LANGSTON
UNIVERSITY

As of and for the Years Ended
JUNE 30, 2015 AND JUNE 30, 2014

Financial Statements and Schedule of Expenditures of Federal Awards
WITH REPORTS OF INDEPENDENT AUDITORS

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RSM US LLP

Independent Auditor's Report

Board of Regents for the Oklahoma Agricultural and Mechanical Colleges
Langston University
Oklahoma City, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of Langston University (the University), an organizational unit of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Regents), a component unit of the State of Oklahoma, and Langston University Foundation, Inc. (the Foundation) a part of the reporting unit of the University, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the University's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Foundation. The Foundation is considered a part of the reporting unit of the University, and accordingly, the Foundation's financial statements are presented with the University's financial statements. We also did not audit LDF Student Housing, L.L.C (the LLC) which is blended with the University and represents 22 percent of the University's total assets at both June 30, 2015 and 2014, and 12 percent and 10 percent of the University's total revenues for the years ended June 30, 2015 and 2014, respectively. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Langston University and Langston University Foundation, Inc. as of June 30, 2015, and the respective changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters
As discussed in Note 1, the financial statements of the University's reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University, the LLC and Foundation. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2015, 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.

As discussed in Note 1, in 2015 the University adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68.* The provisions of GASB Statements No. 68 and 71 required the University to adjust its net position as of July 1, 2014 upon adoption. Our opinion is not modified with respect to this matter.

Other Matters
The financial statements of the University and the Foundation, as of and for the year ended June 30, 2014, were audited by other auditors whose report, dated October 28, 2014, expressed an unmodified opinion on those statements.

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Langston University and Langston University Foundation, Inc. The accompanying Combining Statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. The Combining Statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the procedures performed as described above, the accompanying Combining Statements and Schedule of Expenditures of Federal Awards are 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 March 3, 2016, on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report for the year ended June 30, 2014 was issued by other auditors and was dated October 28, 2014.

RSM US LLP

Oklahoma City, Oklahoma
March 3, 2016

Statements of Revenues, Expenses and Changes in Net Position

The following discussion and analysis of the financial performance of Langston University (the University) provides an overview of the University's financial activities for the fiscal years ended June 30, 2015 and 2014. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the University's financial statements.

The University's financial statements include the financial position and results of LDF Student Housing, LLC (LLC). The impact of the LLC on the University's financial position is reflected most significantly in cash and cash equivalents, capital assets, long-term debt, housing revenues and net position.

Financial Summary

- The University's net position and changes in net position for FY 2015 as compared to FY 2014 and 2013 was substantially impacted by requirements to recognize the University's share of the Oklahoma Teachers Retirement System pension liability (required by GASB Statements No. 68 and 71), as well as a significant decline in the market value of the University's endowment assets. A pension obligation of $27.1 million was recognized as of June 30, 2015. Deferred outflows of resources related to the pension obligation were recognized in the amount of $4.0 million, representing University contributions during FY 2015. Additionally, deferred inflows of resources related to the pension obligation were also recorded in the amount of $7.8 million, reflecting differences between projected and actual earnings on pension plan investments, and to a lesser extent differences between expected and actual experience. Market depreciation on the endowment and other investments amounted to $1.5 million for FY 2015 compared to a market gain of $3.3 million for FY 2014.

- The resulting net position for the University amounted to $67.5 million, $98.1 million and $95.9 million at June 30, 2015, 2014 and 2013, respectively.

- Total revenues for fiscal years ending June 30, 2015, 2014 and 2013 amounted to $69.9 million, $72.3 million and $70.7 million, respectively. FY 2014 reflected market appreciation of $3.3 million, whereas market losses were sustained in FY 2015. Operating revenues increased by $2.6 million, reflecting increases in revenues in housing and meal plan revenues, grants and contracts, and net student tuition and fees.

- Total expenses amounted to $68.2 million, $70.2 million, and $66.8 million for the fiscal years ending June 30, 2015, 2014 and 2013, respectively. Operating expenses decreased during fiscal year 2015 by $2.5 million reflecting a reduction in employee benefits resulting from the recording of deferred pension inflows and outflows and related amortization, and reduced expenditures for scholarships. Interest expense also declined reflecting debt service during the fiscal year and restructuring of certain capital leases. However, market depreciation of $1.5 million on the endowment and other investments partially offset these improvements in expenses.

Financial Summary (Continued)

Condensed Statements of Net Position

A comparative schedule of the University's net position for the years ended June 30, 2015, 2014, and 2013 is shown below, including the percentage of annual change:

	2015	2014 *	2013 *	2015 vs. 2014 Increase (Decrease)	2014 vs. 2013 Increase (Decrease)	2015 vs. 2014 Percentage Change	2014 vs. 2013 Percentage Change
Assets							
Current assets	$ 27,349,569	$ 26,573,813	$ 32,074,862	$ 775,756	$ (5,501,049)	2.9%	(17.2%)
Noncurrent assets	143,085,757	144,536,700	140,294,823	(1,450,943)	4,241,877	(1.0%)	3.0%
Total assets	$170,435,326	$171,110,513	$172,369,685	$ (675,187)	$ (1,259,172)	(0.4%)	(0.7%)
Deferred Outflows of Resources	$ 3,966,153	$ 212,251	$ 318,376	$ 3,753,902	$ (106,125)	1,768.6%	(300.0%)
Liabilities							
Current liabilities	$ 13,209,056	$ 10,513,379	$ 10,140,898	$ 2,695,677	$ 372,481	25.6%	3.7%
Noncurrent liabilities	85,910,160	62,346,622	66,608,291	23,563,538	(4,261,669)	37.8%	(6.4%)
Total liabilities	$ 99,119,216	$ 72,860,001	$ 76,749,189	$ 26,259,215	$ (3,889,188)	36.0%	(5.1%)
Deferred Inflows of Resources	$ 7,802,809	$ 344,665	$ -	$ 7,458,144	$ 344,665	2,163.9%	100.0%
Net Position							
Net investment in capital assets	$ 34,501,052	$ 30,116,006	$ 23,009,968	$ 4,385,046	$ 7,106,038	14.6%	30.9%
Restricted	54,596,870	55,234,614	56,223,799	(637,744)	(989,185)	(1.2%)	(1.8%)
Unrestricted	(21,618,468)	12,767,478	16,705,105	(34,385,946)	(3,937,627)	(269.3%)	(23.6%)
Total net position	$ 67,479,454	$ 98,118,098	$ 95,938,872	$(30,638,644)	$ 2,179,226	(31.2%)	2.3%

* prior year amounts not restated for GASB 68 and 71 for MD&A purposes

FY 2015 vs. FY 2014

Total assets decreased $675 thousand during FY 2015. The construction of the physical therapy building contributed to a decrease in cash and cash-equivalents, but was substantially offset by an increase in capital assets for construction in progress and an increase in contract and grant receivables due to early year-end cutoffs related to system conversions resulting in later draw requests than usual.

Deferred outflows of resources increased by $3.7 million primarily due to University contributions made subsequent to the pension obligation measurement date of June 30, 2014.

Total liabilities increased $26.3 million compared to the previous year, reflecting the recognition of its $27.1 million share of the Oklahoma Teacher's Retirement System pension liability. Increases in accounts payable and accrued liabilities related to timing were offset by decreases in revenue bonds payable and OCIA capital lease obligations due to debt service and capital lease restructurings.

Financial Summary (Continued)

Deferred Inflows of Resources increased $7.5 million due to the recognition of deferred inflows relating to the difference between projected and actual earnings on pension plan investments, as well as differences between expected and actual experience. Deferred inflows also increased for OCIA capital lease restructuring that occurred during FY 2015, less amortization of prior year inflows.

Net position declined from $98.1 million at June 30, 2014 to $67.5 million at June 30, 2015. The declines were substantially in unrestricted net position due to the pension obligation recognition. Partially offsetting this decline was an increase in net assets invested in capital assets, net of debt, reflecting the construction of the physical therapy classroom building. Unrestricted net assets amounted to a deficit of $21.6 million at June 30, 2015. Unrestricted assets for E&G I activities reflected a deficit of $26.3 million. The pension reporting most significantly impacted E&G I as most University employees are paid from this fund. Unrestricted net position associated with Auxiliary Enterprises amounted to $3.0 million. Unrestricted net assets related to grants and contracts amounted to $1.7 million.

FY 2014 vs. FY 2013

Total assets decreased $1.3 million during Fiscal Year 2014 to a total of $171.1 million. Contract and grant receivables declined due to certain grants that expired and were not renewed. Other assets decreased due to a draw request of endowment funds that was recorded as a receivable at year-end 2013, which was not made at year-end 2014. Capital assets declined substantially due to equipment retirements and disposals and depreciation, partially offset by equipment purchases and building additions. These decreases were partially offset by increases in investments, which reflected the State's contribution to the University's endowment fund, as well as market appreciation.

Deferred outflows of resources declined modestly due to the amortization of costs recorded in FY 2013.

Total liabilities declined $3.9 million substantially due to reductions in long-term debt, reflecting debt service payments and the refinancing of certain debt. Other liabilities reflected a decline in accounts payable from reduced project activity, student deposits and amortization of unearned revenues reflecting the completion of certain capital projects.

Deferred inflows of resources reflect the recognition of $344.7 thousand in deferred gains from the 2005F OCIA capital lease which was restructured.

Net position increased $2.2 million from one year ago. Net assets invested in capital assets, net of debt, increased $4.2 million, reflecting building construction completed in FY 2014. Restricted nonexpendable net assets increased $1.7 million related to the annual contribution to the University's endowment as well as market appreciation. The expendable restricted net position decreased reflecting the reduction of debt service and partially offset by increases in capital assets. The decline in unrestricted net position reflects a decline in the net position associated with E&G I activities and decreases in unrestricted indirect costs.

Financial Summary (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

The table below summarizes the University's Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015, 2014, and 2013:

	2015	2014 *	2013 *	2015 vs. 2014 Increase (Decrease)	2014 vs. 2013 Increase (Decrease)	2015 vs. 2014 Percentage Change	2014 vs. 2013 Percentage Change
Total operating revenues	29,108,583	26,553,151	29,666,762	2,555,432	(3,113,611)	9.6%	10.5%
Total operating expenses	56,574,122	59,039,070	57,347,344	(2,464,948)	1,691,726	(4.2%)	2.9%
Operating loss	(27,465,539)	(32,485,919)	(27,680,582)	5,020,380	(4,805,337)	(15.5%)	17.4%
Net nonoperating revenues (expenses)	25,146,168	29,385,220	26,945,607	(4,239,052)	2,439,613	(14.4%)	9.1%
Income (loss) before other revenue expenses	(2,319,371)	(3,100,699)	(734,975)	781,328	(2,365,724)	(25.2%)	321.9%
Other income (expense)	4,033,430	5,279,925	4,619,738	(1,246,495)	660,187	(23.6%)	14.3%
Change in net position	1,714,059	2,179,226	3,884,763	(465,167)	(1,705,537)	(21.3%)	(43.9%)
Net Position, beginning of year	98,118,098	95,938,872	92,054,109	2,179,226	3,884,763	2.3%	4.2%
Restatement—Implementation of GASB 68 & 71	(32,352,703)	-	-	(32,352,703)	-	100.0%	- %
Net position, beginning of year, as restated	65,765,395	95,938,872	92,054,109	(30,173,477)	3,884,763	(31.5%)	4.2%
Net Position, end of year	$ 67,479,454	$ 98,118,098	$ 95,938,872	$ (30,638,644)	$ 2,179,226	(31.2%)	2.3%

* prior year amounts not restated for GASB 68 and 71 for MD&A purposes

Financial Summary (Continued)

FY 2015 vs. FY 2014
Total revenues include operating revenues, state appropriations and other non-operating revenues, such as investment gains, interest income, pass-through grants and on-behalf contributions. For FY 2015, total revenues decreased by approximately $2.4 million, compared to the previous year. Operating revenues increased $2.6 million, substantially related to increases in housing and meal plan revenues, grants and contracts, and net tuition and fees. These increases were offset by declines in nonoperating revenue, most notably market depreciation of $1.5 million recognized in FY 2015 compared to market appreciation of $3.3 million in FY 2014. Other reductions included state appropriations restricted for capital purposes due to debt service, OCIA on-behalf payments due to debt service and capital lease restructurings, and a decrease in state allocations to the University's endowment as the State of Oklahoma $30 million commitment to the University's endowment was met in full.

Total expenses include operating expenses as well as nonoperating expenses such as market depreciation on investments and interest expense. Total expenses decreased $2.0 million for FY 2015. Operating expenses, which decreased $2.4 million, reflected compensation and benefits declines related to the recognition and deferred pension inflows and outflows and their related amortization and reduced scholarship levels. Nonoperating expenses reflected the $1.5 million in market depreciation on endowment and other investments, which was substantially offset by a $1.0 million reduction in interest expense due to debt service and capital lease restructurings.

FY 2014 vs. FY 2013
For the year ended June 30, 2014, total revenues increased $1.7 million. The increase in total revenues was substantially in nonoperating and other revenues. The increase in nonoperating revenues reflected an additional charter sponsorship in Fiscal Year 2014 and increases in financial aid funded by the federal and state government reflected in pass-through grant revenues. In other revenues, the increase in OCIA on behalf appropriations reflects the increases in debt service payments related to capital lease obligations funded by the State of Oklahoma. The increases in nonoperating and other revenues were partially offset by decreases in operating revenues, substantially reflecting decreases in federal and state grants due to expired and nonrenewed grants. Operating revenues declined $3.1 million due to grants and contracts that expired or were not renewed. Additionally, in Fiscal Year 2013, the LLC received a $1,000,000 contribution to assist the LLC in meeting its debt rate covenant.

Total expenses increased $3.4 million from the previous year in all categories, with the most significant increases being reflected in charter school expenses, interest expense, compensation and employee benefits and scholarships. The increase in charter school expenses reflects the addition of the new charter school. Interest expenses increased related to the refunding, refinancing and restructuring of certain debt. Compensation and benefits increased reflecting additional personnel, mostly faculty and a modest employee stipend program during the year. The scholarship increase reflected the enrollment of a record-breaking freshmen class.

Financial Summary (Continued)

Condensed Statements of Cash Flows

The table below is a summary of the net cash flows of the University for the years ended June 30, 2015, 2014, and 2013 as reflected in its financial statements.

	2015	2014	2013	2015 vs. 2014 Increase (Decrease)	2014 vs. 2013 Increase (Decrease)	2015 vs. 2014 Percentage Change	2014 vs. 2013 Percentage Change
Cash provided by (used in):							
Operating activities	$(23,055,117)	$(25,304,928)	$(22,268,494)	$ 2,249,811	$ (3,036,434)	(8.9%)	13.6%
Noncapital financing activities	26,828,585	27,279,286	26,227,899	(450,701)	1,051,387	(1.7%)	4.0%
Capital and related financing activities	(7,591,795)	(6,725,383)	(3,953,521)	(866,412)	(2,771,862)	12.9%	70.1%
Investing activities	784,217	4,811,592	584,552	(4,027,375)	4,227,040	(83.7%)	723.1%
Net change in cash	(3,034,110)	60,567	590,436	(3,094,677)	(529,869)	(5,109.5%)	(89.7%)
Cash and cash equivalents:							
Beginning	30,668,144	30,607,577	30,017,141	60,567	590,436	0.2%	2.0%
Ending	$ 27,634,034	$ 30,668,144	$ 30,607,577	$ (3,034,110)	$ 60,567	(9.9%)	0.2%

FY 2015 vs. 2014

Cash and cash-equivalents amounted to $28.0 million at June 30, 2015, a $3.0 million decrease from the previous year. Net cash used in operating activities decreased $2.2 million from the previous year. This decrease primarily reflects increases in cash from housing and meal plans, as well as decreased payments to suppliers. The decrease in cash payments to suppliers is largely reflected in increased accounts payable and accrued liabilities, due to earlier cut-offs because of system conversions near the end of Fiscal Year 2015, substantially affecting large construction payments. Net cash provided by noncapital financing activities decreased $451 thousand, primarily reflecting decreases in pass-through grant revenue and OTRS on-behalf payments. Net cash used by capital and related financing activities increased by $866 thousand, reflecting payments on capital assets, primarily the physical therapy classroom building, and reduced capital appropriations received. These were partially offset by reductions in debt service payments Cash provided by investing activities decreased by $4.0 million, primarily reflecting net sales of investments in Fiscal Year 2014, which proceeds were substantially used for the payment of capital assets and capital debt service.

FY 2014 vs. 2013

Cash and cash-equivalents amounted to $30.7 million at June 30, 2014, a $61 thousand increase from the previous year. Net cash used in operating activities increased by $3.0 million from the previous year. The increase in operating cash used reflects reduced revenues from grants and contracts and increased payments to suppliers. Net cash provided by noncapital financing activities increased by approximately $1.1 million, primarily reflecting increases in pass-through grant revenue. Net cash used by capital and related financing activities increased by $2.8 million reflecting the completion of certain construction projects and reduced proceeds from debt. Cash provided by investing activities increased by $4.2 million, primarily reflecting net sales of investments, which proceeds were substantially used for the payment of capital assets and capital debt service.

Financial Summary (Continued)

Capital Assets

The following table represents the University's capital assets at June 30, 2015, 2014, and 2013:

	2015	2014	2013	2015 vs. 2014 Increase (Decrease)	2014 vs. 2013 Increase (Decrease)	2015 vs. 2014 Percentage Change	2014 vs. 2013 Percentage Change
Land	$ 2,546,375	$ 2,546,375	$ 2,409,222	$ -	$ 137,153	- %	5.7%
Construction in-progress	4,772,557	703,292	794,460	4,069,265	(91,168)	578.6%	(11.5%)
Buildings and improvements	118,688,074	118,407,892	116,028,107	280,182	2,379,785	0.2%	2.1%
Infrastructure	3,811,606	3,669,991	3,669,991	141,615	-	3.9%	- %
Equipment	16,699,353	16,119,991	16,430,826	579,362	(310,835)	3.6%	(1.9%)
Library materials	4,317,739	4,317,739	4,317,739	-	-	- %	0%
Total	150,835,704	145,765,280	143,650,345	5,070,424	2,114,935	3.5%	1.5%
Less accumulated depreciation	(55,588,506)	(51,731,309)	(48,757,802)	(3,857,197)	(2,973,507)	7.5%	6.1%
Capital assets, net	$95,247,198	$94,033,971	$94,892,543	$ 1,213,227	$ (858,572)	1.3%	(0.9%)

FY 2015 vs. 2014

Capital assets amounted to $95.2 million at June 30, 2015, a $1.2 million increase from June 30, 2014. The largest increase in capital assets was reflected in a $4.0 million increase in construction in progress, primarily for the physical therapy classroom building. Small increases were reflected in buildings and improvements, infrastructure and equipment. Offsetting the increases was an increase in accumulated depreciation by $3.9 million, reflecting scheduled depreciation.

FY 2014 vs. 2013

Capital assets amounted to $94.0 million at June 30, 2014 compared to $94.9 million at June 30, 2013. The decrease of $858 thousand reflects $2.1 million in asset additions, net of disposals, but offset by an approximately $3.0 million increase in accumulated depreciation from projects completed in late Fiscal Year 2013 and during 2014.

Further detailed information regarding capital assets can be found in the notes to the financial statements (Notes 1 and 5.)

Long-Term Liabilities

The following table presents the University's long-term liabilities as of June 30, 2015, 2014, and 2013:

	2015	2014	2013	2015 vs. 2014 Increase (Decrease)	2014 vs. 2013 Increase (Decrease)	2015 vs. 2014 Percentage Change	2014 vs. 2013 Percentage Change
OCIA capital leases	$14,327,955	$15,796,280	$16,779,527	$ (1,468,325)	$ (983,247)	(9.3%)	(5.9%)
ODFA lease obligation	6,405,333	7,073,416	1,116,000	(668,083)	5,957,416	(9.4%)	533.8%
Bonds payable	39,710,000	41,075,000	49,940,000	(1,365,000)	(8,865,000)	(3.3%)	(7.8%)
Premium on capital leases	668,233	729,966	191,228	(61,733)	538,738	(8.5%)	281.7%
Discount on bonds	(211,448)	(230,486)	(281,643)	19,038	51,157	(8.3%)	(18.2%)
Total long-term debt	60,900,073	64,444,176	67,745,112	(3,544,103)	(3,300,936)	(5.5%)	(5.7%)
Net pension liability	27,130,019	-	-	27,130,019	-	100.0%	- %
Other liabilities	3,497,263	3,744,481	3,724,258	(247,218)	20,223	(6.6%)	0.5%
Total long-term liabilities	$91,527,355	$68,188,657	$71,469,370	$23,338,698	$ (3,280,713)	34.2%	(4.6%)

Financial Summary (Continued)

FY 2015 vs. FY 2014

Long-term liabilities increased $23.3 million at June 30, 2015 reflecting the recognition of the pension liability. However, long-term debt obligations declined $3.5 million during Fiscal Year 2015 to $60.9 million at June 30, 2015, reflecting scheduled debt payments and the restructuring of certain capital leases for interest savings. In addition to the addition of the pension liability, other long-term liabilities reflect a $247 thousand decline attributable to scheduled amortization of unearned revenue associated with the student meal plan vendor.

FY 2014 vs. FY 2013

Long-term liabilities declined $3.3 million during Fiscal Year 2014, primarily reflecting a $3.3 million reduction in long-term debt obligations offset by a $20 thousand reduction in other long-term liabilities. Long-term debt reductions include the refunding of $7.5 million ODFA revenue bonds related to athletic facilities into an ODFA master lease, as well as restructuring of the 2005F OCIA capital lease into a 2014 capital lease, and scheduled debt payments. Other long-term liabilities reflect a $225 thousand decline in unearned in accordance with scheduled amortization.

Further detailed information regarding long-term liabilities can be found in Note 8 in the financial statements.

Economic Factors and the University's Future

Modest student cost increases were implemented for Fiscal Year 2016. Tuition and mandatory fees were increased by approximately 5 percent for Fiscal Year 2016. Apartment housing charges and meal plan costs were increased by 3 percent. An undergraduate Oklahoma resident student living in student housing with a meal plan generally experienced a 3.7 percent increase in their costs, or approximately $251 per semester. The University makes every effort to keep student cost increases as low as possible to retain it affordability.

The freshmen class for Fall 2015 set a new record as the largest freshmen class in the University's history. These gains, however, we partially offset by reduction in enrollments at the University's urban campuses which have programs for upperclassmen only. The University continues to focus on enrollment, retention and persistence as record freshmen classes matriculate.

Title III Part B funding for 2015 will increase by approximately $166 thousand to $2.2 million for federal fiscal year beginning October 1, 2015. A reduction in Title III B funding would likely require the University's state budget to absorb some of these costs or significantly reduce these programs. Additionally, the University receives Department of Education Funding under the Student Aid and Fiscal Responsibility Act (SAFRA). The amount to be received in Fiscal Year 2016 is approximately $857 thousand. The University was awarded approximately $323 thousand from the Department of Education Historically Black Graduate Institution (HBGI) for the federal fiscal year beginning October 1, 2016.

The University will complete its construction of its new classroom and laboratory facilities for its physical therapy program in spring 2016, with occupancy to occur in Summer 2016. Unrestricted cash reserves, HBGI funding and Section 13/New College Funds during Fiscal Year 2015 and 2016 were used to finance this project.

As stated in Note 15 to the audited financial statements, the LLC refunded its Langston Economic Development Authority, Series 2005 A, bonds in July 2015 (2005 bonds). This debt was refinanced by the University at a substantially lower interest rate that will provide a significant interest savings over the remaining life. It is anticipated that a similar refunding and refinancing for the Langston Economic Development Authority, Series 2006 A, bonds (2006 bonds) will be executed in early calendar year 2016, with interest savings.

Economic Factors and the University's Future (Continued)

The Management Agreement by and between The Habitat Company, LDF Student Housing, LLC, and the University for property management services for properties financed by the 2005 and 2006 bonds was terminated on November 3, 2015. The ownership of the properties and assets covered by these bonds revert to the University. The University has elected to perform property management responsibilities in-house versus utilizing an external property manager.

Compensation and benefit costs are anticipated to remain relatively flat in FY 2016. Health insurance and OTRS contributions are the most significant of amounts included in employer-paid benefit options. The University pays both employer and employee contributions to the Oklahoma Teachers Retirement System (OTRS). No changes in contribution rates are anticipated in Fiscal Year 2016. The health insurance rates paid by the University should remain relatively flat for FY 2016.

The State of Oklahoma made its final contribution to the University's endowment in Fiscal Year 2015, completing its $30 million commitment to the University. The University's FY 2016 budget reflects a restructuring of its budgeted expenditures to reflect endowment usage to a more sustainable level. The University's budget anticipates an endowment draw during FY 2016 up to $1.2 million to fund scholarships, enrollment and retention initiatives, and any other item deemed necessary that is approved by its governing board. Financial markets have shown significant volatility in past years based upon national and world events. Any further sustained market losses during Fiscal Year 2016 could have an impact on the amount of available endowment funds which can be distributed or used in FY 2016 and future periods.

State appropriations have been relatively flat or declining for the last few years. Current Oklahoma revenues are below budgeted levels, which are significantly influenced by energy prices. This continuing condition could result in a significant reduction during FY 2016 and/or FY 2017. Increases in state funding are needed in order maintain and improve the quality of the students' educational experience, without adding substantial student debt, as well as to address the increasing enrollment each year. It is always the University's intent to keep student charges as affordable as possible, while balancing the needs of the University. The University continues to be the low cost provider of quality four-year education in the State of Oklahoma. It is the University's expectation to continue to make the University an affordable option for its students.

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Net Position
June 30, 2015 and 2014

	University		Foundation	
	2015	2014	**2015**	2014
Assets				
Current Assets				
Cash and cash equivalents	**$ 15,789,273**	$ 16,452,239	**$ 1,428,369**	$ 993,043
Restricted cash and cash equivalents	**4,376,762**	4,605,286	**-**	-
Investments	**2,612,397**	2,612,005	**-**	-
Accounts receivable, net	**1,301,016**	739,426	**516,131**	892,666
Contract and grant receivables	**1,708,616**	523,268	**-**	-
Other assets	**532,063**	726,320	**12,789**	26,704
Funds held for the benefit of the University	**972,966**	853,534	**-**	-
Interest receivable	**55,289**	60,548	**-**	-
Student loans receivable, net	**1,187**	1,187	**-**	-
Total current assets	**27,349,569**	26,573,813	**1,957,289**	1,912,413
Noncurrent Assets				
Restricted cash and cash equivalents	**7,467,999**	9,610,619	**-**	-
Investments	**2,181,011**	2,270,505	**1,811,913**	1,573,190
Funds held for the benefit of the University	**38,189,549**	38,621,605	**-**	-
Accounts receivable, net	**-**	-	**454,595**	454,595
Capital assets, net	**95,247,198**	94,033,971	**-**	-
Total noncurrent assets	**143,085,757**	144,536,700	**2,266,508**	2,027,785
Total assets	**$ 170,435,326**	$ 171,110,513	**$ 4,223,797**	$ 3,940,198
Deferred Outflows of Resources				
Deferred charge on OCIA lease restructure	**$ 106,126**	$ 212,251	**$ -**	$ -
Deferred outflows related to pensions	**3,860,027**	-	**-**	-
Total deferred outflows	**$ 3,966,153**	$ 212,251	**$ -**	$ -

(Continued)

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Net Position (Continued)
June 30, 2015 and 2014

	University		Foundation	
	2015	2014	**2015**	2014
Liabilities and Net Position				
Current Liabilities				
Accounts payable	**$ 4,814,401**	$ 2,577,188	**$ -**	$ -
Accrued liabilities	**1,404,580**	732,531	**-**	-
Other current liabilities	**361,225**	238,606	**-**	-
Unearned revenues	**525,433**	562,508	**-**	-
Student and other deposits	**-**	141,258	**-**	-
Accrued interest payable	**322,582**	332,581	**-**	-
Notes payable	**323,640**	311,672	**-**	-
Accrued compensated absences	**2,250,029**	2,070,120		
Current portion of noncurrent liabilities	**3,207,166**	3,018,377	**-**	-
Total current liabilities	**13,209,056**	9,984,841	-	-
Noncurrent Liabilities, net of current portion				
Unearned revenues	**427,500**	587,500	**-**	-
Accrued compensated absences	**272,577**	466,808	**-**	-
Accrued supplemental retirement and OPEB obligations	**387,157**	395,053	**-**	-
Net pension liability	**27,130,019**	-	**-**	-
Revenue bonds payable, net of discounts	**38,073,552**	39,479,514	**-**	-
Capital lease obligations payable to state agencies, net of premium	**19,619,355**	21,946,285	**-**	-
Total noncurrent liabilities	**85,910,160**	62,875,160	-	-
Total liabilities	**$ 99,119,216**	$ 72,860,001	**$ -**	$ -
Deferred Inflows of Resources				
Deferred credit on OCIA lease restructure	**$ 789,699**	$ 344,665	**$ -**	$ -
Deferred inflows related to pensions	**7,013,110**	-	**-**	-
	$ 7,802,809	**$ 344,665**	**$ -**	**$ -**
Net Position				
Net investment in capital assets	**$ 34,501,052**	$ 30,116,006	**$ -**	$ -
Restricted:				
Nonexpendable	**30,000,000**	29,120,212	**1,454,595**	1,454,595
Expendable:				
Scholarships, research, instruction and other	**12,350,375**	13,286,443	**2,240,662**	2,050,019
Loans	**280,199**	495,974	**-**	-
Capital projects	**3,386,275**	4,571,528	**-**	-
Debt service	**8,580,021**	7,760,457	**-**	-
Unrestricted	**(21,618,468)**	12,767,478	**528,540**	435,584
Total net position	**$ 67,479,454**	$ 98,118,098	**$ 4,223,797**	$ 3,940,198

See Notes to Financial Statements.

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	University		Foundation	
	2015	2014	**2015**	2014
Operating Revenues:				
Student tuition and fees, net of scholarship discounts and allowances of $3,539,000 and $3,839,000 for 2015 and 2014, respectively	**$ 7,585,473**	$ 7,327,307	**$ -**	$ -
Federal grants and contracts	**11,621,702**	10,381,216	**-**	-
State and local grants and contracts	**232,780**	253,874	**-**	-
Non-governmental grants and contracts	**967,011**	1,082,709	**-**	-
Auxiliary enterprise charges:				
Housing, net of scholarship discounts and allowances of $2,775,000 and $2,440,000 for 2015 and 2014, respectively	**5,604,082**	4,657,231	**-**	-
Food services, net of scholarship discounts and allowances of $1,140,000 and $1,053,000 for 2015 and 2014, respectively	**2,443,028**	2,011,132	**-**	-
Athletics	**38,516**	30,932	**-**	-
All other	**72,547**	86,160	**-**	-
Gifts and contributions	**-**	-	**617,375**	1,917,163
Other operating revenues	**543,444**	722,590	**191,697**	156,714
Total operating revenues	**29,108,583**	26,553,151	**809,072**	2,073,877
Operating Expenses:				
Compensation and employee benefits	**29,596,020**	31,356,057	**-**	-
Contractual services	**4,099,662**	3,885,226	**-**	-
Supplies and materials	**1,252,405**	1,575,246	**-**	-
Utilities	**2,397,652**	2,290,346	**-**	-
Communications	**179,336**	175,867	**-**	-
Other operating expenses	**11,115,933**	10,465,353	**385,775**	469,677
Scholarships and fellowships	**4,057,371**	5,365,463	**166,673**	54,338
Depreciation	**3,875,743**	3,925,512	**-**	-
Total operating expenses	**56,574,122**	59,039,070	**552,448**	524,015
Operating income (loss)	**(27,465,539)**	(32,485,919)	**256,624**	1,549,862
Nonoperating Revenues (Expenses):				
State appropriations	**18,785,998**	18,786,156	**-**	-
OTRS on-behalf contributions	**1,491,708**	1,644,000	**-**	-
Pass-through grant revenue	**7,708,965**	8,174,732	**-**	-
Charter schools program revenue	**7,883,643**	7,853,830	**-**	-
Charter schools program expenses	**(7,550,021)**	(7,535,432)	**-**	-
Investment income	**879,886**	708,708	**26,975**	226,863
Gain (loss) on endowment funds and investments	**(1,496,613)**	3,346,633	**-**	-
Interest expense	**(2,557,398)**	(3,593,407)	**-**	-
Net nonoperating revenues	**25,146,168**	29,385,220	**26,975**	226,863
Gain (loss) before other revenues, expenses, gains or (losses)	**(2,319,371)**	(3,100,699)	**283,599**	1,776,725

(Continued)

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended June 30, 2015 and 2014

	University		Foundation	
	2015	2014	**2015**	2014
Other Revenues, Expenses, Gains or (Losses):				
State appropriations restricted for capital purposes	**1,890,978**	2,194,347	**-**	-
OCIA state appropriations restricted for debt service	**1,262,664**	1,421,926	**-**	-
Additions to permanent endowments	**879,788**	1,663,652	**-**	-
Change in net position	**1,714,059**	2,179,226	**283,599**	1,776,725
Net Position, beginning of year	**98,118,098**	95,938,872	**3,940,198**	2,163,473
Restatement—Implementation of GASB 68 & 71	**(32,352,703)**	-	**-**	-
Net position, beginning of year, as restated	**65,765,395**	95,938,872	**3,940,198**	2,163,473
Net Position, end of year	**$ 67,479,454**	$ 98,118,098	**$ 4,223,797**	$ 3,940,198

See Notes to Financial Statements.

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Student tuition and fees	**$ 6,974,329**	$ 7,437,213
Grants and contracts	**11,571,967**	12,305,326
Auxiliary enterprise charges	**8,012,495**	6,635,242
Other operating receipts	**568,530**	1,392,720
Payments to employees for salaries and benefits	**(30,196,130)**	(29,466,835)
Payments to suppliers	**(19,986,308)**	(23,608,594)
Net cash (used in) operating activities	**(23,055,117)**	(25,304,928)
Cash Flows From Noncapital Financing Activities		
Federal grants and contracts	**7,708,965**	8,174,732
State and local grants and contracts	**333,622**	318,398
State appropriations	**18,785,998**	18,786,156
Direct lending receipts	**16,212,688**	15,672,942
Direct lending payments	**(16,212,688)**	(15,672,942)
Net cash provided by noncapital financing activities	**26,828,585**	27,279,286
Cash Flows From Capital and Related Financing Activities		
Cash paid for capital assets	**(5,088,970)**	(3,066,941)
Capital appropriations received	**3,153,642**	3,960,938
Proceeds of capital debt	**-**	566,812
Repayments of capital debt and leases	**(3,056,371)**	(4,545,734)
Interest paid on capital debt and leases	**(2,600,096)**	(3,640,458)
Net cash (used in) capital and related financing activities	**(7,591,795)**	(6,725,383)
Cash Flows From Investing Activities		
Net purchases/sales of investments	**(95,667)**	4,102,880
Interest received on investments	**879,884**	708,712
Net cash provided by investing activities	**784,217**	4,811,592
Net change in cash and cash equivalents	**(3,034,110)**	60,567
Cash:		
Beginning	**30,668,144**	30,607,577
Ending	**$ 27,634,034**	$ 30,668,144

(Continued)

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Cash Flows (Continued)
Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of Operating Loss to Net Cash (Used In) Operating Activities		
Operating loss	**$ (27,465,539)**	$ (32,485,919)
Adjustments to reconcile operating loss to net cash (used in) operating activities:		
Depreciation	**3,875,743**	3,925,512
Expenses corresponding to on-behalf contributions to OTRS	**1,491,708**	1,644,000
Changes in operating assets and liabilities:		
Accounts, loans and other receivables	**(1,784,186)**	1,474,695
Deferred outflows related to pensions	**(118,937)**	-
Accounts payable and accrued expenses	**3,267,297**	304,164
Unearned revenues	**(197,075)**	(257,346)
Deferred inflows related to pensions	**7,013,110**	-
Net pension obligation	**(8,963,774)**	-
Other current liabilities and student deposits	**(151,247)**	(155,256)
Compensated absences and pension benefit obligation	**(22,217)**	245,222
Net cash (used in) operating activities	**$ (23,055,117)**	$ (25,304,928)
Noncash Investing, Noncapital Financing and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the University	**$ 1,262,664**	$ 1,421,926
Additions to permanent endowments	**879,788**	1,663,652
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets:		
Cash and cash equivalents	**$ 15,789,273**	$ 16,452,239
Restricted cash and cash equivalents	**4,376,762**	4,605,286
Noncurrent assets:		
Restricted cash and cash equivalents	**7,467,999**	9,610,619
Total cash and cash equivalents	**$ 27,634,034**	$ 30,668,144

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Nature of operations: Langston University (the University) is a baccalaureate degree granting institution established by an act of the Territorial Legislature in 1897. The University's mission is to provide higher education primarily for the people of Oklahoma through academic programs, cultural enrichment, lifelong learning experiences and public service activities. The University is under the governance of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Board of Regents).

Reporting entity: The University is one of five institutions of higher education in Oklahoma that comprise the Oklahoma Agricultural and Mechanical Colleges, which in turn is part of the Higher Education component unit of the State of Oklahoma.

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

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

In prior years, the University reported itself as a component unit of the State of Oklahoma. Based on an evaluation performed during 2015, it was determined that based upon existing state statutes, the University is not a legally separate entity, and therefore is not a component unit of the State. The University is an organizational unit of the Board of Regents as mentioned above.

Langston University Foundation: Langston University Foundation (the Foundation), is a legally separate, Oklahoma not-for-profit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The Foundation has a June 30th year end and reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, stand-alone financial statements which may be obtained by contacting the Foundation's management.

LDF Student Housing: LDF Student Housing, L.L.C. (the LLC), is a legally separate, Oklahoma not-for-profit corporation organized for the purpose of administration and operations of a student housing facility constructed with the proceeds of revenue bonds. The LLC is a nonprofit organization created for the purpose of providing affordable housing for students of the University, which consists of management of the University. The LLC is owned by Langston University Development Fund, and governed by its Board of Directors. Resources received and held by the LLC can only be used by, and for the benefit of, the University housing governed by certain bond documents.

Note 1. Summary of Significant Accounting Policies (Continued)

The University's management believes that blending the LLC's financial statements with the University provides users relevant and timely information about resources available to the University. The LLC prepares separate, stand-alone financial statements which may be obtained by contacting the LLC's management.

Financial statement presentation: The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to public sector institutions of higher education. The University applies all applicable GASB pronouncements.

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

Investments: The University accounts for its investments at fair market value based on quoted market prices. Changes in the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Accounts receivable: Accounts receivable consist of tuition and fee charges and auxiliary enterprise services provided to students, faculty and staff. Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

Student accounts and loans receivable are written off for financial reporting purposes when deemed uncollectible. Recoveries of student accounts and loans receivable previously written off are recorded when received. A student account receivable and student loan receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester. Interest and late charges are not generally assessed and, if they are assessed, are not included in income or trade accounts receivable.

Accounts receivable also include amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable also include amounts due from the Oklahoma Capital Improvement Authority (OCIA) for proceeds from the capital bond improvement program allocated to the University.

Restricted cash and investments: Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, make long-term student loans, or to purchase capital or other noncurrent assets, are classified as restricted assets in the statements of net position. Restricted cash also includes assets whose use is limited and are set aside, as required by the bond indentures of the LLC, for future payments of principal, interest, property repairs, or other required purposes.

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are recorded at cost at the date of acquisition, or fair market 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 $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year which the expense was incurred.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The University capitalizes interest as a component of capital assets constructed for its own use. There was no capitalized interest in 2015 or 2014.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 40 years for buildings, infrastructure and land improvements and 5 to 15 years for library materials and equipment.

Unearned revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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

Noncurrent liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) federal loans liability; (3) amounts for accrued compensated absences; (4) net pension liability; and other liabilities that will not be paid within the next fiscal year. Bond discounts and premiums are amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred regardless of whether they are included in bond proceeds.

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Net position: The University's net position is classified as follows:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. Debt that has been incurred but not yet expended for capital assets, are not included as a component of net investment in capital assets.

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

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

Unrestricted net position: Unrestricted net position represent 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.

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

Classification of revenues and expenses: The University has classified its revenues and expenses as either operating or nonoperating 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 educational departments and of auxiliary enterprises, and (3) certain federal, state and nongovernmental grants and contracts that relate specifically to revenues used for student financial assistance.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB, such as state appropriations, certain governmental grants and investment income. Nonoperating revenue also includes funds received from the State Department of Education for the sponsorship of various charter schools. The University is entitled to keep 5 percent of the charter school revenue for administrative services.

Operating expenses: Operating expenses are those expenses directly related to providing the students services and include items such as compensation, supplies, scholarships and utilities.

Note 1. Summary of Significant Accounting Policies (Continued)

Other operating expenses: Other operating expenses are primarily comprised of expenses related to Auxiliary enterprises such as housing and food service.

Nonoperating expenses: Nonoperating expenses are comprised of interest expense on long-term liabilities and program expenses related to charter schools. The charter school expenses represents funds passed through to the charter schools from the State Department of Education, less a 5 percent administrative services fee charged by the University.

Scholarship discounts and allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. Scholarship discounts and allowances are the differences 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 or state government or nongovernmental programs, are recorded as either operating or 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.

Deferred outflows of resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2015 and 2014, the University's deferred outflows of resources were comprised of deferred charges on an OCIA lease restructure and deferred outflows related to pensions.

Deferred inflows of resources: Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. At June 30, 2015 and 2014, the University's deferred inflows of resources were comprised of deferred credits on OCIA lease restructure and deferred inflows related to net pension obligation.

Income taxes: As a state institution of higher education the income of the University is generally exempt from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, the University may be subject to income taxes on unrelated business income under Internal Revenue Code Section 511(a)(2)(B). Such amounts have historically been insignificant.

New accounting pronouncements adopted in fiscal year 2015: The University adopted the following new accounting pronouncement during the year ended June 30, 2015:

> *Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* (GASB No. 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. The provisions of the statement are effective for fiscal periods beginning after June 15, 2014. The adoption of GASB No. 68 resulted in recording a net pension liability and a decrease in net position of $36,093,793 as of July 1, 2014.

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 (GASB No. 71) was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement were required to be adopted simultaneously with the adoption of GASB Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of $3,741,090 for contributions and an increase in net position as of July 1, 2014.

The University did not restate its 2014 financial statements because information concerning the net pension liability at July 1, 2013, was not available.

New accounting pronouncements issued not yet adopted: The GASB has also issued several new accounting pronouncements which will be effective to the University in the fiscal year ending June 30, 2015. A description of the new accounting pronouncements and the University's consideration of the impact of these pronouncements are described below:

*Statement No. 72, Fair Value Measurement and Application (*GASB No. 72) was issued in February 2015 and requires investments to be measured at fair value. Investments are defined as any security or other asset that (a) the government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The statement requires measurement at acquisition value for donated capital assets, donated works of art, historical treasures and similar assets and capital assets received in a service concession arrangement. This statement is effective for financial statements for periods beginning after June 15, 2015.

Statement *No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB No. 73) was issued June 2015, will be effective for the University beginning with its fiscal year ending June 30, 2016. Those provisions of the statement that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective beginning with fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB No. 74) was issued in June 2015 and replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The provisions of Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75) was issued in June 2015, will be effective for the University beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments.

Note 1. Summary of Significant Accounting Policies (Continued)

In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB No. 76) was issued in June 2015 and supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

Statement No. 77 Tax Abatement Disclosures (GASB No. 77) is effective for fiscal periods beginning after December 15, 2015. This Statement defines tax abatements and provides disclosure principles that are designed to provide information to the public about the tax abatements and how they affect the government's financial position, results of operations and ability to raise resources in the future.

Statement No. 79 Certain External Investment Pools and Pool Participants (GASB No. 79) is effective for fiscal periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants and specifically defines under what circumstances pools may be valued at amortized cost vs. fair value.

The University is currently evaluating the impact that these new standards will have on its financial statements.

Reclassifications: Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation with no effect on net position or change in net position.

Note 2. Deposits and Investments

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy for custodial credit risk is described as follows: Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The 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 State Treasurer may determine, in the State's name.

The University requires that balances on deposit with financial institutions be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations, in the University's name.

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

	2015	2014
Deposits with the State Treasurer	$ 19,755,866	$ 23,625,110
Other financial institutions	7,873,168	7,038,034
Total deposits	27,629,034	30,663,144
Petty cash and change funds	5,000	5,000
Total cash	$ 27,634,034	$ 30,668,144

Note 2. Deposits and Investments (Continued)

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

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity and return on investment are the objectives which establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the State Treasurer's website at *http://www.treasurer.state.ok.us/*. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. *OK INVEST* maintains an overall weighted average maturity of no more than four years.

OK INVEST pools the resources and invests them in (a) U.S. treasury securities which are explicitly backed by the full faith and credit of the U.S. government; (b) U.S. agency securities which carry an implicit guarantee of the full faith and credit of the U.S. government; (c) money market mutual funds which participate in investments, either directly or indirectly, in securities issued by the U.S. treasury and/or agency and repurchase agreements relating to such securities; (d) investments related to tri-party repurchase agreements which are collateralized at 102 percent and, whereby, the collateral is held by a third party in the name of the State Treasurer; (e) collateralized certificates of deposits; (f) commercial paper; (g) obligations of state and local governments; and (h) State of Israel bonds.

Of funds on deposit with the State Treasurer, amounts invested in *OK INVEST* total $18,495,491 in 2015 and $21,957,805 in 2014. These amounts are valued at fair value.

For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents given the University may withdraw the funds at any time.

Investments: Oklahoma Statutes authorize the University to invest in direct obligations of the U.S. government, agency securities, certificates of deposit secured by acceptable collateral, savings accounts or savings certificates to the extent that the accounts or certificates are fully insured by FDIC, and other investments which are fully collateralized by any of the aforementioned obligations or securities.

Note 2. Deposits and Investments (Continued)

The University had the following investments as of June 30:

Investment	Credit Rating	Maturities	Fair Value	Percent of Investment Portfolio
Fannie Mae discount notes	Aaa	Less than one	$ 2,309,935	48%
Freddie Mac discount notes	Aaa	Less than one	294,804	6%
Mutual funds	Not Rated	Various	2,188,669	46%
			4,793,408	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than one	18,495,491	N/A
			$ 23,288,899	

Investment	Credit Rating	Maturities	Fair Value	Percent of Investment Portfolio
Federal Home Loan Bank discount	Aaa	Less than one	$ 2,309,274	47%
Federal National Mortgage discount note	Aaa	Less than one	147,559	3%
Federal Home Loan Bank discount	Aaa	Less than one	147,200	3%
Mutual funds	Not Rated	Various	2,278,477	47%
			4,882,510	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than one	21,957,805	N/A
			$ 26,840,315	

Interest rate risk: The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The University is authorized to invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Regents.

Concentration of credit risk: The University's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The University's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The University does not have a formal policy on concentration of credit risk.

The LLC's cash equivalents consisted primarily of money market accounts with brokers. The money market accounts are FDIC-insured up to $250,000 per depositor. At June 30, 2015 and 2014, the LLC's cash and cash equivalent accounts exceeded federally insured limits by approximately $7,300,000 and $6,100,000, respectively. These funds are maintained with the trustee in accordance with bond indenture requirements.

Note 2. Deposits and Investments (Continued)

Custodial credit risk: For deposits, this is the risk that in the event of bank failure, the University's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy on custodial credit risk. As of June 30, 2015 and 2014, the investments were exposed to custodial credit risk.

Note 3. Accounts Receivable

Accounts receivable relate to tuition and fee charges to students and to auxiliary services provided to students, faculty and staff. Accounts receivable consisted of the following at June 30:

	2015	2014
Student tuition and fees	$ 1,782,257	$ 1,060,703
Auxiliary enterprises and other operating activities	1,851,308	1,157,917
	3,633,565	2,218,620
Less allowance for doubtful accounts	(2,332,549)	(1,479,194)
Accounts receivable, net	$ 1,301,016	$ 739,426

Note 4. Loans Receivable

Loans receivable consist of the following at June 30:

	2015	2014
Loans receivable	$ 1,187	$ 1,187
Less allowance for uncollectible loans	-	-
Net loans receivable	$ 1,187	$ 1,187

Note 5. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Transfers	Retirements	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	$ 2,546,375	$ -	$ -	$ -	$ 2,546,375
Construction in-progress	703,292	4,069,265	-	-	4,772,557
Total capital assets not being depreciated	3,249,667	4,069,265	-	-	7,318,932
Capital assets being depreciated:					
Buildings and improvements	118,407,892	280,182	-	-	118,688,074
Infrastructure	3,669,991	-	141,615	-	3,811,606
Equipment	16,119,991	780,914	(141,615)	(59,938)	16,699,352
Library materials	4,317,739	-	-	-	4,317,739
Total capital assets being depreciated	142,515,613	1,061,096	-	(59,938)	143,516,771
Accumulated depreciation:					
Buildings and improvements	(35,007,105)	(2,837,279)	-	-	(37,844,384)
Infrastructure	(1,234,467)	(143,513)	-	-	(1,377,980)
Equipment	(11,171,998)	(894,951)	-	18,547	(12,048,402)
Library materials	(4,317,739)	-	-	-	(4,317,739)
Total accumulated depreciation	(51,731,309)	(3,875,743)	-	18,547	(55,588,505)
Capital assets, net	$ 94,033,971	$ 1,254,618	$ -	$ (41,391)	$ 95,247,198

Note 5. Capital Assets (Continued)

Following are the changes in capital assets for the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Transfers	Retirements	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	$ 2,409,222	$ 137,153	$ -	$ -	$ 2,546,375
Construction in-progress	794,460	2,190,834	(2,282,002)	-	703,292
Total capital assets not being depreciated	3,203,682	2,327,987	(2,282,002)	-	3,249,667
Capital assets being depreciated:					
Buildings and improvements	116,028,107	97,783	2,282,002	-	118,407,892
Infrastructure	3,669,991	-	-	-	3,669,991
Equipment	16,430,826	833,799	-	(1,144,634)	16,119,991
Library materials	4,317,739	-	-	-	4,317,739
Total capital assets being depreciated	140,446,663	931,582	2,282,002	(1,144,634)	142,515,613
Accumulated depreciation:					
Buildings and improvements	(32,180,687)	(2,826,418)	-	-	(35,007,105)
Infrastructure	(1,098,545)	(135,922)	-	-	(1,234,467)
Equipment	(11,224,579)	(899,424)	-	952,005	(11,171,998)
Library materials	(4,253,991)	(63,748)	-	-	(4,317,739)
Total accumulated depreciation	(48,757,802)	(3,925,512)	-	952,005	(51,731,309)
Capital assets, net	$ 94,892,543	$ (665,943)	$ -	$ (192,629)	$ 94,033,971

Note 6. Unearned Revenues

Unearned revenues consisted of the following at June 30:

	2015	2014
Student tuition and fees	$ 365,433	$ 337,508
Contractual agreements	587,500	812,500
Total unearned revenues	$ 952,933	$ 1,150,008

In January 2011, the University entered into a contract amendment (contract) with Sodexo Operations, LLC (Sodexo) to provide food service management to the University. As part of this contract, Sodexo agreed to make a financial investment in the University in the form of equipment purchases and full repayment of the previous commitment with Aramark Educational Services, Inc. The overall investment made by Sodexo totaled $1,600,000, of which $650,000 of this investment is required to be amortized over a five-year period, with the remaining $950,000 amortized over ten years. If the University terminates Sodexo's service prior to the complete amortization of the investment, the contract requires that Sodexo be reimbursed for the unamortized portion of the investment. The unamortized portion of this commitment is $587,500 and $812,500 at June 30, 2015 and 2014, respectively. There is no stipulation for accrued interest relative to the Sodexo contract.

Note 7. Notes Payable

The LLC finances its annual property insurance premium over a 10-month period. A prepaid asset is recognized on the accompanying statements of net position, in other assets, and is amortized to expense on a straight-line basis. The detail of the notes payable resulting from the financing of insurance premiums as of June 30, 2015 and 2014 is as follows:

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
Notes payable	$ 311,672	$ 364,110	$ (352,142)	$ 323,640

	Balance at June 30, 2013	Additions	Deductions	Balance at June 30, 2014
Notes payable	$ 296,784	$ 389,599	$ (374,711)	$ 311,672

Note 8. Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2015 was as follows:

	Interest Rates	Maturity Through	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015	Current Portion
Revenue bonds payable and capital lease obligations:							
Revenue bonds payable:							
LEDA Revenue Bonds, Series 2006A	4.00%-5.25%	5/1/2030	20,250,000	-	(790,000)	19,460,000	825,000
LEDA Revenue Bonds, Series 2005A	3.50%-5.00%	5/1/2034	20,825,000	-	(575,000)	20,250,000	600,000
			41,075,000	-	(1,365,000)	39,710,000	1,425,000
Less discounts on bonds			(230,486)	-	19,038	(211,448)	-
Total revenue bonds payable			40,844,514	-	(1,345,962)	39,498,552	1,425,000
Capital lease obligations:							
OCIA 1999/2004A	2.50%-5.00%	8/1/2019	708,427	-	(708,427)	-	-
OCIA 2005F	3.38%-5.00%	7/1/2015	669,762	-	(327,578)	342,184	342,184
OCIA 2014A	.28%-3.86%	7/1/2030	6,307,699	-	-	6,307,699	-
OCIA 2010A	1.50%-2.48%	7/1/2018	3,080,464	-	-	3,080,464	162,367
OCIA 2010B	2.03%-2.48%	7/1/2015	914,828	-	(533,797)	381,031	381,031
OCIA 2006D	1.00%-5.00%	7/1/2035	4,115,100	-	(4,115,100)	-	-
OCIA 2014B	.17%-2.71%	6/30/2019	-	645,007	(113,210)	531,797	126,237
OCIA 2014C	.18%-3.57%	10/1/2034	-	3,684,780	-	3,684,780	81,180
ODFA Master Lease 2014A	3.80%	5/15/2027	6,170,416	-	(452,083)	5,718,333	465,167
ODFA Master Lease 2011B	3.00%-4.875%	5/15/2018	903,000	-	(216,000)	687,000	224,000
			22,869,696	4,329,787	(6,466,195)	20,733,288	1,782,166
Plus premium on lease obligations			729,966	-	(61,733)	668,233	-
Total capital lease obligations			23,599,662	4,329,787	(6,527,928)	21,401,521	1,782,166
Total revenue bonds payable and capital lease obligations			64,444,176	4,329,787	(7,873,890)	60,900,073	3,207,166
Other liabilities:							
Accrued supplemental retirement and OPEB obligations			395,053	-	(7,896)	387,157	-
Accrued compensated absences			2,536,928	2,250,029	(2,264,351)	2,522,606	2,250,029
Net pension liability			-	36,093,793	(8,963,774)	27,130,019	-
Unearned revenues			812,500	-	(225,000)	587,500	160,000
Total other liabilities			3,744,481	38,343,822	(11,461,021)	30,627,282	2,410,029
Total noncurrent liabilities			$ 68,188,657	$ 42,673,609	$ (19,334,911)	$ 91,527,355	$ 5,617,195

Note 8. Noncurrent Liabilities (Continued)

Noncurrent liability activity for the year ended June 30, 2014 was as follows:

	Interest Rates	Maturity Through	Balance at June 30, 2013	Additions	Deductions	Balance at June 30, 2014	Current Portion
Revenue bonds payable and capital lease obligations:							
Revenue bonds payable:							
ODFA Public Facility, Series 1999A	3.60%-5.25%	12/1/2023	$ 2,545,000	$ -	$ (2,545,000)	$ -	$ -
ODFA Public Facility, Series 2002A	2.00%-5.00%	7/1/2027	5,005,000	-	(5,005,000)	-	-
LEDA Revenue Bonds, Series 2006A	4.00%-5.25%	5/1/2030	21,010,000	-	(760,000)	20,250,000	790,000
LEDA Revenue Bonds, Series 2005A	3.50%-5.00%	5/1/2034	21,380,000	-	(555,000)	20,825,000	575,000
			49,940,000	-	(8,865,000)	41,075,000	1,365,000
Less discounts on bonds			(281,643)	-	51,157	(230,486)	-
Total revenue bonds payable			49,658,357	-	(8,813,843)	40,844,514	1,365,000
Capital lease obligations:							
OCIA 1999/2004A	2.50%-5.00%	8/1/2019	826,637	-	(118,210)	708,427	123,919
OCIA 2005F	3.38%-5.00%	7/1/2015	7,640,098	-	(6,970,336)	669,762	327,578
OCIA 2014A	.28%-3.86%	7/1/2030	-	6,307,699	-	6,307,699	-
OCIA 2010A	1.50%-2.48%	7/1/2018	3,080,464	-	-	3,080,464	-
OCIA 2010B	2.03%-2.48%	7/1/2015	914,828	-	-	914,828	533,797
OCIA 2006D	1.00%-5.00%	7/1/2035	4,317,500	-	(202,400)	4,115,100	-
ODFA Master Lease 2014A	3.80%	5/15/2027	-	6,325,000	(154,584)	6,170,416	452,083
ODFA Master Lease 2011B	3.00%-4.875%	5/15/2018	1,116,000	-	(213,000)	903,000	216,000
			17,895,527	12,632,699	(7,658,530)	22,869,696	1,653,377
Plus premium on lease obligations			191,228	566,812	(28,074)	729,966	-
Total capital lease obligations			18,086,755	13,199,511	(7,686,604)	23,599,662	1,653,377
Total revenue bonds payable and capital lease obligations			67,745,112	13,199,511	(16,500,447)	64,444,176	3,018,377
Other liabilities:							
Accrued supplemental retirement and OPEB obligations			405,749	-	(10,696)	395,053	-
Accrued compensated absences			2,281,009	2,070,120	(1,814,201)	2,536,928	2,070,120
Unearned revenues			1,037,500	-	(225,000)	812,500	225,000
Total other liabilities			3,724,258	2,070,120	(2,049,897)	3,744,481	2,295,120
Total noncurrent liabilities			$ 71,469,370	$ 15,269,631	$ (18,550,344)	$ 68,188,657	$ 5,313,497

Revenue bonds: The Oklahoma Development Finance Authority (ODFA) Public Facilities Program Revenue Bonds, Langston University Project, Series 2002A (the ODFA 2002 Bonds) were issued in the original amount of $7,000,000. Principal payments of $175,000 to $2,075,000 are due each July 1 through 2027. Principal and interest payments are secured by a pledge of facility fees and of certain Section 13 and New College Funds annually apportioned to the University. The ODFA 2002 Bonds are a limited obligation of ODFA payable from the above pledged revenues of the University. Interest on the bonds is exempt from federal and state income taxes.

The ODFA Public Facilities Financing Program Revenue Bonds, Langston University Athletic Facilities Projects, Series 1999A (the ODFA 1999A Bonds) were issued in the original amount of $3,500,000. Principal payments of $20,000 to $330,000 are due each December 1 through 2023. The ODFA 1999A Bonds are secured by a pledge of certain student facility fees, with subordinated pledge of Section 13 and New College Fund revenues. The ODFA 1999A Bonds are a limited obligation of ODFA payable from the above pledged revenues of the University. Interest on the bonds is exempt from federal and state income taxes.

During February 2014, the University entered into a capital lease obligation for the ODFA Master Lease Series 2014A in the amount of $6,325,000, to refund the ODFA Series 2002A and 1999A Revenue Bonds. The net present value of the savings for the refinance was $890,814.

Note 8. Noncurrent Liabilities (Continued)

On May 2, 2005, the Langston Economic Development Authority (LEDA) issued the Langston Economic Development Authority Revenue Bonds (Langston University Student Housing/LDF Student Housing, LLC Project) Series 2005A and 2005B in the amount of $24,720,000 for the purpose of loaning the proceeds thereof to the LLC for the purpose of financing the cost of acquiring, renovating, furnishing and equipping an existing student housing facility know as Centennial Court and to refinance the debt issued with respect to the Langston Common's student housing complex. The interest and repayment terms on these notes are the same as required by the bonds issued by LEDA. The 2005B series was paid in full at June 30, 2007. At June 30, 2015 and 2014, $20,250,000 and $20,825,000, respectively, were outstanding on the 2005A series.

On May 17, 2006, LEDA issued bonds pursuant to the terms of the Langston Economic Development Authority Revenue Bonds (Langston University Student Housing/LDF Student Housing, LLC Project) indenture dated May 2, 2005. The Series 2006A and 2006B bonds were issued in the amount of $25,535,000 for the purpose of loaning the proceeds thereof to the LLC for the purpose of financing the cost of acquiring the Scholars' Inn housing facility. LEDA issued to the Authority promissory notes on May 17, 2006 in the amount of $25,535,000. The interest and repayment terms on these notes are the same as required by the bonds issued by LEDA. The 2006B was paid in full at June 30, 2007. At June 30, 2015 and 2014, $19,460,000 and $20,250,000, respectively were outstanding on the 2006A series.

The LLC is required to make monthly deposits to the debt service fund of approximately $132,000 on the 2005 bonds and $148,000 on the 2006 bonds. The 2005 Bonds still outstanding may be redeemed at the LLC's option on or after May 1, 2015 at the par amount plus accrued interest. The 2006 Bonds still outstanding may be redeemed at the LLC's option on or after May 1, 2016 at the par amount plus accrued interest.

The University's obligation with respect to payment on the bonds is limited to excess housing system revenue that has been pledged by the University. During the years ended June 30, 2015 and 2014, there were no excess housing system revenues.

Pursuant to the bond indentures creating each bond issue, the LLC was required to establish various accounts with the bond trustees as follows:

Revenue and surplus accounts: These accounts are used to accumulate monies to repay the principal and interest on the bonds. The LLC is required to transfer pledged revenues to the trustee for deposit in the revenue accounts.

Bond funds of principal and interest: These accounts are used to make bond principal and interest payments when due. The trustee will transfer funds monthly from the revenue accounts to the principal and interest accounts. Principal and interest accounts are paid on a semi-annual basis.

Reserve accounts: Reserve accounts have been established to cover deficiencies in the bond funds for debt service, operating needs, and repairs and replacements. The minimum required reserve account balances established by the bond indentures are as follows:

Debt Reserve Fund:

1. With respect to the Series 2005 Bonds, the sum of $1,588,122
2. With respect to 2006 Bonds, the lesser of:

    a) 10 percent of the amount of bonds issued, or
    b) 125 percent of the average annual debt service
    c) Maximum annual debt service

Note 8. Noncurrent Liabilities (Continued)

Actual funds on deposit with the trustees as of June 30 were as follows:

	2015	2014
LEDA 2006A & 2005A Bonds	$ 1,747,582	$ 1,697,581

Future aggregate maturities of principal and interest requirements on the University's various revenue bonds payable are as follows at June 30, 2015:

	Principal	Interest	Total
Year ending June 30:			
2016	$ 1,425,000	$ 1,935,037	$ 3,360,037
2017	1,490,000	1,871,632	3,361,632
2018	1,560,000	1,803,501	3,363,501
2019	1,630,000	1,731,038	3,361,038
2020	1,705,000	1,655,326	3,360,326
2021-2025	9,820,000	6,985,476	16,805,476
2026-2030	14,420,000	4,293,288	18,713,288
2031-2035	7,660,000	1,284,000	8,944,000
	$ 39,710,000	$ 21,559,298	$ 61,269,298

Capital lease obligations

Oklahoma Capital Improvement Authority lease obligations: Oklahoma Capital Improvement Authority Lease Obligations: The Oklahoma Capital Improvement Authority (OCIA) periodically issues bonds, which are allocated to the State Regents for Higher Education (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 lease agreement with terms characteristic of a capital lease. 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 lease principal and interest payments on-behalf of the University.

In September 1999, the Oklahoma Capital Improvement Authority (OCIA) issued its OCIA 1999 Bonds Series A, B and C. Of the total bond indebtedness, the OSRHE allocated approximately $2,000,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA, for the project being funded by the OCIA bonds. The lease agreement provides for the University to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the University.

Note 8. Noncurrent Liabilities (Continued)

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the OSRHE allocated approximately $12,481,000 to the University. Total lease payments over the term of the agreement including principal and interest, beginning July 1, 2006 through July 1, 2030, will be $21,603,441. Payments will be made annually ranging from $352,845 to $1,198,785, by the State of Oklahoma on behalf of the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the University.

During fiscal year 2011, the University's 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued two new bonds, Series 2010A and 2010B, to accomplish this refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. OCIA issued the new Series 2010A and 2010B bonds to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring the debt service requirements. Consequently, the University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues.

This lease restructuring has extended certain principal payments into the future, resulting in a cost on restructuring. The University has recorded a deferred outflow of resources of $938,840, which is the difference between the reacquisition price and the net carrying amount of the old debt that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015 and 2014, the unamortized cost totaled $106,126 and $212,251, respectively. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of $50,720, which also approximates the economic cost of the lease. Although this restructuring resulted in a cost to the University, it is anticipated that the on-behalf payments provided to cover the original lease agreement will also cover the deferred lease restructuring charge.

In 2006, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2006D. Of the total bond indebtedness, the State Regents allocated approximately $5,424,000 to the University. Total lease payments over the term of the agreement including principal and interest, beginning July 1, 2006 through July 1, 2035, will be $12,955,724. Payments will be made annually ranging from $71,278 to $1,550,689, by the State of Oklahoma on behalf of the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA, for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases were provided for capital improvements at the University.

During 2014, the University's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal. The University has recorded a deferred inflow of resources of $350,021, which is the difference between the reacquisition price and the net carrying amount of the old debt that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, the remaining deferred inflow of resources totaled $323,233. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $817,087, which approximates the economic savings of the transaction.

Note 8. Noncurrent Liabilities (Continued)

The University has recorded a lease obligation payable to OCIA for the total amount of the allotment, less payments made on the University's behalf, of $6,307,699 at June 30, 2015 and 2014.

During fiscal year 2015, the University's remaining 2004 lease agreement with OCIA was restructured through a refunding. OCIA issued new bonds, Series 2014B, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The lease restructuring resulted in a reduction of principal. The University has recorded a deferred inflow of resources of $63,421, which is the difference between the reacquisition price and the net carrying amount of the old debt that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, the remaining deferred inflow of resources totaled $52,487. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $104,024, which approximates the economic savings of the transaction.

During fiscal year 2015, the University's remaining 2006D lease agreement with OCIA was restructured through a refunding. OCIA issued new bonds, Series 2014C, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal. The University has recorded a deferred inflow of resources of $430,320, which is the difference between the reacquisition price and the net carrying amount of the old debt that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, the remaining deferred inflow of resources totaled $413,979. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $2,610,019, which approximates the economic savings of the transaction.

Lease payments to OCIA totaling $1,262,664 and $1,421,926 during the years ended June 30, 2015 and 2014, respectively, were made by the State of Oklahoma on behalf of the University. These payments have been recorded as on-behalf state appropriations restricted for debt service in the statements of revenues, expenses and changes in net position.

ODFA Master Lease Obligations: On December 1, 2002, the University entered into a capital lease obligation for the ODFA Oklahoma State System of Higher Education Master Lease Revenue Bonds, Series 2002C in the amount of $2,910,000. Total lease payments over the term of the agreement, beginning June 1, 2003 through December 1, 2018, will be $4,031,199. Payments will be made monthly ranging from $5,687 to $255,688. Proceeds from the obligation will be used for the installation of equipment for energy conservation on campus buildings and facilities.

During fiscal year 2012, the University's 2002C lease agreement with ODFA was advance refunded through the liquidation of reserve funds being held relative to the lease program and issuance of the 2011B ODFA Master Equipment Lease Refunding Bonds. Total lease payments over the term of the agreement, beginning November 15, 2012 through May 15, 2018, will be $1,544,566. Payments will be made monthly ranging from $10,410 to $20,650. Under the 2011B Series, lease payments made by the University are forwarded to the trustee's bank by the OSRHE for future principal and interest payments on the master lease bonds. ODFA deposits the lease payments into an interest bearing sinking fund and may use the interest earnings to reduce the University's future lease payments.

Note 8. Noncurrent Liabilities (Continued)

In 2014, the University entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2014A in the amount of $6,325,000. Total lease payments over the term of the agreement, beginning March 15, 2014 through May 15, 2027, will be $7,878,239. Payments will be made monthly ranging from approximately $34,390 to $60,683. Proceeds from the obligation are being used to refund the ODFA series 2002A and 1999A revenue bonds. A bond issuance premium of $566,812 is being amortized over the term of the agreement.

Future minimum lease payments under all capital lease obligations are as follows at June 30, 2015:

	Principal	Interest	Total
Year ending June 30:			
2016	$ 1,782,166	$ 825,808	$ 2,607,974
2017	2,026,566	815,484	2,842,050
2018	2,099,541	753,398	2,852,939
2019	1,935,274	659,939	2,595,213
2020	692,232	569,295	1,261,527
2021-2025	5,005,685	2,302,239	7,307,924
2026-2030	5,153,097	1,104,765	6,257,862
2031-2035	2,038,727	169,234	2,207,961
	$ 20,733,288	$ 7,200,162	$ 27,933,450

Note 9. Retirement Plans

The University's academic and non-academic personnel are covered by various retirement plans. One plan available to University personnel is the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employee retirement system. The University also sponsors a Supplemental Retirement Plan, which is a single-employer public-employee retirement system, which was approved in 1971. The University does not maintain the accounting records, hold the investments or administer the plan.

Oklahoma Teachers' Retirement System

Plan description: The University contributes to the OTRS, which is 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 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of OTRS. OTRS does not provide for a cost-of-living adjustment. OTRS issues a publicly available financial report that includes financial statements and supplementary information for OTRS. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, by calling (405) 521-2387, or at the OTRS website at www.trs.state.ok.us.

Benefits provided: OTRS provides retirement, disability and death benefits to members of the plan.

Note 9. Retirement Plans (Continued)

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

Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending on the member’s election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member’s final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member’s total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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

A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2 percent of final average compensation for the applicable years of credited service.

Upon separation from the System, members’ contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

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

At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division (EGID), depending on the members’ years of service during 2014.

Contributions: The contributions requirements of OTRS are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The University pays the employee contributions as a pre-tax benefit for the employees. The University’s contribution rate is 8.55 percent of the employees’ annual pay and an additional 8.25 percent for any employees’ salaries covered by federal funds for the years ended June 30, 2015 and 2014. The University’s contributions to OTRS in 2015, including both the employer share and the employee share, was approximately $3,860,000, equal to the required contributions. In addition, the State of Oklahoma also contributed 5 percent of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University’s Statement of Revenues, Expenses and Changes in Net Position as both revenues and compensation and employee benefit expense in 2015 was $1,491,708. These on-behalf payments did not meet the criteria of a special funding situation.

Note 9. Retirement Plans (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions: At June 30, 2015, the University reported a liability of $27,130,019 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportion of the net pension liability was based on the University's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the University's proportion was 0.5043 percent.

For the year ended June 30, 2015, the College recognized pension expense of $3,282,134. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 447,183
Net difference between projected and actual earnings on pension plan investments	-	6,565,927
University contributions subsequent to the measurement date	3,860,027	-
Total	$ 3,860,027	$ 7,013,110

The $3,860,027 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling $6,565,927 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling $447,183 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service life of the plan participants. The average expected remaining life of the plan participants is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred inflows of resources will be recognized in pension expense as follows:

Years ended June 30:	
2016	$ (1,725,539)
2017	(1,725,539)
2018	(1,725,539)
2019	(1,725,539)
2020	(84,057)
Thereafter	(26,897)
	$ (7,013,110)

Note 9. Retirement Plans (Continued)

Actuarial Assumptions: The total pension liability as of June 30, 2014, was determined based on an actuarial valuation prepared as if June 30, 2014 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age
- Amortization Method—Level percentage of Payroll
- Inflation—3.00 percent
- Salary Increases—Composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return—8.00 percent
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in September 2010 in conjunction with the five year experience study for the period ending June 30, 2009.
- Mortality—RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 2007 to June 2011.

Asset Class	Target Asset Allocation	Long-Term*** Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	8.9%
Domestic Large Cap Equity	10.0%	8.5%
Domestic Mid Cap Equity	13.0%	9.2%
Domestic Small Cap Equity	10.0%	9.2%
International Large Cap Equity	11.5%	9.2%
International Small Cap Equity	6.0%	9.2%
Core Plus Fixed Income	17.5%	4.3%
High-yield Fixed Income	6.0%	6.7%
Private Equity	5.0%	10.1%
Real Estate**	7.00%	7.8%
Master Limited Partnerships	7.0%	10.1%
Total	100.00%	

* The Domestic All Cap Equity total expected return is a combination of 3 rates—US Large cap, US Mid Cap and US Small cap.

** The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered).

*** Includes inflation factor noted above.

Note 9. Retirement Plans (Continued)

Discount Rate: A single discount rate of 8.00 percent was used to measure the total pension liability as of June 30, 2013 and June 30, 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00 percent. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the employers calculated using the discount rate of 8 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Employers' net pension liability	$ 38,114,119	$ 27,130,019	$ 17,859,064

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

Supplemental Retirement Plan

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

Funding policy: The Plan is not funded and benefits do not vest to the participants until their retirement. The University has been funding the benefits on a "pay as you go" basis. Only certain employees are eligible to participate in the Plan and the Plan has been discontinued. During the years ended June 30, 2015, 2014 and 2013, the University paid approximately $41,000 to retirees under the Plan. There are no active employees who qualify for benefits under this plan.

Annual pension cost and net pension obligation: Annual required contributions for the years ended June 30, 2015 and 2014 were determined as part of an actuarial valuation as of June 30, 2015 and 2014, respectively, using the projected unit credit method. The actuarial assumptions included (a) a discount rate of 4.0 percent per year to determine the present value of future benefit payments; (b) retirement at age 65; (c) a 4.0 percent interest rate for post-retirement individual annuity settlement benefits. The Plan is an unfunded plan and, accordingly, no assets have been accumulated, and no investment income is earned. The unfunded actuarial accrued liability is being amortized using the level dollar amortization method on a closed basis over 10 years.

Note 9. Retirement Plans (Continued)

The annual pension cost and net pension obligation to the Plan were as follows at June 30:

	2015	2014
Annual required contribution	$ 52,108	$ 43,910
Interest on net pension obligation	19,802	20,585
Adjustment to annual required contribution	(34,542)	(35,906)
Annual pension cost	37,368	28,589
Contributions made	40,611	40,611
Decrease in net pension obligation	(3,243)	(12,022)
Net Pension Obligation, beginning of year	304,665	316,687
Net Pension Obligation, end of year	$ 301,422	$ 304,665

Funded status and funding progress: The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability (AAL)	$ 521,081
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 521,081
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	$ -
UAAL as a percentage of annual covered payroll	0.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, as available, about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend information:

	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
Years ending June 30:			
2012	$ 29,136	232.2%	$ 327,250
2013	30,048	135.2%	316,687
2014	28,589	142.1%	304,665
2015	37,368	108.7%	301,422

Note 10. Other Post-Employment Insurance Benefits

Plan description: The University pays the life insurance premiums for retired employees until death. Eligible retirees must meet the OTRS guidelines, and have been enrolled in the University's life insurance program prior to retirement. Each retiree is eligible to receive $8,000 of life insurance coverage at a cost to the University of $.275 per $1,000 of coverage. As of June 30, 2015, there were 521 active employees and 199 retirees covered under the life insurance program. Authority to establish and amend benefit provisions rests with the Board of Regents. The Other Post-Employment Insurance Benefits (OPEB) Plan does not issue a stand-alone financial report.

Funding policy: Contribution requirements of the University are established and may be amended by the Board of Regents. All contributions are made by the University. Benefits are funded under a "pay as you go" funding method; however, expenses are recorded as benefits accumulate.

Annual cost and net obligation: The annual required contribution for the current year was determined as part of the June 30, 2015 actuarial valuation using the projected unit credit method. The actuarial assumption included a 4.0 percent investment rate of return. The assumption also included postretirement benefit increases, which will be funded by the University when granted. The Plan is an unfunded plan and, accordingly, no assets have been accumulated and no investment income is earned.

The University's annual life insurance costs and net obligations of the Plan were as follows at June 30:

	2015	2014
Annual life insurance cost	$ 12,660	$ 16,016
Contributions made	(17,313)	(14,690)
Increase (decrease) in net OPEB obligation	(4,653)	1,326
Net OPEB Obligation, beginning of year	90,388	89,062
Net OPEB Obligation, end of year	$ 85,735	$ 90,388

The net OPEB obligation at June 30, 2015 and 2014 is included in accrued supplemental retirement and OPEB obligations in the statements of net position.

Funded status and funding progress: The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability (AAL)	$ 117,098
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 117,098
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	$ 22,533,267
UAAL as a percentage of annual covered payroll	0.52%

Note 10. Other Post-Employment Insurance Benefits (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, as available, about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend information:

	Annual Pension Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
Years ending June 30:			
2012	$ 4,894	253.1%	$ 80,497
2013	6,920	228.5%	89,062
2014	5,664	259.4%	90,388
2015	17,313	100.0%	85,735

Actuarial methods and assumptions: The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in reported amounts and reflect a long-term perspective of the calculations. The following actuarial assumptions and methods were used:

Date of last actuarial valuation:	For plan year June 30, 2015
a. Actuarial cost method:	Projected unit credit (with proration based on service)
b. Discount rate:	4.0 percent per year, compounded annually
c. Mortality:	RP-200 annuity mortality table projected to 2020 for males and females
d. Retirement date:	Age 63 or current age, if older than 63
e. Post-retirement termination:	Table T-3 of the actuary's pension handbook (excluding mortality) rates shown:

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

Note 11. Funds Held in Trusts by Others

Beneficial Interest in State School Land Funds: The University has beneficiary interest in the Section Thirteen State Educational Institutions Fund and the New College Fund. The Commissioner of the Land Office of the State of Oklahoma administers these funds as trustee for the benefit of state colleges and universities. The University has the right to receive annually 3.0 percent of the distributions of income produced by Section Thirteen State Educational Institutions Fund and 100 percent of the distributions of income produced by the University's New College Fund. The University received $1,890,978 and $2,194,347 during the years ended June 30, 2015 and 2014, respectively, which is restricted to the construction or acquisition of buildings, equipment or other capital items. These amounts are recorded as restricted state appropriations in the statements of revenues, expenses and changes in net position.

State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the University, held in trust by the Commissioners of the Land Office, was $38,682,635 and $36,486,451 at June 30, 2015 and 2014, respectively.

Oklahoma City Community Foundation: The University is the income beneficiary of certain investments that are owned and managed by the Oklahoma City Community Foundation, Inc., for the University's benefit. These investments totaled approximately $1,160,000 and $1,150,000 for the years ended June 30, 2015 and 2014, respectively. Payments from the Oklahoma City Community Foundation are deposited in the Langston University Foundation as received.

Langston University Endowment: In 1999, the State of Oklahoma began appropriating funds for a special designated endowment fund for the University. The funds are appropriated to the OSRHE for the exclusive benefit of the University. During 2015 and 2014, the State appropriated $879,788 and $1,663,652, respectively, to the University. The University has recognized its rights to these assets, held by the OSRHE as agent for the University, under the caption of funds held for the benefit of the University. The distribution of earnings on these funds may be used for any purpose approved by the Board of Regents acting on behalf of the University. The State of Oklahoma committed to making appropriations until $30,000,000 in endowment appropriations were made. As of June 30, 2015, all $30,000,000 of appropriations have been contributed to this endowment.

Funds held for the benefit of the University of $38,189,549 and $38,621,605 at June 30, 2015 and 2014, respectively, were invested in The Common Fund for Nonprofit Organizations through the OSRHE as a part of its endowment. The University can request and expend up to 4.5 percent of the balance outstanding for general scholarship use and faculty enrichment or other such uses as approved by the Board of Regents. These amounts have been reflected as funds held for the benefit of the University in the statements of net position. As of June 30, 2015 and 2014, the available distribution to the University from the OSRHE amounted to $10,375,767 and $10,501,507, respectively.

Endowed Chairs Program: The University participates in the State Regents Endowed Chairs Program. In connection with this, the State of Oklahoma has matched contributions received under the Endowed Chairs Program. The State match amounts, plus retained accumulated earnings, totaled approximately $2,367,000 and $2,759,000 for June 30, 2015 and 2014, respectively, and is invested by the OSRHE on behalf of the University. The University is entitled to receive an annual distribution of 4.5 percent of the market value at year end on these funds. Legal title of these endowment funds is retained by the OSRHE; only the funds available for distribution; approximately $972,000 and $854,000 at June 30, 2015 and 2014, respectively, have been reflected as assets in the statements of net position.

Note 12. Commitments and Contingencies

The University participates in a number of other federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the University that the amount, if any, would not be significant.

The operations of the apartments owned by the LLC are managed by the Habitat Company under an agreement originally dated May 1, 2005. The parties to the agreement signed a first amendment to the management agreement which extends the term of the agreement through June 30, 2016, and unless terminated by either party will automatically renew for three successive one-year terms through June 20, 2019. Management fees for the years ended June 30, 2015 and 2014 were approximately $232,000 and $218,000, respectively. Management fees are increased by the consumer price index as defined in the agreement annually.

Note 13. Risk Management

The University is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; employee health, life and accident benefits; and unemployment. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property damage, workers' compensation and unemployment. 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, public entity risk pools currently operating as common risk management and insurance programs for its members. The University pays an annual premium to the pools for its torts, property and workers' compensation insurance coverage. The Oklahoma Risk Management Pool's (the Pool) 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 does not have any exposure for claims in excess of premiums.

The LLC is not covered by the State of Oklahoma Risk Management Program and the State Insurance Fund. The 2005 and 2006 bond indentures govern the required insurance coverage and deductible that are required for these properties. The insurance is paid from operating funds by the property manager of the apartment complexes covered by these bonds. In fiscal year 2013, the LLC requested a waiver of the $10,000 property insurance deductible in favor of a $100,000 deductible because of increased difficulty in obtaining affordable coverage with the required deductible.

The LLC placed a reimbursable escrow deposit with JPMorgan Chase Bank in New York in the amount of $90,000 to self-insure the deductible amounts. This waiver was approved in both reporting periods by the bond insurer and bond trustee. Beginning May 1, 2014, the University elected to purchase a deductible buy down of the $10,000 deductible in lieu of renewing a waiver at that time.

Note 14. Leasing Arrangements

Through its Board of Regents, the University (Lessor) has entered into a ground lease agreement with the LLC. The LLC is an Oklahoma not-for-profit limited liability corporation that owns and operates three student housing facilities located on the University's campus. The University is leasing to the LLC the property upon which these student housing facilities are located. The lease term commenced on May 2, 2005 and was amended and restated on May 1, 2006 and expires on April 30, 2040. Under the ground lease, a portion of the amount on deposit in the surplus fund, as defined in the bond indenture dated May 1, 2005, and amended and restated May 1, 2006 to include Scholars Inn, is available to the Lessor. The available funds must be requested by the Lessor subsequent to the year-end financial audit. For the years ended June 30, 2015 and 2014, no funds for the ground lease were requested by the Lessor at the time of this report. However, \$3,219,352 and \$2,013,666 for the years ended June 30, 2015 and 2014, respectively, were available in the surplus fund for the ground lease.

Note 15. Subsequent Events

On July 23, 2015, the LLC refunded the Langston Economic Development Authority, Series 2005A Bonds (2005 Bonds). The 2005 Bonds were refunded to take advantage of lower interest rates that would result in significant reductions in debt service over the remaining life of the transaction. The Lease Agreement executed May 2, 2005, and amended by the Amended and Restated Lease Agreement dated May 1, 2006, provided for the lease of certain apartment properties by the University to the LLC to develop, finance and operate student housing facilities for the University's students.

A Termination of Lease Agreement (Termination Agreement) was executed on July 21, 2015, to be made effective on July 23, 2015, simultaneous with the refunding of the 2005 Bonds. With the execution of the Termination Agreement, the LLC transferred and delivered to the University all right, title and interests of the LLC with respect to the Langston Commons apartments and property and Centennial Court apartments and property; all personal property owned by the LLC and located at those apartments and properties; and their interest to any service, equipment, supply and maintenance contracts related to those apartments and properties.

The University refinanced the apartments and properties previously funded by the 2005 Bonds through the Oklahoma State Regents for Higher Education Real Estate Master Lease 2015A (2015A Master Lease) in which \$17,509,000 of Oklahoma Development Finance Authority bonds were issued, at a premium of \$1,389,290, with an average interest cost of 3.44 percent, with no term extension of the original financing. The 2015 bond proceeds paid \$18,706,515 to refund the 2005 Bonds, which consisted of the \$20,250,000 principal balance outstanding plus accrued interest, which was reduced by \$1,588,490 in bond reserve funds and \$264,203 in 2005 Bond funds with the 2005 Bonds trustee. The net present value savings related to the refunding and refinancing is estimated to be approximately \$2,900,000.

The operations of the properties covered by the Langston Economic Development Authority 2006A Bonds (2006 Bonds), and those previously covered by the 2005 Bonds, were managed by Habitat under an agreement (Management Agreement) originally dated May 1, 2005. This Management Agreement was by and between the LLC, Habitat and the University. On August 6, 2015, Habitat provided formal notice of their resignation as manager for all properties effective as of close of business on November 3, 2015. The notice was given pursuant to the terms of the Management Agreement and has been accepted by all parties. Notice was provided to Bank of New York Mellon Trust Company, N.A., trustee of the 2006 Bonds and ACA Financial Guaranty, bond insurer of the 2006 Bonds, that the University would provide property management services for Scholars Inn, the remaining property covered by the 2006 Bonds, effective with the resignation of Habitat.

Note 15. Subsequent Events (Continued)

On February 24, 2016, the University refinanced the apartments and properties previously funded by the 2006 Bonds through the Oklahoma State Regents for Higher Education Real Estate Master Lease 2016A ("2016A Master Lease") in which $14,240,000 par amount of Oklahoma Development Finance Authority bonds were issued at a premium of $1,835,887, with an average interest cost of 2.44 percent, with no term extension of the original financing. The 2016 bond proceeds paid $15,944,414 in to refund the 2006 Bonds, which consisted of $19,934,959 principal balance outstanding plus accrued interest through the redemption date of May 1, 2016, which was reduced by $3,990,545 in bond, bond reserve and other funds on deposit with the 2006 Bonds trustee. The $19,934,959 redemption value remains with the trustee until final payment is made at the redemption date. The net present value savings related to the refunding and refinancing are estimated to be approximately $3,916,000.

Note 16 Langston University, Foundation, Inc.

The following are significant disclosures of the Foundation:

Investments and investment return: Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; net investment fees.

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

Investments are made in conformity with the objectives and guidelines of the Foundation's Board of Directors. As of June 30, 2015 and 2014, the Foundation's investments were as follows:

	2015	2014
Equity securities:		
Common stocks	$ -	$ 67,913
Pooled equity funds	931,926	937,535
Fixed income investments:		
Pooled fixed income funds	791,977	452,312
Real estate mutual fund	19,005	-
Open-end mutual funds	69,005	115,430
Total investments	$ 1,811,913	$ 1,573,190

Note 16 Langston University, Foundation, Inc. (Continued)

Investment income and losses on investments are comprised of the following for the years ended June 30, 2015 and 2014:

	2015	2014
Dividends and interest income	$ 31,895	$ 26,548
Net realized and unrealized gains (losses) on investments reported at fair value	6,638	211,010
Investment fees	(11,558)	(10,695)
Total investment income	$ 26,975	$ 226,863

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Related-Party Transactions

The Foundation engages in various related-party transactions with other entities affiliated with the University.

The Foundation appropriates program receipts and designated contributions from donors to the University or directly to students of the University. For the years ended June 30, 2015 and 2014, the Foundation disbursed $344,283 and $292,839, respectively, to the University or directly to students of the University for student scholarships and various university departments.

During 2015, the Foundation adopted Accounting Standards Update 2013-06, *Services Received from Personnel of an Affiliate*, which requires recognition of personnel services received from an affiliate for which the organization was not charged, prospectively, beginning in 2015. The Foundation received contributed personnel services from the University of $78,263 for the year ended June 30, 2015. These costs were allocated to management and administrative expenses and fundraising expenses in the amounts of $40,263 and $38,000, respectively. The contributed personnel services are based on an allocation of costs incurred by the University.

Note 17. Segment Information

The University's financial statements contain a blended component unit, the LLC. Condensed combining information is presented below (in 000's):

	June 30, 2015			
	University	LLC	Eliminations	Total
Assets				
Current assets	$ 16,679	$ 11,375	$ (704)	$ 27,350
Capital assets, net	69,097	26,150	-	95,247
Other assets	47,839	-	-	47,839
Total assets	$ 133,615	$ 37,525	$ (704)	$ 170,436
Deferred outflows of resources	$ 3,966	$ -	$ -	$ 3,966
Liabilities				
Current liabilities	$ 11,118	$ 2,155	$ (64)	$ 13,209
Non-current liabilities	47,837	38,073	-	85,910
Total liabilities	$ 58,955	$ 40,228	$ (64)	$ 99,119
Deferred inflows of resources	$ 7,803	$ -	$ -	$ 7,803
Net position				
Net investment in capital assets	$ 46,425	$ (11,924)	$ -	$ 34,501
Restricted-nonexpendable	38,190	-	-	38,190
Restricted-expendable	7,826	9,220	(640)	16,406
Unrestricted	(21,618)	-	-	(21,618)
Total net position	$ 70,823	$ (2,704)	$ (640)	$ 67,479

	June 30, 2014			
	University	LLC	Eliminations	Total
Assets				
Current assets	$ 16,625	$ 10,489	$ (540)	$ 26,574
Capital assets, net	66,423	27,610	-	94,033
Other assets	50,503	-	-	50,503
Total assets	$ 133,551	$ 38,099	$ (540)	$ 171,110
Deferred outflows of resources	$ 212	$ -	$ -	$ 212
Liabilities				
Current liabilities	$ 8,610	$ 2,238	$ (335)	$ 10,513
Non-current liabilities	22,867	39,480	-	62,347
Total liabilities	$ 31,477	$ 41,718	$ (335)	$ 72,860
Deferred inflows of resources	$ 345	$ -	$ -	$ 345
Net position				
Net investment in capital assets	$ 41,985	$ (11,869)	$ -	$ 30,116
Restricted-nonexpendable	41,892	-	-	41,892
Restricted-expendable	5,582	8,250	(490)	13,342
Unrestricted	12,482	-	286	12,768
Total net position	$ 101,941	$ (3,619)	$ (204)	$ 98,118

Note 17. Segment Information (Continued)

	Year Ended June 30, 2015			
	University	LLC	Eliminations	Total
Operating revenues				
Student tuition and fees, net	$ 7,585	$ -	$ -	$ 7,585
Grants and contracts	12,822	-	-	12,822
Other	8,816	8,000	(8,115)	8,701
Total operating revenues	29,223	8,000	(8,115)	29,108
Operating expenses				
Compensation and benefits	28,691	905	-	29,596
Depreciation	2,416	1,460	-	3,876
Other	27,923	2,858	(7,679)	23,102
Total operating expenses	59,030	5,223	(7,679)	56,574
Operating income (loss)	(29,807)	2,777	(436)	(27,466)
Nonoperating revenues (expenses)				
State appropriations	18,786	-	-	18,786
Grants and contributions	7,709	-	-	7,709
Interest expense	(553)	(2,005)	-	(2,558)
Other	1,066	143	-	1,209
Net nonoperating revenues	27,008	(1,862)	-	25,146
Capital and other restricted appropriations	3,154	-	-	3,154
Additions to permanent endowments	880	-	-	880
Change in net position	1,235	915	(436)	1,714
Net position at beginning of year, restated	69,588	(3,619)	(204)	65,765
Net position at end of year	$ 70,823	$ (2,704)	$ (640)	$ 67,479

	Year Ended June 30, 2014			
	University	LLC	Eliminations	Total
Operating revenues				
Student tuition and fees, net	$ 7,327	$ -	$ -	$ 7,327
Grants and contracts	10,381	-	-	10,381
Other	8,815	6,944	(6,914)	8,845
Total operating revenues	26,523	6,944	(6,914)	26,553
Operating expenses				
Compensation and benefits	30,473	883	-	31,356
Depreciation	2,465	1,460	-	3,925
Other	28,203	2,714	(7,159)	23,758
Total operating expenses	61,141	5,057	(7,159)	59,039
Operating income (loss)	(34,618)	1,887	245	(32,486)
Nonoperating revenues (expenses)				
State appropriations	18,786	-	-	18,786
Grants and contributions	8,175	286	(286)	8,175
Interest expense	(1,531)	(2,062)	-	(3,593)
Other	5,874	143	-	6,017
Net nonoperating revenues	31,304	(1,633)	(286)	29,385
Capital and other restricted appropriations	3,617	-	-	3,617
Additions to permanent endowments	1,663	-	-	1,663
Change in net position	1,966	254	(41)	2,179
Net position at beginning of year	99,975	(3,873)	(163)	95,939
Net position at end of year	$ 101,941	$ (3,619)	$ (204)	$ 98,118

Note 17. Segment Information (Continued)

	Year Ended June 30, 2015			
	University	LLC	Eliminations	Total
Net cash provided by (used in):				
Operating activities	$ (27,097)	$ 4,042	$ -	$ (23,055)
Noncapital financing activities	26,828	-	-	26,828
Capital and related financing activities	(4,242)	(3,349)	-	(7,591)
Investing activities	642	142	-	784
Net increase (decrease)	(3,869)	835	-	(3,034)
Beginning cash and cash equivalents	23,630	7,038	-	30,668
Ending cash and cash equivalents	$ 19,761	$ 7,873	$ -	$ 27,634

	Year Ended June 30, 2014			
	University	LLC	Eliminations	Total
Net cash provided by (used in):				
Operating activities	$ (28,344)	$ 3,039	$ -	$ (25,305)
Noncapital financing activities	27,279	-	-	27,279
Capital and related financing activities	(3,373)	(3,352)	-	(6,725)
Investing activities	4,667	144	-	4,811
Net increase (decrease)	229	(169)	-	60
Beginning cash and cash equivalents	23,401	7,207	-	30,608
Ending cash and cash equivalents	$ 23,630	$ 7,038	$ -	$ 30,668

Required Supplementary Information

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Required Supplementary Information (Unaudited)
June 30, 2015

Schedule of Funding Progress for Supplemental Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
6/30/2009	$ -	$ 728,791	$ 728,791	0.00%	$ 115,500	641%
6/30/2010	-	777,997	777,997	0.00%	118,965	631%
6/30/2011	-	779,472	779,472	0.00%	118,965	654%
6/30/2012	-	424,043	424,043	0.00%	125,000	655%
6/30/2013	-	458,801	458,801	0.00%	-	0%
6/30/2014	-	439,097	439,097	0.00%	-	0%
6/30/2015	**-**	**521,081**	**521,081**	**0.00%**	**-**	0%

The actuarial accrued liability is based on the projected unit credit method.

Schedule of Funding Progress for Other Postemployment Life Insurance Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
6/30/2012	$ -	$ 80,497	$ 80,497	0.00%	$ 20,633,039	0.39%
6/30/2013	-	89,062	89,062	0.00%	19,310,530	0.46%
6/30/2014	-	90,388	90,388	0.00%	19,415,239	0.47%
6/30/2015	**-**	**117,098**	**117,098**	**0.00%**	**22,533,267**	**0.52%**

The actuarial accrued liability is based on the projected unit credit method.

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Required Supplementary Information (Unaudited)
Schedule of the University's Proportionate Share of the Net Pension Liability
Oklahoma Teachers' Retirement System (OTRS)
Last 10 Fiscal Years*

University's proportion of the net pension liability	0.50%
University's proportionate share of the net pension liability	$ 27,130,019
University's covered-employee payroll	22,998,187
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.97%
Plan fiduciary net position as a percentage of the total pension liability	72.43%

* Only the current fiscal year is presented because 10-year data is not yet available.

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Required Supplementary Information (Unaudited)
Schedule of the University's Contributions
Oklahoma Teachers' Retirement System (OTRS)
Last 10 Fiscal Years

	2015	2014	2013	2012	2011
Contractually required contribution	$ 3,860,027	$ 3,741,090	$ 3,731,311	$ 3,691,590	$ 4,254,036
Contributions in relation to the contractually required contribution	3,860,027	3,741,090	3,731,311	3,691,590	4,254,036
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 22,998,187	$ 22,070,875	$ 22,044,346	$ 21,860,653	$ 27,357,143
Contributions as a percentage of covered-employee payroll	16.78%	16.95%	16.93%	16.89%	15.55%

	2010	2009	2008	2007	2006
Contractually required contribution	$ 4,158,514	$ 3,601,250	$ 3,298,693	$ 3,040,821	$ 2,860,179
Contributions in relation to the contractually required contribution	4,158,514	3,601,250	3,298,693	3,040,821	2,860,179
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 26,742,857	$ 23,928,571	$ 22,671,429	$ 21,642,857	$ 20,357,143
Contributions as a percentage of covered-employee payroll	15.55%	15.05%	14.55%	14.05%	14.05%

There were no significant changes in benefit terms or assumptions.

Other Information

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Combining Statements of Net Position
June 30, 2015 and 2014

	2015				2014			
	University	**LLC**	**Eliminations**	**Total**	University	LLC	Eliminations	Total
Assets								
Current Assets								
Cash and cash equivalents	**$ 12,252,518**	**$ 3,536,755**	**$ -**	**$ 15,789,273**	$ 13,937,103	$ 2,515,136	$ -	$ 16,452,239
Restricted cash and cash equivalents	**40,349**	**4,336,413**	**-**	**4,376,762**	82,388	4,522,898	-	4,605,286
Investments	**7,658**	**2,604,739**	**-**	**2,612,397**	7,972	2,604,033	-	2,612,005
Accounts receivable, net	**1,528,889**	**475,830**	**(703,703)**	**1,301,016**	845,425	433,747	(539,746)	739,426
Contract and grant receivables	**1,708,616**	**-**	**-**	**1,708,616**	523,268	-	-	523,268
Other assets	**132,213**	**399,850**	**-**	**532,063**	334,226	392,094	-	726,320
Funds held for the benefit of the University	**972,966**	**-**	**-**	**972,966**	853,534	-	-	853,534
Interest receivable	**34,169**	**21,120**	**-**	**55,289**	39,750	20,798	-	60,548
Student loans receivable, net	**1,187**	**-**	**-**	**1,187**	1,187	-	-	1,187
Total current assets	**16,678,565**	**11,374,707**	**(703,703)**	**27,349,569**	16,624,853	10,488,706	(539,746)	26,573,813
Noncurrent Assets								
Restricted cash and cash equivalents	**7,467,999**	**-**	**-**	**7,467,999**	9,610,619	-	-	9,610,619
Investments	**2,181,011**	**-**	**-**	**2,181,011**	2,270,505	-	-	2,270,505
Funds held for the benefit of the University	**38,189,549**	**-**	**-**	**38,189,549**	38,621,605	-	-	38,621,605
Capital assets, net	**69,097,194**	**26,150,004**	**-**	**95,247,198**	66,423,822	27,610,149	-	94,033,971
Total noncurrent assets	**116,935,753**	**26,150,004**	**-**	**143,085,757**	116,926,551	27,610,149	-	144,536,700
Total assets	**$ 133,614,318**	**$ 37,524,711**	**$ (703,703)**	**$ 170,435,326**	$ 133,551,404	$ 38,098,855	$ (539,746)	$ 171,110,513
Deferred Outflows of Resources								
Deferred charge on OCIA lease restructure	**$ 106,126**	**$ -**	**$ -**	**$ 106,126**	$ 212,251	$ -	$ -	$ 212,251
Deferred outflows related to pensions	**3,860,027**	**-**	**-**	**3,860,027**	-	-	-	-
	$ 3,966,153	**$ -**	**$ -**	**$ 3,966,153**	$ 212,251	$ -	$ -	$ 212,251

	2015				2014			
	University	**LLC**	**Eliminations**	**Total**	University	LLC	Eliminations	Total
Liabilities and Net Position								
Current Liabilities								
Accounts payable	**$ 4,814,401**	**$ -**	**$ -**	**$ 4,814,401**	$ 2,862,792	$ -	$ (285,604)	$ 2,577,188
Accrued liabilities	**1,384,819**	**19,761**	**-**	**1,404,580**	694,539	37,992	-	732,531
Other current liabilities	**361,225**	**-**	**-**	**361,225**	238,606	-	-	238,606
Unearned revenues	**525,433**	**63,820**	**(63,820)**	**525,433**	562,508	49,817	(49,817)	562,508
Student and other deposits	**-**	**-**	**-**	**-**	-	141,258	-	141,258
Accrued interest payable	**-**	**322,582**	**-**	**322,582**	-	332,581	-	332,581
Notes payable	**-**	**323,640**	**-**	**323,640**	-	311,672	-	311,672
Accrued compensated absences	**2,250,029**	**-**	**-**	**2,250,029**	2,070,120	-	-	2,070,120
Current portion of noncurrent liabilities	**1,782,166**	**1,425,000**	**-**	**3,207,166**	1,653,377	1,365,000	-	3,018,377
Total current liabilities	**11,118,073**	**2,154,803**	**(63,820)**	**13,209,056**	8,081,942	2,238,320	(335,421)	9,984,841
Noncurrent Liabilities, net of current portion								
Unearned revenues	**427,500**	**-**	**-**	**427,500**	587,500	-	-	587,500
Accrued compensated absences	**272,577**	**-**	**-**	**272,577**	466,808	-	-	466,808
Accrued supplemental retirement and OPEB obligations	**387,157**	**-**	**-**	**387,157**	395,053	-	-	395,053
Net pension liability	**27,130,019**	**-**	**-**	**27,130,019**	-	-	-	-
Revenue bonds payable, net of discounts	**-**	**38,073,552**	**-**	**38,073,552**	-	39,479,514	-	39,479,514
Capital lease obligations payable to state agencies, net of premium	**19,619,355**	**-**	**-**	**19,619,355**	21,946,285	-	-	21,946,285
Total noncurrent liabilities	**47,836,608**	**38,073,552**	**-**	**85,910,160**	23,395,646	39,479,514	-	62,875,160
Total liabilities	**$ 58,954,681**	**$ 40,228,355**	**$ (63,820)**	**$ 99,119,216**	$ 31,477,588	$ 41,717,834	$ (335,421)	$ 72,860,001
Deferred Inflows of Resources								
Deferred credit on OCIA lease restructure	**$ 789,699**	**$ -**	**$ -**	**$ 789,699**	$ 344,665	$ -	$ -	$ 344,665
Deferred inflows related to pensions	**7,013,110**	**-**	**-**	**7,013,110**	-	-	-	-
	$ 7,802,809	**$ -**	**$ -**	**$ 7,802,809**	$ 344,665	$ -	$ -	$ 344,665
Net Position								
Net investment in capital assets	**$ 46,424,600**	**$ (11,923,548)**	**$ -**	**$ 34,501,052**	$ 41,985,371	$ (11,869,365)	$ -	$ 30,116,006
Restricted:								
Nonexpendable	**30,000,000**	**-**	**-**	**30,000,000**	29,120,212	-	-	29,120,212
Expendable:								
Scholarships, research, instruction and other	**12,350,375**	**-**	**-**	**12,350,375**	13,286,443	-	-	13,286,443
Loans	**280,199**	**-**	**-**	**280,199**	495,974	-	-	495,974
Capital projects	**3,386,275**	**-**	**-**	**3,386,275**	4,571,528	-	-	4,571,528
Debt service	**-**	**9,219,904**	**(639,883)**	**8,580,021**	-	8,250,386	(489,929)	7,760,457
Unrestricted	**(21,618,468)**	**-**	**-**	**(21,618,468)**	12,481,874	-	285,604	12,767,478
Total net position	**$ 70,822,981**	**$ (2,703,644)**	**$ (639,883)**	**$ 67,479,454**	$ 101,941,402	$ (3,618,979)	$ (204,325)	$ 98,118,098

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Combining Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	2015				2014			
	University	**LLC**	**Eliminations**	**Total**	University	LLC	Eliminations	Total
Operating Revenues:								
Student tuition and fees, net of scholarship discounts and allowances of $3,539,000 and $3,839,000 for 2015 and 2014, respectively	**$ 7,585,473**	**$ -**	**$ -**	**$ 7,585,473**	$ 7,327,307	$ -	$ -	$ 7,327,307
Federal grants and contracts	**11,621,702**	**-**	**-**	**11,621,702**	10,381,216	-	-	10,381,216
State and local grants and contracts	**232,780**	**-**	**-**	**232,780**	253,874	-	-	253,874
Non-governmental grants and contracts	**967,011**	**-**	**-**	**967,011**	1,082,709	-	-	1,082,709
Auxiliary enterprise charges:								
Housing, net of scholarship discounts and allowances of $2,775,000 and $2,440,000 for 2015 and 2014, respectively	**5,604,082**	**7,692,437**	**(7,692,437)**	**5,604,082**	4,657,231	6,588,866	(6,588,866)	4,657,231
Food services, net of scholarship discounts and allowances of $1,140,000 and $1,053,000 for 2015 and 2014, respectively	**2,443,028**	**-**	**-**	**2,443,028**	2,011,132	-	-	2,011,132
Athletics	**38,516**	**-**	**-**	**38,516**	30,932	-	-	30,932
All other	**72,547**	**219,004**	**(219,004)**	**72,547**	86,160	82,052	(82,052)	86,160
Other operating revenues	**657,882**	**88,888**	**(203,326)**	**543,444**	692,462	273,313	(243,185)	722,590
Total operating revenues	**29,223,021**	**8,000,329**	**(8,114,767)**	**29,108,583**	26,523,023	6,944,231	(6,914,103)	26,553,151
Operating Expenses:								
Compensation and employee benefits	**28,690,996**	**905,024**	**-**	**29,596,020**	30,472,627	883,430	-	31,356,057
Contractual services	**4,099,662**	**-**	**-**	**4,099,662**	4,170,830	-	(285,604)	3,885,226
Supplies and materials	**998,355**	**254,050**	**-**	**1,252,405**	1,288,896	286,350	-	1,575,246
Utilities	**1,418,513**	**979,139**	**-**	**2,397,652**	1,245,551	1,044,795	-	2,290,346
Communications	**179,336**	**-**	**-**	**179,336**	175,867	-	-	175,867
Other operating expenses	**17,170,274**	**1,624,868**	**(7,679,209)**	**11,115,933**	15,956,290	1,382,156	(6,873,093)	10,465,353
Scholarships and fellowships	**4,057,371**	**-**	**-**	**4,057,371**	5,365,463	-	-	5,365,463
Depreciation	**2,415,598**	**1,460,145**	**-**	**3,875,743**	2,465,367	1,460,145	-	3,925,512
Total operating expenses	**59,030,105**	**5,223,226**	**(7,679,209)**	**56,574,122**	61,140,891	5,056,876	(7,158,697)	59,039,070
Operating income (loss)	**(29,807,084)**	**2,777,103**	**(435,558)**	**(27,465,539)**	(34,617,868)	1,887,355	244,594	(32,485,919)
Nonoperating Revenues (Expenses):								
State appropriations	**18,785,998**	**-**	**-**	**18,785,998**	18,786,156	-	-	18,786,156
OTRS on-behalf contributions	**1,491,708**	**-**	**-**	**1,491,708**	1,644,000	-	-	1,644,000
Pass-through grant revenue	**7,708,965**	**-**	**-**	**7,708,965**	8,174,732	-	-	8,174,732
Contribution from LEDA	**-**	**-**	**-**	**-**	-	285,604	(285,604)	-
Charter schools program revenue	**7,883,643**	**-**	**-**	**7,883,643**	7,853,830	-	-	7,853,830
Charter schools program expenses	**(7,550,021)**	**-**	**-**	**(7,550,021)**	(7,535,432)	-	-	(7,535,432)
Investment income	**736,723**	**143,163**	**-**	**879,886**	565,776	142,932	-	708,708
Gain (loss) on endowment funds and investments	**(1,496,613)**	**-**	**-**	**(1,496,613)**	3,346,633	-	-	3,346,633
Interest expense	**(552,467)**	**(2,004,931)**	**-**	**(2,557,398)**	(1,531,399)	(2,062,008)	-	(3,593,407)
Net nonoperating revenues	**27,007,936**	**(1,861,768)**	**-**	**25,146,168**	31,304,296	(1,633,472)	(285,604)	29,385,220
Gain (loss) before other revenues, expenses, gains or (losses)	**(2,799,148)**	**915,335**	**(435,558)**	**(2,319,371)**	(3,313,572)	253,883	(41,010)	(3,100,699)

(Continued)

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Combining Statements of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended June 30, 2015 and 2014

	2015				2014			
	University	**LLC**	**Eliminations**	**Total**	University	LLC	Eliminations	Total
Other Revenues, Expenses, Gains or (Losses):								
State appropriations restricted for capital purposes	**1,890,978**	**-**	**-**	**1,890,978**	2,194,347	-	-	2,194,347
OCIA state appropriations restricted for debt service	**1,262,664**	**-**	**-**	**1,262,664**	1,421,926	-	-	1,421,926
Additions to permanent endowments	**879,788**	**-**	**-**	**879,788**	1,663,652	-	-	1,663,652
Change in net position	**1,234,282**	**915,335**	**(435,558)**	**1,714,059**	1,966,353	253,883	(41,010)	2,179,226
Net position, beginning of year	**101,941,402**	**(3,618,979)**	**(204,325)**	**98,118,098**	99,975,049	(3,872,862)	(163,315)	95,938,872
Restatement—Implementation of GASB 68 & 71	**(32,352,703)**	**-**	**-**	**(32,352,703)**	-	-	-	-
Net position, beginning of year, as restated	**69,588,699**	**(3,618,979)**	**(204,325)**	**65,765,395**	99,975,049	(3,872,862)	(163,315)	95,938,872
Net position, end of year	**$ 70,822,981**	**$ (2,703,644)**	**$ (639,883)**	**$ 67,479,454**	$ 101,941,402	$ (3,618,979)	$ (204,325)	$ 98,118,098

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Combining Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015			2014		
	University	**LLC**	**Total**	University	LLC	Total
Cash Flows From Operating Activities						
Student tuition and fees	**$ 6,974,329**	**$ -**	**$ 6,974,329**	$ 7,437,213	$ -	**$ 7,437,213**
Grants and contracts	**11,571,967**	**-**	**11,571,967**	12,305,326	-	**12,305,326**
Auxiliary enterprise charges	**48,003**	**7,964,492**	**8,012,495**	(125,158)	6,760,400	**6,635,242**
Other operating receipts	**568,530**	**-**	**568,530**	1,392,720	-	**1,392,720**
Payments to employees for salaries and benefits	**(29,272,875)**	**(923,255)**	**(30,196,130)**	(28,604,507)	(862,328)	**(29,466,835)**
Payments to suppliers	**(16,986,993)**	**(2,999,315)**	**(19,986,308)**	(20,749,520)	(2,859,074)	**(23,608,594)**
Net cash provided by (used in) operating activities	**(27,097,039)**	**4,041,922**	**(23,055,117)**	**(28,343,926)**	**3,038,998**	**(25,304,928)**
Cash Flows From Noncapital Financing Activities						
Federal grants and contracts	**7,708,965**	**-**	**7,708,965**	8,174,732	-	**8,174,732**
State and local grants and contracts	**333,622**	**-**	**333,622**	318,398	-	**318,398**
State appropriations	**18,785,998**	**-**	**18,785,998**	18,786,156	-	**18,786,156**
Direct lending receipts	**16,212,688**	**-**	**16,212,688**	15,672,942	-	**15,672,942**
Direct lending payments	**(16,212,688)**	**-**	**(16,212,688)**	(15,672,942)	-	**(15,672,942)**
Net cash provided by noncapital financing activities	**26,828,585**	**-**	**26,828,585**	**27,279,286**	**-**	**27,279,286**
Cash Flows From Capital and Related Financing Activities						
Cash paid for capital assets	**(5,088,970)**	**-**	**(5,088,970)**	(3,066,941)	-	**(3,066,941)**
Capital appropriations received	**3,153,642**	**-**	**3,153,642**	3,960,938	-	**3,960,938**
Proceeds of capital debt	**-**	**-**	**-**	566,812	-	**566,812**
Repayments of capital debt and leases	**(1,691,371)**	**(1,365,000)**	**(3,056,371)**	(3,230,734)	(1,315,000)	**(4,545,734)**
Interest paid on capital debt and leases	**(616,172)**	**(1,983,924)**	**(2,600,096)**	(1,603,515)	(2,036,943)	**(3,640,458)**
Net cash (used in) capital and related financing activities	**(4,242,871)**	**(3,348,924)**	**(7,591,795)**	**(3,373,440)**	**(3,351,943)**	**(6,725,383)**
Cash Flows From Investing Activities						
Net purchases/sales of investments	**(94,961)**	**(706)**	**(95,667)**	4,100,782	2,098	**4,102,880**
Interest received on investments	**737,042**	**142,842**	**879,884**	566,162	142,550	**708,712**
Net cash provided by investing activities	**642,081**	**142,136**	**784,217**	**4,666,944**	**144,648**	**4,811,592**
Net change in cash and cash equivalents	**(3,869,244)**	**835,134**	**(3,034,110)**	**228,864**	**(168,297)**	**60,567**
Cash and Cash Equivalents, beginning of year	**23,630,110**	**7,038,034**	**30,668,144**	23,401,246	7,206,331	**30,607,577**
Cash and Cash Equivalents, end of year	**$ 19,760,866**	**$ 7,873,168**	**$ 27,634,034**	**$ 23,630,110**	**$ 7,038,034**	**$ 30,668,144**

(Continued)

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Combining Statements of Cash Flows (Continued)
Years Ended June 30, 2015 and 2014

	2015			2014		
	University	**LLC**	**Total**	University	LLC	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities						
Operating income (loss)	**$ (30,242,642)**	**$ 2,777,103**	**$ (27,465,539)**	$ (34,373,274)	$ 1,887,355	**$ (32,485,919)**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	**2,415,598**	**1,460,145**	**3,875,743**	2,465,367	1,460,145	**3,925,512**
Expenses corresponding to on-behalf contributions to OTRS	**1,491,708**	**-**	**1,491,708**	1,644,000	-	**1,644,000**
Changes in operating assets and liabilities:						
Accounts, loans and other receivables	**(1,742,103)**	**(42,083)**	**(1,784,186)**	1,636,551	(161,856)	**1,474,695**
Deferred outflows related to pensions	**(118,937)**	**-**	**(118,937)**			**-**
Accounts payable and accrued expenses	**3,275,053**	**(7,756)**	**3,267,297**	283,062	21,102	**304,164**
Deferred inflows related to pensions	**7,013,110**	**-**	**7,013,110**	-	-	**-**
Net pension liability	**(8,963,774)**	**-**	**(8,963,774)**	-	-	**-**
Unearned revenues	**(211,078)**	**14,003**	**(197,075)**	(235,371)	(21,975)	**(257,346)**
Other current liabilities and student deposits	**8,243**	**(159,490)**	**(151,247)**	(9,483)	(145,773)	**(155,256)**
Compensated absences and pension benefit obligation	**(22,217)**	**-**	**(22,217)**	245,222	-	**245,222**
Net cash (used in) operating activities	**$ (27,097,039)**	**$ 4,041,922**	**$ (23,055,117)**	**$ (28,343,926)**	**$ 3,038,998**	**$ (25,304,928)**
Noncash Investing, Noncapital Financing and Capital and Related Financing Activities						
Principal and interest on capital debt paid by state agency on behalf of the University	**$ 1,262,664**	**$ -**	**$ 1,262,664**	$ 1,421,926	$ -	**$ 1,421,926**
Additions to permanent endowments	**879,788**	**-**	**879,788**	1,663,652	-	**1,663,652**
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position						
Current assets:						
Cash and cash equivalents	**$ 12,252,518**	**$ 3,536,755**	**$ 15,789,273**	$ 13,937,103	$ 2,515,136	**$ 16,452,239**
Restricted cash and cash equivalents	**40,349**	**4,336,413**	**4,376,762**	82,388	4,522,898	**4,605,286**
Noncurrent assets:						
Restricted cash and cash equivalents	**7,467,999**	**-**	**7,467,999**	9,610,619	-	**9,610,619**
Total cash and cash equivalents	**$ 19,760,866**	**$ 7,873,168**	**$ 27,634,034**	**$ 23,630,110**	**$ 7,038,034**	**$ 30,668,144**

Reports Required by *Government Auditing Standards* and OMB Circular A-133

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

Independent Auditor's Report

Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges
Langston University
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oklahoma Langston University (the University), an organizational unit of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Regents), a component unit of the State of Oklahoma, and Langston University Foundation, Inc. (the Foundation) a part of the reporting unit of the University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 3, 2016. Our report includes emphasis of matters paragraphs describing the adoption of new accounting standards in the fiscal year ended June 30, 2015, and that the University is an organizational unit of the Regents and these financial statements reflect only the assets, liabilities and revenues and expenses of the University and not the Regents as a whole. The Langston University Foundation (the Foundation) and LDF Student Housing, LLC (the LLC) have been presented as part of the reporting entity. These legally separate organizations were audited by other auditors. This report does not include the results of the LLC's auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The Foundation was not audited in accordance with *Government Auditing Standards*.

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) to determine the 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 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 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs and corrective action plan as Findings 2015-01 and 2015-02 that we consider to be material weaknesses.

University's Responses to Findings

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
March 3, 2016

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

Independent Auditor's Report

Board of Regents for the Oklahoma Agricultural and Mechanical Colleges
Langston University
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program
We have audited the compliance of Langston University (the University) with the types of compliance requirements described in the OMB Circular A-133 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, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program
In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings, questioned costs and corrective action plan as Findings 2015-03, 2015-04, 2015-05, 2015-06 and 2015-07. Our opinion on the major federal programs is not modified with respect to these matters.

The University’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings, questioned costs and corrective action plan. The University’s responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings, questioned costs and corrective action plan as Findings 2015-03 and 2015-04 that we consider to be significant deficiencies.

The University’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
March 3, 2016

Other Supplementary Information

Langston University
(An Organizational Unit of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Agency Subdivision/Program Title	Federal CFDA #	Pass-Through Entity Identification Number	Amount Expended	Subrecipient Expenditures
U.S. Department of Education				
Student Financial Aid Cluster:				
Office of Student Financial Assistance				
Federal Pell Grant Program	84.063	N/A	$ 6,924,735	$ -
Federal Supplemental Educational Opportunity Grants	84.007	N/A	143,959	-
Federal Work-Study Program	84.033	N/A	347,905	-
Federal TEACH Grant	84.379	N/A	4,000	-
Federal Direct Student Loans	84.268	N/A	16,212,688	-
Total Student Financial Aid cluster			23,633,287	-
Office of Postsecondary Education:				
Upward Bound	84.047	P047A080004-11	381,290	-
U.S. Department of Education-Other Programs				
Office of Postsecondary Education:				
Higher Education Institutional Aid	84.031	P031B120564	2,048,669	-
Higher Education Institutional Aid	84.031	P031B100005	751,670	-
Higher Education Institutional Aid	84.031	P031B090213	546,546	-
			3,346,885	-
Office of Special Education and Rehabilitation Services:				
Rehabilitation Long-Term Training	84.129	H129B090016	51,424	-
Rehabilitation Long-Term Training	84.129	H129F090003-11	13,362	-
			64,786	-
Total U.S. Department of Education-Other Programs			3,411,671	-
Total U.S. Department of Education			27,426,248	-
Research and Development Cluster:				
U.S. Department of Agriculture				
Cooperative State Research, Education and Extension Service:				
Pass-Through Tuskegee University:				
		SUB TUSKUNIV 14-7100-0357		
Payments to 1890 Land-Grant Colleges and Tuskogee University	10.205	2012-33100-08913	261	-
Payments to 1890 Land-Grant Colleges and Tuskogee University	10.205	2013-33100-08913	265,845	-
Payments to 1890 Land-Grant Colleges and Tuskogee University	10.205	2014-33100-08913	1,524,313	-
			1,790,419	-
Institution Capacity Building Grants	10.216	2010-38821-21582	28,348	10,370
Institution Capacity Building Grants	10.216	2010-33821-21581	121,784	66,855
Institution Capacity Building Grants	10.216	2014-38821-22446	4,053	-
Institution Capacity Building Grants	10.216	2010-38821-21561	18,197	-
Institution Capacity Building Grants	10.216	2014-38821-22426	4,605	-
Institution Capacity Building Grants	10.216	2014-38821-22416	98,046	-
Institution Capacity Building Grants	10.216	58-0510-4-050 N	11,968	-
Institution Capacity Building Grants	10.216	2012-38821-20139	19,178	-
Institution Capacity Building Grants	10.216	2014-38821-22422	51,087	-
Institution Capacity Building Grants	10.216	2012-38821-20176	160,225	58,170
Institution Capacity Building Grants	10.216	2010-38821-21565	74,280	-
Institution Capacity Building Grants	10.216	2013-38821-21389	110,814	11,749
Institution Capacity Building Grants	10.216	2010-38821-21524	25,372	-
Institution Capacity Building Grants	10.216	2010-38821-21450	61,149	-
Institution Capacity Building Grants	10.216	2011-38821-30952	90,898	7,057
Institution Capacity Building Grants	10.216	2011-38821-30958	1,540	-
Institution Capacity Building Grants	10.216	2011-38821-30951	172,973	-
			1,054,517	154,201

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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Agency Subdivision/Program Title	Federal CFDA #	Pass-Through Entity Identification Number	Amount Expended	Subrecipient Expenditures
	10.460	13-IE-53102-067	61,597	-
	10.777	FAS# BF-CR-14-021	23,573	-
	10.777	FAS/BF-CR-14-013	13,520	-
			37,093	-
Cooperative Extension Service	10.500	2012-45100-08913	15,138	-
Cooperative Extension Service	10.500	2013-45100-08913	507,725	-
Cooperative Extension Service	10.500	2014-45100-08913	1,398,889	-
Cooperative Extension Service	10.500	2011-41510-08913	93,575	-
Cooperative Extension Service	10.500	2013-46000-08913	820	-
Cooperative Extension Service	10.500	2003-45200-01759	486,005	-
			2,502,152	-
Technical Agricultural Assistance	10.960	58-3148-2-225	103,789	-
Science Cooperation and Research	10.961	58-3148-2-175		
Total U.S. Department of Agriculture			5,563,617	154,201
National Science Foundation:				
Education and Human Resources	47.076	1439848	66,939	-
Education and Human Resources	47.076	HRD-0811826	13,938	-
Pass-Through Oklahoma State University:				
Education and Human Resources	47.076	AA-5-56595-LU	29,148	-
		AA-5-29849-LU/HRD-0902027		
			29,906	-
Pass-Through Oklahoma State University:				
Office of Cyberinfrastructure	47.080	EPSCOR-2013-4	20,455	-
		EPSCOR-2013-2/IIA-1301789		
			52,938	-
Total National Science Foundation			163,721	-
U.S. Department of Health and Human Services				
Pass-Through University of Oklahoma, Health Sciences Center:				
National Institute of Health	93.859	RS20132225-30	22,208	-
U.S. Department of Education				
Office of Special Education and Rehabilitation Services:				
	84.133	H133B130023	660,437	38,510
Total Research and Development Cluster			6,409,983	192,711

Langston University
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Agency Subdivision/Program Title	Federal CFDA #	Pass-Through Entity Identification Number	Amount Expended	Subrecipient Expenditures
U.S. Department of Housing and Urban Development				
Community Planning and Development:				
Community Development Block Grants/Small Cities Program	14.219	HBCU-10-OK-211	92,003	-
U.S. Department of Health and Human Services				
Pass-Through Oklahoma City-County Health Board:				
Center for Disease Control and Prevention	93.531	OCCHD-911-15	18,161	-
Pass-Through University of Oklahoma, Health Sciences Center:				
National Institute of Health	93.859	2 P20 GM 103418-14	78,155	-
Geriatric Education Centers	93.969	OUHSCTS20090071-04	21,539	-
Pass-Through University of Kansas Medical Center Research Institute:				
		QH846890/1000169273/9276		
Total U.S. Department of Health and Human Services			126,961	-
Small Business Administration				
Pass-Through Southeastern Oklahoma State University:				
Technical Assistance	59.037	3-603001-Z-0038	44,110	-
U.S. Department of Energy				
Pass-Through Board of Regents, University of Oklahoma:				
Office of Science Financial Assistance Program	81.049	DE-SC0009956/2013-32	5,497	-
National Aeronautics and Space Administration				
Pass-Through Board of Regents, University of Oklahoma:				
		GSFC1013235/13SWIFT130004		
Aerospace Education Services Program	43.001	NNX11AB54H-2011-32	16,282	-
			40,597	-
Education	43.008	2015-44/LU	35,820	-
Total National Aeronautics and Space Administration			76,417	-
U.S. Department of Transportation				
Pass-Through Board of Regents, University of Oklahoma:				
Highway Planning and Construction:				
U.S. Agency for International Development				
US AID Foreign Assistance for Programs Overseas	98.001	S039014	5,740	-
Total expenditures of federal awards			**$ 34,255,238**	**$ 192,711**

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Langston University (the University) for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Note 2. 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 OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Federal Direct Student Loan Program

Under the Federal Direct Student Loan Program (Direct Loan Program), the U.S. Department of Education makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. The University began participation in the Direct Loan Program on July 1, 2010. The University administers the origination and disbursement of the loans to eligible students or parents. The University is not responsible for the collection of these loans.

Note 4. Perkins Loans

During the year ended June 30, 2015, the Perkins Loans program was closed out. All funds have been liquidated and returned to the Department of Education.

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Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Comment Number	Comment	Corrective Action Taken

Findings Related to the Financial Statement Audit as Reported in Accordance with Generally Accepted Government Auditing Standards:

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

Findings and Questioned Costs for Federal Awards:

A. Internal Control

No matters were reported.

B. Compliance Findings

Finding 2013-04: This finding was fully corrected in the current year.
Finding 2014-01: This finding was fully corrected in the current year.
Finding 2014-02: This finding was fully corrected in the current year.

Finding 2014-03:

Program CFDA No:
84.063 Pell Grant
84.268 Federal Direct Student Loans
84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study

Federal Award Year: June 30, 2014

<u>Criteria</u>: In accordance with 34 CFR 682.610(c)(2)(i), "… an institution shall, upon receipt of a student status confirmation report from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if it discovers that a Stafford, SLS, or Plus loan has been made to or on behalf of a student who has ceased to be enrolled on at least a half-time basis."

<u>Condition</u>: In our graduate testing, we noted that one fall 2013 graduate did not have their enrollment status change reported to the National Student Loan Data System (NSLDS) within sixty days from the date of graduation as required by federal regulations. The student graduated on December 13, 2013; however, their status change was not reported until March 26, 2014, which is 103 days after graduation.

The Institutional Services office did not report fall 2013 graduates within the 60 day time frame required by federal regulations. There is no known or projected monetary error as this is a compliance reporting issue.

Cause: The Institutional Services office is responsible for reporting graduates to National Student Clearinghouse. University procedures dictate that Institutional Services transmits graduate data for the spring semester only. This results in non-compliance with reporting requirements for fall graduates.

Effect: Untimely reporting of student enrollment status does not allow the Department of Education to properly track and monitor students, including initiation of the loan repayment process.

Recommendation: We recommend that the University implement procedures and internal controls to ensure enrollment changes, including graduated status for both semesters, are properly reported to NSLDS within the appropriate time-frame of sixty days from the date the institution determined the status change.

Views of a Responsible Official: In the fall of 2013 a transition occurred related to the oversight of Clearinghouse Data. This transition created some delays in reporting. As part of our new procedures, the Office of Institutional Research is now responsible for reporting Clearinghouse data. Designated research analysts will review the data prior to submission to Clearinghouse. These research analyst will then work with the Instructional Technology Department to make necessary corrections prior the uploading of data. The added controls will help ensure compliance.

Current Status: This finding is repeated in the current year as Finding 2015-05.

Langston University
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Schedule of Findings, Questioned Costs and Corrective Action Plan
Year Ended June 30, 2015

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards:

Internal control over major programs:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?	X	Yes		None reported

Type of auditors' report issued on compliance for major programs: Unmodified

• Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	X	Yes		No

Identification of major programs:

Federal CFDA #	Name of Federal Program
*	Student Financial Aid Cluster
*	Research and Development Cluster
84.031	Higher Education Institutional Aid

* See the Schedule of Expenditures of Federal Awards for identification of CFDA numbers applicable to the major programs.

Dollar threshold used to distinguish between type A and type B programs: $1,027,657

Auditee qualified as low-risk auditee?		Yes	X	No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards:*

(A) Material Weaknesses in Internal Control

2015-01

Finding: The University's cash account reconciliations, and internal controls and procedures over them did not include investigation of all reconciling items in a timely manner.

Criteria: All bank accounts should be reconciled monthly and all significant, stale and unusual reconciling items should be promptly investigated and adjusted with adequate explanations.

Condition: Reconciling items are not being reviewed and their subsequent disposition not accounted for in a timely manner.

Cause: The bank reconciliations were prepared by a staff accountant. However, the staff accountant did not follow up on various reconciling items and a second review of the bank reconciliations was not performed until November 2015.

Context: Ending cash balances on the financial statements.

Effect: Cash could be misstated due to error or misappropriation. Adjusting journal entries to cash resulted in a net increase of $251,472. This amount included various management proposed entries and audit entries.

Recommendation: We suggest that a member of management review the bank reconciliations for any unusual items, investigate and fully resolve any such items and document his or her approval within a timely manner.

Response and Corrective Action Plan: To ensure timely cash reconciliation and disposition of reconciling items, the University has agreed to work with Oklahoma State University to follow the current process utilized by all other schools in the A & M System. All cash accounts will be reconciled monthly and a detailed list of all outstanding items will be provided to the University for timely disposition. Completed reconciliations will be forwarded to the Comptroller for review and approval. Disposition of all reconciling items will be completed prior to month end.

2015-02

Finding: A detailed and thorough review of the trial balance and financial statements was not performed prior to the audit.

Criteria: The University should maintain a system of internal controls that ensures financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) in a timely manner.

Condition: In the process of performing our audit, we noted that there was a certain lack of review and reconciliation in many areas of the accounting function. Accounting tasks such as monthly reconciliations, cross checks and reviews play a key role in proving the accuracy of accounting data and financial information that comprise the year-end financial statements.

Cause: There has been turnover in the accounting department over the past year. In addition, the accounting staff has spent a considerable amount of time training on a new accounting software that has pulled them away from their normal accounting duties.

Context: Preparation and review of the yearend trial balance and financial statements.

Effect: Numerous adjusting journal entries were required to the University's trial balance for the financial statements to be presented in accordance with U.S. GAAP. In addition, numerous material reclassification entries were recorded to properly reflect the various financial statement line items. The net amount of all adjusting journal entries excluding cash as denoted in Finding 2015-01 above was approximately $3,939,000.

Recommendation: A formal year-end closing schedule should be developed to assist in closing the accounting records and preparation for the audit. Such an approach would detail all the critical steps in the year-end close, as well as the account analysis and schedule preparation that is required for the audit. Due dates would also be monitored so that the process stays on target for the established time deadline. Strict adherence to this schedule should be required because this will allow for the year-end work and audit preparation to be a much less time consuming and arduous process and provides for a review by management prior to the audit.

Response and Corrective Action Plan: The University did identify the need for several adjusting journal entries. Several of these entries were made prior to the start of fieldwork. $3.6 million of the adjustments were directly tied to reclassifications of which the University identified over $1.6 million. Additional adjustments resulted in an approximately $56K impact to the statement of net position.

To ensure a more efficient year end and audit process, the University will implement new procedures. One key element is the adoption of the standard working trial balance (WTB) process utilized by all other schools in the A&M system. Our current process requires manual preparation of the WTB through excel spreadsheets. This process will be eliminated going forward. With the new Banner Finance System, the University will receive a system generated WTB and utilize the designated audit region for all journal entries as all other A&M's. This will eliminate the cumbersome spreadsheet preparation and provide more time for critical review and analysis of each account.

To further improve the audit process, the University has developed a detailed checklist of all items needed for year-end closing and analysis of the WTB. The new procedure also includes a detailed time line for completion of key adjusting journal entries (AJE's), required schedules and financial statement analysis.

The University believes the new procedures will help to eliminate/minimize the need for reclassification entries and additional AJE's.

(B) Compliance Findings

No matters are reported

III. Findings Required to be Reported in Accordance with OMB Circular A-133:

(A) Significant Deficiencies in Internal Control

2015-03

Finding: All Catalog of Federal Domestic Assistance (CFDA) numbers and their respective expenditures were not properly reported on the Schedule of Expenditures of Federal Awards (SEFA).

Criteria: The University is responsible for preparing the SEFA, based upon the grant information obtained from the financial accounting records and the grantor. Part 5-Clusters of Programs per the Compliance Supplement identifies those programs that are considered to be clusters of Federal programs. As defined by 2 CFR section 200.17, a cluster of programs means a grouping of closely related programs that share common compliance requirements. Only programs that are considered to be a cluster should be grouped together and designated as such on the SEFA.

Condition: The June 30, 2014 SEFA was incorrectly prepared as it reported the Rehabilitation Research and Training Center Program CFDA #84.133 with the Student Financial Aid Cluster. The 2015 SEFA as originally prepared by management did not include this program in any cluster. Subsequently, the University determined that this program should be part of the Research & Development Cluster. The 2015 SEFA has been corrected to reflect this classification.

Cause: Lack of effective detailed review and controls over preparation of the SEFA.

Context: Preparation of the SEFA.

Effect: The University could inappropriately exclude a program that should be part of a cluster that is considered a major program, or fail to identify a major program.

Recommendation: We recommend that management of the University perform a detail review of the Statement of Revenues, Expenses, and Changes in Net Position to ensure that all amounts expended in relation to Federal awards are identified and properly reported on the SEFA. In addition, when grants and contracts are received, management should make appropriate inquiries of the grantor to determine if the amounts are to be reported in accordance with OMB Circular A-133 and that all appropriate individuals are informed as to the existence of the Federal award.

Response and Corrective Action Plan: The University has reviewed current grant files to ensure proper classification on the SEFA. The statement of work for all new grants and sub-awards will be reviewed thoroughly upon receipt to determine the proper classification on the SEFA. This additional review will help to ensure continued compliance with OMB Circular A-133.

2015-04

<u>Program CFDA No</u>:
Pell Grant (84.063)
Federal Direct Student Loans (84.268)
Federal Supplemental Educational Opportunity Grants (84.007)
Federal Work-Study (84.033)
Teacher Education Assistance for College and Higher Education Grants (84.379)

Federal Award Year: 2014-2015

<u>Finding</u>: Title IV funds were not returned within the required time frame.

<u>Questioned Costs</u>: $6,211 (Identified); Actual Unknown

<u>Criteria</u>: In accordance with 34 CFR 668.22(j)(1), "An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew."

<u>Condition:</u> In our withdrawal testing, in a sampling population of four students, we noted that for three of the students, the Return to Title IV (R2T4) refund was not returned to the Department of Education within the 45 day deadline from the determination of the student's withdrawal.

<u>Cause</u>: The Student Financial Aid Office did not have proper procedures in place to allow the refund of unearned funds to be returned to the Department of Education within a timely manner.

<u>Context</u>: The Registrar and Financial Aid Office are responsible for completing the process of R2T4 calculation assessment, reporting and return of funds for all students.

<u>Effect</u>: Failure to comply with timing requirements as established by the Department of Education signifies a control deficiency within the institution's procedures for withdrawals and R2T4 refunds. The estimated amount of questioned costs attribute this finding to be related to a significant deficiency.

<u>Recommendation</u>: We recommend the institution modify the process for student withdrawals, specifically the return of unearned funds, to allow the funds to be submitted to the Department of Education no later than 45 days after the date of withdrawal determination.

<u>Response and Corrective Action Plan</u>: The Office of Financial Aid has reviewed and revised procedures for identifying Federal aid recipients who have withdrawn and require funds to be returned to the Department of Education as a result of the R2T4 calculation, to ensure doing so in the required 45 day time frame.

- On a weekly basis, Academic Affairs will send copies of completed withdrawal forms to Financial Aid. In addition, Institutional Research will send a list to Financial Aid of students who have withdrawn from the University.
- These lists will be reviewed weekly to ensure withdrawal forms have been received for each person listed. If not, Financial Aid will check with Academic Affairs to secure a copy.

- If financial aid was processed for the student, the R2T4 calculation will be made to determine if funds are to be returned. When it is determined that funds should be returned to Title IV, a letter will be generated and sent to the student with a copy of the calculation report. The University's copy of the report and corresponding letter will be placed in the withdrawal file for that term.
- A copy of the recalculation report will also be given to the Assistant Director of Financial Aid weekly to ensure that repayments to the appropriate accounts have been made through COD.
- The entire process will be completed within 30 days of the withdrawal date. This will help ensure timely compliance with R2T4 45 day provision.

(B) Compliance Findings

2015-03: See finding above.

2015-04: See finding above.

2015-05:

Program CFDA No:
Pell Grant (84.063)
Federal Direct Student Loans (84.268)
Federal Supplemental Educational Opportunity Grants (84.007)
Federal Work-Study (84.033)
Teacher Education Assistance for College and Higher Education Grants (84.379)

Federal Award Year: 2014-2015

Finding: Enrollment status of withdrawn students were not reported to the National Student Loan Data System (NSLDS) within the required time frame.

Criteria: In accordance with 34 CFR 682.610(c)(2)(i), "…an institution shall, upon receipt of a student status confirmation report from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if it discovers that a Stafford, SLS, or Plus loan has been made to or on behalf of a student who has ceased to be enrolled on at least a half-time basis."

In addition, in accordance with 34 CFR 668.24 "An institution shall establish and maintain, on a current basis, any application for Title IV…and program records that document… its administration of the Title IV program in accordance with all applicable requirements." Specifically, "… an institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program for three years after the end of the award year for which the aid was awarded and disbursed…"

Condition: In our withdrawal testing, in a sampling population of four students, we noted one withdrawn student did not have their enrollment status change reported to the NSLDS via the National Student Clearinghouse (NSC) within sixty days from the date of withdrawal determination as required by federal regulations.

Also within our withdrawal testing, we noted NSC student enrollment transmission reports were not being maintained by the Office of Institutional Research.

Cause: The Registrar, Institutional Research Department and Financial Aid Office are responsible for reporting all students' enrollment status. The reporting errors were caused by improper scheduling and execution of NSC transmissions for enrollment reporting. As the institution utilizes the NSC for reporting, consideration must be taken for time delays from original NSC transmission to successful receipt by the NSLDS. Additionally, care must be taken to ensure the enrollment transmissions submitted are accurate and complete.

Institutional Research Department and Student Financial Aid Office were not aware all records related to compliance for Federal Student Aid program must be maintained for three years from end of award year.

Context: The Student Financial Aid Office did not report enrollment status or updates (including withdrawals, changes in enrollment, or graduation) for students within the sixty day time frame required by federal regulations.

Effect: Untimely reporting of student enrollment status does not allow the Department of Education to properly track and monitor students, including initiation of the loan repayment process.

Improper or lack of record retention of federal student aid supporting documents impairs the ability of the institution to complete required annual audits.

Questioned Costs: There is no known or projected monetary error as this is a compliance reporting issue.

Recommendation: We recommend the institution prepare a schedule for transmissions that will include enrollment changes, including withdrawals, changes in enrollment status and graduation, for proper reporting to the NSLDS within the appropriate time frame of sixty days from the date the institution determined the status change. It is recommended the University consider increasing the number of NSC transmissions annually and adjusting the scheduled NSC transmissions for each term.

Additionally, we recommend that Institutional Research Department and the Student Financial Aid Office work together to develop a process for proper retention of program records, specifically NSC enrollment transmission reports.

Response and Corrective Action Plan: The Office of Institutional Research and Planning has implemented a new procedure for uploading student files every 30 days. In addition, Information Technology Services (ITS) will save the uploads on a monthly basis so that complete student lists are available when requested.

2015-06

Program CFDA No:
Federal Supplemental Educational Opportunity Grants (84.007)

Federal Award Year: 2014-2015

Finding: The institution requested and drew down funds in excess of expenditures for the Federal Supplemental Educational Opportunity Grant (FSEOG).

Criteria: In accordance with 34 CFR section 668.166(a)(1),—...the institution's request must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either SFA funds or institutional funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to ED. Excess cash includes any funds received from ED that are deposited or transferred to the institution's Federal account as a result of an award adjustment, cancellation, or recovery.

Condition: In our testing of G5 drawdowns we noted that there were instances in which excess federal funds for the FSEOG were requested and drawn over expenditures and weren't disbursed to students or returned back to the ED within 3 business days of receipt by the institution as required by federal regulations.

Cause: Miscommunications occurred on the amounts to be drawn which resulted in the individual responsible for drawdowns to drawdown the entire amount rather than up to a certain amount.

Context: The institution is responsible for developing and implementing cash management procedures related to FSA drawdowns that are in compliance with federal regulations.

Effect: The institution retained federal funds in excess of the time period allowed.

Prevalence: FSEOG drawdowns.

Questioned Costs: The amount of the questioned cost is the amount of interest lost by the Federal Government due to the University holding funds in excess of the 3 business day requirement. The College held $24,710 in FSEOG funds for 105 days.

Recommendation: We recommend that the institution develop appropriate procedure to carefully review funds previously drawn and compare to reconciled expenditures to ensure excess cash position does not occur. In case any excess funds are drawn over disbursements, these funds need to be either disbursed to students or returned back to the ED via G5 within 3 business days of the receipt of funds by the institution.

Response and Corrective Action Plan: Financial Aid currently provides weekly draw-down spreadsheets to Accounting for Pell Grants and Student Loan programs. Effective immediately, these spreadsheets will include payments made from the FSEOG grant. Accounting will reconcile these amounts weekly against actual expenditures maintained in the system prior to processing federal draw-downs.

2015-07

Program CFDA No:
Pell Grant (84.063)
Federal Direct Student Loans (84.268)

Federal Award Year: 2014-2015

Finding: The institution did not award the proper amount of Pell Grants or Direct Student Loans to various students.

Criteria: The institution is responsible for developing and implementing award packaging procedures related to Pell Grants and Direct Loans that are in compliance with federal regulations. In accordance with 34 CFR 690.62 (a), “The amount of a student’s Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.”

In accordance with 34 CFR 685.203, loan packaging amounts are determined based on student’s academic year, enrollment, and past lending history.

Condition: During our student file testing, we noted that one student received $25 less than their earned amount of funding based on the Federal Pell Grant Payment and Disbursement Schedules. Additionally, another student was awarded $2,000 less than their eligible annual loan award.

Cause: The institution does not have a review process for manual Pell Grant and Direct Loan adjustments. Due to the lack of a review process and manual processing, errors were made resulting in students not receiving full Pell Grant and Direct Loans.

Context: The University reviewed all Pell Grant awardees and noted that the only student who received an incorrect Pell Grant was the student noted during our testing. During the year ended June 30, 2015, 1638 students received Pell grants for a total of $6,924,735. In addition, there was $16,212,688 in federal direct student loans awarded.

Effect: Two students should have received more federal assistance than what they received.

Recommendation: As the Pell Grant program is an entitlement program, we recommend that the student affected be correctly reimbursed for the underaward. In addition, a control process should be implemented in which at least one additional level of review be made before the posting of manual adjustments for Pell Grants and all other award programs. Finally, we recommend that the institution ensures compliance with the Student Aid Handbook, Federal Pell Schedule, and Direct Loan Award Limits as these are regulated by the Department of Education.

Response and Corrective Action Plan: One student was scheduled to receive $5,730 for the year from the Pell Grant program as a fulltime student. Unfortunately, when awards were adjusted manually to reflect part-time status, the counselor inadvertently awarded the wrong amount. As a result, student was underpaid by $25.00 for the year which equates to .0004% of the total Pell Grants received ($6,294,735) for the year ended June 30, 2015. We have corrected the student’s account appropriately applying the additional $25.00.

One student out of approximately 1,600 (less than half a percent) was under awarded the Federal Unsubsidized loan. We are unable to correct this student's account because you cannot process an additional loan for a period that has ended.

Moving forward, manual awards of Pell Grants and Direct Loans will be reviewed by the Assistant Director who is in charge of Federal program reconciliations to ensure that the awards are correct. In addition, controls are currently in place to ensure that the Institution is in compliance with the Student Aid Handbook, Federal Pell Grant Schedule, and Direct Loan Award Limits as regulated by the Department of Education.