

East Central University
A Department of the Regional
University System of Oklahoma

Independent Auditor's Reports and
Financial Statements

June 30, 2024



East Central University
A Department of the Regional University System of Oklahoma
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June 30, 2024

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Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
East Central University
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of East Central University (the "University"), a department of the Regional University System of Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the East Central University, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of East Central University Foundation, Inc., the discretely presented component unit of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for East Central University Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

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

Reporting Entity

As discussed in *Note 1*, the accompanying financial statements of the University are intended to present the financial position, changes in financial position, and cash flows of only the activities of East Central University. They do not purport to, and do not, present fairly the financial position of the Regional University System of Oklahoma as of June 30, 2024, and the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of East Central University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Central University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Central University's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Springfield, Missouri
October 31, 2024

Overview of Financial Statements and Financial Analysis

East Central University (the "University") presents its financial statements for fiscal year 2024. Presented separately from the University are the financial statements of East Central University Foundation, Inc. ("the Foundation"). The Foundation is a discretely presented component unit of East Central University and has trustees that are independently elected. The Foundation also issues its financial statements in a separate report. Emphasis of discussions concerning these statements will be for the 2024 fiscal year data in comparison with the 2023 fiscal year data. While the 2023 data is not a part of the financial statements, significant fluctuations between the 2024 and 2023 data will be discussed. The Foundation's statements will not be a part of this discussion and analysis. The three financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) principles, are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Since changes reflected in the Statement of Cash Flows will be discussed in the analysis of the other two statements, the Statement of Cash Flows will not be presented in this discussion and analysis. Dollar amounts presented in table and graph formats are in thousands of dollars, and those presented in the discussion are rounded to thousands. This discussion and analysis of the University's financial statements is designed to assist the readers in understanding the accompanying financial statements and to summarily quantify the status, sources, and uses of resources. The University will also utilize these statements in conjunction with prior year data to focus on trends and establish benchmark comparisons.

Statement of Net Position

The Statement of Net Position presents the Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), and Deferred Inflows or Resources and Net Position (assets plus deferred outflows minus liabilities minus deferred inflows) at the end of the fiscal year. The purpose of the Statement of Net Position is to allow readers of the financial statements to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the University. The change in net position is an indicator of the overall financial condition of the University.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the institution's equity in property, plant, and equipment owned by the University and is recorded at historical cost less accumulated depreciation. The next category, Restricted-Expendable Net Position, measured in current value, is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Position, also measured in current value. Unrestricted assets are available to the institution for any lawful purpose of the institution.

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Management's Discussion and Analysis
June 30, 2024

	2024	2023
	<i>(Thousands of Dollars)</i>	
Assets		
Current assets	\$ 29,095	\$ 30,584
Capital, lease, subscription assets, net	78,721	81,339
Other noncurrent assets	4,750	3,873
Total assets	112,566	115,796
Deferred Outflows of Resources	494	528
Total assets and deferred outflows of resources	<u>\$ 113,060</u>	<u>\$ 116,324</u>
Liabilities		
Current liabilities	\$ 6,109	\$ 7,063
Noncurrent liabilities	22,195	24,842
Total liabilities	28,304	31,905
Deferred Inflows of Resources	643	414
Net Position		
Net investment in capital assets	54,964	55,046
Restricted expendable	8,142	6,572
Unrestricted	21,007	22,387
Total net position	84,113	84,005
Total liabilities, deferred inflows of resources and net position	<u>\$ 113,060</u>	<u>\$ 116,324</u>

The overall assets of the University decreased by approximately \$3,230,000 from the prior year. This overall decrease is primarily due to a decrease in capital, lease, and subscription assets of approximately \$2,618,000 for depreciation and amortization expense and in cash in the amount of approximately \$444,000 due to various expenses related to campus maintenance and repairs.

Total current liabilities decreased by approximately \$877,000, which is primarily made up of a decrease of accounts and scholarships payable of \$345,000, an increase in accrued payroll of \$717,000 due to timing, and a decrease in unearned revenue of \$1,173,000. Total noncurrent liabilities decreased by approximately \$2,700,000 which is mainly due to payments on our ODFA financing obligations in the approximate amount of \$1,390,000, OCIA obligations in the approximate amount of \$755,000 and a reduction in bonds payable totaling \$229,000.

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Statement of Revenues, Expenses, and Changes in Net Position

Another measure of an institution's fiscal stability is how operating revenues compare to operating expenses. Operating revenues are earned in exchange for providing goods and services, and operating expenses are incurred in the normal operations of the University. While public institutions will not normally have an excess of operating revenues over operating expenses (State Appropriations, some federal and state grants, gifts, and investment income are required to be reported as non-operating Revenues by GASB principles), the excess of operating revenues and non-operating revenues over expenses is normally an indication of the University's ability to operate within its available resources.

	<u>2024</u>	<u>2023</u>
	<i>(Thousands of Dollars)</i>	
Operating Revenues		
Tuition, fees, housing and food service	\$ 25,319	\$ 26,359
Grants and contracts	6,373	6,166
Other operating revenues	<u>1,761</u>	<u>960</u>
Total operating revenues	<u>33,453</u>	<u>33,485</u>
Operating Expenses		
Compensation	31,644	31,739
Contractual services	9,235	5,454
Supplies and materials	3,277	2,557
Depreciation and amortization	5,676	5,472
Other operating expenses	<u>14,363</u>	<u>17,344</u>
Total operating expenses	<u>64,195</u>	<u>62,566</u>
Operating Loss	<u>(30,742)</u>	<u>(29,081)</u>

East Central University
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Management's Discussion and Analysis
June 30, 2024

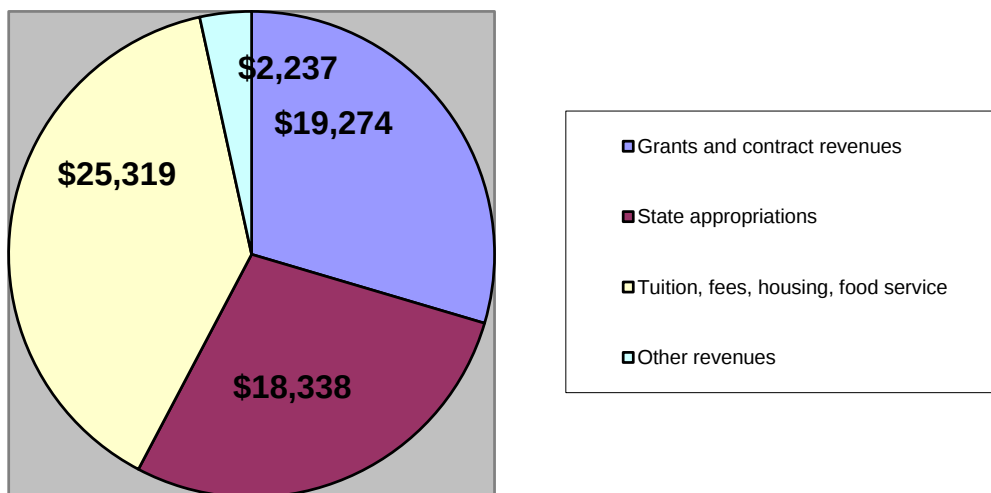
	<u>2024</u>	<u>2023</u>
	<i>(Thousands of Dollars)</i>	
Nonoperating Revenues (Expenses)		
State appropriations	\$ 16,047	\$ 14,462
Grants and contracts	12,901	12,006
Other nonoperating revenues	192	175
Interest expense	<u>(865)</u>	<u>(996)</u>
Total nonoperating revenues (expenses)	<u>28,275</u>	<u>25,647</u>
Other Revenues, Expenses, Gains or Losses		
Capital appropriations	1,527	1,417
Gifts to purchase capital assets	284	131
OCIA on-behalf state appropriations	<u>764</u>	<u>776</u>
Other revenues, expenses, gains or losses	<u>2,575</u>	<u>2,324</u>
Increase (Decrease) Net Position	108	(1,110)
Net Position, Beginning of Year	<u>84,005</u>	<u>85,115</u>
Net Position, End of Year	<u><u>\$ 84,113</u></u>	<u><u>\$ 84,005</u></u>

The University experienced a slight decline in enrollment for the fiscal year 2024 in comparison to fiscal year 2023, however tuition and fees increased by 6% for fiscal year 2024. These changes resulted in total operating revenues remaining fairly flat with an overall increase of \$1,352,000. Operating expenses increased by approximately \$3,013,000 primarily due to an increase in contractual services for custodial and maintenance, a decrease in scholarships and fellowships and an increase in supplies and materials due to inflationary factors. Non-operating revenues and expenses increased by approximately \$2,628,000 primarily due to an increase in state appropriations.

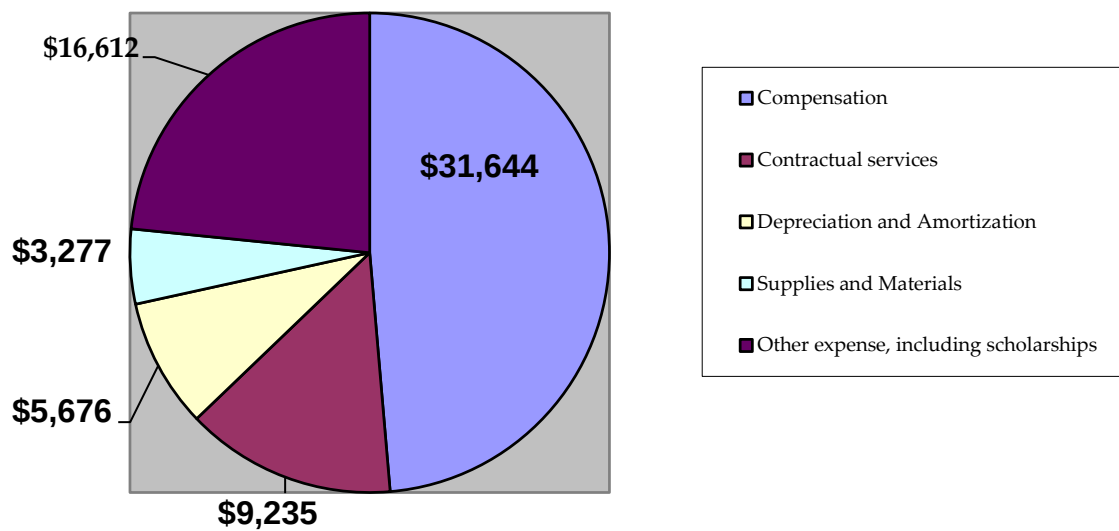
The major sources of revenues and expenditures (operating and non-operating) by the financial statement categories are summarized in the charts on the next page (in thousands of dollars).

East Central University
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Management's Discussion and Analysis
June 30, 2024

REVENUES



EXPENSES



Statement of Cash Flows

The Statement of Cash Flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from noncapital financing activities consist primarily of revenue sources that fund operations but are considered non-operating activities by definition. Cash flows from capital activities include capital asset and related long-term debt activities. Cash flows from investing activities show the proceeds and uses of cash related to purchasing or selling investments and related investment earnings thereon. The University's Statement of Cash Flows is presented on pages 13 and 14 of the financial statements.

Economic Outlook

The economic stability of the University is directly related to the state's economic stability. The State's economy continues to show optimistic signs and is evidenced by the recent increase in state appropriations. The University continues to work to meet the demands and needs of attending students and is preparing for anticipated growth moving forward.

State appropriations were approximately 49% of total revenues for fiscal year 2024. State appropriations to the University are expected to remain flat; therefore, total state appropriations are not expected to be returned to the fiscal year ending 2009 level. Therefore, the University will continue to feel a negative impact from this financial source.

East Central University
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Statement of Net Position
June 30, 2024

	<u>University</u>	<u>Foundation</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 25,535,491	\$ 4,538,489
Accounts receivable, net	1,423,878	-
Pledges receivable, net	-	4,626,879
Grants and contracts receivable	2,075,773	-
Interest receivable	42,975	-
Other receivable	2,557	-
Current portion of lease receivable	13,828	-
	<u>29,094,502</u>	<u>9,165,368</u>
Total current assets		
Noncurrent Assets		
Restricted cash and cash equivalents	4,163,681	-
Investments	-	46,881,741
Receivable from OSRHE Endowment Trust Fund	335,064	-
Accounts receivable, net	-	5,595,924
Other receivable	-	37,236
Leases receivable, net	251,522	-
Lease assets, net	86,231	-
Subscription assets, net	462,877	-
Capital assets, net	78,172,280	349,286
	<u>83,471,655</u>	<u>52,864,187</u>
Total noncurrent assets		
Total assets	112,566,157	62,029,555
Deferred Outflows Of Resources		
Deferred outflows on ODFA financing restructure	493,787	-
	<u>493,787</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 113,059,944</u>	<u>\$ 62,029,555</u>

East Central University
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Statement of Net Position
June 30, 2024

	<u>University</u>	<u>Foundation</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts and scholarships payable	\$ 1,151,928	\$ 101,680
Accrued payroll	836,883	-
Accrued interest	44,250	-
Unearned revenue	1,175,340	-
Current portion of noncurrent liabilities	2,900,545	-
	<u>6,108,946</u>	<u>101,680</u>
Total current liabilities		
Noncurrent Liabilities		
Accrued compensated absences	842,111	-
Lease liabilities	42,091	-
Subscription liabilities	215,032	-
Bonds payable	2,670,564	-
ODFA other financing arrangements	14,960,916	-
OCIA other financing arrangements	3,143,087	-
Other noncurrent liabilities	321,355	-
	<u>22,195,156</u>	<u>-</u>
Total noncurrent liabilities		
Total liabilities	<u>28,304,102</u>	<u>101,680</u>
Deferred Inflows of Resources		
Deferred inflows for leases	254,554	-
Deferred inflows on OCIA financing restructure	388,697	-
	<u>643,251</u>	<u>-</u>
Total deferred inflows of resources		
Net Position		
Net investment in capital assets	54,964,142	-
Restricted – nonexpendable		
Grants, bequests and contributions		60,287,866
Restricted – expendable		
Scholarships, instruction and other	3,977,791	-
Loans	25,000	-
Capital projects	3,875,972	-
Debt service	262,709	-
Unrestricted	21,006,977	1,640,009
	<u>84,112,591</u>	<u>61,927,875</u>
Total net position		
Total liabilities, deferred inflows of resources, and net position	<u>\$ 113,059,944</u>	<u>\$ 62,029,555</u>

East Central University
A Department of the Regional University System of Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	<u>University</u>	<u>Foundation</u>
Operating Revenues		
Student tuition and fees, net of scholarship discounts and allowances of \$11,860,759	\$ 19,475,141	\$ -
Federal grants and contracts	5,950,488	-
State and local grants and contracts	422,861	-
Bookstore operations	90,411	-
Housing and food service net of scholarship discounts and allowances of \$273,144	5,843,521	-
Investment income	-	5,302,009
Contributions	-	12,997,988
Other operating revenues	1,671,032	3,750
Total operating revenues	<u>33,453,454</u>	<u>18,303,747</u>
Operating Expenses		
Compensation and employee benefits	31,644,353	347,422
Contractual services	9,234,643	44,447
Supplies and materials	3,277,393	2,208
Depreciation and amortization	5,676,068	-
Utilities	1,287,121	-
Communication expense	69,628	-
Scholarships and fellowships	9,614,077	-
Other operating expenses	3,392,367	3,787,095
Total operating expenses	<u>64,195,650</u>	<u>4,181,172</u>
Operating Income (Loss)	<u>(30,742,196)</u>	<u>14,122,575</u>
Nonoperating Revenues (Expenses)		
State appropriations	16,046,980	-
Federal grants and contracts	7,587,569	-
State grants and contracts	5,312,928	-
Investment income	192,495	-
Interest expense	(864,948)	-
Total nonoperating revenues (expenses)	<u>28,275,024</u>	<u>-</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>(2,467,172)</u>	<u>14,122,575</u>
Other Revenues, Expenses, Gains, or Losses		
State appropriations restricted for capital purposes	1,526,674	-
On-behalf state appropriations restricted for debt service	764,047	-
Capital contributions	284,120	-
Total other revenues, expenses, gains, or losses	<u>2,574,841</u>	<u>-</u>
Increase in Net Position	107,669	14,122,575
Net Position, Beginning of Year	<u>84,004,922</u>	<u>47,805,300</u>
Net Position, End of Year	<u>\$ 84,112,591</u>	<u>\$ 61,927,875</u>

East Central University
A Department of the Regional University System of Oklahoma
Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities

Tuition and fees	\$ 18,623,303
Federal, state, and local grants and contracts	5,981,944
Payments to suppliers	(17,374,077)
Payments to employees	(30,946,586)
Payments for scholarships	(9,614,077)
Auxiliary enterprise charges	5,933,932
Other receipts	1,653,727

Net cash used in operating activities (25,741,834)

Noncapital Financing Activities

State appropriations	16,046,980
Federal grants and contracts	7,587,569
State grants and contracts	5,312,928

Net cash provided by noncapital financing activities 28,947,477

Capital and Related Financing Activities

Purchase of capital assets	(3,130,785)
Proceeds from ODFA receivable	5,437
Gifts and grants received for capital purposes	1,526,674
Principal paid on bonds and other financing arrangements	(1,581,548)
Principal paid on lease liabilities	(69,746)
Principal paid on subscription liabilities	(210,328)
Principal received on lease receivables	54
Interest paid on bonds and other financing arrangements	(591,315)
Interest paid on lease liabilities	(1,954)
Interest paid on subscription liabilities	(14,925)
Interest received on lease receivables	4,424

Net cash used in capital and related financing activities (4,064,012)

Investing Activities

Interest on investments	160,620
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Net cash provided by investing activities 160,620

Decrease in Cash and Cash Equivalents (697,749)

Cash and Cash Equivalents, Beginning of Year 30,396,921

Cash and Cash Equivalents, End of Year \$ 29,699,172

East Central University
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Statement of Cash Flows
Year Ended June 30, 2024

**Reconciliation of Cash and Cash Equivalents to the
Statement of Net Position**

Cash and cash equivalents	\$ 25,535,491
Restricted cash and cash equivalents	<u>4,163,681</u>
Total cash and cash equivalents	<u><u>\$ 29,699,172</u></u>

**Reconciliation of Operating Loss to
Net Cash Used in Operating Activities**

Operating loss	\$ (30,742,196)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization expense	5,676,068
Changes in operating assets and liabilities	
Accounts receivable	321,321
Receivables from state agencies	6,438
Grants and contracts receivable	(391,405)
Accounts payable and accrued expenses	604,117
Accrued compensated absences	(25,713)
Unearned revenue	(1,173,159)
Deferred inflows of resources for leases	<u>(17,305)</u>

Net Cash Used in Operating Activities	<u><u>\$ (25,741,834)</u></u>
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Supplemental Cash Information

Noncash Investing, Capital, and Financing Activities

Accounts payable incurred for purchase of capital assets	\$ 34,687
Contributed assets earned	\$ 131,032
Contributed capital assets	\$ 153,088
Principal and interest paid by other state agencies	\$ 764,047
Subscription liabilities incurred for subscription assets	\$ 7,273

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

Nature of Organization

East Central University (the "University") is a regional University operating under the jurisdiction of the Regional University System of Oklahoma (RUSO or the "System") and the Oklahoma State Regents for Higher Education.

Reporting Entity

The University is one of six institutions of higher education in Oklahoma that comprise part of RUSO, which in turn is part of the Higher Education component unit of the State of Oklahoma.

The Board of Regents has constitutional authority to govern, control and manage the System, which consist of six institutions and an administrative office. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

The University is considered a department of the System for financial reporting purposes and is included in the System's financial reporting entity.

Major federally funded student financial aid programs in which the University participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study and Federal Direct Loan Programs. The University extends unsecured credit to students.

Discretely Presented Component Unit

East Central University Foundation, Inc. (the "Foundation") is a component unit of the University. The Foundation is organized for the benefit of the University, and its faculty, student body, and programs. The purposes for which the Foundation is organized are exclusively scientific, literary, charitable, educational, and artistic for the benefit the University. Additional and selected disclosures for the Foundation are located in this report beginning with *Note 14*. A complete report of the Foundation's financial statements and footnotes can be requested from the Foundation's director.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Financial Statement Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and

expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

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, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

For financial reporting purposes, the University is considered a department of a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Restricted Cash and Cash Equivalents

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

Accounts and Grants Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Student accounts receivable are stated at the amount billed to the students less applied scholarships and loan proceeds and an allowance for doubtful accounts of \$11,885,924. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Grants receivable include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts.

Capital Assets (Including Intangible Assets)

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$2,500 or more and an estimated useful life of greater than one year. Computer Equipment with a unit cost of \$500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 30 years for infrastructure and land improvements, and 5 to 10 years for library materials and equipment.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The University evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, and subscription asset have occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, an impairment loss is recorded.

No asset impairment was recognized during the year ended June 30, 2024.

Unearned Revenue

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

Compensated Absences

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

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and other financing obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Outflows of Resources

Deferred outflows are the consumption of net assets by the University that is applicable to a future reporting period. At June 30, 2024, the University's deferred outflows of resources were comprised of deferred charges on other financing arrangement restructure.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net assets by the University that is applicable to a future reporting period. At June 30, 2024, the University's deferred inflows of resources were comprised of deferred gain on other financing arrangement restructure and from lease-related amounts that are recognized at the

inception of leases in which the University is the lessor. The lease-related amounts are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets: This represents the University's total investment in capital assets, lease, and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - Nonexpendable: Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University.

Restricted Net Position - Expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or enabling legislation.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Classification of Revenues

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) certain grants and contracts.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University 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 nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2024, were \$11,860,759 and \$273,144, respectively.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Note 2. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned, or the University will not be able to recover collateral securities in the possession of an outside party. The University deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the state's name. The OST's responsibilities include receiving and collateralizing the deposit of State funds, investing State funds in compliance with statutory requirements, and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. If the University deposits funds directly with financial institutions, those funds must be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank in the University's name.

There is \$29,688,025 in cash and \$262,709 in cash equivalents on deposit with the State Treasurer and other financial institutions, respectively, as of June 30, 2024. Of the \$29,688,025 on deposit with the State Treasurer, \$16,081,432 represents amounts held within *OK INVEST*, an internal investment pool. State 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 of funds with an emphasis on safety of the capital and the probable income to be derived while also meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. An evaluation of the use and purpose of the various State Agencies and funds participation in the internal investment pool has determined that the amount on deposit with *OK INVEST* are treated as demand accounts and reported as cash equivalents. For financial reporting purposes, deposits with the OST that are invested in *OK INVEST* are classified as cash equivalents.

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At June 30, 2024, the distribution of deposits in *OK INVEST* is as follows:

	Cost	Market Value
<i>OK INVEST Portfolio</i>		
U.S. agency bonds	\$ 845,810	\$ 828,433
Money market mutual funds	1,207,704	1,207,704
Certificates of deposit	37,550	37,550
Mortgage backed securities	2,476,017	2,170,627
Foreign bonds	102,521	102,144
U.S. Treasury bonds	11,411,830	11,251,148
	<u>\$ 16,081,432</u>	<u>\$ 15,597,606</u>

Investments

Investment *credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the University's investments are managed by the State Treasurer. In accordance with state statutes, the State Treasurer may only purchase and invest in (a) obligations of the United States government, its agencies, and instrumentalities; (b) prime banker's acceptances; (c) investment grade obligations of state and local governments; (d) money market funds; (e) collateralized or insured certificates of deposits; (f) negotiable certificates of deposits; (g) prime commercial paper; and (h) repurchase agreements. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest changes.

Neither the University nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST investment policy limits the average maturity on its portfolio to four (4) years, with certain individual securities having more restrictive limits as defined in the policy. *Concentration of credit risk* is the risk of loss attributed to the magnitude of the University's investment in a single issuer.

Neither the University's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST investment policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities. *Custodial credit risk* for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2024, none of the University's investments were subject to custody credit risk.

Bond Fund Cash and Investments

Certain non-pooled cash and investments are restricted in purpose by policies incorporated in applicable bond indentures. *Credit risk* policy generally restricts investing to cash, investments fully insured by the FDIC and U.S. government, and agency securities or mutual funds investing in these types of securities. There may be some variance among the investments authorized by the specific bond indentures of University bond issues. The OST and/or a trustee bank generally provide the management of restricted, non-pooled investments.

Custodial credit risk is not addressed by bond indentures. *Interest rate risk* in bond indentures provide that investments mature in no more than six to sixty months depending on the purpose of the funds and the requirements of the account in which the funds are deposited (i.e., construction, reserve, operations, and maintenance, etc.).

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Note 3. Leases Receivable

The University as a lessor, has entered into a lease agreement involving land. The lease has annual installments totaling approximately \$7,000 to \$14,000, with interest rate of 1.58% and a due date of March 2046. Revenue recognized under the lease contract during the year ended June 30, 2024 was \$18,000, which includes both lease revenue and interest.

Note 4. Capital, Lease and Subscription Assets

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

	Balance June 30, 2023	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 4,784,300	\$ 597,783	\$ -	\$ -	\$ 5,382,083
Art	170,485	-	-	-	170,485
Construction in progress	608,301	1,300,174	(1,196,723)	-	711,752
Total assets not being depreciated	5,563,086	1,897,957	(1,196,723)	-	6,264,320
Capital assets being depreciated					
Non-major infrastructure networks	4,548,455	85,600	-	-	4,634,055
Land improvements	5,434,273	-	-	-	5,434,273
Buildings	121,224,646	-	1,196,723	-	122,421,369
Furniture, fixtures, and equipment	18,077,723	1,024,523	-	-	19,102,246
Software	1,044,870	-	-	-	1,044,870
Library materials	6,629,970	42,880	-	(8,020)	6,664,830
Total capital assets being depreciated	156,959,937	1,153,003	1,196,723	(8,020)	159,301,643
Less accumulated depreciation for					
Non-major infrastructure networks	(1,562,836)	(522,776)	-	-	(2,085,612)
Land improvements	(3,023,502)	(297,101)	-	-	(3,320,603)
Buildings	(54,779,354)	(3,227,459)	-	-	(58,006,813)
Furniture, fixtures, and equipment	(15,078,244)	(1,278,693)	-	-	(16,356,937)
Software	(1,035,442)	(9,428)	-	-	(1,044,870)
Library materials	(6,555,312)	(31,556)	-	8,020	(6,578,848)
Total accumulated depreciation	(82,034,690)	(5,367,013)	-	8,020	(87,393,683)
Capital assets being depreciated, net	74,925,247	(4,214,010)	1,196,723	-	71,907,960
Capital assets, net	\$ 80,488,333	\$ (2,316,053)	\$ -	\$ -	\$ 78,172,280

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Lease assets activity for the year ended June 30, 2024, was:

	Balance June 30, 2023	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2024
Lease assets					
Equipment	\$ 298,799	\$ -	\$ -	\$ -	\$ 298,799
Less accumulated amortization	(141,909)	(70,659)	-	-	(212,568)
Lease assets, net	<u>\$ 156,890</u>	<u>\$ (70,659)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,231</u>

Subscription assets activity for the year ended June 30, 2024, was:

	Balance June 30, 2023	Additions	Transfers	Retirements/ Adjustments	Balance June 30, 2024
Subscription assets					
Subscription IT asset	\$ 934,536	\$ 7,273	\$ -	\$ -	\$ 941,809
Less accumulated amortization	(240,536)	(238,396)	-	-	(478,932)
Subscription assets, net	<u>\$ 694,000</u>	<u>\$ (231,123)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,877</u>

Note 5. Long-Term Liabilities

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts due within one year
Bonds and other financing arrangements					
Revenue Bonds - Series 2014	\$ 2,870,000	\$ -	\$ (215,000)	\$ 2,655,000	\$ 220,000
Bond premium - 2014 Issue	244,288	-	(8,724)	235,564	-
ODFA other financing arrangements	16,844,833	-	(1,289,583)	15,555,250	1,322,832
Premium on ODFA other financing arrangements	796,739	-	(68,241)	728,498	-
OCIA other financing arrangements	4,451,036	3,666,601	(4,451,036)	3,666,601	523,514
Total bonds and other financing arrangements	<u>25,206,896</u>	<u>3,666,601</u>	<u>(6,032,584)</u>	<u>22,840,913</u>	<u>2,066,346</u>
Other liabilities					
Accrued compensated absences	1,312,313	427,659	(453,372)	1,286,600	444,489
Other noncurrent liabilities	583,419	-	(131,032)	452,387	131,032
Lease liabilities	154,879	-	(69,746)	85,133	43,042
Subscription liabilities	633,723	7,273	(210,328)	430,668	215,636
Total other liabilities	<u>2,684,334</u>	<u>434,932</u>	<u>(864,478)</u>	<u>2,254,788</u>	<u>834,199</u>
Total long-term liabilities	<u>\$ 27,891,230</u>	<u>\$ 4,101,533</u>	<u>\$ (6,897,062)</u>	<u>\$ 25,095,701</u>	<u>\$ 2,900,545</u>

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Revenue Bonds Payable

Board of Regents of Oklahoma Colleges Student Housing Revenue Bonds

During 2015, the University refinanced the Board of Regents of Oklahoma Colleges Student Housing Revenue Bonds, Series 2003 with Oklahoma Development Finance Authority ("ODFA") 2014 Revenue bonds. The original bond purpose was for construction and renovating certain Student Housing Facilities. The new bonds are due in annual installments varying from \$160,000 to \$315,000 plus semi-annual interest ranging from 2% to 4.55%, with the final installment being due in the year 2034. The Bonds are secured by the revenues to be derived from the Student Housing and Food Services Department and all monies in funds and accounts held by the trustee bank and available for debt service payments. As of June 30, 2024, \$4,146,060 was pledged as security on the ODFA 2014 Revenue bonds. The refinancing resulted in a deferred outflow of resources that will be amortized over a period of twenty years, beginning in fiscal year 2015. As of June 30, 2024, the unamortized cost totaled \$259,810.

Future aggregate maturities of principal and interest requirements on the bonds payable at June 30, 2024 are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 220,000	\$ 101,800	\$ 321,800
2026	230,000	92,800	322,800
2027	240,000	83,400	323,400
2028	250,000	73,600	323,600
2029	260,000	63,400	323,400
2030-2034	1,455,000	150,500	1,605,500
	<u>\$ 2,655,000</u>	<u>\$ 565,500</u>	<u>\$ 3,220,500</u>

Other Financing Arrangements

Oklahoma Development Finance Authority (ODFA)

In 2014, ODFA issued the ODFA Revenue Bonds, Series 2014C. The 2014C bonds were issued to fund capital improvements at several state colleges and universities in Oklahoma. ODFA allocated the 2014C bond proceeds to colleges and universities in the form of financing agreements. East Central University's portion of this allocation totaled \$4,928,000. The proceeds from this agreement were used to fund improvements to the education building. The agreement calls for monthly payments to ODFA in an amount that equals debt service requirements on the portion of the bonds used to finance the agreement with those amounts ranging from \$27,040 to \$29,725. The final payment on the agreement is due May 15, 2034. As of June 30, 2024, the University has \$2,557 available for its intended purpose. At June 30, 2024, the University owed principal of \$2,886,250 on the Series 2014C ODFA bonds.

In 2015, ODFA issued the ODFA Revenue Bonds, Series 2015A. The 2015A bonds were issued to fund capital improvements at several state colleges and universities in Oklahoma. ODFA allocated the 2015A bond proceeds to colleges and universities in the form of financing agreements. East Central University's portion of this allocation totaled \$6,833,000. The proceeds from this agreement were used to fund improvements to campus buildings. The agreement calls for monthly payments to ODFA in an amount that equals debt service requirements on the portion of the bonds used to finance the agreement with those amounts ranging from \$37,676 to \$40,835. The final payment on the agreement is due May 15, 2034. At June 30, 2024, the University owed principal of \$4,050,417 on the Series 2015A ODFA bonds.

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In 2016, the University refinanced the Board of Regents of Oklahoma Colleges Fine Arts Center Revenue Bonds, Series 2005 with ODFA Real Property Bonds, Series 2015A. The original purpose was for constructing a Fine Arts Center in the amount of \$3,732,000. The debt is due in monthly installments varying from \$24,182 to \$25,506 plus interest ranging from 3.70% to 4.50%, with the final installment being due in the year 2035. At June 30, 2024, the University owed principal of \$2,301,250 on the Series 2015A ODFA bonds.

In 2016, ODFA issued the ODFA Real Property Bonds, Series 2015D. The 2015D bonds were issued to fund capital improvements at several state colleges and universities in Oklahoma. ODFA allocated the 2015D bond proceeds to colleges and universities in the form of financing agreements. The University's portion of this allocation totaled \$972,000. The proceeds from this agreement were used to fund improvements to Norris Field. The agreement calls for monthly payments to ODFA in an amount that equals debt service requirements on the portion of the bonds used to finance the agreement with those amounts ranging from \$9,844 to \$11,364. The final payment on the agreement is due May 15, 2025. At June 30, 2024, the University owed principal of \$103,583 on the Series 2015D ODFA bonds.

In 2017, ODFA issued the ODFA Revenue Bonds, Series 2016F. The 2016F Bonds were issued to fund capital improvements at several state colleges and universities in Oklahoma. ODFA allocated the 2016F Bond proceeds to colleges and universities in the form of financing agreements. The University's portion of this allocation totaled \$9,194,000. The proceeds from this agreement were used to build a new student dorm. The agreement calls for monthly payments to ODFA in an amount that equals debt service requirements on the portion of the bonds used to finance the agreement with those amounts ranging from \$55,552 to \$65,160. The final payment on the agreement is due May 15, 2036. At June 30, 2024, the University owed principal of \$6,213,750 on the Series 2016F ODFA bonds.

Future minimum payments under the University's obligations to the ODFA are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,322,832	\$ 572,825	\$ 1,895,657
2026	1,258,250	529,421	1,787,671
2027	1,298,083	489,719	1,787,802
2028	1,347,333	444,348	1,791,681
2029	1,399,082	394,476	1,793,558
2030-2034	7,727,836	1,139,652	8,867,488
2035-2039	1,201,834	71,502	1,273,336
	<u>\$ 15,555,250</u>	<u>\$ 3,641,943</u>	<u>\$ 19,197,193</u>

Oklahoma Capital Improvement Authority (OCIA)

OCIA periodically issues bonds, which are allocated to the State Regents, to be used for specific projects at Oklahoma higher education institutions. The University has participated in these projects as discussed below. In each of the transactions, OCIA and the University have entered into a financing arrangement. As a result, the University recognizes its share of the liability and the related assets in connection with the projects being constructed or acquired in its financial statements. Annually, the State Legislature appropriates funds to the State Regents to make the monthly principal and interest payments on behalf of the University.

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In 2024, the OCIA restructured the 2014A series bond debt by issuing new 2024A series bonds. This restructuring was a partial refunding and resulted in a gain of \$231,503 between the remaining liability of the 2014A series and the new liability of the 2024A series. This gain on restructuring was recorded as a deferred inflow of resources and is being amortized over a period of six years. The restructured obligation with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned obligation with OCIA was automatically restructured to secure the new bond issue. The University has recorded a financing arrangement payable to OCIA for the total amount of the allotment, less payments made on the University's behalf, which was \$3,666,601 as of June 30, 2024.

During the year ended June 30, 2024, the State Regents made interest and principal payments totaling \$764,047 on behalf of the University. These on-behalf payments have been recorded as restricted state appropriations in the statement of revenues, expenses, and changes in net position. As stated above, the on-behalf payments are subject to annual appropriations by the State Legislature.

Future minimum payments under the University's obligation to OCIA are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 523,514	\$ 206,246	\$ 729,760
2026	569,981	157,154	727,135
2027	598,564	128,655	727,219
2028	624,639	98,757	723,396
2029	656,064	67,495	723,559
2030-2034	693,839	34,692	728,531
	<u>\$ 3,666,601</u>	<u>\$ 692,999</u>	<u>\$ 4,359,600</u>

Note 6. Lease Liabilities

The University as a lessee, has entered into lease agreements involving equipment with annual installments ranging from \$10,000 to \$70,000. Imputed interest rates range from 0.49% to 2.36%, with due dates ranging from March 2024 through September 2026. The balance outstanding at June 30, 2024 was \$85,133. Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred.

Future annual lease payments are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 43,042	\$ 1,332	\$ 44,374
2026	27,437	778	28,215
2027	14,654	346	15,000
	<u>\$ 85,133</u>	<u>\$ 2,456</u>	<u>\$ 87,589</u>

Note 7. Subscription Liabilities

The University has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through June 2037. Annual installments total approximately \$1,000 to \$86,000 with interest rates ranging from 2.06% to 3.12%.

Year Ending June 30,	Principal	Interest	Total
2025	\$ 215,636	\$ 10,297	\$ 225,933
2026	132,782	5,290	138,072
2027	10,363	2,465	12,828
2028	9,669	2,147	11,816
2029	5,953	1,863	7,816
2030-2034	33,817	6,327	40,144
2035-2037	22,448	1,096	23,544
	<u>\$ 430,668</u>	<u>\$ 29,485</u>	<u>\$ 460,153</u>

Note 8. Retirement Plans

The University's academic and nonacademic personnel are covered by various retirement plans. The plans available to University personnel include the Oklahoma Teachers' Retirement System ("OTRS"), which is a State of Oklahoma public employees retirement system, the Supplemental Retirement Annuity ("SRA"), a single employer defined benefit pension plan available to employees hired prior to July 1, 1995, and a defined contribution 403(b) plan. Personnel may also be eligible to participate in the Other Post-Employment Insurance (OPEB) plan, as described further in Note 9. The University does not maintain the accounting records, hold the investments for, or administer these plans.

The accounting and financial reporting for OTRS, the SRA, and the OPEB plans are recorded at the reporting entity level in the System's financial statements. That report may be obtained by writing to the Regional University System of Oklahoma, 305 N.W. 5th Street #407, Oklahoma City, Oklahoma 73102, or by calling (405) 924-8817. All payments made to these plans by the University are accounted for as compensation expense in the accompanying financial statements.

The application of GAAP at the departmental level does not include certain liabilities incurred by the system as a whole. Those liabilities relate to the participation of System employees in the Oklahoma Teachers Retirement System, the Supplemental Retirement Plan, and the Postemployment Healthcare Plan. The accounting and reporting of these can be located in the financial statements of RUSO.

Oklahoma Teachers' Retirement System (OTRS)

Plan Description

The University contributes to OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 116.9, as amended, assigns the authority for management and operations of the Plan to the Board of Trustees of the OTRS. The OTRS does not provide for a cost-of-living adjustment. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

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Funding Policy

The University is required by state statute to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate, as determined by state statute, was 8.55% for 2024 and was applied to annual compensation.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2024. For compensation in excess of \$25,000, the employee's contributions are paid directly by the University to the OTRS.

The University's contributions to the OTRS for the year ended June 30, 2024 was approximately \$4,648,000. These contributions included the University's statutory contribution, and the share of the employees' contribution paid directly by the University.

All payments made to these plans by the University are accounted for as compensation expense in the accompanying financial statements.

Defined Contribution 403(b) Plan

The University also has a defined contribution 403(b) plan ("DCP") available to full-time employees. The DCP is administered by the RUSO System, and the plan provisions are established and may be amended by the Board of Regents. Plan members may make voluntary contributions in accordance with IRS regulations. The University has no contribution requirements, and no contributions were made during the year ended June 30, 2024.

Supplemental Retirement Annuity (SRA)

Plan Description

The University's SRA plan is a single employer, defined benefit pension plan administered by the University's Board of Regents. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to University employees who were hired prior to July 1, 1995, or to those eligible employees' beneficiaries. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents. The SRA is included in the financial report of the System, and does not issue separate, stand-alone financial statements.

Funding Policy

The authority to establish and amend eligible employees' and employer contribution obligations to the SRA rests with the University's Board of Regents. Eligible employees are not required to make contributions to the SRA. The University is required to contribute to the SRA an actuarially determined amount on an annual basis. The plan currently has adopted a funding policy to achieve a 100% funding level by December 1, 2030. The University's contributions to the SRA for the year ended June 30, 2024 were approximately \$1,166,554.

Note 9. Other Post-Employment Insurance Benefits

Postemployment Healthcare Plan

Plan Description

The University's postemployment healthcare plan is a single employer defined benefit plan administered by the System's Board of Regents. The plan provides medical and life insurance benefits to eligible retired employees until age 65. A retiring employee must have been employed full-time in the system for not less than ten years immediately preceding the date of retirement; been a member of the OTRS during that time; and elected to receive a vested benefit under the provision of the Oklahoma Teachers' Retirement System. The retirement insurance program was adopted by the Board of Regents in 1985. In March of 2008, the Retiree Medical Trust for Regional University System of Oklahoma was established to hold assets and pay benefits on behalf of the University's postemployment healthcare plan, and was administered by The Bank Oklahoma, N.A. Prior to the establishment of the trust, the insurance benefits were accounted for on a pay-as-you-go basis so that premiums were made from current operating funds. The plan is included in the financial report of the System. That report may be obtained by writing to the Regional University System of Oklahoma, 305 N.W. 5th Street #407, Oklahoma City, Oklahoma 73102, or by calling (405) 924-8817.

Funding Policy

The contribution requirements of the System are established and may be amended by the Regional University System of Oklahoma Board of Regents. The University is required to contribute the *actuarially determined employer contribution*, in an amount actuarially determined by an actuary. The ADEC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. In 2024, an updated valuation was not performed for 2024 for funding purposes.

Note 10. Funds Held in Trust by Others

Beneficial Interest in State School Land Funds

The University has a beneficial interest in the Section Thirteen Fund State Educational Institutions and the New College Fund administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The University has the right to receive annually 3.7% of the distributions of income produced by Section Thirteen Fund State Educational Institutions assets and 100% of the distributions of income produced by East Central University's New College Fund. The University received approximately \$1,527,000 during the year ended June 30, 2024, which is restricted to the construction or acquisition of buildings, equipment, or other capital items.

This amount is recorded as state appropriations restricted for capital purposes in the statement of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The cost basis of the total trust reserve for the University, held in trust by the Commissioners of Land Office, was approximately \$22,149,000 at June 30, 2024.

Oklahoma State Regents Endowment Trust Fund

In connection with the Oklahoma State Regents' Endowment Program (the "Endowment Program"), the State of Oklahoma has matched contributions received under the program. The state match amounts, plus any retained accumulated earnings, totaled approximately \$5,198,000 at June 30, 2024, and is invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of 4.5% of the three-year average of the June 30th market values on these funds. As legal title of the State Regents matching endowment funds is retained by the Oklahoma State Regents, only the funds available for distribution, or approximately \$335,000 at June 30, 2024, has been reflected as assets in the statement of net position.

Note 11. Commitments and Contingencies

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

The University participates in the Federal Direct Student Loan Program ("Direct Lending Program"). The Direct Lending Program requires the University to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the Direct Lending Program. For the year ended June 30, 2024, approximately \$10,169,00 of Direct Lending Program loans was provided to University students.

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management believes that resolution of any such matters pending at June 30, 2024, will not have material adverse impact to the University.

Note 12. Risk Management

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

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

The University also participates in the College Association of Liability Management ("CALM") Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through the State Insurance Fund. CALM is a political subdivision of the State of Oklahoma and is governed by a Board of Trustees elected from members of the participating Colleges and Universities.

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The University also participates in the Oklahoma Higher Education Employee Interlocal Group Health Insurance Pool ("OKHEEI"). University employees are provided health insurance coverage through OKHEEI. OKHEEI is an Interlocal Cooperative Act Agency organized as a public entity risk pool health insurance program for participating Colleges and Universities in the State. The University pays monthly health insurance premiums to OKHEEI for employee health insurance coverage based on the health coverage elected by the employee and the maximum benefit provided by the University for health coverage. Amounts of premiums exceeding benefits are payable by the employee. The governing agreement for OKHEEI specifies that the pool will be self-sustaining through premiums received and with additional stop-loss coverages obtained. If health care claims exceed reserves and reinsurance coverages, additional assessments may be made to participating Colleges and Universities. As of June 30, 2024, additional assessments did not occur.

Note 13. Related Party Transactions

The Foundation is a not-for-profit corporation organized for the purpose of receiving and administering gifts for the benefit of the University. Distributions of amounts held by the Foundation are subject to the approval of the Foundation's Board of Trustees. The Foundation's primary function is to provide assistance to students of the University in the form of scholarships and awards, and during 2024, the Foundation provided approximately \$813,000 in scholarships to students. Additionally, the Foundation provides financial assistance to the faculty and staff of the University, as well as the University's programs and projects, and during 2024, the Foundation provided approximately \$2,904,000 in aid to programs, faculty, and staff. Many of the contributions received by the Foundation are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered the greatest, as determined by the Foundation.

The East Central University Gas Authority was created in 1963 to operate the natural gas pipeline system on campus. The authority is inactive and the University handles the gas lines as needed.

Note 14. East Central University Foundation, Inc.

Nature of the Entity

General

The East Central University Foundation, Inc. (the "Foundation") is a nonprofit corporation. The purposes for which the Foundation is organized are exclusively scientific, literary, charitable, educational, and artistic for the benefit of the University, Ada, Oklahoma; its faculty; its student body; and its programs. The Foundation may also serve as trustee of charitable lead trusts, charitable remainder trusts, and other private trusts of which the Foundation and/or University are beneficiaries, notwithstanding the facts that the donors of such trusts retain a beneficial interest therein or that other charitable organizations are designated as beneficiaries of such trusts.

As gifts are received by the Foundation, they are placed into new or existing funds, as appropriate, in accordance with the stipulations of the donors. Distributions of amounts held by the Foundation are subject to the approval of the Board of Trustees (the "Board"). The purposes for which the Foundation is organized are exclusively for the benefit of the University, its faculty, its student body, and its programs. As such, the University and the Foundation are considered financially interrelated as defined by generally accepted accounting principles.

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Financial Statements

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows. As permitted by GASB Statement No. 34, the University has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the University's reporting entity.

Cash and Cash Equivalents

A summary of the cash and cash equivalents at June 30, 2024, is as follows:

Cash in bank	\$	107,719
Money market account held at Vanguard		4,430,770
	\$	<u>4,538,489</u>

Custodial Credit Risks-Deposits

The Foundation had the following depository accounts as of June 30, 2024. All deposits are carried at cost.

<u>Depository Account</u>	<u>Reported Amount</u>	<u>Bank Balance</u>
Insured	\$ 107,719	\$ 162,475
Uninsured and uncollateralized	4,430,770	4,430,770
	<u>\$ 4,538,489</u>	<u>\$ 4,593,245</u>

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The uninsured or uncollateralized federal money market fund that invest in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, management believes any possible loss to the Foundation due to credit risk is minimal.

Investments

The Foundation primarily uses an investment manager to manage the investments, which includes purchasing and sales. As of June 30, 2024, the investment manager was Vanguard Institutional Advisory Services ("Vanguard").

As of June 30, 2024, the Foundation's target allocation and allocation range for assets was as follows:

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Allocation Range</u>
Cash equivalents	1%	1%-4%
Fixed income	44%	35%-55%
Equity	55%	45%-65%
Total	<u>100%</u>	

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The investment policy also has certain specific prohibitions, such as no more than a 25% concentration of investments in one industry, nor more than a 5% ownership of any one company or more than 5% ownership of securities of a single issuer, other than the U.S. government. The policy requires evaluation and reallocation as needed.

Investment securities are presented at fair value. The Foundation had the following investments at June 30, 2024:

	Cost	Fair Value	Excess (Deficit) of Market Over Cost
Non-current:			
Mutual funds	\$ 42,557,890	\$ 46,741,491	\$ 4,183,601
Corporate stock-private	140,250	140,250	-
	<u>\$ 42,698,140</u>	<u>\$ 46,881,741</u>	<u>\$ 4,183,601</u>

The Foundation recognized \$17,884 during 2024 from net losses on the sale of investments. These losses have been combined with unrealized gains and losses and allocated throughout the year through the consolidated investment pool.

The following table details information as of June 30, 2024, regarding investments with no maturity:

Type of Investment	6 Months or Less	More Than 6 Months to to 1 Year	More Than 1 Year to 3 Years	More Than 3 Years to 5 Years	More Than 5 Years	Total Fair Value	Cost
Mutual funds (no maturity)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,741,491	\$ 42,557,890
Corporate stock-private (no maturity)	-	-	-	-	-	140,250	140,250
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,881,741</u>	<u>\$ 42,698,140</u>

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The following table provides information concerning credit risk as of June 30, 2024:

	Cost	Fair Value (FV)	FV as a % of Total FV
Not rated:			
Mutual funds	\$ 42,557,890	\$ 46,741,491	99.701%
Corporate stock-private	140,250	140,250	0.299%
	<u>\$ 42,698,140</u>	<u>\$ 46,881,741</u>	<u>100.000%</u>

Custodial Risk

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

Endowments

The Foundation's endowments consist of 439 individual donor-restricted funds as of June 30, 2024, established for a variety of scholarships and activities. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions. The endowments represent only those net assets that are under the control of the Foundation.

Spending Policy

The Foundation has established a spending policy whereby the total amount available to be disbursed (i.e., the "Distributable Cash Income") from the Foundation's endowment fund and operating fund is determined annually.

The Distributable Cash Income is determined using the most recent 5-year average return on investments (ROI). The purpose of the spending policy is to establish an overall spending limit for the amount of money that can be disbursed from the Foundation's endowment fund and operating fund each fiscal year. The spending policy limit is determined by March 31 of each year and is used for budgeting purposes for the following fiscal year that starts on July 1.

The primary goal of the spending policy is to position the endowment fund and the unrestricted fund so that there is a balance between long-term growth and accumulation versus annual distributions.

The spending policy utilizes the most recent 5-year average ROI percentage, which allows for long-term ROI trends to be built into the spending policy. The spending policy calculation will have an annual floor and ceiling which will enable the Foundation to spend a base amount from the endowment fund in low ROI periods and have extra savings in high ROI periods.

Underwater Endowments

The Foundation considers an endowment fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under law.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies resulted from unfavorable market fluctuations that occurred. Deficiencies as of June 30, 2024, were as follows:

Fair Value	
Original donor-restricted gifts and	\$ 24,292
amounts required to be maintained	
in perpetuity by donor	<u>(25,000)</u>
Deficiencies	<u>\$ (708)</u>

Endowment Net Asset Composition

The endowment net asset composition by type of fund as of June 30, 2024, was as follows:

	<u>Donor-Restricted</u>
Original donor-restricted gift amounts and amounts requirements to be maintained in perpetuity by donor	\$ 40,332,607
Accumulated investment earnings	<u>3,142,065</u>
	<u>\$ 43,474,672</u>

Changes in Endowment Net Assets

Changes in the endowment net assets for the year ended June 30, 2024, were as follows:

	<u>Donor-Restricted in Perpetuity</u>
Net assets, beginning of year	\$ 38,507,953
Contributions and other revenues	2,990,193
Investment earnings, net	3,603,246
Amounts appropriated for expenditures	<u>(1,626,720)</u>
Net assets, end of year	<u><u>\$ 43,474,672</u></u>

Fair Value Measurements

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- **Level 3** - Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

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In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset.

The Foundation uses appropriate valuation methods based on the available inputs to measure the fair value of its assets.

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

	Assets Measured at Fair Value	Fair Value Measurements at		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 46,741,491	\$ 46,741,491	\$ -	\$ -
Corporate stock-private	140,250	-	-	140,250
	<u>\$ 46,881,741</u>	<u>\$ 46,741,491</u>	<u>\$ -</u>	<u>\$ 140,250</u>

Note 15. Subsequent Events

On July 2, 2024, ODFA issued the ODFA Real Property Bonds, Series 2024A. The 2024A bonds were issued to fund capital improvements at several state colleges and universities in Oklahoma. ODFA allocated the 2024A bond proceeds to colleges and universities in the form of financing agreements. The University's portion of this allocation totaled \$14,560,000. The proceeds from this agreement will be used for construction of a new nursing building. The agreement calls for monthly payments to ODFA ranging from \$80,774 to \$97,429, at an interest rate of 4.39%, beginning in August 2024. The final payment on the agreement is due May 2049.

On October 16, 2024, ODFA refinanced the ODFA Revenue Bonds, Series 2014C with ODFA Real Property Refunding Bonds, Series 2024B in the total principal amount of \$2,518,000. The 2024B bonds will have an interest rate of 4.73% and will be paid over the next 10 years with monthly payments ranging from \$27,768 to \$28,426. Payments to ODFA will begin in November 2024 and the final payment is due May 2034.

Supplementary Information

East Central University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	\$ -	\$ 6,967,574
Federal Supplemental Education Opportunity Grants	84.007	N/A	-	93,067
Federal Work Study Program	84.033	N/A	-	404,249
Federal Direct Student Loans	84.268	N/A	-	10,168,711
Total Student Financial Assistance Cluster			-	17,633,601
TRIO Cluster				
Upward Bound	84.047A	N/A	-	945,000
Veterans Upward Bound	84.047V	N/A	-	311,659
Upward Bound Math/Science	84.047M	N/A	-	274,300
Student Support Services	84.042A	N/A	-	380,629
McNair Post-Baccalaureate Achievement	84.217A	N/A	-	312,025
Educational Opportunity Centers	84.066A	N/A	-	482,748
Total TRIO Cluster			-	2,706,361
Child Care Access Means Parents in School	84.335A	N/A	-	54,153
Higher Education Institutional Aid	84.031	N/A	-	180,025
Strengthening Minority-Serving Institutions	84.382	N/A	-	461,848
U.S. Department of Education / Oklahoma State Regents of Higher Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	None	-	69,333
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	222,219
Drug-Free Communities Support Program Grants	93.276	N/A	-	55,699
CARA Act - Comprehensive Addition and Recovery Act of 2016	93.799	N/A	-	48,430
U.S. Department of Health and Human Services / University of Oklahoma Health Science Center				
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	None	-	11,986
U.S. Department of Health and Human Services / University of Oklahoma Health Science Center				
Biomedical Research and Research Training	93.859	None	-	5,578
U.S. Department of Health and Human Services / Oklahoma Idea Network of Biomedical Research				
Biomedical Research and Research Training	93.859	None	-	12,225
Total Biomedical Research and Research Training			-	17,803
U.S. Department of Health and Human Services / Oklahoma Mental Health and Substance Abuse				
Opioid STR	93.788	None	-	82,851
U.S. Department of Health and Human Services / Oklahoma State Department of Human Services				
Child Care and Development Cluster				
Child Care and Development Block Grant	93.575	None	-	408,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	None	-	33,503
Medicaid Cluster				
Medical Assistance Program	93.778	00001273	-	299,619

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster				
U.S. Environmental Protection Agency Office of Research and Development Consolidated Research/Training/ Fellowships	66.511	N/A	\$ -	\$ 70,823
Innovative Water Infrastructure Workforce Development Program (SDWA 1459E)	66.445	N/A	-	142,853
U.S. Environmental Protection Agency / Chickasaw Nation Environmental Justice Small Grant Program	66.604	None	-	12,593
Indian Environmental General Assistance Program (GAP)	66.926	None	-	7,251
U.S. Environmental Protection Agency / Oklahoma State University Science To Achieve Results (STAR) Research Program	66.509	None	-	110,600
U.S. Department of the Interior Cooperative Watershed Management	15.554	N/A	-	57,733
U.S. Department of the Interior / Native American and International Affairs Office Cooperative Watershed Management	15.554	None	-	4,585
National Science Foundation Engineering	47.041	N/A	-	38,271
Geosciences	47.050	N/A	-	26,181
National Science Foundation / Oklahoma State University STEM Education	47.076	AA-5-29849	-	60,728
National Aeronautics and Space Administration / University of Oklahoma Office of Stem Engagement (OSTEM)	43.008	2011-42	-	59,048
Total Research and Development Cluster			-	590,666
U.S. Department of Justice OVW Technical Assistance Initiative	16.526	N/A	-	194,367
U.S. Department of Homeland Security / Chickasaw Nation Homeland Security Grant Program	97.067	None	-	13,857
Institute of Museum and Library Services National Leadership Grants	45.312	N/A	-	32,782
U.S. Department of the Interior Cooperative Endangered Species Conservation Fund	15.615	N/A	-	3,113
U.S. Department of the Interior / Oklahoma State University Fish and Wildlife Cluster Wildlife Restoration and Basic Hunter Education and Safety	15.611	None	-	5,009
Environmental Protection Agency / Chickasaw Nation Performance Partnership Grants	66.605	None	-	15,631
			\$ -	\$ 23,140,856

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Notes to the 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 East Central University 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of East Central University, it is not intended to and does not present the financial position, changes in net position, or cash flows of East Central University.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

East Central University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

Federal Direct Student Loan balances are not included in East Central University's financial statements. Loans disbursed during the year are included in federal expenditures presented in the Schedule.

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

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
East Central University
Ada, 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of East Central University (the "University"), a department of the Regional University System of Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic final financial statements, and have issued our report thereon dated October 31, 2024, which contained an Emphasis of Matter paragraph regarding the financial reporting entity. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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*.

East Central University's Response to Finding

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

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.

Forvis Mazars, LLP

Springfield, Missouri
October 31, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Regents
Regional University System of Oklahoma
East Central University
Ada, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Central University's (the "University") 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 the University's major federal programs for the year ended June 30, 2024. The University'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, East Central University 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 the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University'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 the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University'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 the University'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 the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 through 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the University’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The University’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Forvis Mazars, LLP

Springfield, Missouri
March 24, 2025

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ Yes ☐ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☒ Yes ☐ None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Education Opportunity Grant
84.033	Federal Work Study Program
84.268	Federal Direct Student Loans
	TRIO Cluster
84.047A	Upward Bound
84.047V	Veterans Upward Bound
84.047M	Upward Bound Math/Science
84.042A	TRIO-Student Support Services
84.217A	McNair Post-Baccalaureate Achievement
84.066A	Educational Opportunity Centers

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

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

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section II – Financial Statement Findings

Reference Number	Finding
2024-001	Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition - The University has not formally documented policies, its process for assessing risk or defined expectations for interim financial reporting or reconciliations, review of journal entries by an individual other than the preparer, segregation of duties related to vendor management, access within the University's financial reporting system, ability to adjust payroll data within the payroll department or maintain documentation of approval of amounts paid, or scheduled review of IT user access. As a result of undefined policies and expectations, the University's financial statements required adjustments to be in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Cause - The University's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with U.S. GAAP or identify the needed adjustments on a timely basis. Duties are not adequately segregated and monitoring or other compensating controls are insufficient. Effect or potential effect - Adjusting journal entries were proposed during the financial statement audit. Potentially material misstatements in the financial statements or misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner. Recommendation - Management should evaluate its review and monitoring procedures in its financial reporting structure, including timely and formalized review of journal entries to identify and prevent errors in financial information presented in accordance with U.S. GAAP. To the extent that the personnel necessary to create additional review processes are not available, management should consider alternative documented compensating controls to lessen the impact of potential errors in financial reporting. Views of responsible officials and planned corrective actions - The University concurs with the recommendation that management should evaluate ECU's review and monitoring procedures in the campus' financial reporting structure, including the timely reconciliations throughout the year to identify and prevent errors in financial information presented in accordance with U.S. GAAP. The evaluation will be conducted by the Executive Vice President for Administration and Finance, Darrell R. Morrison, and Controller, Shawna Wise Talamasey. As the University has been and is currently down staff members to perform many of the tasks needed, the University will take a more proactive approach moving forward on employee retention. Additionally, all of the processes will be reviewed regarding reconciliations and the posting of adjusting journal entries in particular. The evaluation and review should be completed by January 15, 2025. Following the evaluation and review, if staffing levels are not adequate to support normal internal control procedures, the University will implement alternative controls and reviews with available staff.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2024-002	Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024 Criteria or Specific Requirement - Special Tests: Disbursements to or on Behalf of Students 34 CFR 668.165 Condition - Students receiving direct loans did not receive notification in writing of (1) the anticipated date and amount of the disbursement; (2) the student's or parent's right to cancel all or a portion of the loan; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Cause - The student information system, Colleague, was not configured to notify students of (1) the anticipated date and amount of the disbursement; (2) the student's or parent's right to cancel all or a portion of the loan; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Effect or potential effect - The University did not make the notification to the student or parent the earlier of 30 days before, and no later than 30 days after, crediting the student's account at the University with Federal Direct Student Loans. Questioned costs - None Context - Out of a population of 1,963 students who received Student Financial Assistance, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For 19 of the students tested who received Federal Direct Student Loans, the students did not receive notification in writing of (1) the anticipated date and amount of the disbursement; (2) the student's or parent's right to cancel all or a portion of the loan; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Identification as a repeat finding - N/A Recommendation - The University's Office of Financial Aid should establish a process to notify students or parents in writing of (1) the anticipated date and amount of the disbursement; (2) the student's or parent's right to cancel all or a portion of the loan; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Views of responsible officials and planned corrective actions - Loan notification letters/emails to students and/or parents were set up and made operational in July 2024 with the assistance of a consultant. Further updates/changes were made in August 2024.

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Reference Number	Finding
2024-003	Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024 Criteria or Specific Requirement - Special Tests: Return of Title IV Funds 34 CFR 668.22 Condition - Return of Title IV funds were not calculated correctly and funds were not returned within the required time frame. Cause - The University did not use the correct start date of the term when calculating the required return for one student. The University did not return funds within the required time frame for three student. For two students, the credit to the student's account was not made within the required time frame. Effect or potential effect - The incorrect amount of funds were returned and funds were not returned within the required time frame. Questioned costs - \$76 Context - Out of a population of 125 official and unofficial withdrawals of students who received Student Financial Assistance, a sample of 14 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For one of the student withdrawals tested, the calculation of funds to be returned by the University was calculated incorrectly. For three student withdrawals tested, the funds were not returned to the lender within the required time frame. For two student withdrawals tested, the credit to the student's account was not made within the required time frame. Identification as a repeat finding - N/A Recommendation - The University should update their controls to ensure inputs used to calculate the return are accurate and agree to institutional records. The University should review its processes for ensuring return of funds are returned in a timely manner. Views of responsible officials and planned corrective actions - The process to determine students who withdraw during the semester has been updated to include running a withdrawal list through RGER weekly. The list will be given to the Financial Aid Counselors to work on Mondays. Part of the review will be to verify the start and end dates of the term used during the process. The Director or Assistant Director will review the lists and R2T4 forms (ROFW) to verify accuracy and timely processing.

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Reference Number	Finding
2024-004	Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024 Criteria or Specific Requirement - Reporting 34 CFR 690.83 Condition - The University's internal controls did not ensure origination and disbursement records reported to the Common Origination and Disbursement (COD) System were accurate. Cause - The University incorrectly reported the cost of attendance and disbursement date to COD for Pell and Direct Loan recipients. Effect or potential effect - Incorrect origination and disbursement record data was reported to COD. Questioned costs - None Context - Out of a population of 1,963 students receiving Pell Grants and/or Direct Student Loans, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For four of the students tested, the cost of attendance reported to COD differed from the cost of attendance in the student information system, Colleague. For two of the students tested, the disbursement date reported to COD differed from the disbursement date in Colleague. Identification as a repeat finding - N/A Recommendation - The University should review and update their internal controls to ensure accurate origination and disbursement record data is accurately reported to COD. Views of responsible officials and planned corrective actions - Changes to COA for a student are documented and reviewed by the Assistant Director or the Director. A report will be created to view disbursement dates in Colleague and COD to find variances in the dates. This report will be processed weekly. The counselor, Assistant Director, or Director will review disbursements in COD to verify that the COA and disbursement date agree with Colleague.

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Reference Number	Finding
2024-005	Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024 Criteria or Specific Requirement - Special Tests: Verification 34 CFR 668.51 through 668.61 Condition - The University's internal controls did not ensure information on the verification documentation matched the student aid application, data corrections were not submitted to the central processor, and awards were not recalculated. Cause - The University did not correct the student's ISIR to match the verification documentation and awards were not recalculated. Effect or potential effect - The student's ISIR was not correct when used for packaging and awarding aid to the student. Questioned costs - \$550 Context - Out of a population of 277 students who received Student Financial Assistance and selected for verification, a sample of 25 students were selected for testing. Our sample was not, and was not intended to be statistically valid. For three of the students tested, information on the verification documentation provided by the student did not match the student's Institutional Student Information Record (ISIR), data corrections were not submitted to the central processor, and awards were not recalculated. Identification as a repeat finding - N/A Recommendation - The University should update their controls to ensure student data is properly corrected on students' ISIRs and awards are recalculated, if needed. Views of responsible officials and planned corrective actions - Counselors will utilize a Verification check sheet to show their work on verifications and corrections made on FAFSA Processing System (FPS). Counselors will be required to track and verify that the corrections were made appropriately on FPS by verifying those corrections on the updated ISIR. A communication code will be created so that the counselors can track when a correction is made and when the corrected ISIR is received and verified correctly. The Director and Assistant Director can then run lists of all students with the particular communication code to spot-check and review.

East Central University
A Department of the Regional University System of Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Reference Number	Finding
2024-006	Student Financial Assistance Cluster Federal Pell Grants, ALN 84.063 Federal Direct Student Loans, ALN 84.268 U.S. Department of Education Program Year 2023 - 2024 Criteria or Specific Requirement - Special Tests: Enrollment Reporting 34 CFR 690.83(b)(2) and 34 CFR 685.309 Condition - Enrollment changes were not reported to the National Student Loan Data System (NSLDS) on a timely and accurate basis. Cause - The University did not appropriately report changes in enrollment status to NSLDS. Effect or potential effect - NSLDS was not notified of student enrollment status changes for Direct Loan and Pell Grant recipients in a timely or accurate manner. Questioned costs - None Context - Out of a population of 2,337 student enrollment status changes requiring reporting to NSLDS, a sample of 25 students with status changes were selected for testing. Our sample was not, and was not intended to be statistically valid. For two students tested, the student's status change was not reported to NSLDS. The program enrollment effective date reported to NSLDS did not agree to the student information system, Colleague, for two students tested. For three students tested, the incorrect enrollment status was reported. Identification as a repeat finding - N/A Recommendation - The University should review and update controls in place to ensure accurate and timely enrollment reporting to NSLDS. Views of responsible officials and planned corrective actions - The ECU Registrar is creating a new work manual for National Student Clearinghouse (NSC) enrollment reporting, which will correctly outline how Colleague handles enrollment status rules. The ECU Registrar will personally generate each NSC file from Colleague. A member of the Registrar's team will continue to address error report, and also will perform the data checks discussed below. Prior to each NSC enrollment reporting date, the fields in Colleague screen ACLV will be verified as accurate by the Registrar. Each time an NSC enrollment report is generated, but before it is submitted to the Clearinghouse, the following data checks will be performed. Confirm students are showing in the enrollment file for each enrollment status. Spot-check at random 10 students within each enrollment status category to verify statuses are calculating correctly. Compare NSC numbers with ECU institutional enrollment numbers for graduate and undergraduate overall enrolled. ECU has reviewed enrollment submissions through Spring 2025 and will make manual corrections.

East Central University
A Department of the Regional University System of Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Reference Number	Finding	Status
No matters are reportable		