

**Rose State College**  
**Financial Statements**  
with Independent Auditor's Report  
**June 30, 2024**

**Rose State College**  
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**June 30, 2024**

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## **Independent Auditor's Report**

Board of Regents  
Rose State College  
Midwest City, Oklahoma

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rose State College as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rose 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 opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rose 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 Rose 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 other analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

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

The accompanying supplementary 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.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary combining schedules and 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 22, 2024, on our consideration of the Rose State College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rose State College's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
October 22, 2024



**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
Management's Discussion and Analysis  
June 30, 2024

## **Introduction**

The discussion and analysis of Rose State College's financial statements provides an overview of financial activities for the fiscal year ended June 30, 2024. Since the management's discussion and analysis is designed to focus on the financial performance based on current conditions, activities resulting in change and other currently known facts, please read it in conjunction with the basic financial statements and footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

## **Using This Annual Report**

The accompanying financial statements reflect the activities of Rose State College, its blended component unit, the Rose State College Technical Area Education District (the Tech District), and its discretely presented component unit, the Rose State College Foundation, Inc. (the Foundation). This MD&A, however, focuses only on highlights and explanations of significant changes in financial operations and results for Rose State College and its blended component unit, the Tech District, and will be referred to, in combined form as "the College."

The annual report consists of three basic financial statements: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reports the results of the operation of the College. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The College's net position - the difference between assets, deferred inflows, liabilities and deferred outflows - is one way to measure the College's financial condition. The reader will also need to consider other non-financial factors, such as the quantity and quality of student applicants, enrollment trends, student retention, accreditation status, the condition of buildings, academic programming changes and the safety of the campus and other factors, in assessing the overall health of the institution.

These statements report all assets and liabilities at current values except for capital assets which are reported at historical costs less accumulated depreciation. All of the current year's revenues and expenses are reported using the accrual basis of accounting.

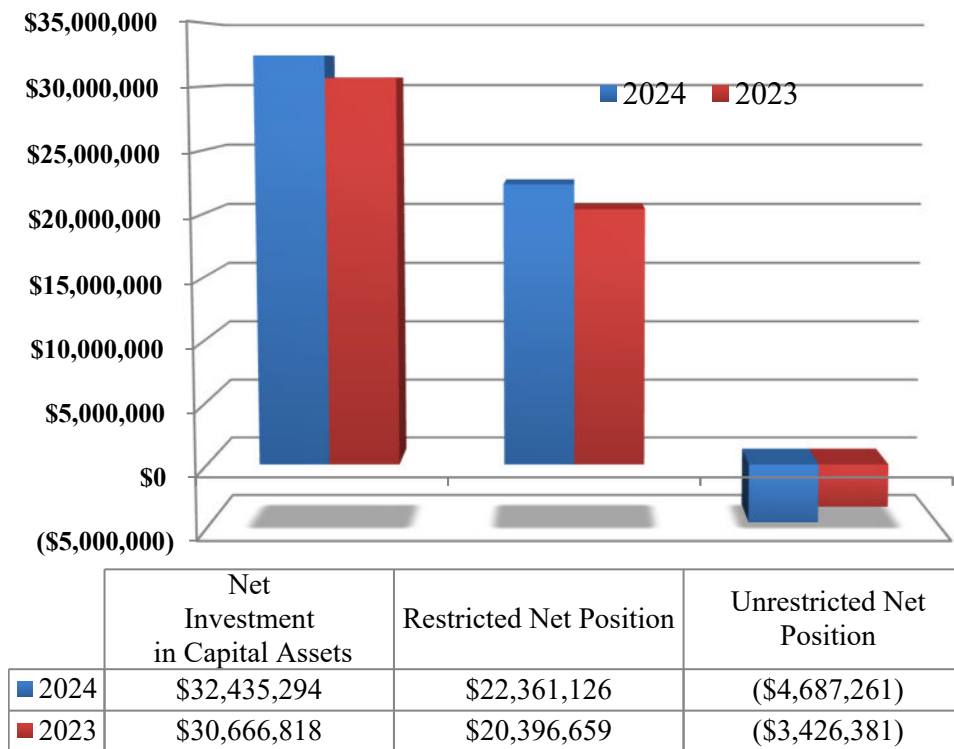
Separate financial statements for the College's component units are also available. Financial statements for the Tech District may be obtained by contacting the College's Executive Vice President. The financial statements for the Foundation may be obtained by contacting their Executive Director.

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## Financial Highlights

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

This chart provides a graphical breakdown of net position by category for the fiscal years ending June 30, 2024 and 2023.



The College's total net position at June 30, 2024 was \$50.1 million, an increase of \$2.5 million or 5.2% compared to the FY23 results. Net Investment in Capital Assets increased \$1.8 million mainly as a result of the completion of the Tanenbaum Aerospace and Cybersecurity Center and the regular scheduled paying of debt. The Restricted Net Position increased \$2.0 million largely driven by increased receipts for scholarships and fellowships. Unrestricted Net Position decreased by \$1.3 million in FY24 primarily due to increased accounts payable at year-end. Net position is heavily impacted by the effect of pension related funding obligations and actuarial measurements of post-employment benefits. Please see Note #6 and #11 for descriptions of these obligations, the measurement of the recognized liabilities and the impact on the financial statements. Management does not believe that the recognition of these pension and post employment benefit obligations nor the volatility resulting from the actuarial evaluations of those liabilities from year to year constitutes any negative consequence to the true financial condition of the institution. Discussion of the various items that impact the fiscal condition of the College can be found in this MD&A and notes accompanying the statements.

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June 30, 2024

***Results from Operations – Revenue and Expenses***

Total Revenues for fiscal year 2024 increased \$8.6 million or 14.3% compared to fiscal year 2023. The bulk of the increase was in additional State appropriations and increased HEERF grant revenue:

- Operating revenue is generated in exchange type transactions, that is the College provides a service or a good to a customer for a payment. For fiscal 2024 Operating Revenue increased by \$465 thousand or 4.6% compared to fiscal year 2023. Operating Revenue made up 15.4% of total revenue in fiscal year 2024 compared to 16.9% of total revenue in fiscal year 2023.
- Non-Operating Revenue involves the receipt of revenue not dependent on an exchange between the College and a customer. The College's three main sources of non-operating revenue are state appropriations, Federal and State grants and reimbursements and ad valorem taxes. Most colleges rely on non-operating revenue to ensure continuing operations. For fiscal year 2024 non-operating revenue increased by \$8.2 million or 16.8% and made up 82.2% of total revenue compared to fiscal year 2023 when it made up 80.5% of total revenue for the College. The main drivers of the increase include:
  - A \$2.0 million increase in State appropriations.
  - A \$4.0 million increase in Federal and State grants not used to pay tuition and fees due to increased HEERF funding received.
  - A \$335 thousand increase in ad valorem tax collections in the Tech District.
  - A \$463 thousand increase in net charter school revenue.
- Other Revenue consists of capital appropriations and Oklahoma Capital Improvement Authority (OCIA) debt service payments made on behalf of the College for bonds that funded capital improvements and building construction. These on-behalf payments require no cash outlay by the College. In fiscal 2024 the OCIA on-behalf payments resulted in \$602 thousand recognized as non-operating revenue, the same amount that was recognized in fiscal year 2023. Revenue dedicated to capital funding remained steady in fiscal year 2024 compared to fiscal year 2023.

The following table and chart present Total Revenues by category and source followed by a presentation of Operating Revenues by category and source for the fiscal years ending June 30, 2024 and 2023.

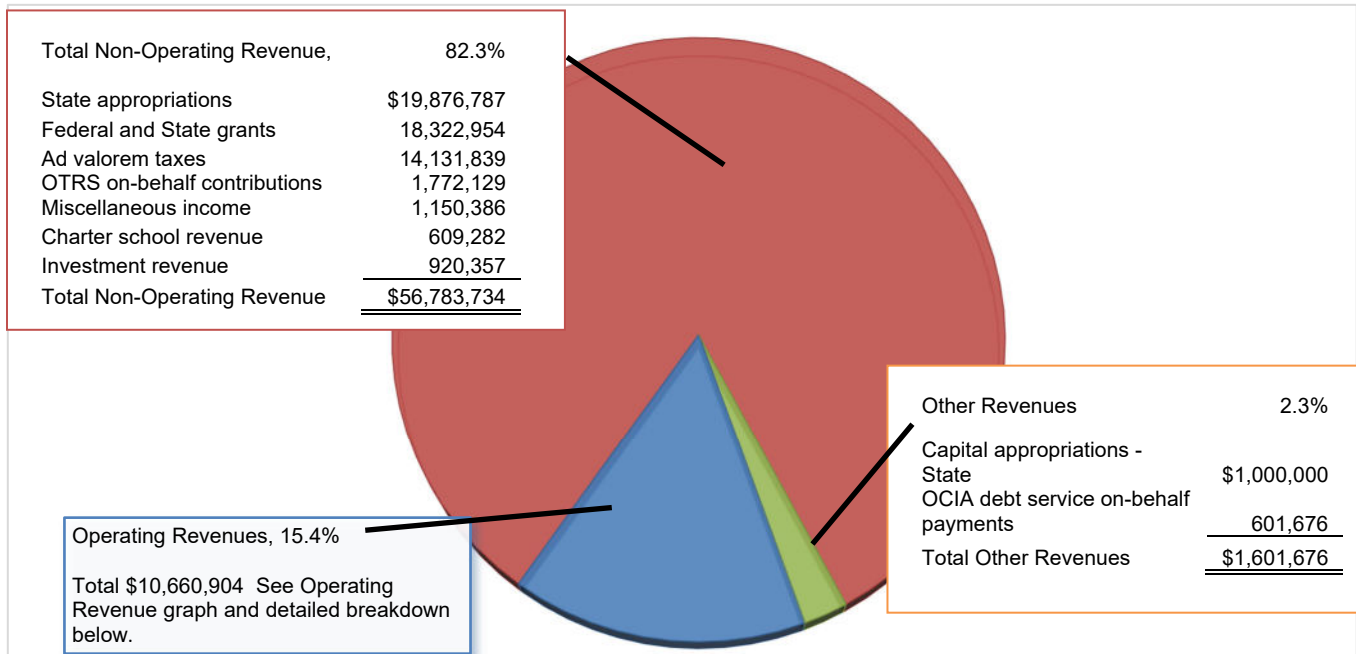
***FY24 Total Revenue by Category – Table***

Revenue Category	2024	2023	Change FY24 to FY23	Percent Change
Operating Revenues	\$10,660,904	\$10,196,124	\$464,780	4.6%
Non-Operating Revenues	56,783,734	48,602,016	8,181,718	16.8%
Other Revenues	1,601,676	1,601,214	462	0.1%
Total Revenues	\$69,046,314	\$60,399,354	\$8,646,960	14.3%

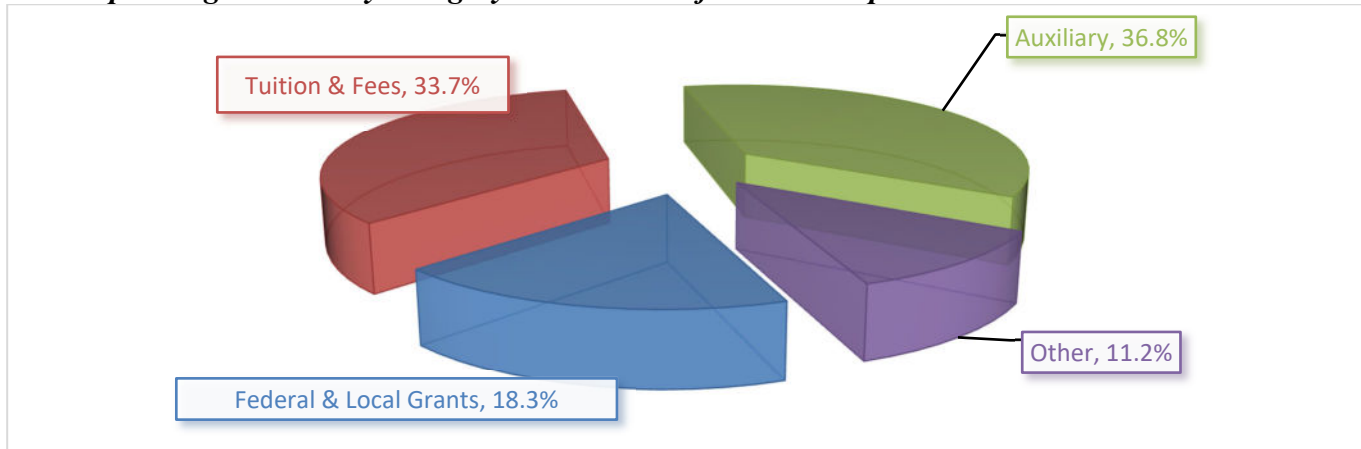


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***FY24 Total Revenues by Category and Percent of Total – Graph***



***FY24 Operating Revenue by Category and Percent of Total – Graph***



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***FY24 Operating Revenue by Category – Table***

<b>Operating Revenue Category</b>	<b>2024</b>	<b>2023</b>	<b>Change FY24 to FY23</b>	<b>Percent Change</b>
Federal & Local Grants	\$1,950,124	\$2,597,785	(\$647,661)	(24.9%)
Tuition & Fees	3,591,847	3,332,488	259,359	7.8%
Auxiliary	3,927,706	3,467,724	459,982	13.3%
Other	1,191,227	798,127	393,100	49.3%
<b>Total Operating Revenue</b>	<b>\$10,660,904</b>	<b>\$10,196,124</b>	<b>\$464,780</b>	<b>4.6%</b>

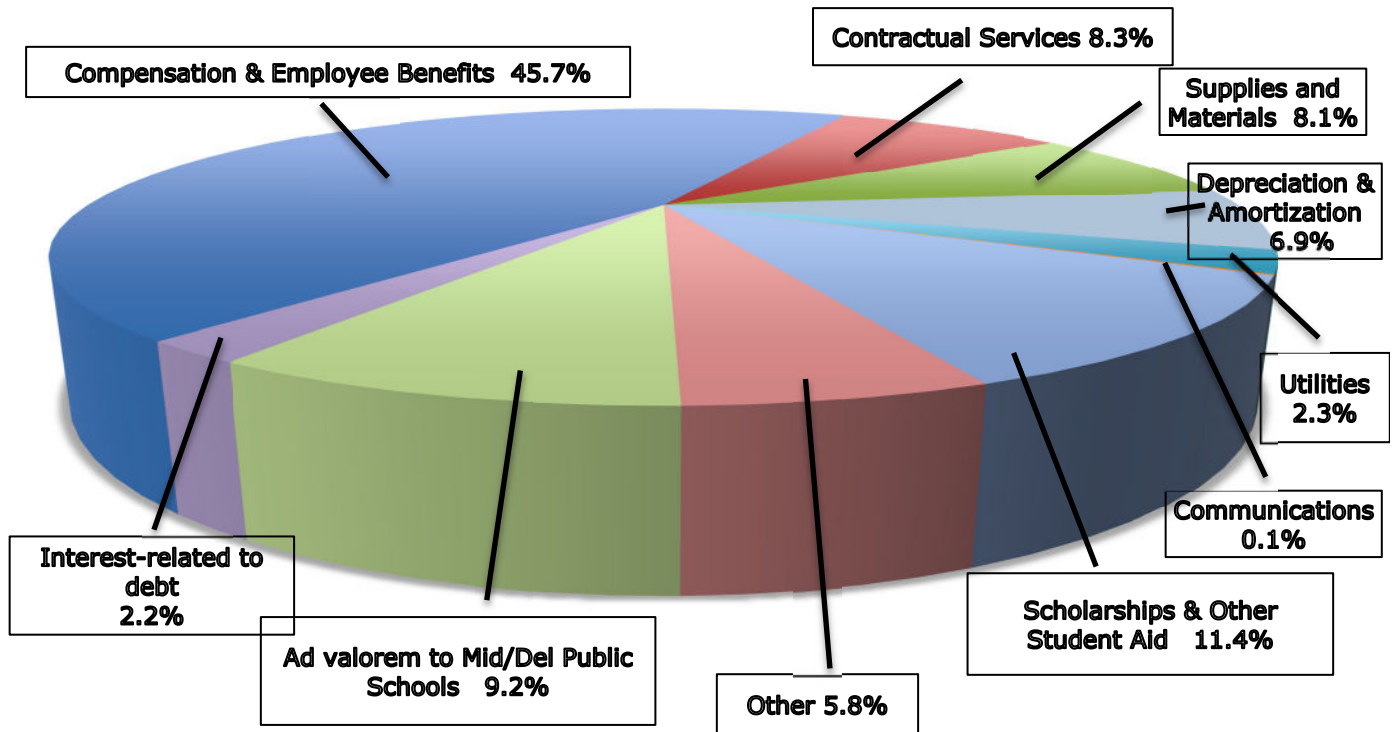
**Total Expenses by Category**

Total expenses for fiscal 2024 were \$66.6 million, an increase of \$11.4 million or 20.6% compared to fiscal 2023 total expenses of \$55.2 million. The largest portion of this increase was a \$5.1 million increase in Scholarships due to HEERF payments to students and \$3.4 million increase in Compensation and Benefits expense as a result of the changes in the actuarial evaluations of the Oklahoma Teachers Retirement System (OTRS) accruals for GASB 68 & 75, GASB 82 reporting standards and the past Presidents' post employee benefits liability. Accruals and adjustments required by these actuarial evaluations effect the Compensation and Benefits expense category.

The following graph and table may be useful in understanding total expenses. These should be evaluated by reading the more detailed Statement of Revenues, Expenses and Changes in Net Position presentation and discussion along with the other financial statements and footnotes.

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***FY24 Total Expenses by Category and Percent of Total – graph***



***FY23 Total Expenses by Category and Change – detail table***

Total Expenses by Category	2024	2023	Change FY24 to FY23	Percent Change
Compensation & Employee Benefits	\$30,438,968	\$27,005,464	\$3,433,504	12.7%
Contractual Services	5,506,470	5,196,000	310,470	6.0%
Supplies and Materials	5,366,422	3,074,828	2,291,594	74.5%
Depreciation and Amortization	4,567,582	4,662,842	(95,260)	(2.0%)
Utilities	1,547,397	1,688,070	(140,673)	(8.3%)
Communications	84,215	92,780	(8,565)	(9.2%)
Scholarships & Other Student Aid	7,570,472	2,489,626	5,080,846	204.1%
Other	3,888,429	3,514,043	374,386	10.7%
Ad valorem to Mid/Del Public Schools	6,128,796	5,902,271	226,525	3.8%
Interest on capital asset-related debt	1,475,500	1,585,510	(110,010)	(6.9%)
Total Expenses	\$66,574,251	\$55,211,434	\$11,362,817	20.6%

**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
Management's Discussion and Analysis  
June 30, 2024

## Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year and includes totals of all assets, liabilities and deferred inflows and outflows. Net position and the change between fiscal years may be one indicator of the current financial condition of the College. The fiscal 2024 financial statements show an increase of \$2.6 million or 5.5% in total net position compared to fiscal 2023 and reflects the effects of Pension and Other Post Employment Benefits liability calculations, as required by GASB. This table summarizes the College's Statement of Net Position as of June 30, 2024 and 2023.

<b>Net Position: Balances as of June 30th</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change FY24 to FY23</b>	<b>Percent Change</b>
<b>Current Assets</b>	\$46,527,390	\$45,290,466	\$1,236,924	2.7%
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	4,369,225	4,131,903	237,322	5.7%
Restricted net OPEB asset	191,270	177,162	14,108	8.0%
Capital assets, net of depreciation	77,869,802	79,154,392	(1,284,590)	(1.6%)
Total assets	128,957,687	128,753,923	203,764	0.2%
 <b>Deferred Outflows</b>				
Total Deferred outflows	6,942,744	9,388,610	(2,445,866)	(26.5%)
 <b>Current Liabilities</b>	8,428,748	6,601,997	1,826,751	27.7%
<b>Noncurrent Liabilities</b>	70,879,780	77,214,624	(6,334,844)	(8.2%)
Total liabilities	79,308,528	83,816,621	(4,508,083)	(5.4%)
 <b>Deferred Inflows</b>				
Total Deferred Inflows	6,482,744	6,688,816	(206,072)	(3.1%)
 <b>Net Position</b>				
Net investment in capital assets	32,435,294	30,666,818	1,768,476	5.7%
Restricted expendable	22,391,126	20,396,659	1,994,467	9.6%
Unrestricted	(4,687,261)	(3,426,381)	(1,260,880)	(36.8%)
Total net position	\$50,109,159	\$47,637,096	2,472,063	5.2%

- Current assets, in fiscal 2024 increased by a total of \$1.2 million or 2.7% compared to fiscal 2023. This largely reflects an increase in restricted cash balances in the Tech District.
- Non-current assets decreased by \$1.0 million or 1.2%, in fiscal year 2024 compared to fiscal year 2023. This largely reflects a reduction in net capital assets due to the regularly scheduled depreciation of those assets and less expenditures to purchase or add to those same assets during 2024.

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- Total liabilities decreased \$4. million or 5.4% between fiscal years 2024 and fiscal 2023. Current liabilities increased \$1.8 million or 27.7% compared to fiscal 2023. This increase largely reflects an increase in accounts payable and unearned ARPA grant funding. Non-current liabilities decreased by \$6.3 million or 8.2% compared to fiscal 2023. This decrease was driven by a refunding of the 2014 OCIA debt and \$3.1 million decrease in actuarially calculated pension and Other Post Employment Benefit (OPEB) liabilities for various employees. See Notes #6 and 11 for a description of the calculation and impact of pension and OPEB liabilities.
- Deferred Outflows and Deferred Inflows should be read in conjunction with the footnotes to the financial statements to understand the nature of the measurements and the impact relating to future periods. For deferred outflows and inflows related to OPEB, please see Note #1 for a short definition of OPEB responsibilities and Note #11 for an explanation of the College's OPEB plans. For deferred outflows and inflows related to pensions, please read footnote #6 to understand the associated actuarial calculation of the unfunded balance of the OTRS and changes reflected in the FY23 financial statements. The deferred outflow and inflow related to debt please see Note #5 for the discussion on the refinancing and the recognition of the gain/loss on refinancing as shown on the financial statements.

**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Statement of Revenues, Expenses and Changes in Net Position**

The statement of revenues, expenses and changes in net position presents the College's financial results from operations and other non-operating activities. A summarized statement of revenues, expenses and changes in net position, as of June 30, 2024 and 2023, appears below:

<b>Revenue, Expenses, &amp; Net Position, as of June 30</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change FY24 to FY23</b>	<b>Percent Change</b>
<b>Operating Revenues</b>				
Tuition and fees, net	\$3,591,847	\$3,332,488	\$259,359	7.8%
Federal, state and local grants & contracts	1,950,124	2,597,785	(647,661)	(24.9%)
Auxiliary (bookstore, food services & housing), net	3,927,706	3,467,724	459,982	13.3%
Other	1,191,227	798,127	393,100	49.3%
Total operating revenues	\$10,660,904	\$10,196,124	\$464,780	4.6%
<b>Operating Expenses</b>				
Compensation and employee benefits	\$30,438,968	\$27,005,464	\$3,433,504	12.7%
Contractual services, supplies and materials	10,872,892	8,270,828	2,602,064	31.5%
Depreciation and amortization	4,567,582	4,662,842	(95,260)	(2.0%)
Utilities and communications	1,631,612	1,780,850	(149,238)	(8.4%)
Scholarships and other student aid	7,570,472	2,489,626	5,080,846	204.1%
Other	3,888,429	3,514,043	374,386	10.7%
Total operating expenses	\$58,969,955	\$47,723,653	\$11,246,302	23.6%
<b>Operating Loss</b>	(\$48,309,051)	(\$37,527,529)	(\$10,781,522)	28.7%
<b>Non-operating Revenues (Expenses)</b>				
State appropriations	\$19,876,787	\$17,876,813	\$1,999,974	11.2%
Federal and state grants	18,322,954	14,283,592	4,039,362	28.3%
OTRS on-behalf contributions	1,772,129	1,673,028	99,101	5.9%
Charter School revenue	609,282	146,524	462,758	315.8%
Ad valorem taxes	14,131,839	13,796,926	334,713	2.4%
Ad valorem taxes remitted to Mid/Del public schools	(6,128,796)	(5,902,271)	(226,525)	3.8%
Miscellaneous revenue	1,150,386	239,025	911,361	381.3%
Other	(555,143)	(999,402)	444,259	(44.5%)
Net Non-operating Revenues	\$49,179,438	\$41,114,235	\$8,065,203	19.6%
<b>Income (Loss) Before Other Revenues, Expenses Gains and Losses</b>	\$870,387	\$3,586,706	(\$2,716,319)	(75.7%)
<b>Other Revenues, Expenses, Gains and Losses</b>	1,601,676	1,601,214	462	0.1%
<b>Increase (Decrease in Position)</b>	\$2,472,063	\$5,187,920	(\$2,715,857)	(52.3%)
<b>Assets, Beginning of Year</b>	\$47,637,096	\$42,449,176	\$5,187,920	12.2%
<b>Assets, End of Year</b>	\$50,109,159	\$47,637,096	\$2,472,063	5.2%

**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
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- Total operating revenues, in fiscal 2024, increased \$465 thousand or 4.6% compared to fiscal 2023. This largely results from an increase of \$259 thousand in tuition and fee collections, \$460 thousand increase in auxiliary revenues and \$374 thousand increase in other revenue offset by a decrease of \$648 thousand in Federal and State grants.
- Operating expenses increased by \$11.2 million or 23.6% in fiscal 2024 versus fiscal 2023. There were some significant changes when looking at individual categories such as:
  1. Compensation and Employee Benefits expenses increased by \$3.4 million or 12.7% compared to fiscal 2023 due to changes in net pension and OPEB actuarial valuations. The reader should also read Notes #6 and #11 for discussion of changes in pension and OPEB liabilities.
  2. Contractual services, supplies and materials increased \$2.6 million as a result of increased purchases of educational supplies and inclusive access costs for students.
  3. Scholarships and other student aid increased \$5.1 million for fiscal year 2024 compared to fiscal year 2023 reflecting the expenditure of HEERF funding.
- Non-operating revenues (expenses) increased \$8.1 million or 19.6% in fiscal 2024 compared to fiscal 2023 as a result of the following highlights:
  1. State appropriations were \$2 million or 11.2% higher in FY24 compared to FY23 as a result of increased state support.
  2. Federal and State grants were up \$4.0 million or 28.3% as a result of increased HEERF funding received for student grants.
  3. Other revenue was up \$911 thousand due to increased insurance proceeds received from State Risk Management.

## **Statement of Cash Flows**

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. This statement's primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during the fiscal period. The Statement of Cash Flows also assists users in assessing an entity's ability to generate future net cash flows, meet obligations as they come due, and external financing needs.

The College's total cash and cash equivalents for fiscal 2024 increased by \$1.4 million or 3.0% compared to fiscal 2023 results.

**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
**Management's Discussion and Analysis**  
**June 30, 2024**

The following schedule is summarized from the College's Statement of Cash Flows for the year ended June 30, 2024 and 2023.

<b>Cash provided by (Used in), as of June 30</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change FY24 to FY23</b>	<b>Percent Change</b>
Operating activities	(\$41,640,228)	(\$33,820,844)	(\$7,819,384)	23.1%
Noncapital financing activities	45,320,462	38,274,096	7,046,366	18.4%
Capital and related financing activities	(3,191,983)	(3,953,531)	761,548	(19.3%)
Investing activities	910,465	568,059	342,406	60.3%
Net increase (decrease) in cash & cash equivalents	\$1,398,716	\$1,067,780	\$330,936	31.0%
<b>Cash and Cash Equivalents, Beginning of Year</b>	\$47,138,487	\$46,070,707	\$1,067,780	2.3%
<b>Cash and Cash Equivalents, End of Year</b>	\$48,537,203	\$47,138,487	\$1,398,716	3.0%

## Capital Assets

At June 30, 2024 the College had approximately \$164.2 million invested in capital assets with accumulated depreciation and amortization of \$86.3 million resulting in a net capital asset valuation of approximately \$77.9 million. This represents a net decrease of \$1.3 million or 1.6% compared to fiscal 2023. This decrease in net asset valuation reflects the normal depreciation of capital assets with less overall capital asset purchases during FY24. Please see Note #4 for details of the capital asset investments. The table below summarizes the activity in capital assets, net of depreciation.

**Capital Assets, Net of Accumulated Depreciation at June 30, 2024 and 2023**

<b>Capital Assets, Net Accumulated Depreciation, as of June 30</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change FY24 to FY23</b>	<b>Percent Change</b>
Land	\$3,617,031	\$3,617,031	\$0	(0.0%)
Building and improvements	68,953,664	68,460,834	492,830	0.7%
Land improvements / infrastructure	2,239,646	2,389,726	(150,080)	(6.3%)
Furniture, fixtures and equipment	1,956,105	2,315,585	(359,480)	(15.5%)
Library materials	810,005	774,473	35,532	4.6%
Leases assets	118,427	157,902	(39,475)	(25.0%)
SBITA subscription assets	34,146	101,229	(67,083)	(66.3%)
Construction in progress	140,778	1,337,612	(1,196,834)	(89.5%)
<b>Total Capital Assets, Net Accumulated Depreciation</b>	<b>\$77,869,802</b>	<b>\$79,154,392</b>	<b>(\$1,284,590)</b>	<b>(1.6%)</b>

## Debt

As of June 30, 2024, the College had approximately \$43.3 million in debt (bonds and note obligations) outstanding. This is a decrease of approximately \$3.4 million, or 7.2%, compared to fiscal 2023 balances.



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The table below lists balances for long term debt and lease obligations. Please see Note #5 for more detailed information regarding the College's outstanding debt.

**Outstanding Debt at June 30, 2024 and 2023**

<b>Outstanding Debt, as of June 30</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change FY24 to FY23</b>	<b>Percent Change</b>
2013 Building Bonds Payable	\$8,460,000	\$10,150,000	(\$1,690,000)	(16.7%)
2014C OCIA Capital Debt Obligation	382,452	5,649,645	(5,267,193)	(93.2%)
2024B OCIA Capital Debt Obligation	4,433,052	-	4,433,052	100%
ODFA 2017A Master Debt (Student Union)	14,744,334	15,144,751	(400,417)	(2.6%)
ODFA 2018A Master Debt (Housing)	8,310,001	8,514,084	(204,083)	(2.4%)
ODFA 2022A Master Debt (Housing II)	5,811,501	5,909,834	(98,333)	(1.7%)
Leases payable	121,027	159,462	(38,435)	(24.1%)
SBITA subscription payable	25,036	98,633	(73,597)	(74.6%)
ODFA 2017A Premium	613,428	640,196	(26,768)	(4.2%)
ODFA 2018A Premium	205,559	214,154	(8,595)	(4.0%)
ODFA 2022A Premium	194,574	201,544	(6,970)	(3.5%)
<b>Total Outstanding Debt</b>	<b>\$43,300,964</b>	<b>\$46,682,303</b>	<b>(\$3,381,339)</b>	<b>(7.2%)</b>

## Economic Outlook

Rose State College operates in an environment that is strongly influenced by several external elements, each providing its own impact on the College and its operations.

The condition of the local economy heavily influences the decision and ability to set tuition and fee rates. For FY 2025, after receiving a \$287 thousand or 1.5% increase in state appropriations, the College decided not to make any change to tuition or fees, holding the total cost of tuition & fees at \$167.67 per credit hour for resident students. The college did propose and receive approval to begin charging a slightly higher tuition rate for the new Bachelor of Applied Technology Degree in Cyber Security. The tuition will be \$139.45 per credit hour for residents and \$219.00 per credit hour for non-residents. The mandatory fee charges will be the same amounts as charged for current lower level coursework. When adding mandatory fee costs, the resident tuition and fee costs for the new Bachelor of Applied Technology degree will be \$190.50. The non-resident tuition and mandatory fee costs will be \$270.05. Decisions to change tuition and fees are made after weighing the availability of appropriated state support, students' ability to pay for classes and the projected cost of providing academic instruction and necessary student services. Controlling the students' cost to attend college is one of the guiding principles of the College's Board of Regents and the College management.

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The condition of the state and local economy also directly impacts college enrollment. Many high school seniors and adult workers must decide whether to, or how to, pursue higher education while also being in the workforce. As the local economy continues to recover from the pandemic, there are currently plenty of opportunities for those choosing to enter the workforce. During FY2024 the college experienced an increase in credit hours of 8%. For FY2025 the College hopes to see an increase in enrollment. Opportunities for enrollment expansion continue to be explored and implemented as feasibility proves to be strong. For example, the College is testing the impact of partnerships with STEM technology centers and other higher education institutions in the area of aerospace training and cyber security education. During FY2024 the College received approval to begin offering its first Bachelor of Applied Technology Degree in Cyber Security. In April 2024 the College officially opened the new Tannenbaum Aerospace & Cyber Security Center to serve those students pursuing a degree or certificates in cyber security or aerospace. Also, in FY2024 the college contracted with a design/architectural firm to begin remodeling the health sciences building to expand the nursing program, utilizing the recently acquired \$9 million ARPA grant funds.

On-campus housing continues to have high occupancy rates and, with the addition of a new building, offers various housing configurations and multiple price points to make on-campus options available to students. The new student union building continues to evaluate and strategize operations for future growth. Management believes this will provide a strong revenue stream in FY2025 and future periods. These efforts will help with student recruitment and retention, as well.

Property values continue to be firm with areas of commercial expansion in the area providing a secure source of ad valorem revenue for the Tech District. The *Ticket to Rose* program, funded with ad valorem tax collections, is a strong incentive for local high school seniors to enroll at Rose State College.

The College is heavily impacted by the state's legislative and political environment due to the strong reliance on legislated appropriations to fund operations. For FY24, base support from the state was increased by \$435 or 2.4%. For fiscal year 2025, state appropriations were increased by \$287 thousand or 1.5%. The state's economy continues to recover from the effects of the pandemic and its effects on oil and gas production as well as agriculture yet revenue collections have been strong and the chance of mid-year revenue failure appears to be very slight. Management continues to monitor the State's collections so it can react quickly, if necessary, to protect the operations of the College.

Given students' reliance on Federal financial aid and the school's opportunities for Federal grant programs, the national political environment also has a direct influence on the College. Discussions on funding priorities and changes to regulations for student financial aid, loans and grants could have a material economic effect on the school.

Overall, the management of Rose State College believes the institution to be in a solid financial condition, even as it faces all of these challenges, and is committed to maintaining that position.

**Rose State College**  
*(A Component Unit of the State of Oklahoma)*  
Management's Discussion and Analysis  
June 30, 2024

**Contacting the College's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Vice President at Rose State College, 6420 S. E. 15<sup>th</sup> Street, Midwest City, Oklahoma, 73110.

**Rose State College  
Statement of Net Position  
June 30, 2024**

	<b>Rose State College</b>	<b>Rose State College Foundation Inc.</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 36,673,250	\$ 983,842
Restricted:		
Cash and cash equivalents	7,494,728	-
Investments	-	2,268,991
Restricted investments	45,146	-
Accounts receivable, net	1,274,046	-
Federal and state grants receivable	574,003	-
Delinquent ad valorem property taxes receivable	418,000	-
Accrued interest receivable	43,645	-
Prepaid expenses	4,572	-
Total current assets	<u>46,527,390</u>	<u>3,252,833</u>
<b>Noncurrent assets:</b>		
Restricted:		
Cash and cash equivalents	4,369,225	-
Restricted net OPEB asset	191,270	-
Capital assets, net	<u>77,869,802</u>	<u>2,863,000</u>
Total noncurrent assets	<u>82,430,297</u>	<u>2,863,000</u>
 Total assets	 <u>128,957,687</u>	 <u>6,115,833</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to debt	531,038	-
Deferred outflows related to OPEB	469,869	-
Deferred outflows related to pensions	<u>5,941,837</u>	<u>-</u>
 Total deferred outflows	 <u>6,942,744</u>	 <u>-</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	2,429,520	5,001
Accrued compensated absences	786,795	-
Interest payable	88,375	-
Unearned revenue	2,172,192	-
Room deposits payable	49,276	-
Current maturities of long-term debt	<u>2,902,590</u>	<u>-</u>
Total current liabilities	<u>8,428,748</u>	<u>5,001</u>
<b>Noncurrent liabilities:</b>		
Accrued compensated absences	126,563	-
Total OPEB liability	1,088,885	-
Net pension obligation	29,265,958	-
Long-term debt	<u>40,398,374</u>	<u>-</u>
Total noncurrent liabilities	<u>70,879,780</u>	<u>-</u>
 Total liabilities	 <u>79,308,528</u>	 <u>5,001</u>
<b>DEFERRED INFLOWS</b>		
Gain on debt refinancing	2,621,353	-
Deferred inflows related to OPEB	187,169	-
Deferred inflows related to pensions	<u>3,674,222</u>	<u>-</u>
 Total deferred inflows	 <u>6,482,744</u>	 <u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	32,435,294	-
Restricted nonexpendable - endowment	-	5,300,490
Restricted expendable for:		
Scholarships	10,305,902	-
Loans	6,599	-
Capital projects	6,672,393	-
Debt service	5,184,962	-
OPEB	191,270	-
Unrestricted (deficit)	<u>(4,687,261)</u>	<u>810,342</u>
 Total net position	 <u>\$ 50,109,159</u>	 <u>\$ 6,110,832</u>

See Notes to the Financial Statements

**Rose State College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

	<b>Rose State College</b>	<b>Rose State College Foundation Inc.</b>
<b>Operating Revenues</b>		
Tuition and fees, net	\$ 3,591,847	\$ -
Federal grants and contracts	1,265,663	-
State and private grants and contracts	684,461	-
Sales and services of auxiliary enterprises, net	3,927,706	-
Contributions and other revenue	-	526,218
Other operating revenues	1,191,227	-
Total operating revenues	<u>10,660,904</u>	<u>526,218</u>
<b>Operating Expenses</b>		
Compensation and benefits	30,438,968	-
Contractual services	5,506,470	-
Supplies and materials	5,366,422	-
Scholarships and fellowships	7,570,472	331,301
Communications	84,215	-
Depreciation	4,567,582	-
Utilities	1,547,397	-
Other	3,888,429	171,744
Total Operating Expenses	<u>58,969,955</u>	<u>503,045</u>
<b>Operating income (loss)</b>	<u>(48,309,051)</u>	<u>23,173</u>
<b>Non-Operating Revenues (Expenses)</b>		
State appropriations	19,876,787	-
Federal grants	16,628,423	-
State grants	1,694,531	-
OTRS on-behalf contributions	1,772,129	-
Charter school revenue, net of transfers (Note 8)	609,282	-
Ad valorem taxes	14,131,839	-
Academic support for the Mid-Del Area Vocational Technical school	(6,128,796)	-
Miscellaneous revenue	1,150,386	-
Investment revenue	920,357	419,274
Interest on capital asset-related debt	(1,475,500)	-
Net non-operating revenue (expenses)	<u>49,179,438</u>	<u>419,274</u>
<b>Income (loss) before other revenues, expenses, gains, losses and transfers</b>	870,387	442,447
Capital appropriations - state	1,000,000	-
OCIA debt service on-behalf payments	601,676	-
<b>Increase (Decrease) in Net Position</b>	<u>2,472,063</u>	<u>442,447</u>
<b>Net Position, Beginning of Year</b>	<u>47,637,096</u>	<u>5,668,385</u>
<b>Net Position, End of Year</b>	<u>\$ 50,109,159</u>	<u>\$ 6,110,832</u>

**Rose State College**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

	<b>Rose State College</b>
<b>Operating Activities</b>	
Tuition and fees	\$ 4,698,862
Grants and contracts	1,795,515
Payments to suppliers	(23,356,206)
Payments to employees	(29,851,729)
Auxiliary enterprises sales and services	3,925,109
Other operating receipts	1,148,221
Net cash used in operating activities	<u>(41,640,228)</u>
<b>Noncapital Financing Activities</b>	
State appropriations	19,876,787
Non-operating grants	18,455,672
Charter school revenue	609,282
Ad valorem taxes received	12,266,140
Academic support for the Mid-Del Area Vocational Technical school	(5,887,419)
Federal direct student loans receipts	6,571,914
Federal direct student loans disbursements	(6,571,914)
Net cash provided by noncapital financing activities	<u>45,320,462</u>
<b>Capital and Related Financing Activities</b>	
Purchases of capital assets	(3,282,992)
Proceeds from debt	35,186
Principal paid on capital leases and bonds	(2,542,261)
Interest paid on capital leases and bonds	(1,419,815)
Capital appropriations – state	1,000,000
Non-operating revenues	1,150,386
Ad valorem taxes received for debt service	1,867,513
Net cash used in capital and related financing activities	<u>(3,191,983)</u>
<b>Investing Activities</b>	
Investment income received	910,465
Net cash provided by (used in) investing activities	<u>910,465</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,398,716
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>47,138,487</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 48,537,203</u></u>

(continued)

**Rose State College**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**  
(Continued)

	<b>Rose State College</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>	
Current assets	
Cash and cash equivalents	\$ 36,673,250
Restricted cash and cash equivalents	7,494,728
Noncurrent assets	
Restricted cash and cash equivalents	4,369,225
	<u>\$ 48,537,203</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating income (loss)	\$ (48,309,051)
Depreciation expense	4,567,582
OTRS on-behalf contributions	1,772,129
Changes in operating assets, deferred outflows, liabilities, and deferred inflows:	
Receivables, net	(66,431)
Deferred outflows related to pensions and OPEB	2,426,844
Restricted net OPEB asset	(14,108)
Prepaid expenses	1,189
Accounts payable and accrued liabilities	606,010
Accrued compensated absences	(59,513)
Unearned revenue	982,390
Room deposits payable	(9,156)
Total OPEB liability	95,651
Net pension obligation	(3,088,064)
Deferred inflows related to pensions and OPEB	(545,700)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u><u>\$ (41,640,228)</u></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	\$ 369,264
Principal on capital debt paid by state agency on behalf of the College	\$ 232,412

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies**

**Nature of Institution**

Rose State College (the "College") is a two-year college operating under the jurisdiction of a Board of Regents and the Oklahoma State Regents for Higher Education and is a component unit of the State of Oklahoma. Major federally-funded student financial aid programs in which the College participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, and Federal Work Study programs. Unsecured credit is extended to students.

**Reporting Entity**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB statements No. 14 and No. 34*, the Rose State College Technical Area Education District (the "District") is presented in the College's financial statements as a blended component unit because the District's governing body is the same as the governing body of the College, and the District provides services almost entirely to the College, which is the primary government. Separate financial statements of the District are prepared and may be obtained by contacting the College's Office of Administrative Services.

Rose State College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt, not-for-profit organization formed under the provisions of the Oklahoma Nonprofit Corporations Act. The Foundation's mission and principal activities are to promote the educational and cultural interest of the College and to enhance higher education in eastern Oklahoma County, Oklahoma. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Separate financial statements of the Foundation are prepared and may be obtained by contacting the Foundation's Executive Director.

The College authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the College. During the year ended June 30, 2024, the Foundation provided the College \$331,301 in scholarships, awards, and other program support.

The College, District, and Foundation all have a fiscal year end of June 30.



**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting and Presentation**

The financial statements of the College have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met, and those from imposed nonexchange transactions (ad valorem taxes) are recognized in the period for which the taxes are levied. Internal activity and balances are eliminated in preparation of the financial statements unless they are related to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as state appropriations), imposed nonexchange transactions, investment income, and interest on capital asset related debt are included in nonoperating revenues and expenses. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. 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.

**Cash Equivalents**

The College considers all liquid investments with original maturities of three months or less to be cash equivalents. At year-end, cash equivalents consisted primarily of pooled funds held by the Oklahoma State Treasurer or Office of Management and Enterprise Services and money market mutual funds on deposit with a trustee.

**Restricted Cash and Investments**

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

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Investments and Investment Income**

The College accounts for its investments at fair value based on quoted market prices.

Investment income consists of interest income earned from deposits in money market savings, interest-bearing checking accounts and money market funds.

**Ad Valorem Property Taxes**

Pursuant to Oklahoma statutes, the District may cause taxes to be levied against all taxable property in the taxing district. Certain tax levies have been approved by the voters of the taxing district and are utilized for operational purposes, capital projects, and to service certain debt of the District.

Annually, an Estimate of Needs report is submitted to the County Excise Board to determine the ad valorem tax levy. The county assessor is required to file a tax roll report on or before October 1 each year with the county treasurer indicating the net assessed valuation of all real, personal, and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). Ad valorem tax is levied each October 1 on the assessed valuation of nonexempt real property located in the District as of the preceding January 1, the assessment date. Ad valorem taxes are due and become a legally enforceable lien on October 1 following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1, the second installment is not delinquent until April 1). Ad valorem taxes are collected by the county treasurer and are subsequently remitted to the District.

The College is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article X Section 6B for qualifying manufacturing concerns.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. In exchange for the five-year exemption, qualifying manufacturing concerns must incur investment costs of \$250,000 or more for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer a basic health benefit plan to all full-time employees within 180 days of employment.

The College had no ad valorem taxes abated under this program for the fiscal year.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. Section 193 that is used to reimburse the College for the loss of revenue. Contributions to this fund come from a dedicated tax stream comprised of one percent of net state personal and corporate income tax revenues. The College has no outstanding, unpaid claim for reimbursement from the State as of June 30, 2024.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Student Accounts Receivable**

Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds. The College provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables and historical collection information. Tuition is generally due at the beginning of the semester. Late payment fees are assessed throughout the semester. For further information regarding student accounts receivables please see Note 3.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation, if acquired by gift. 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. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under lease obligations are amortized over the shorter of the lease term or their respective estimated useful life. Lease and Subscription assets are amortized over the life of the associated contract. The following estimated useful lives are being used by the College and the District:

Land improvements and infrastructure	20 – 30 years
Buildings and improvements	20 – 40 years
Furniture, fixtures, and equipment	3-7 years
Library materials	7 years

**Compensated Absences**

College policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. The expense and related liability are recognized as the vacation benefits are earned, whether the employee is expected to realize the benefit as paid time off or as a cash payment. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits that employees have earned but not yet realized. 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.

**Unearned Revenue**

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the College has not met all of the applicable eligibility requirements.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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.

**Subscription-based Information Technology Arrangements (SBITA)**

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.

**Net Position**

Net position of the College is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the College, including amounts deposited with the revenue bond trustee as required by the bond indenture and cash deposits as required by the District's building bond resolution. The Foundation's restricted nonexpendable net position is noncapital assets, such as permanent endowments, that are required to be maintained in perpetuity as specified by parties external to the Foundation. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, or restricted expendable or nonexpendable.

**Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows and deferred inflows are the consumption and the acquisition, respectively, of net position by the College that is applicable to a future reporting period. The College's deferred outflows of resources were comprised of changes related to pension and OPEB obligations that are applicable to future reporting periods. The College's deferred inflows of resources were comprised of revenues from the bookstore contract service concession arrangement, gains on debt refinancing and amounts related to OPEB and pension obligations related to experience and investments that are applicable to future reporting periods.

**Classification of Revenues**

The College has classified its revenues as either operating or non-operating 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 allowances, (2) sales and services of auxiliary enterprises, and (3) operating grants.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Classification of Revenues** (Continued)

*Nonoperating Revenues* – Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting* and GASB No. 34, such as state appropriations, ad valorem taxes, charter school fees, 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 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 non-operating revenues in the College's financial statements.

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded scholarship discounts and allowances. The scholarship discounts and allowances on tuition and fees for the year ended June 30, 2024 was \$12,078,609.

**Income Taxes**

The College and District, as political subdivisions of the state of Oklahoma, are exempt from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, the College and District may be subject to federal income tax on unrelated business income under Internal Revenue Code Section 511(a)(2)(B).

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

**Pensions and OPEB**

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

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 2: Deposits, Pooled Funds, Investments, and Investment Income**

*Custodial credit risk* is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The College's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U. S. agencies or instrumentalities, or the State of Oklahoma; bonds of any city, county, school district, or special road district of the State of Oklahoma; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2024, none of the District's balances of \$20,356,757 are exposed to custodial credit risk as a result of being uninsured and uncollateralized.

The College maintains its cash in pooled funds held by the Oklahoma State Treasurer or Office of Management and Enterprise Services (OMES). By State statute, the State Treasurer is required to ensure that all state funds are either 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 cash held by the State Treasurer is pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the treasurer may determine.

There is \$28,180,446 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2024, \$15,831,288 represents the amount held within OK INVEST, an internal investment pool, and \$6,000 represents change funds. 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. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. Based on an evaluation of the use and purpose of the College's participation in the internal investment pool, the amount on deposit with OK INVEST is treated as a demand account and reported as a cash equivalent.

**Summary of Carrying Values**

The carrying values of deposits and invested funds shown above are included in the statement of net position and statement of fiduciary net position as follows at June 30, 2024:

Carrying Value	
Deposits	\$ 32,699,915
Invested pooled funds	15,831,288
Change funds	<u>6,000</u>
	<u>\$ 48,537,203</u>

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 2: Deposits, Pooled Funds, Investments, and Investment Income** (Continued)

**Investments**

The College may legally invest in direct obligations of the U.S. Treasury and the State of Oklahoma.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The pooled funds held by the state treasurer or OMES and the money market mutual funds are presented with a maturity of less than one year because they are redeemable in full immediately.

*Investment Credit Risk* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The College is authorized to invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Regents.

Fair Value Measurement: GASB establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs consist of unobservable inputs which are used when observable inputs are unavailable and reflect an entity's own assumptions about the assumptions that the market participants would use in pricing the assets or liabilities. Real Estate held as investments would be valued as level 3 inputs.

**Investment Income**

Investment income of \$920,357 consisted primarily of interest income for the year ended June 30, 2024.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 3: Student Accounts Receivable**

The College's accounts receivable relate primarily to tuition and enrollment fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable consisted of the following at June 30, 2024:

Student tuition and fees	\$ 3,118,216
Auxiliary enterprises and other operating activities	259,947
	<u>3,378,163</u>
Less: allowance for doubtful accounts	<u>(2,104,117)</u>
Net accounts receivable	<u><u>\$ 1,274,046</u></u>

**Note 4: Capital Assets**

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,617,031	\$ -	\$ -	\$ -	\$ 3,617,031
Construction In progress	1,337,612	2,536,583	-	(3,733,417)	140,778
Total capital assets, not being depreciated	<u>4,954,643</u>	<u>2,536,583</u>	<u>-</u>	<u>(3,733,417)</u>	<u>3,757,809</u>
Other capital assets					
Building and improvements	122,490,875	-	-	3,733,417	126,224,292
Land improvements and infrastructure	3,001,569	-	-	-	3,001,569
Furniture fixtures and equipment	22,601,281	504,553	-	-	23,105,834
Library materials	7,622,940	204,460	19,157	-	7,808,243
Total other capital assets	<u>155,716,665</u>	<u>709,013</u>	<u>19,157</u>	<u>3,733,417</u>	<u>160,139,938</u>
Less accumulated depreciation					
Buildings and improvements	54,030,041	3,240,587	-	-	57,270,628
Land improvements and infrastructure	611,843	150,080	-	-	761,923
Furniture fixtures and equipment	20,285,696	864,033	-	-	21,149,729
Library materials	6,848,467	168,928	19,157	-	6,998,238
Total accumulated depreciation	<u>81,776,047</u>	<u>4,423,628</u>	<u>19,157</u>	<u>-</u>	<u>86,180,518</u>
Other capital assets, net	<u>73,940,618</u>	<u>(3,714,615)</u>	<u>-</u>	<u>3,733,417</u>	<u>73,959,420</u>
Lease assets					
Equipment	197,378	-	-	-	197,378
	<u>197,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,378</u>
Less accumulated amortization					
Equipment	39,476	39,475	-	-	78,951
Total accumulated amortization	<u>39,476</u>	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>78,951</u>
Lease assets, net	<u>157,902</u>	<u>(39,475)</u>	<u>-</u>	<u>-</u>	<u>118,427</u>
Subscription (SBITA) assets					
Intangible IT software	198,436	37,396	162,242	-	73,590
	<u>198,436</u>	<u>37,396</u>	<u>162,242</u>	<u>-</u>	<u>73,590</u>
Less accumulated amortization					
Intangible IT software	97,207	104,479	162,242	-	39,444
Total accumulated amortization	<u>97,207</u>	<u>104,479</u>	<u>162,242</u>	<u>-</u>	<u>39,444</u>
Subscription (SBITA) assets, net	<u>101,229</u>	<u>(67,083)</u>	<u>-</u>	<u>-</u>	<u>34,146</u>
Total cost of capital assets	161,067,122	3,282,992	181,399	-	164,168,715
Less accumulated depreciation and amortization	81,912,730	4,567,582	181,399	-	86,298,913
Capital assets, net	<u><u>\$ 79,154,392</u></u>	<u><u>\$ (1,284,590)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77,869,802</u></u>



**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5: Long-term Liabilities**

The following is a summary of long-term obligation transactions for the year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
<b>Bonds and Capital Leases</b>					
2013 Building Bonds Payable	\$ 10,150,000	\$ -	\$ (1,690,000)	\$ 8,460,000	\$ 1,690,000
2014C OCIA obligation	5,649,645	-	(5,267,193)	382,452	382,452
2024B OCIA lease obligation	-	4,433,052	-	4,433,052	-
ODFA 2017A	15,144,751	-	(400,417)	14,744,334	417,334
ODFA 2018A	8,514,084	-	(204,083)	8,310,001	216,667
ODFA 2022A	5,909,834	-	(98,333)	5,811,501	102,333
ODFA 2017A Premium	640,196	-	(26,768)	613,428	26,768
ODFA 2018A Premium	214,154	-	(8,595)	205,559	8,595
ODFA 2022A Premium	201,544	-	(6,970)	194,574	6,970
SBITA payable	98,633	37,396	(110,993)	25,036	12,098
Leases payable	159,462	-	(38,435)	121,027	39,373
Total Bonds and Capital Leases	46,682,303	4,470,448	(7,851,787)	43,300,964	2,902,590
<b>Other noncurrent liabilities</b>					
Accrued compensated absences	1,001,340	786,795	(874,777)	913,358	786,795
Total noncurrent liabilities	\$ 47,683,643	\$ 5,257,243	\$ (8,726,564)	\$ 44,214,322	\$ 3,689,385

**2013 Building Bonds Payable**

The District's Building Bonds of 2013, which were issued in August 2013, are general obligation bonds the proceeds of which were used to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the District. Interest is payable semi-annually on August 1 and February 1 at rates between 0.05% and 7.0%. Principal is due annually on August 1 through August 1, 2028. A continuing annual ad valorem tax levied upon all taxable property within the District area has been pledged to retire bonds and collection of such taxes and interest earned thereon is restricted for this purpose.

Debt service requirements as of June 30, 2024, on the 2013 Building Bonds are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 1,690,000	\$ 182,525	\$ 1,872,525
2026	1,690,000	119,150	1,809,150
2027	1,690,000	51,550	1,741,550
2028	1,690,000	9,300	1,699,300
2029	1,700,000	425	1,700,425
	<u>\$ 8,460,000</u>	<u>\$ 362,950</u>	<u>\$ 8,822,950</u>

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5: Long-term Liabilities (Continued)**

**2014C/2024B OCIA Note Payable**

The note payable consists of bonds issued by the OCIA to build, improve, and remodel facilities at various higher education and other institutions in Oklahoma. Funds are received from OCIA as needed to fund construction projects. The College's pro rata share of bonds has been recorded as a note payable.

The College's agreement with OCIA provides for specified monthly payments to OCIA for 30 years through August 31, 2035, or until the OCIA bonds and related interest are paid. The Oklahoma State Legislature appropriates monies and makes the monthly payments on behalf of the College which for the year ended June 30, 2024 amounted to \$601,676.

In 2015, the OCIA issued Bond Series 2014C that refunded the 2006D Bonds. The agreement no longer secures the 2006D Bond Issue but now acts as security for the 2014C Bond Issue over the term of the agreement through the year 2035. The agreement restructuring resulted in a reduction of principal, thus the College has recorded a credit of \$921,276 on restructuring as a deferred inflow of resources and was amortized until 2024 when the 2014C was refinanced with the 2024B agreement.

In 2024, the OCIA issued Bond Series 2024B that refunded the 2014C Bonds. The agreement no longer secures the 2014C Bond Issue but now acts as security for the 2024B Bond Issue over the term of the agreement through the year 2035. The agreement restructuring resulted in a reduction of principal, thus the College has recorded a credit of \$939,120 on restructuring as a deferred inflow of resources that will be amortized over a period of twenty years. As of June 30, 2024, the unamortized gain totaled \$923,725.

The scheduled principal and interest payments related to the 2014C and 2024B OCIA payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 382,452	\$ 354,818	\$ 737,270
2026	328,287	213,445	541,732
2027	372,090	195,936	568,026
2028	390,930	176,861	567,791
2029	410,241	156,831	567,072
2030-2034	2,381,376	446,838	2,828,214
2035	550,128	13,753	563,881
	\$ 4,815,504	\$ 1,558,482	\$ 6,373,986

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5: Long-term Liabilities (Continued)**

**2017A ODFA Payable**

In June 2017, the College entered into a 30-year agreement with the ODFA and OSRHE as beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Real Property Master Revenue Bonds, Series 2017A. The College financed \$17,301,000 (including \$800,804 in premium) to renovate the Student Center.

Payments made by the College are forwarded to the trustee bank by OSRHE for future principal and interest payments on the Master Revenue bonds. The ODFA deposits the payments into an interest-bearing sinking fund and may use the interest earnings to reduce the College's future payments.

The scheduled principal and interest payments related to the 2017A ODFA payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 417,333	\$ 544,362	\$ 961,695
2026	433,500	527,669	961,169
2027	451,250	510,329	961,579
2028	466,667	492,279	958,946
2029	486,583	473,612	960,195
2030-2034	2,740,833	2,063,134	4,803,967
2035-2039	3,280,500	1,525,517	4,806,017
2040-2044	3,868,917	937,579	4,806,496
2045-2047	2,598,751	201,448	2,800,199
	<u>\$ 14,744,334</u>	<u>\$ 7,275,929</u>	<u>\$ 22,020,263</u>

**2018A ODFA Payable**

In June 2018, the College entered into a 30-year agreement with the ODFA and OSRHE as beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Real Property Master Revenue Bonds, Series 2018A. The College financed \$9,446,000 (including \$257,129 in premium) to refinance the Housing capital lease for the "Village at Rose State". The refinancing resulted in a reduction of principal, thus the College has recorded a credit of \$2,123,514 on refinancing as a deferred inflow of resources that will be amortized over a period of thirty years. As of June 30, 2024, the unamortized gain totaled \$1,697,628.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5: Long-term Liabilities (Continued)**

The scheduled principal and interest payments related to the 2018A ODFA payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 216,667	\$ 326,350	\$ 543,017
2026	224,583	317,683	542,266
2027	231,583	308,700	540,283
2028	239,000	299,437	538,437
2029	251,000	289,877	540,877
2030-2034	1,408,417	1,290,870	2,699,287
2035-2039	1,715,833	985,650	2,701,483
2040-2044	2,091,667	613,694	2,705,361
2045-2048	1,931,251	181,906	2,113,157
	\$ 8,310,001	\$ 4,614,167	\$ 12,924,168

**2022A ODFA Payable**

In May 2022, the College entered into a 30-year agreement with the ODFA and OSRHE as beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Real Property Master Revenue Bonds, Series 2022A. The College financed \$6,170,000 (including \$208,514 in premium) to refinance the Housing note payable for the "Village at Rose State". The refinancing resulted in an increase principal (but a reduction in overall interest), thus the College has recorded a debit of \$569,082 on refinancing as a deferred outflow of resources that will be amortized over a period of thirty years. As of June 30, 2024, the unamortized loss totaled \$531,037.

The scheduled principal and interest payments related to the 2022A ODFA payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 102,333	\$ 268,750	\$ 371,083
2026	106,500	263,633	370,133
2027	112,250	258,308	370,558
2028	115,583	252,696	368,279
2029	122,583	246,917	369,500
2030-2034	713,000	1,135,678	1,848,678
2035-2039	922,083	930,241	1,852,324
2040-2044	1,174,250	675,033	1,849,283
2045-2049	1,450,000	399,163	1,849,163
2050-2052	992,919	84,363	1,077,282
	\$ 5,811,501	\$ 4,514,782	\$ 10,326,283

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 5: Long-term Liabilities (Continued)**

**Leases Payable**

Leases of equipment, copiers: Annual installments totaling \$41,861  
with interest rate of 2.41%, and maturity date June 2027.

\$ 121,027

The scheduled principal and interest payments related to the leases payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 39,373	\$ 2,488	\$ 41,861
2026	40,334	1,527	41,861
2027	41,320	542	41,862
	<u>\$ 121,027</u>	<u>\$ 4,557</u>	<u>\$ 125,584</u>

**SBITA Payable**

Subscriptions of intangible IT software; annual installments ranging of  
\$12,760, with interest rate 2.65%, and maturity date of December 2025.

\$ 25,036

The scheduled principal and interest payments related to the leases payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total to be Paid
2025	\$ 12,098	\$ 662	\$ 12,760
2026	12,938	342	13,280
	<u>\$ 25,036</u>	<u>\$ 1,004</u>	<u>\$ 26,040</u>

**Note 6: Retirement Plans**

The College's academic and nonacademic personnel are covered by two retirement plans. The plans available to College personnel include the Oklahoma Teachers' Retirement System (OTRS) (the "System"), which is a state of Oklahoma public employees' retirement system, and an annuity plan, which is a privately administered plan. The College does not maintain the accounting records, hold the investments for, or administer these plans.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 6: Retirement Plans (Continued)**

**Oklahoma Teachers' Retirement System (OTRS)**

**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 become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement 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, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of the final average compensation for the applicable years of credited service.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 6: Retirement Plans (Continued)**

**Oklahoma Teachers' Retirement System (OTRS)** (Continued)

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code (IRC).
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC Section 403(b).

**Contributions**

The contribution requirements of the OTRS Plan are at an established rate determined by Oklahoma Statute, as amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.50% of the employees' annual pay and an additional 8.0% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program, see Note 11. Contributions to the pension plan from the College were \$2,215,609. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$1,772,129 was recognized by the College; these on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the College reported a liability of \$29,265,958 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2023. Based upon this information, the College's proportion was 0.3798%.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 6: Retirement Plans (Continued)**

**Oklahoma Teachers' Retirement System (OTRS)** (Continued)

For the year ended June 30, 2024, the College recognized pension expense (benefit) of \$2,844,212 in compensation and benefits expense. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 477,464	\$ 569,796
Changes of assumptions	1,188,925	-
Net difference between projected and actual earnings on pension plan investments	2,047,979	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	3,057,624
Contributions during measurement date	11,860	46,802
College contributions subsequent to the measurement date	2,215,609	-
Total	<u>\$ 5,941,837</u>	<u>\$ 3,674,222</u>

The \$2,215,609 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (80,551)
2026	(1,450,863)
2027	2,049,125
2028	(362,867)
2029	(102,838)
	<u>\$ 52,006</u>

**Actuarial Assumptions**

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

- Actuarial Cost Method - Entry Age.
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases – None.
- Salary Increases - Composed of 2.25% inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%



**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 6: Retirement Plans (Continued)**

**Oklahoma Teachers' Retirement System (OTRS) (Continued)**

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

Asset Class	Target Asset Allocation	Long-Term Expected 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) and US Value added Real Estate (unleveraged)

**Discount Rate**

A single discount rate of 7.0% was used to measure the total pension liability as of June 30, 2023. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

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

**Rose State College**  
**Notes to Financial Statements**  
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**Note 6: Retirement Plans (Continued)**

**Oklahoma Teachers' Retirement System (OTRS) (Continued)**

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Employers' net pension liability	\$ 42,270,173	\$ 29,265,958	\$ 18,500,440

**Pension plan fiduciary net position**

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

**Annuity Plan**

All eligible employees of the College can elect to participate in a tax-deferred annuity plan (the "Plan"), a defined contribution pension plan administered by an independent fiduciary. Pension expense is recorded for the amount of the College's required contributions determined in accordance with the terms of the Plan. Contributions made by the College are subject to annual discretion by the Board of Regents. The Plan provides retirement benefits to participating employees and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan document and were established and can be amended by action of the College's Board of Regents. The College's contribution rate for the year ended June 30, 2024, was 2.5% of an eligible employee's annual base salary (as defined in the plan document). Contributions made by the College during 2024 totaled approximately \$341,000.

**Note 7: Academic Support for the Mid-Del Area Vocational-Technical School District I-52 (Mid-Del)**

The Board of Trustees for the District entered into an inter-local agreement with the Midwest City –Del City School Board (Mid-Del) to provide financial support for instruction in specified vocational and technical programs provided at the Lewis Eubanks Technical Center (Tech Center) during fiscal year 2024. The financial support payments, from the proceeds of the ad valorem tax levies (Note 1), is to be made at an amount which is equal to 50% of total collections of the Operational, Incentive and Building millage levied for the respective fiscal year. For the year ended June 30, 2024, the District incurred \$6,128,796 of non-operating expense related to the support of the Tech Center. At June 30, 2024, the District owed Mid-Del \$784,919 which is included in accounts payable. The inter-local agreement providing the financial support is approved by the Board of Trustees for the District annually for the upcoming fiscal year and does not extend beyond the bounds of the specified fiscal year. The Board of Trustees for the District retains the right to review, modify and accept or reject any and all future inter-local agreements.

**Rose State College**  
**Notes to Financial Statements**  
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**Note 8: Charter School Revenue**

The College entered into a contract with Dove Science Academy in the capacity as sponsoring entity pursuant to the Oklahoma Charter School Act (Act), 70 O.S. §3-130, et seq. Pursuant to the Act the College receives 3% of only the State aid portion of the funding.

**Note 9: Commitments and Contingencies**

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

The College participates in the Direct Student Loan Program (the "Program"). 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. For the year ended June 30, 2024, \$6,571,914 of Program loans were provided to the College's students.

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. Management believes that resolution of such matters pending at June 30, 2024, will not have a material adverse impact on the College's financial position.

**Note 10: Risk Management**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illness; and natural disasters. The College pays an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss, and general liability insurance coverages. The College carries insurance with the State Insurance Fund for other risks of loss, including workers' compensation and employee accident and health insurance.

**Note 11: Other Post-Employment Benefit Plans**

Currently, Rose State College provides other post-employment benefits to retirees under three post-employment benefit (OPEB) plans:

1. OTRS Supplemental Health Insurance Program – a cost-sharing multiple-employer defined benefit plan administered by OTRS.
2. OKHEEI OPEB Plan – a single employer defined benefit health, dental and vision care plan.
3. College President's OPEB Plan – a single employer defined benefit healthcare and long-term care plan.

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans** (Continued)

**Summary of Net OPEB Obligation**

	Net OPEB Obligation (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense
Health Insurance Obligation	\$ 181,723	\$ 322,327	\$ 128,654	\$ 27,988
President's Health Obligation	907,162	-	-	25,433
OTRS OPEB Obligation (asset)	(191,270)	147,542	58,515	30,317
Total	<u>\$ 897,615</u>	<u>\$ 469,869</u>	<u>\$ 187,169</u>	<u>\$ 83,738</u>

**OTRS Supplement Health Insurance Program**

**Plan description**

The College as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at [www.ok.gov/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 the Oklahoma Higher Education Employee Interlocal Group ("OKHEEI"), provided the member has ten (10) years of Oklahoma service prior to retirement.

**Contributions**

Employer and employee contributions are made based upon the TRS 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 supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the College were \$10,865.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OTRS Supplement Health Insurance Program** (Continued)

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

At June 30, 2024, the College reported an asset of \$191,270 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The College's proportion of the net OPEB asset was based on the College's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2023. Based upon this information, the College's proportion was .3797%.

For the year ended June 30, 2024, the College recognized an OPEB expense (benefit) of \$30,317. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,750
Changes of assumptions	34,437	-
Net difference between projected and actual earnings on OPEB plan investments	46,951	-
Changes in College's proportionate share of contributions	23,595	-
Differences between College contributions and proportionate share of contributions	31,694	10,765
College contributions subsequent to the measurement date	10,865	-
Total	<u>\$ 147,542</u>	<u>\$ 58,515</u>

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OTRS Supplement Health Insurance Program** (Continued)

The \$10,865 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$	13,206
2026		(7,287)
2027		67,903
2028		1,701
2029		2,167
Thereafter		471
Total	\$	<u>78,161</u>

**Actuarial Assumptions**

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

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

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans (Continued)**

**OTRS Supplement Health Insurance Program (Continued)**

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

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net OPEB liability (asset)	\$ (19,325)	\$ (191,270)	\$ (336,664)

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at [www.ok.gov/TRS](http://www.ok.gov/TRS).

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OKHEEI Group OPEB Plan**

**Plan description**

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

**Benefits Provided**

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

**Employees covered by benefit terms**

At June 30, 2024 the following employees were covered by the benefit terms:

Active Employees	290
Retired participants or beneficiaries currently receiving benefit payments	<u>11</u>
Total	<u><u>301</u></u>

**Total OPEB Liability**

The College's total OPEB liability of \$181,723 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

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

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary.
- Discount Rate – 3.86%, based on published Bond Pay Go-20 bond index.



**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OKHEEI Group OPEB Plan** (Continued)

- Pre-Retirement Termination – Table T-3 of the Actuary's Pension Handbook

Age	Annual Termination Rate
25	5.27%
30	4.83%
35	4.47%
40	3.84%
45	3.21%
50	1.52%
55	0.33%
60	0.00%

- Retirement Age: 65
- Healthcare cost trend rates - Level 5.00%
- Mortality Rates - RPA-2000 Mortality Table projected to 2020.

**Changes in Total OPEB Liability**

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

	Total OPEB Liability
<b>Balances Beginning of Year</b>	\$ 111,505
<b>Changes for the Year:</b>	
Interest expense	4,070
Changes of assumptions	26,465
Difference between expected and actual experience	94,405
Benefits paid	(54,722)
<b>Net Changes</b>	<u>70,218</u>
<b>Balances End of Year</b>	<u>\$ 181,723</u>

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OKHEEI Group OPEB Plan** (Continued)

**Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the total OPEB liability (asset) of the employer calculated using the discount rate of 3.86%, 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 (2.86%) or 1-percentage-point higher (4.86%) than the current rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Employers' net opeb liability	\$ 184,714	\$ 181,723	\$ 178,854

**Sensitivity of the Total OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate**

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rates Rate (5.00%)	1% Increase (6.00%)
Employers' net opeb liability	\$ 178,858	\$ 181,723	\$ 184,652

**OPEB Expense**

For the year ended June 30, 2024, the College recognized OPEB expense of \$27,988. The College also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 274,577	\$ 121,492
Changes of assumptions	47,750	7,162
Total	<u>\$ 322,327</u>	<u>\$ 128,654</u>

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans** (Continued)

**OKHEEI Group OPEB Plan** (Continued)

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

Year ended June 30:

2025	\$	23,919
2026		22,094
2027		21,235
2028		21,235
2029		21,235
Thereafter		83,955
Total	\$	<u>193,673</u>

**College President's OPEB Plan**

**Plan Description**

The College's Presidents defined benefit OPEB plan, College President's Plan, provides OPEB to several eligible retired Presidents and their spouses as defined in those Presidents' employment contracts as approved by the College's Board of Regents. The College's Board of Regents has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The College provides healthcare and long-term care benefits to eligible retirees and their spouses. The College pays the full contribution rate for the retirees' coverages and their spouses.

**Employees Covered by Benefit Terms**

At June 30, 2024 the following employees were covered by the benefit terms:

Retired participants or beneficiaries currently receiving benefit payments      6

**Total OPEB Liability**

The College's total OPEB liability of \$907,162 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

**Rose State College**  
**Notes to Financial Statements**  
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**Note 11: Other Post-Employment Benefit Plans** (Continued)

**College President's OPEB Plan** (Continued)

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

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary.
- Discount Rate – 3.86%, based on published Bond Pay Go-20 bond index.
- Healthcare cost trend rates - Level 5.00%
- Mortality Rates - RPA-2000 Mortality Table projected to 2020.

**Changes in Total OPEB Liability**

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

	Total OPEB Liability
<b>Balances Beginning of Year</b>	\$ 881,729
<b>Changes for the Year:</b>	
Interest expense	32,183
Changes of assumptions	74,720
Difference between expected and actual experience	18,140
Benefits paid	(99,610)
<b>Net Changes</b>	<u>25,433</u>
<b>Balances End of Year</b>	<u>\$ 907,162</u>

**Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the total OPEB liability (asset) of the employer calculated using the discount rate of 3.86%, 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 (2.86%) or 1-percentage-point higher (4.86%) than the current rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Employers' net OPEB liability	\$ 956,486	\$ 907,162	\$ 863,471

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 11: Other Post-Employment Benefit Plans** (Continued)

**College President's OPEB Plan** (Continued)

**Sensitivity of the Total OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate**

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Employers' net opeb liability	\$ 872,052	\$ 907,162	\$ 945,738

**OPEB Expense**

For the year ended June 30, 2024, the College recognized OPEB expense (benefit) of \$25,433.

**Note 12: Segment Information**

As noted in the reporting entity section above, the College's financials contain a blended component unit, the Rose State College Technical Area Education District (the "District"). Summary financial information for the College and the District is presented below.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 12: Segment Information (Continued)**

<b>CONDENSED STATEMENT OF NET POSITION</b>	<b>College</b>	<b>District</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets	\$ 25,708,406	\$ 20,818,984	\$ 46,527,390
Capital assets, net	54,388,307	23,481,495	77,869,802
Other assets	4,560,495	-	4,560,495
Total assets	<u>84,657,208</u>	<u>44,300,479</u>	<u>128,957,687</u>
 <b>DEFERRED OUTFLOWS</b>	 <u>6,942,744</u>	 <u>-</u>	 <u>6,942,744</u>
 <b>LIABILITIES</b>			
Current liabilities	5,613,122	2,815,626	8,428,748
Non-current liabilities	64,109,780	6,770,000	70,879,780
Total liabilities	<u>69,722,902</u>	<u>9,585,626</u>	<u>79,308,528</u>
 <b>DEFERRED INFLOWS</b>	 <u>6,482,744</u>	 <u>-</u>	 <u>6,482,744</u>
 <b>NET POSITION</b>			
Net investment in capital assets	17,502,174	14,933,120	32,435,294
Restricted	14,866,398	7,494,728	22,361,126
Unrestricted	<u>(16,974,266)</u>	<u>12,287,005</u>	<u>(4,687,261)</u>
Total net position	<u>\$ 15,394,306</u>	<u>\$ 34,714,853</u>	<u>\$ 50,109,159</u>
 <b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>			
Operating revenues	\$ 10,660,904	\$ -	\$ 10,660,904
Depreciation and amortization	(2,536,879)	(2,030,703)	(4,567,582)
Other operating expenses	<u>(49,721,841)</u>	<u>(4,680,532)</u>	<u>(54,402,373)</u>
Operating loss	<u>(41,597,816)</u>	<u>(6,711,235)</u>	<u>(48,309,051)</u>
 <b>Non-operating Revenues (Expenses)</b>			
State appropriations	19,876,787	-	19,876,787
Federal grants	16,628,423	-	16,628,423
State grants	1,694,531	-	1,694,531
OTRS on-behalf contributions	1,772,129	-	1,772,129
Charter school revenue, net of transfers (Note 8)	609,282	-	609,282
Ad valorem taxes	-	14,131,839	14,131,839
Academic support for the Mid-Del Area Vocational Technical School	-	(6,128,796)	(6,128,796)
Miscellaneous revenue	1,150,386	-	1,150,386
Investment revenue	581,759	338,598	920,357
Interest on capital asset-related debt	(1,257,767)	(217,733)	(1,475,500)
Capital appropriations - state	1,000,000	-	1,000,000
OCIA debt services on-behalf payments	601,676	-	601,676
Transfers from (to)	<u>460,047</u>	<u>(460,047)</u>	<u>-</u>
Change in net position	1,519,437	952,626	2,472,063
Beginning net position (restated)	<u>13,874,869</u>	<u>33,762,227</u>	<u>47,637,096</u>
Ending net position	<u>\$ 15,394,306</u>	<u>\$ 34,714,853</u>	<u>\$ 50,109,159</u>
 <b>CONDENSED STATEMENT OF CASH FLOWS</b>			
Net cash provided (used) by:			
Operating activities	\$ (36,921,225)	\$ (4,719,003)	\$ (41,640,228)
Noncapital financing activities	39,401,788	5,918,674	45,320,462
Capital and related financing activities	(2,962,063)	(229,920)	(3,191,983)
Investing activities	<u>571,867</u>	<u>338,598</u>	<u>910,465</u>
Net increase (decrease)	90,367	1,308,349	1,398,716
Cash and Cash Equivalents, Beginning of Year	<u>28,090,079</u>	<u>19,048,408</u>	<u>47,138,487</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,180,446</u>	<u>\$ 20,356,757</u>	<u>\$ 48,537,203</u>

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc.**

**Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

The Foundation is a nonprofit organization whose mission and principal activities are to promote the educational and cultural interest of the College, a public institution of higher education. The Foundation's revenues and other support are derived principally from contributions and its activities are conducted in the Midwest City, Oklahoma, area. Members of the College's Board of Regents are associate members of the Board of Trustees and are nonvoting members.

Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Investments and Investment Return**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment in the common funds is valued at fair value based upon the underlying fair value of the funds' equity and debt securities. Net investment gain/(loss) is reported in the statement of revenues, expenses, and changes in net position and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc. (Continued)**

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

**Investments and Investment Return** (Continued)

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net position. Other investment return is reflected in the statement of revenues, expenses, and changes in net position as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**Collections**

All collections of works of art, historical treasures, and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated fair value on the acquisition date, if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

**Income Taxes**

The Foundation is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination.



**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc. (Continued)**

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

**Financial Instruments and Credit Risk**

The Foundation manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

**Investment Return**

Total investment return is comprised of the following for the year ended June 30, 2024:

Net realized and unrealized gain	\$ 419,747
Less investment management and custodial fees	<u>(473)</u>
	<u>\$ 419,274</u>

**Fair Value Measurements and Disclosures**

The Foundation measures its investments at fair value using the net asset value (NAV) per share practical expedient.

The following table presents investments measured at fair value based on NAV per share at June 30, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Multi-Strategy Bond Fund	\$ 1,349,933	\$ -	Limited	5 business days*
Multi-Strategy Equity Fund	<u>919,058</u>	<u>-</u>	Limited	5 business days*
	<u>\$ 2,268,991</u>	<u>\$ -</u>		

\* With additional stipulations such as withdrawal performed at month-end

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc. (Continued)**

**Capital Assets**

Capital Assets consist of the following at June 30, 2024:

Historical Properties:	
Atkinson Heritage Center	\$ 1,400,000
Atkinson Land	850,000
Atkinson Pony Barn	<u>613,000</u>
Total Capital Assets	<u>\$ 2,863,000</u>

The properties are not depreciated since they have cultural and historical value that is worth preserving perpetually, and the Foundation is protecting the service potential of the properties.

**Restricted Net Position**

*Net Position with Donor Restrictions*

Net position with donor restrictions at June 30, 2024, consists of funds restricted by donors for scholarships in the amount of \$5,300,490, including the Atkinson Heritage Center property of \$2,863,000.

**Related Party Transactions**

The Foundation and the College are related parties that are not financially interrelated organizations. The College authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the College. The Foundation's contributions to the College during the year ended June 30, 2024 are reported in the Foundation's financial statements as scholarships, awards, and programs of \$331,301. At June 30, 2024, the Foundation had scholarships, awards, and programs payable to the College of \$5,001.

The Foundation receives various administrative services and office space from the College at no cost. The Foundation's office space is provided by the College. During 2024, approximately \$8,000 was recorded as in-kind rent. The Foundation's payroll cost for employees handling all the day-to-day operations are paid by the College. During 2024, approximately \$105,000 was recorded as contributed services, which represent the Foundation's portion of the staff's salaries. These amounts are recorded as in-kind contributions on the accompanying statement of revenue, expenses, and changes in net position.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc. (Continued)**

**Related Party Transactions (Continued)**

The Foundation has entered into an operating lease with the College for the Atkinson Heritage Center property. The purpose of the lease is for the College to use, operate, and maintain the property. The term of the lease is for a period of 99 years. In consideration for use of the property, the College is to pay a nominal rent amount to the Foundation and is to pay all administrative costs (maintenance, insurance, etc.) related to the property.

**Endowments**

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

*Interpretation of Relevant Law:* In accordance with the requirements of the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as restricted nonexpendable 1) the original value of gifts donated to the endowment, 2) the original value of subsequent gifts donated to the endowment, 3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OUPMIFA. In accordance with OUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

*Return Objectives and Risk Parameters:* The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate to conservative level of investment risk.

**Rose State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 13: Rose State College Foundation, Inc. (Continued)**

**Endowments (Continued)**

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

*Spending Policy and How the Investment Objectives Relate to Spending Policy:* The Foundation has a policy of appropriating for distribution each year the equivalent of 4% percent of its endowment fund's fair value as of the immediately preceding July 1. Permitted annual disbursements for scholarships from permanent endowment fund earnings are reviewed by the Budget and Investment Committee annually and submitted to the Board for approval. In establishing this policy, the Foundation considered both the short-term and the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Position for the year ending June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net position, beginning of year	\$ -	\$ 1,051,842	\$ 1,051,842
Investment income net	-	265,049	265,049
Contributions	-	103,672	103,672
Transfers between restrictions	-	10,000	10,000
Appropriations	-	(265,049)	(265,049)
Endowment net position, end of year	<u>\$ -</u>	<u>\$ 1,165,514</u>	<u>\$ 1,165,514</u>

## **Required Supplementary Information**

**ROSE STATE COLLEGE**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA TEACHERS' RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
College's proportion of the net pension liability	0.4946%	0.5399%	0.5075%	0.5125%	0.5092%	0.4683%	0.4462%	0.4050%	0.3941%	0.3798%
College's proportionate share of the net pension liability	\$ 26,608,757	\$ 32,786,493	\$ 42,356,149	\$ 33,937,322	\$ 30,778,185	\$ 30,991,385	\$ 42,348,328	\$ 20,691,857	\$ 32,354,022	\$ 29,265,958
College's covered-employee payroll	\$ 22,925,808	\$ 22,192,483	\$ 21,302,035	\$ 21,101,444	\$ 21,093,470	\$ 21,950,479	\$ 21,515,039	\$ 20,103,020	\$ 21,288,688	\$ 20,816,410
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	116%	148%	199%	161%	146%	141%	197%	103%	152%	141%
Plan fiduciary net position as a percentage of the total pension liability	72.43%	70.31%	62.24%	69.32%	72.74%	71.56%	63.47%	80.80%	70.05%	72.57%

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

**Notes to Schedule:**

**ROSE STATE COLLEGE**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS**  
**OKLAHOMA TEACHERS' RETIREMENT SYSTEM**  
**Last 10 Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 2,269,655	\$ 2,156,215	\$ 2,015,580	\$ 2,104,834	\$ 2,217,467	\$ 2,169,170	\$ 2,017,043	\$ 2,109,083	\$ 2,081,693	\$ 2,215,609
Contributions in relation to the contractually required contribution	2,269,655	2,156,215	2,015,580	2,104,834	2,217,467	2,169,170	2,017,043	2,109,083	2,081,693	2,215,609
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 22,192,483	\$ 21,302,035	\$ 21,101,444	\$ 21,093,470	\$ 21,950,479	\$ 21,515,039	\$ 20,103,020	\$ 21,288,688	\$ 20,816,410	\$ 21,653,826
Contributions as a percentage of covered-employee payroll	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

**Notes to Schedule:**

**ROSE STATE COLLEGE**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**OKLAHOMA TEACHERS' RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	2018	2019	2020	2021	2022	2023	2024
College's proportion of the net OPEB liability (asset)	0.5125%	0.5092%	0.4682%	0.4462%	0.4050%	0.4050%	0.3797%
College's proportionate share of the net OPEB liability (asset)	\$ (228,566)	\$ (329,100)	\$ (289,523)	\$ (44,205)	\$ (515,877)	\$ (177,162)	\$ (191,270)
College's covered-employee payroll	\$ 21,101,444	\$ 21,093,470	\$ 21,950,479	\$ 21,515,039	\$ 20,103,020	\$ 21,288,688	\$ 20,816,410
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.08%	-1.56%	-1.32%	-0.21%	-2.57%	-0.83%	-0.92%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.07%	102.30%	129.91%	110.31%	112.01%

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

**Notes to Schedule:**

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

**ROSE STATE COLLEGE**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS**  
**SUPPLEMENTAL HEALTH INSURANCE PROGRAM**  
**Last 10 Fiscal Years**

	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 33,421	\$ 14,957	\$ 4,086	\$ 3,799	\$ 26,070	\$ 23,345	\$ 10,865
Contributions in relation to the contractually required contribution	33,421	14,957	4,086	3,799	26,070	23,345	10,865
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 21,093,470	\$ 21,950,479	\$ 21,515,039	\$ 20,103,020	\$ 21,288,688	\$ 20,816,410	\$ 21,653,826
Contributions as a percentage of covered-employee payroll	0.16%	0.07%	0.02%	0.02%	0.12%	0.11%	0.05%

**Notes to Schedule:**

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



**ROSE STATE COLLEGE**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**OKHEEI Group OPEB Plan**  
**Last 10 Fiscal Years**

	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability</b>							
Interest	\$ 8,500	\$ 8,944	\$ 5,942	\$ 6,146	\$ 7,664	\$ 4,416	\$ 4,070
Change in assumptions	(3,218)	2,270	33,738	1,537	(8,361)	(275)	26,465
Differences between expected and actual experience	25,549	(24,878)	142,518	142,292	(78,103)	(57,524)	94,405
Benefit payments, including refunds of member contributions	<u>(76,282)</u>	<u>(43,609)</u>	<u>(81,079)</u>	<u>(82,207)</u>	<u>(66,167)</u>	<u>(32,274)</u>	<u>(54,722)</u>
<b>Net change in total OPEB liability</b>	(45,451)	(57,273)	101,119	67,768	(144,967)	(85,657)	70,218
<b>Total OPEB liability - beginning</b>	<u>275,966</u>	<u>230,515</u>	<u>173,242</u>	<u>274,361</u>	<u>342,129</u>	<u>197,162</u>	<u>111,505</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 230,515</u>	<u>\$ 173,242</u>	<u>\$ 274,361</u>	<u>\$ 342,129</u>	<u>\$ 197,162</u>	<u>\$ 111,505</u>	<u>\$ 181,723</u>
 <b>Covered employee payroll</b>	 \$ 21,093,470	 \$ 21,950,479	 \$ 21,515,039	 \$ 20,103,020	 \$ 21,288,688	 \$ 20,816,410	 \$ 21,653,826
 <b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	 1.09%	 0.79%	 1.28%	 1.70%	 0.93%	 0.54%	 0.84%
 <b>Discount rate used</b>	 3.88%	 3.43%	 2.21%	 2.04%	 3.55%	 3.65%	 3.86%

**Notes to Schedule:**

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

ROSE STATE COLLEGE  
Schedule of Changes in Total OPEB Liability and Related Ratios  
College President's OPEB Plan  
Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability</b>							
Interest	\$ 24,962	\$ 30,421	\$ 30,157	\$ 23,254	\$ 21,459	\$ 32,448	\$ 32,183
Change in assumptions	(30,983)	13,333	33,738	1,537	(80,522)	(4,424)	74,720
Differences between expected and actual experience	239,485	(76,770)	181,397	80,686	16,568	37,750	18,140
Benefit payments, including refunds of member contributions	(56,211)	(75,480)	(86,352)	(91,694)	(95,401)	(98,071)	(99,610)
<b>Net change in total OPEB liability</b>	177,253	(108,496)	158,940	13,783	(137,896)	(32,297)	25,433
<b>Total OPEB liability - beginning</b>	<u>810,442</u>	<u>987,695</u>	<u>879,199</u>	<u>1,038,139</u>	<u>1,051,922</u>	<u>914,026</u>	<u>881,729</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 987,695</u>	<u>\$ 879,199</u>	<u>\$ 1,038,139</u>	<u>\$ 1,051,922</u>	<u>\$ 914,026</u>	<u>\$ 881,729</u>	<u>\$ 907,162</u>

<b>Discount rate used</b>	3.88%	3.43%	2.21%	2.04%	3.55%	3.65%	3.86%
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**Notes to Schedule:**

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

## **Other Supplementary Information**

# Rose State College

## Combining Schedule of Net Position

### June 30, 2024

	<u>College</u>	<u>District</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 23,811,221	\$ 12,862,029	\$ 36,673,250
Restricted:			
Cash and cash equivalents	-	7,494,728	7,494,728
Accounts receivable, net	1,234,391	39,655	1,274,046
Federal and state grants receivable	574,003	-	574,003
Delinquent ad valorem property taxes receivable	-	418,000	418,000
Restricted investments	45,146	-	45,146
Accrued interest receivable	43,645	-	43,645
Prepaid expenses	-	4,572	4,572
Total current assets	<u>25,708,406</u>	<u>20,818,984</u>	<u>46,527,390</u>
Noncurrent assets:			
Restricted:			
Cash and cash equivalents	4,369,225	-	4,369,225
Restricted net OPEB asset	191,270	-	191,270
Capital assets, net	<u>54,388,307</u>	<u>23,481,495</u>	<u>77,869,802</u>
Total noncurrent assets	<u>58,948,802</u>	<u>23,481,495</u>	<u>82,430,297</u>
Total assets	<u>84,657,208</u>	<u>44,300,479</u>	<u>128,957,687</u>
<b>DEFERRED OUTFLOWS</b>			
Related to debt	531,038	-	531,038
Related to OPEB	469,869	-	469,869
Related to pensions	<u>5,941,837</u>	<u>-</u>	<u>5,941,837</u>
Total deferred outflows	<u>6,942,744</u>	<u>-</u>	<u>6,942,744</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	1,259,551	1,037,251	2,296,802
Accrued compensated absences	786,795	-	786,795
Interest payable	-	88,375	88,375
Unearned revenue	2,172,192	-	2,172,192
Current maturities of long-term debt	1,212,590	1,690,000	2,902,590
Room deposits payable	49,276	-	49,276
Total current liabilities	<u>5,480,404</u>	<u>2,815,626</u>	<u>8,296,030</u>
Noncurrent liabilities:			
Accrued compensated absences	126,563	-	126,563
Total OPEB liability	1,088,885	-	1,088,885
Net pension liability	29,265,958	-	29,265,958
Long-term debt	<u>33,628,374</u>	<u>6,770,000</u>	<u>40,398,374</u>
Total noncurrent liabilities	<u>64,109,780</u>	<u>6,770,000</u>	<u>70,879,780</u>
Total liabilities	<u>69,590,184</u>	<u>9,585,626</u>	<u>79,175,810</u>
<b>DEFERRED INFLOWS</b>			
Gain on debt refinancing	2,621,353	-	2,621,353
Related to OPEB	187,169	-	187,169
Related to pensions	<u>3,674,222</u>	<u>-</u>	<u>3,674,222</u>
Total deferred inflows	<u>6,482,744</u>	<u>-</u>	<u>6,482,744</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,502,174	14,933,120	32,435,294
Restricted expendable for:			
Scholarships	10,438,620	-	10,438,620
Loans	6,599	-	6,599
Capital projects	2,870,129	3,802,264	6,672,393
Debt service	1,492,498	3,692,464	5,184,962
OPEB	191,270	-	191,270
Unrestricted	<u>(16,974,266)</u>	<u>12,287,005</u>	<u>(4,687,261)</u>
Total net position	<u>\$ 15,527,024</u>	<u>\$ 34,714,853</u>	<u>\$ 50,241,877</u>

**Rose State College**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2024**

	<b>College</b>	<b>District</b>	<b>Total</b>
<b>Operating revenues</b>			
Tuition and fees, net	\$ 3,591,847	\$ -	\$ 3,591,847
Federal grants and contracts	1,265,663	-	1,265,663
State and private grants and contracts	684,461	-	684,461
Sales and services of auxiliary enterprises, net	3,927,706	-	3,927,706
Other operating revenues	1,191,227	-	1,191,227
Total operating revenues	<u>10,660,904</u>	<u>-</u>	<u>10,660,904</u>
<b>Operating Expenses</b>			
Compensation and benefits	30,438,968	-	30,438,968
Contractual services	4,067,648	1,438,822	5,506,470
Supplies and materials	4,390,502	975,920	5,366,422
Scholarships and fellowships	7,570,472	-	7,570,472
Communications	84,215	-	84,215
Depreciation and amortization	2,536,879	2,030,703	4,567,582
Utilities	920,189	627,208	1,547,397
Other	2,249,847	1,638,582	3,888,429
Total Operating Expenses	<u>52,258,720</u>	<u>6,711,235</u>	<u>58,969,955</u>
<b>Operating Loss</b>	<u>(41,597,816)</u>	<u>(6,711,235)</u>	<u>(48,309,051)</u>
<b>Non-Operating Revenues (Expenses)</b>			
State appropriations	19,876,787	-	19,876,787
Federal grants	16,761,141	-	16,761,141
State grants	1,694,531	-	1,694,531
OTRS on-behalf contributions	1,772,129	-	1,772,129
Charter school revenue, net of transfers (Note 8)	609,282	-	609,282
Ad valorem taxes	-	14,131,839	14,131,839
Academic support for the Mid-Del Area Vocational Technical school	-	(6,128,796)	(6,128,796)
Miscellaneous revenue	1,150,386	-	1,150,386
Investment revenue	581,759	338,598	920,357
Interest on capital asset-related debt	(1,257,767)	(217,733)	(1,475,500)
Net non-operating revenue	<u>41,188,248</u>	<u>8,123,908</u>	<u>49,312,156</u>
<b>Income loss before other revenues, expenses, gains, losses, and transfers</b>	(409,568)	1,412,673	1,003,105
Capital appropriations - state	1,000,000	-	1,000,000
OCIA debt service on-behalf payments	601,676	-	601,676
Transfers from (to)	460,047	(460,047)	-
<b>Increase (decrease) in Net Position</b>	1,652,155	952,626	2,604,781
<b>Net Position, Beginning of Year</b>	<u>13,874,869</u>	<u>33,762,227</u>	<u>47,637,096</u>
<b>Net Position, End of Year</b>	<u>\$ 15,527,024</u>	<u>\$ 34,714,853</u>	<u>\$ 50,241,877</u>

**Reports Required by *Governmental Auditing Standards*  
and Uniform Guidance**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

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

Board of Regents  
Rose State College  
Midwest City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rose State College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Rose State College's basic financial statements, and have issued our report thereon date October 22, 2024.

**Report on Internal Control over Financial Reporting**

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

*Hick & Company, PC*

Tulsa, Oklahoma  
October 22, 2024







**HINKLE &  
COMPANY** PC  
Strategic Business Advisors

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

Board of Regents  
Rose State College  
Midwest City, Oklahoma

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

**Opinion on Each Major Federal Program**

We have audited Rose 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 each of Rose State College's major federal programs for the year ended June 30, 2024. Rose State College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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



### **Report on Internal Control Over Compliance**

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

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

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

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

*Hick & Company, PC*

Tulsa, Oklahoma  
October 22, 2024



**Rose State College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Project Number	Federal Grant Expenditures
<b>U.S. Department of Education</b>			
Direct Programs			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	N/A	\$10,441,241
Supplemental Education Opportunity Grant Program	84.007	N/A	325,649
Federal Work Study Program	84.033	N/A	205,221
Direct Student Loan Program	84.268	N/A	6,571,914
Total Student Financial Aid Cluster			<u>17,544,025</u>
TRIO Cluster			
Student Support Services Program	84.042	N/A	260,240
Talent Search Program	84.044	N/A	271,884
Total TRIO Cluster			<u>532,124</u>
Fund for the Improvement of Postsecondary Education (FIPSE) - Cyber Security Laboratory	84.116R	N/A	<u>5,862</u>
Emergency Financial Aid Grants to Students under HEERF	84.425E	N/A	<u>5,692,453</u>
Institutional Portion - HEERF	84.425F	N/A	<u>-</u>
Passed Through Oklahoma State Department of Technology Carl Perkins	84.048A	5A028C2D076E	<u>207,514</u>
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	N/A	<u>50,452</u>
Total U.S. Department of Education			<u>24,032,430</u>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Oklahoma State Regents for Higher Education			
Scholars for Excellence in Child Care	93.575	21000308	110,855
Temporary Assistance for Needy Families (TANF)	93.558	20000528	169,142
			<u>279,997</u>
Total U.S. Department of Health and Human Services			<u>279,997</u>
<b>U.S. Small Business Administration</b>			
Passed Through Southeastern Oklahoma State University			
Oklahoma Small Business Development Centers	59.037	SBAHQ-19-B-0044	49,945
SBDC CARES Act Supplemental Funding	59.037	SBAHQ20C0036	-
Total U.S. Small Business Administration			<u>49,945</u>
<b>National Science Foundation</b>			
Direct Programs			
Unmanned Aerial Systems	47.076	N/A	<u>1,279</u>
Total National Science Foundation			<u>1,279</u>
Total Federal Awards			<u><u>\$24,363,651</u></u>

**Rose 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 the federal award activity of Rose State College (the College) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the 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-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: Federal Direct Student Loan Program**

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

**Rose State College**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Summary of Auditor's Results**

1. The opinion expressed in the independent auditor's report was:

☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimed

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

Significant deficiencies ☐ Yes    ☒ None reported

Material weaknesses? ☐ Yes    ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

☐ Yes    ☒ No

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

Significant deficiencies? ☒ Yes    ☐ None reported

Material weaknesses? ☐ Yes    ☒ No

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

☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance?

☐ Yes    ☒ No

7. The College's major program was:

<u>Cluster/Program</u>	<u>Federal Assistance Listing Number</u>
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Loan Program	84.268
Federal Work Study	84.033
Higher Education Emergency Relief Fund	
Emergency Financial Aid Grants to Students under	84.425E
Emergency Financial Aid Grants Institutional Portion	84.425F

**Rose State College**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Summary of Auditor's Results** (Continued)

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
9. The College qualified as a low-risk auditee as that term is defined in Uniform Guidance. ☒ Yes ☐ No

**Findings Required to be Reported by Government Auditing Standards**

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

**Finding: 2024-001 – Quarterly Public Reporting**

Criteria: Under the Coronavirus Response and Relief Supplemental Appropriations and American Rescue Plan Acts, the Quarterly Budget and Expenditure Reporting forms for Higher Education Emergency Relief Funds (HEERF) I, II, and III must be conspicuously posted on the institution's primary website no later than 10 days after the end of each calendar quarter (October 10, January 10, April 10, July 10).

Condition: The HEERF Quarterly Reports for quarters ended March 31, 2024 and June 30, 2024 were not publicly posted with previously posted quarterly reports when the auditor inspected the University's primary website on July 15, 2024.

Cause and Effect: Management failed to realize that the reporting was still required for the remaining unexpended funds and therefore failed to complete reporting timely based on requirements.

Recommendation: We recommend that management ensures policies and procedures are in place to complete all reporting requirements and ensure completed within required time frames.

Management Response: Management concurs with the finding. The 4<sup>th</sup> quarter – 2023 report should have been the final report. A check box, indicating final reporting, was inadvertently missed. The quarterly HEERF reports have been updated and posted to the Rose State College website.

**Rose State College**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Finding: 2024-002 – FSEOG and FWS matching funds**

Criteria: Under Uniform Guidance 34 CFR 676.21 and 34 CFR 675.26, institutions who receive federal funds for the FSEOG and FWS program must provide matching funds for the programs unless they are an eligible Title III or Title V institution and obtain a waiver for the matching requirement.

Condition: The college did not obtain a waiver for the matching requirement for the 2023-2024 financial aid year and did not provide matching funds for the FSEOG and FWS programs.

Cause and Effect: Previously the college has been automatically selected as being eligible for the matching funds waiver but did not receive one for 2023-2024 and management did not have proper controls in place to verify institution eligibility or if a waiver was received. Due to management being unaware that the college did not receive a waiver for the current year, matching funds were not provided for the programs and the college did not apply for a waiver. The effect of which is that the College could be obligated to repay the matching portion that was drawn in error of approximately \$132,717 as of year-end and has accrued the estimated liability at year end.

Recommendation: We recommend that management ensures policies and procedures are in place to verify college eligibility for matching fund requirements and to confirm that waivers are obtained in future years.

Management Response: Management concurs with the finding. It was assumed the college would be auto-designated as an eligible institution based on Integrated Postsecondary Education Data System (IPEDS) data. New procedures have been implemented. The college will submit the Title III/V application annually regardless of the IPEDS status.



**Rose State College**  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024

**Findings Required to be Reported by Government Auditing Standards**

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

No matters are reportable.