 2023, respectively (based on Bond Buyers General Municipal Bond Index)
- Mortality Rates After Retirement – RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP 2021 and 2020 for 2022 and 2021, respectively

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

	<b>1% Decrease (3.21%)</b>	<b>Current Discount Rate (4.21%)</b>	<b>1% Increase (5.21%)</b>
<b>2024</b>			
Total pension liability	\$ 98,454	\$ 93,428	\$ 88,847

**Connors State College**  
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	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
<b>2023</b>			
Total pension liability	\$ 102,556	\$ 97,022	\$ 91,999

**Note 7: Other Postemployment Benefits**

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

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

**Summary of Net OPEB Obligation**

	<b>Net OPEB Obligation (Asset)</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>OPEB Expense (Benefit)</b>
<b>2024</b>				
CSC OPEB Plan	\$ 80,332	\$ 69,793	\$ 452,312	\$ (122,465)
OTRS OPEB Plan	<u>(53,732)</u>	<u>51,688</u>	<u>19,565</u>	<u>9,520</u>
Total	<u>\$ 26,600</u>	<u>\$ 121,481</u>	<u>\$ 471,877</u>	<u>\$ (112,945)</u>
<b>2023</b>				
CSC OPEB Plan	\$ 73,252	\$ 99,165	\$ 613,366	\$ (101,119)
OTRS OPEB Plan	<u>(58,795)</u>	<u>60,856</u>	<u>27,670</u>	<u>(3,893)</u>
Total	<u>\$ 14,457</u>	<u>\$ 160,021</u>	<u>\$ 641,036</u>	<u>\$ (105,012)</u>

**OTRS OPEB Plan**

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

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



# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

**Contributions** – Employer and employee contributions are made based upon the OTRS OPEB Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate, as described in *Note 6*; from this amount, OTRS allocates a portion of the contributions to the OTRS OPEB Plan. The cost of the OTRS OPEB Plan averages 0.12% and 0.12% of normal cost, as determined by an actuarial valuation as of June 30, 2023 and 2022, respectively. Contributions allocated to the OTRS OPEB Plan from the College were \$3,395 and \$6,559 for 2024 and 2023, respectively.

**OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB** – At June 30, 2024 and 2023, the College reported an asset of \$58,732 and \$58,795, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023 and 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023 and 2022. The College's proportion of the net OPEB asset was based on the College's contributions received by the OTRS OPEB Plan relative to the total contributions received by the OTRS OPEB Plan for all participating employers as of June 30, 2023 and 2022. Based upon this information, the College's proportion was 0.1067% and 0.1344% for June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, the College recognized OPEB expense (benefit) of \$9,520 and (\$3,893), respectively.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>2024</b>		
Difference between expected and actual experience	\$ -	\$ 13,414
Change of assumptions	9,674	-
Net difference between projected and actual earnings on pension plan investments	13,189	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	16,351	2,529
College contributions at the measurement date	9,079	3,622
College contributions subsequent to the measurement date	3,395	-
Total	<u>\$ 51,688</u>	<u>\$ 19,565</u>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>2023</b>		
Difference between expected and actual experience	\$ -	\$ 19,572
Change of assumptions	17,730	-
Net difference between projected and actual earnings on pension plan investments	24,583	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	3,401	3,319
College contributions at the measurement date	8,583	4,778
College contributions subsequent to the measurement date	<u>6,559</u>	<u>-</u>
Total	<u>\$ 60,856</u>	<u>\$ 27,669</u>

The \$3,395 and \$6,559 reported as deferred outflows of resources related to OPEB resulting from college contributions subsequent to the measurement date for June 30, 2024 and 2023, will be recognized as a reduction of the net OPEB asset in the years ended June 30, 2025 and 2024, respectively.

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

2025	\$ 4,632
2026	(1,090)
2027	19,653
2028	2,200
2029	2,606
Thereafter	<u>727</u>
	<u>\$ 28,728</u>

**Actuarial Assumptions** – The total OPEB liability (asset) as of June 30, 2024 and 2023, was determined based on an actuarial valuation prepared as of June 30, 2023 and 2022, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25% for inflation, including 0.75% for 2021 & 2.50% for 2020 price inflation, plus step-rate promotional increases for members with less than 25 years of service

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

- Investment Rate of Return – 7.00%
- Retirement Age - — Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members –Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

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

Asset Class	Target Asset Allocation	Long-Term Expected Real 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	100.00%	

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

**Discount Rate** – A single discount rate of 7.00% was used to measure the total OPEB liability (asset) as of June 30, 2024 and 2023, respectively. 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 OTRS OPEB Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OTRS OPEB Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate** – The following presents the College's proportionate share of the net OPEB liability (asset) of the employer calculated using the respective discount rate for 2024 and 2023, as well as what the College's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>2024</b>			
College's proportionate share of the net OPEB asset	\$ (5,429)	\$ (53,732)	\$ (94,576)
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>2023</b>			
College's proportionate share of the net OPEB asset	\$ 2,450	\$ (58,795)	\$ (110,657)

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

#### CSC OPEB Plan

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

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

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

	<b>2024</b>	<b>2023</b>
Active employees (participants)	119	104
Retired participants (health benefits)	-	-
Retired participants (death benefits)	93	105

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

**Total OPEB Liability** – The College’s total OPEB liability of \$80,332 and \$73,252 at June 30, 2024 and 2023, respectively, was measured as of June 30, 2024 and 2023, and was determined by an actuarial valuation as of those dates.

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

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.21% and 4.13% for 2024 and 2023, respectively, based on published Bond Buyer Go-20 bond index
- Health Care Cost Trend Rates – 8.0% for 2024 and 7.5% for 2023, decreasing 0.50% annually to an ultimate rate of 4.50%
- RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP 2021 for 2024 and 2023, respectively

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

	2024	2023
Beginning total OPEB liability	\$ 73,252	\$ 515,924
Service cost	3,084	8,304
Interest	3,109	21,347
Change of assumptions	2,545	(431,717)
Difference between actual and expected experience	479	(35,944)
Benefit payments	(2,137)	(4,662)
Ending total OPEB liability	\$ 80,332	\$ 73,252

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

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
<b>2024</b>			
Total OPEB liability	\$ 88,987	\$ 80,332	\$ 72,568

**Connors State College**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
<b>2023</b>			
Total OPEB liability	\$ 81,288	\$ 73,252	\$ 66,066

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate** – The following presents the total OPEB liability (asset) of the employer calculated using the health care cost trend rate of 8.0% for 2024 and 7.5% for 2023, decreasing by 0.50% annually to 4.50%, as well as what the plan’s total OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
<b>2024</b>			
Total OPEB liability	\$ 72,059	\$ 80,332	\$ 90,350

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
<b>2023</b>			
Total OPEB liability	\$ 66,184	\$ 73,252	\$ 81,798

**OPEB Expense** – For the years ended June 30, 2024 and 2023, the College recognized OPEB expense (benefit) of (\$122,465) and (\$101,119), respectively.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>2024</b>		
Differences between expected and actual experience	\$ 23,907	\$ 126,352
Change of assumptions	45,886	325,960
<b>Total</b>	<b>\$ 69,793</b>	<b>\$ 452,312</b>

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>2023</b>		
Differences between expected and actual experience	\$ 30,852	\$ 169,681
Change of assumptions	<u>68,313</u>	<u>443,685</u>
Total	<u><u>\$ 99,165</u></u>	<u><u>\$ 613,366</u></u>

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

2025	\$ (128,656)
2026	(138,099)
2027	(116,368)
2028	<u>604</u>
	<u><u>\$ (382,519)</u></u>

#### **Note 8: Related-Party Transactions**

The Foundation is a tax-exempt organization whose objective is the betterment of the College and its related activities. The College is the ultimate beneficiary of the Foundation. The College has entered into a written agreement with the Foundation whereby the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, bequests, and payment of services for the benefit of the College. During the years ended June 30, 2024 and 2023, the Foundation awarded scholarships to students totaling approximately \$93,000 and \$71,000, respectively.

The Foundation also services the funds of the various campus clubs and organizations. All receipts and disbursements of these funds are handled through the Foundation office. Payments for goods and services for the benefit of the College provided by the clubs and organizations for the years ended June 30, 2024 and 2023, were approximately \$342,000 and \$799,000, respectively.

#### **Note 9: Commitments and Contingencies**

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. At June 30, 2024 and 2023, there were no pending lawsuits or claims against the College that management believes would result in a material loss to the College in the event of an adverse outcome.

The College participates in a number of other federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for

# **Connors State College**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the College that the amount, if any, would not be significant.

#### **Note 10: Risk Management**

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

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

#### **Note 11: Connors Development Foundation, Inc.**

The following are significant disclosures of the Foundation:

##### ***Summary of Significant Accounting Policies***

###### **Cash and Cash Equivalents**

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

###### **Investments**

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

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

###### **Fair Value Measurements**

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



# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

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

#### Endowment Funds

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

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

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

#### Net Assets

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

The Foundation has interpreted UPMIFA, as passed by the State, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies the following as net assets with donor restrictions:

- Original value of gifts donated to the permanent endowment
- Original value of subsequent gifts to the permanent endowment

# Connors State College

## Notes to Financial Statements

### June 30, 2024 and 2023

- Accumulations to the permanent endowment made with explicit direction from donor gift instrument

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

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

	<b>2024</b>	<b>2023</b>
Scholarships to students – held in perpetuity	\$ 2,209,896	\$ 2,049,668
College support – held in perpetuity	231,146	230,443
Scholarships to students	363,329	273,700
College support	829,587	734,919
	<u>\$ 3,633,958</u>	<u>\$ 3,288,730</u>

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

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 2,717,303	\$ 2,407,677
Investment Income, net	274,762	427,372
New contributions	164,384	26,290
Appropriations of endowment assets for expenditures	<u>(4,572)</u>	<u>(144,036)</u>
Ending balance	<u>\$ 3,151,877</u>	<u>\$ 2,717,303</u>

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

## **Required Supplementary Information**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.1067%	0.1174%	0.1344%	0.1188%	0.1354%	0.1444%	0.1523%	0.1485%	0.1620%	0.1623%
College's proportionate share of the net pension liability	\$ 8,222,044	\$ 9,635,594	\$ 6,867,060	\$ 11,270,864	\$ 8,962,828	\$ 8,725,399	\$ 10,086,061	\$ 12,395,679	\$ 9,838,802	\$ 8,733,960
College's covered-employee payroll	\$ 5,689,558	\$ 6,187,038	\$ 6,063,224	\$ 5,593,934	\$ 5,728,313	\$ 6,210,429	\$ 6,102,886	\$ 6,486,210	\$ 6,967,930	\$ 6,785,277
College's proportion of the net pension liability as a percentage of its covered-employee payroll	144.51%	155.74%	113.26%	201.48%	156.47%	140.50%	165.27%	191.11%	141.20%	128.72%
Plan fiduciary net position as a percentage of the total pension liability	72.57%	70.05%	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

***Note to Schedule***

# Connors State College

## Schedule of the College's Pension Contributions

### Oklahoma Teachers Retirement System

#### Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 692,299	\$ 584,841	\$ 616,110	\$ 618,912	\$ 577,366	\$ 597,540	\$ 617,964	\$ 610,502	\$ 631,024	\$ 675,899
Contributions in relation to the contractually required contribution	692,299	584,841	616,110	618,912	577,366	597,540	617,964	610,502	631,024	675,899
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 6,695,219	\$ 5,689,558	\$ 6,187,038	\$ 6,063,224	\$ 5,593,934	\$ 5,728,313	\$ 6,210,429	\$ 6,102,886	\$ 6,486,210	\$ 6,967,930
Contributions as a percentage of covered-employee payroll	10.34%	10.28%	9.96%	10.21%	10.32%	10.43%	9.95%	10.00%	9.73%	9.70%

#### **Note to Schedule**

#### **Benefit Changes**

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

#### **Changes of Assumptions**

There were no changes in assumptions in the valuation report for the years ended June 30, 2024, 2023 and 2022.

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

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

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

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

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

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

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

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

**Connors State College**  
**Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)**  
**Supplemental Health Insurance Program**  
**Last 10 Fiscal Years\***

	2024	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability (ass	0.1067%	0.1344%	0.1344%	0.1188%	0.1354%	0.1444%	0.1523%
College's proportionate share of the net OPEB liability (asset)	\$ (53,732)	\$ (58,795)	\$ (171,206)	\$ (11,761)	\$ (83,757)	\$ (93,303)	\$ (67,927)
College's covered-employee payroll	\$ 5,689,558	\$ 6,187,038	\$ 6,063,224	\$ 5,593,934	\$ 5,728,313	\$ 6,210,429	\$ 6,102,886
College's proportion of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.94%	-0.95%	-2.82%	-0.21%	-1.46%	-1.50%	-1.11%
Plan fiduciary net position as a percentage of the net OPEB liability (asset)	112.01%	110.31%	129.91%	102.30%	115.07%	115.41%	110.40%

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

***Note to Schedule***

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

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

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 3,395	\$ 6,559	\$ 7,616	\$ 1,166	\$ 1,087	\$ 4,031	\$ 9,812
Contributions in relation to the contractually required contribution	<u>3,395</u>	<u>6,559</u>	<u>7,616</u>	<u>1,166</u>	<u>1,087</u>	<u>4,031</u>	<u>9,812</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 6,695,219	\$ 5,689,558	\$ 6,187,038	\$ 6,063,224	\$ 5,593,934	\$ 5,728,313	\$ 6,210,429
Contributions as a percentage of covered-payroll	0.05%	0.12%	0.12%	0.02%	0.02%	0.07%	0.16%

***Note to Schedule***

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

***Benefit Changes***

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

***Changes of Assumptions***

There were no changes in assumptions in the valuation report for the years ended June 30, 2024, 2023 and 2022.

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

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

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 3,084	\$ 8,304	\$ 13,465	\$ 10,542	\$ 8,453	\$ 6,830	\$ 99,284
Interest	3,109	21,347	14,483	16,242	19,584	31,260	23,596
Change of assumptions	2,545	(431,717)	(139,728)	59,193	59,015	42,852	(37,666)
Difference between actual and expected experience	479	(35,944)	(6,999)	(8,644)	(2,355)	(296,153)	71,188
Benefit payments	(2,137)	(4,662)	(26,184)	(32,824)	(35,297)	(32,995)	(114,840)
Net change in OPEB liability	7,080	(442,672)	(144,963)	44,509	49,400	(248,206)	41,562
Total OPEB liability, beginning of year	73,252	515,924	660,887	616,378	566,978	815,184	773,622
Total OPEB liability, end of year	<u>\$ 80,332</u>	<u>\$ 73,252</u>	<u>\$ 515,924</u>	<u>\$ 660,887</u>	<u>\$ 616,378</u>	<u>\$ 566,978</u>	<u>\$ 815,184</u>
Covered-employee payroll	\$ 5,185,911	\$ 4,435,677	\$ 4,677,343	\$ 4,538,496	\$ 4,486,584	\$ 4,291,944	\$ 6,210,429
Total OPEB liability as a percentage of covered-employee payroll	1.55%	1.65%	11.03%	14.56%	13.74%	13.21%	13.13%
Discount rate used	4.21%	4.13%	4.09%	2.19%	2.66%	3.51%	3.88%

**Note to Schedule**

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

**Benefit Changes**

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

**Changes of Assumptions**

In 2024, the health care cost trend rate was changed from a rate of 7.5% in 2023 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

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

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

In 2021, the health care cost trend rate was changed from a rate of 7.50% in 2020 to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%.

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

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



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

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CONNORS STATE COLLEGE

As of June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<b>Student Financial Assistance Cluster:</b>			
<b>U.S. Department of Education</b>			
Federal Supplemental Education Opportunity Grants	84.007	N/A	\$ 116,303
Federal Work Study Program	84.033	N/A	103,605
Federal Pell Grant Program	84.063	N/A	4,904,536
Federal Direct Student Loan	84.268	N/A	3,672,261
<i>Total Student Financial Assistance Cluster</i>			<u>8,796,705</u>
<b>TRIO program cluster</b>			
<b>U.S. Department of Education</b>			
TRIO Student Support Services	84.042	N/A	422,247
<i>Total TRIO program cluster</i>			<u>422,247</u>
<b>Other programs</b>			
<b>U.S. Department of Education</b>			
Higher Education Institutional Aid	84.031X	N/A	316,702
Higher Education Institutional Aid	84.031X	N/A	76,980
Pass-through from Oklahoma Department of Vocational and Technical Education			
Career and Technical Education-Basic Grants to States	84.048	Not Available	41,222
<i>Total Other Programs</i>			<u>434,905</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>9,653,856</u>
<b>Other programs</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
National Institute for Health			
Pass-through from Oklahoma State Regents for Higher Education			
Temporary Assistance for Needy Families	93.558	N/A	120,329
Child Care and Development Block Grant - Scholars for Excellence in Child Care	93.575	N/A	81,053
Congressional Directives	93.493	N/A	247,250
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>448,632</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Pass-through from State of Oklahoma			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	269,421
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			<u>269,421</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 10,371,909</u>

See notes to schedule of expenditures of federal awards

# **Connors State College**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended June 30, 2024**

#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal award activity of the College under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

#### **Note 2: Summary of Significant Accounting Policies**

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

#### **Note 3: Federal Direct Student Loans Program**

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

#### **Note 4: Subrecipients**

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

#### **Note 5: Student Financial Assistance Institutional and Program Eligibility Metrics**

The Institution is in compliance with the following institutional and program eligibility requirements under the Higher Education Act of 1965 and Federal regulations under 34 CFR 668.23:

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g)
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and (g)
- Institution's regular students that are incarcerated under 34 CFR 600.7(c) and (g)
- Completion rates for confined or incarcerated individuals enrolled in non-degree programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g)



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

OSU A&M Board of Regents  
Connors State College  
Warner, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business-type activity of Connors State College, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Connors State College's basic financial statements, and have issued our report thereon dated October 29, 2024. Our report includes a reference to other auditors who audited the financial statements of the Connors State College Development Foundation (discretely presented component unit), as described in our report on Connors State College's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Connors State 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 Connors State College's internal control. Accordingly, we do not express an opinion on the effectiveness of Connors State College's internal control.

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

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


deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Connors State 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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
**October 29, 2024**



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

OSU A&M Board of Regents  
Connors State College  
Warner, Oklahoma

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

***Opinion on the Major Federal Program***

We have audited Connors State College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Connors State College's major federal program for the year ended June 30, 2024. Connors State College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Connors State College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Connors State 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 Connors State 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 Connors State 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 instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005 and 2024-006. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Connors State College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Connors State 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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005 and 2024-006, to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Connors State College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Connors State 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.

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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 29, 2024



**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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***Financial Statements***

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

***Federal Awards***

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

***Identification of Major Federal Programs***

**Assistance Listing Number**

84.007, 84.063,  
84.268, 84.033

**Name of Federal Program or Cluster**

Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 001**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.007, 84.033, 84.063, 84.268

**Federal Award Identification Number:** P007A233410 - 2024, P033A233410 - 2024, P063P232032 - 2024, P268K24032 – 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

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

**Condition:** The College used the incorrect withdrawal date when calculating Return to Title IV (R2T4) calculations and did not have formal procedures in place to document review of calculations.

**Context:** During our testing, we identified 2 out of 15 R2T4 calculations used an incorrect withdrawal date in their calculation. Also, during our testing, we identified 13 instances of no documentation of a formal review of R2T4 calculations.

**Questioned costs:** \$341

**Cause:** The College was using the date a withdrawal form was processed, rather than the date the withdrawal process began.

**Effect:** The College could return incorrect amounts based off of their calculations, which could affect student repayment amounts based off of amount earned.

**Repeat finding:** No

**Recommendation:** We recommend that the College review policies and procedures related to R2T4 calculations to ensure calculations are performed accurately.

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 002**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.007, 84.033, 84.063, 84.268

**Federal Award Identification Number:** P007A233410 - 2024, P033A233410 - 2024, P063P232032 - 2024, P268K24032 – 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 685.309(b), states the school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Per Uniform Guidance 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

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

**Context:** During our testing of 40 students, we identified 3 students that did not have their Program enrollment reported to NSLDS and 3 students that had Program enrollment effective dates that did not match institutional records.

**Questioned costs:** N/A

**Cause:** The College didn't have proper procedures in place to verify students' status in NSLDS matched the institutions records accurately.

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

**Repeat finding:** No

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

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 003**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.007, 84.033, 84.063, 84.268

**Federal Award Identification Number:** P007A233410 - 2024, P033A233410 - 2024, P063P232032 - 2024, P268K24032 - 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

**Criteria or specific requirement:** 34 CFR 668.165, states that an institution must notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to ED; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. The notification requirement for loan funds applies only if the funds are disbursed by EFT payment or master check. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The College did not properly notify students when loans were credited to student's ledger account.

**Context:** During our testing of 40 students, we identified that there were 5 students that did not receive the required notification of Direct Loan disbursements.

**Questioned costs:** N/A

**Cause:** Due to staff turnover, loan notifications were missed being sent out to students.

**Effect:** Students were not made aware of the anticipated date and amount of loan disbursement for the right to cancel all or a portion of the loan in the required amount of time.

**Repeat finding:** No

**Recommendation:** We recommend the College evaluate its procedures around disbursements of loans and ensure that notifications of disbursements are sent and contain all the required elements outlined in the FSA handbook.

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 004**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.007, 84.033, 84.063, 84.268

**Federal Award Identification Number:** P007A233410 - 2024, P033A233410 - 2024, P063P232032 - 2024, P268K24032 – 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

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

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

**Context:** During our testing of 40 students, we identified 5 students that did not have documentation of exit counseling notification.

**Questioned costs:** N/A

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

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

**Repeat finding:** No

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

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 005**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.063

**Federal Award Identification Number:** P063P232032 - 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

**Criteria or specific requirement:** Per 34 CFR 690.62 states the Pell grant for an academic year is based upon the payment and disbursement schedule published by the Secretary for each award year. 34 CFR 690.80(b)(1)) states if the student's enrollment status changes from one academic term to another within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The College under-awarded funds for the Pell Grant.

**Context:** During our testing, we identified 2 out of 40 students were awarded and disbursed less Pell funds than should have been awarded based on the 23-24 Pell payment schedule. The Pell payment schedule considers the cost of attendance, the student's Expected Family Contribution and the enrollment status of the student.

**Questioned costs:** \$6,472

**Cause:** Student was initially not disbursed Pell funds due to electronic terms & conditions not being completed. However, when the student completed this requirement in the Spring, Pell was not disbursed for the Fall semester

**Effect:** Failure to properly determine and disburse Title IV funds based on eligibility for each type of aid in accordance with federal regulations may result in students receiving incorrect funds.

**Repeat finding:** No

**Recommendation:** We recommend the College review its current procedures for awarding Title IV funds and implement any changes necessary to ensure federal funds are awarded and disbursed in accordance with federal regulations.

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

**CONNORS STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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

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**2024 – 006**

**Federal Agency:** US Department of Education

**Federal Program Title:** Student Financial Assistance Cluster

**Assistance Listing Number:** 84.268

**Federal Award Identification Number:** P268K24032 – 2024

**Award Period:** July 1, 2023 to June 30, 2024

**Type of Finding:**

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

**Criteria or specific requirement:** The Code of Federal Regulations (34 CFR 685.300(b)(5)) and the Federal Student Aid Handbook, Volume 4, Chapter 6, states loan reconciliation is a mandatory monthly process requiring the comparison of both internal and external records to be completed by an institution participating in the Direct Loan Program. Reconciliation is conducted to identify and resolve differences between net draws and disbursements reported to the Common Origination and Disbursement for a specific award year. An institution must document the reasons and resolve the discrepancies identified during the reconciliation process and that a review had been performed. Per 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The College did not have documentation that Direct Loan Reconciliation was performed.

**Context:** During our testing we identified the March 2024 Direct Loan Reconciliation was not timely performed and documented.

**Questioned costs:** N/A

**Cause:** Due to staff turnover, direct loan reconciliation for March 2024 was not performed timely.

**Effect:** Failure to perform reconciliations timely could result in errors going undetected by student financial aid management.

**Repeat finding:** No

**Recommendation:** We recommend the College implement a formal review procedure to document that the direct loan reconciliations are performed on a timely basis each month.

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





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