Northeastern Oklahoma A&M College

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

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

Contents

RSM US LLP

Independent Auditor's Report

Board of Regents for the Oklahoma Agricultural and Mechanical Colleges
Northeastern Oklahoma Agricultural and Mechanical College
Oklahoma City, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of Northeastern Oklahoma Agricultural and Mechanical College (the College), an enterprise fund of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Regents), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the College'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 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.

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, the financial statements referred to above present fairly, in all material respects, the financial position of Northeastern Oklahoma Agricultural and Mechanical College as of June 30, 2015, and the 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 College's reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the College. 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 College 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 College 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 College, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 30, 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.

Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 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 November 25, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 College'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 30, 2014.

RSM US LLP

Oklahoma City, Oklahoma
November 25, 2015

Introduction

The following discussion and analysis of the financial performance of Northeastern Oklahoma A & M College (the College) provides management's overview of the College's financial activities for the fiscal year ended June 30, 2015. Fiscal years 2014 and 2013 are presented for comparative purposes. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the College's audited financial statements and footnotes.

Financial Highlights

During 2015, the College implemented GASB 68—*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* Due to the fact that complete prior year information was not available, the 2014 column in the basic financial statements and information presented in this MD&A have not been restated for comparative purposes.

The College's net position decreased to $14,974,382 from $29,259,419 in 2014 and $28,544,481 in 2013. This decrease is due, in large part, to the implementation of GASB 68 as explained in Note 1.

The College's total revenues decreased to $28,886,737 from $29,243,676 in 2014 and $28,242,924 in 2013.

The College's total expenses decreased to $27,489,014 from $28,528,738 in 2014 and $28,038,605 in 2013.

Basic Financial Statements

The College's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* and, accordingly, include management's discussion and analysis (as required supplementary information); the statements of cash flows; and explanatory notes to the financial statements.

Statement of net position: The Statement of Net Position presents the financial position of the College at the end of the fiscal year. This statement includes all assets, deferred outflows of resources, all liabilities and deferred inflows of resources of the College utilizing the accrual method of accounting. The Statement of Net Position enables users to assess the financial health of the College. Over time, increases or decreases in the College's net position are one indicator of whether the College's financial health is improving or deteriorating. However, non-financial factors such as changes in the College's programs and degrees offered, accreditation status, and condition of physical facilities must also be considered to accurately assess the health of the College.

The College's Condensed Statements of Net Position for fiscal years 2015, 2014 and 2013 follow:

	June 30, 2015	June 30, 2014	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 7,498,292	$ 8,508,072	$ (1,009,780)	(11.9%)
Noncurrent assets	40,707,589	40,722,583	(14,994)	(0.0%)
Total assets	$ 48,205,881	$ 49,230,655	$ (1,024,774)	(2.1%)
Deferred outflows or resources	$ 1,746,828	$ 119,574	$ 1,627,254	1,360.9%
Liabilities				
Current liabilities	$ 2,473,599	$ 2,541,545	$ (67,946)	(2.7%)
Noncurrent liabilities	28,956,159	17,373,944	11,582,215	66.7%
Total liabilities	$ 31,429,758	$ 19,915,489	$ 11,514,269	57.8%
Deferred inflows of resources	$ 3,548,569	$ 175,321	$ 3,373,248	1,924.0%
Net Position				
Net investment in capital assets	$ 29,639,061	$ 24,904,800	$ 4,734,261	19.0%
Restricted	234,997	309,602	(74,605)	(24.1%)
Unrestricted	(14,899,676)	4,045,017	(18,944,693)	(468.3%)
Total net position	$ 14,974,382	$ 29,259,419	$ (14,285,037)	(48.8%)

Basic Financial Statements (Continued)

	June 30, 2014	June 30, 2013	Increase (Decrease)	Percent Change
Assets				
Current assets	$ 8,508,072	$ 6,332,597	$ 2,175,475	34.4%
Noncurrent assets	40,722,583	37,935,351	2,787,232	7.3%
Total assets	$ 49,230,655	$ 44,267,948	$ 4,962,707	11.2%
Deferred outflows or resources	$ 119,574	$ 179,361	$ (59,787)	(33.3%)
Liabilities				
Current liabilities	$ 2,541,545	$ 1,956,074	$ 585,471	29.9%
Noncurrent liabilities	17,373,944	13,946,754	3,427,190	24.6%
Total liabilities	$ 19,915,489	$ 15,902,828	$ 4,012,661	25.2%
Deferred inflows of resources	$ 175,321	$ -	$ 175,321	100.0%
Net Position				
Net investment in capital assets	$ 24,904,800	$ 23,416,481	$ 1,488,319	6.4%
Restricted	309,602	682,217	(372,615)	(54.6%)
Unrestricted	4,045,017	4,445,783	(400,766)	(9.0%)
Total net position	$ 29,259,419	$ 28,544,481	$ 714,938	2.5%

The significant increase in cash during fiscal year 2014, is attributable to participation in the 2014 issue of the Master Lease Program. The College received proceeds of $2.4 million from the ODFA Master Lease program. The projects for which these funds were intended were completed in 2013. However, due to legal challenges to the Master Lease program, the funds were not available to be drawn at the completion of the projects. The College received permission from the Board of Regents to use unrestricted reserves to pay for the projects. In fiscal year 2014, all legal challenges were resolved and the College was able to drawdown the funds. These funds are reflected in the increase in current assets during 2014.

The College also participated in the 2014C issue of the ODFA Master Lease program. The College's share of the issue is $1,129,000. Cash has not been significantly impacted as funds are drawn as they are expended. As of June 30, 2105, the College has drawn approximately $352 thousand. The remaining balance of approximately $777 thousand, is held in trust by the Bank of Oklahoma and is reflected as funds held in custody by others in the statements of net position. The College's Campus Master Plan has identified other capital projects that will be addressed as reserves and appropriate debt vehicles are available.

Statement of revenues, expenses and changes of net position: The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Revenues and expenses are classified as either operating or nonoperating. Operating revenues are those earned by providing goods and services to carry out the mission of the College. Operating expenses are those expenses incurred in order to provide goods and services. The Governmental Accounting Standards Board requires state appropriations, federal funds, gifts and investment income as well as interest expense to be classified as nonoperating. A public college's reliance on state appropriations and gifts quite often results in operating losses.

Readers of the College's Statement of Revenues, Expenses and Changes in Net Position will be able to identify the sources of funds and the use of those funds as the College carries out its mission.

Northeastern Oklahoma Agricultural & Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements (Continued)

The College's Condensed Statements of Revenues, Expenses and Changes in Net Position for fiscal years 2015, 2014 and 2013 follow:

	Year Ended June 30, 2015	Year Ended June 30, 2014	Increase (Decrease)	Percent Change
Operating revenues:				
Tuition and fees, net	$ 2,657,321	$ 2,432,117	$ 225,204	9.3%
Grants and contracts	2,080,130	2,129,620	(49,490)	(2.3%)
Auxiliary, net	6,332,964	6,604,531	(271,567)	(4.1%)
Other	110,431	119,176	(8,745)	(7.3%)
Total operating revenues	11,180,846	11,285,444	(104,598)	(0.9%)
Less operating expenses	26,855,552	27,779,407	(923,855)	(3.3%)
Net operating loss	(15,674,706)	(16,493,963)	819,257	(5.0%)
Nonoperating revenues:				
State appropriations	9,783,224	9,780,819	2,405	0.0%
State grants and contracts	1,082,302	1,163,158	(80,856)	(7.0%)
Federal grants and contracts	5,639,033	6,012,656	(373,623)	(6.2%)
Investment income	133,712	98,564	35,148	35.7%
Interest expenses	(633,462)	(749,331)	115,869	(15.5%)
Total nonoperating revenue	16,004,809	16,305,866	(301,057)	(1.8%)
Other revenues, expenses, gains or (losses):				
State appropriations for capital	436,941	436,941	-	0.00%
On-behalf state appropriations restricted for debt service	617,073	466,094	150,979	32.4%
Gain on sale of property	13,605	-	13,605	100.0%
Change in net position	1,397,722	714,938	682,784	95.5%
Net position, beginning of year	29,259,419	28,544,481	714,938	2.5%
Restatement—Implementation of GASB 68 & 71	(15,682,759)	-	(15,682,759)	(100.0%)
Net position, beginning of year, as restated	13,576,660	28,544,481	(14,967,821)	(52.4%)
Net position, end of year	$ 14,974,382	$ 29,259,419	$ (14,285,037)	(48.8%)

Basic Financial Statements (Continued)

	Year Ended June 30 2014	2013	Increase (Decrease)	Percent Change
Operating revenues:				
Tuition and fees, net	$ 2,432,117	$ 2,028,206	$ 403,911	19.9%
Grants and contracts	2,129,620	1,901,701	227,919	12.0%
Auxiliary, net	6,604,531	6,290,065	314,466	5.0%
Other	119,176	115,915	3,261	2.8%
Total operating revenues	11,285,444	10,335,887	949,557	9.2%
Less operating expenses	27,779,407	27,480,450	298,957	1.1%
Net operating loss	(16,493,963)	(17,144,563)	650,600	(3.8%)
Nonoperating revenues:				
State appropriations	9,780,819	9,714,281	66,538	0.7%
State grants and contracts	1,163,158	1,199,361	(36,203)	(3.0%)
Federal grants and contracts	6,012,656	6,386,920	(374,264)	(5.9%)
Investment income	98,564	23,320	75,244	322.7%
Interest expenses	(749,331)	(558,155)	(191,176)	34.3%
Total nonoperating revenue	16,305,866	16,765,727	(459,861)	(2.7%)
Other revenues, expenses, gains or (losses):				
State appropriations for capital	436,941	462,747	(25,806)	(5.6%)
On-behalf state appropriations restricted for debt service	466,094	120,408	345,686	287.1%
Change in net position	714,938	204,319	510,619	249.9%
Net Position, beginning of year	28,544,481	28,340,162	204,319	0.7%
Net Position, end of year	$ 29,259,419	$ 28,544,481	$ 714,938	2.5%

The College administration is focused on increasing operating revenues to offset increasing mandatory costs and decreasing state appropriations. Tuition and fees were increased approximately 6.5% in 2015 and approximately 7% in 2014. In spite of these increases, students at the College enjoy the eighth lowest cost of attendance of the state's 27 public institutions of higher education.

The College continues to receive nearly $1 million a year in Title III awards from the Department of Education. These Title III awards are in the form of five year grant awards. These awards are typically targeted to specific student groups such as Native American Students. However, all students of the College benefit.

Basic Financial Statements (Continued)

The College administration continues to scrutinize operating expenses. As a result, operating expenses were down $900 thousand during 2015. The most significant factors affecting operating expenses include:

- The College reduced compensation and employee benefits by more than $900 thousand is 2015. This decrease was accomplished by allowing open positions to go unfilled.
- As enrollment declined, Scholarship and Fellowship costs declined approximately $500 thousand.
- The College did experience an increase of approximately $470 thousand in other operating expenses. These expenses include non-capitalized furniture, fixture, and equipment purchases, travel expenses, advertising, licensing, insurance, et al.

Statement of cash flows: The Statement of Cash Flows is used to report the cash the College generates from operating activities, financing activities and investing activities. Readers of the statement make judgments about the College's ability to pay its bills particularly in the short term.

The College's Condensed Statements of Cash Flows for fiscal years 2015, 2014 and 2013 follow:

	Year Ended June 30		Increase	Percent
	2015	2014	(Decrease)	Change
Cash provided by (used in)				
Operating activities	$(14,661,379)	$(14,486,879)	$ (174,500)	1.2%
Noncapital financing activities	15,787,532	16,233,633	(446,101)	(2.7%)
Capital and related financing activities	(2,074,235)	404,002	(2,478,237)	(613.4%)
Investing activities	341,801	(6,226)	348,027	(5,589.9%)
Net change in cash	(606,281)	2,144,530	(2,750,811)	(128.3%)
Cash, beginning of year	6,354,390	4,209,860	2,144,530	50.9%
Cash, end of year	$ 5,748,109	$ 6,354,390	$ (606,281)	(9.5%)

	Year Ended June 30		Increase	Percent
	2014	2013	(Decrease)	Change
Cash provided by (used in)				
Operating activities	$(14,486,879)	$(15,731,362)	$ 1,244,483	(7.9%)
Noncapital financing activities	16,233,633	16,556,562	(322,929)	(2.0%)
Capital and related financing activities	404,002	(2,832,716)	3,236,718	(114.3%)
Investing activities	(6,226)	213,900	(220,126)	(102.9%)
Net change in cash	2,144,530	(1,793,616)	3,938,146	(219.6%)
Cash, beginning of year	4,209,860	6,003,476	(1,793,616)	(29.9%)
Cash, end of year	$ 6,354,390	$ 4,209,860	$ 2,144,530	50.9%

Basic Financial Statements (Continued)

The College maintains a strong cash reserve. This reserve is seen as critical to the operation of the College. However, the administration of the College is committed to the utilization of reserves when necessary to minimize the effect of temporary fluctuations in enrollment and state appropriations. The President and CFO work together to ensure cash reserves are not excessive yet remain adequate.

Capital assets and debt administration: The College has effectively utilized a combination of unrestricted cash, OCIA debt instruments, ODFA master lease issues, and federal grant funds to improve campus buildings and infrastructure. The College administration continues to look for opportunities to improve the campus including partnerships with the NEO Development Foundation. The College has only one significant project on-going at year end – improvements to the Synar Farm. The College expects to complete a new cattle working facility on the Elm Street property by spring of 2016. Funding for this project comes from private donations, a student endorsed class fee on classes that utilize the farm facilities, and ODFA Master Lease funds.

Potential projects in the near future include a new classroom building and new student housing.

	Year Ended June 30		Increase	Percent
	2015	2014	(Decrease)	Change
Land	$ 500,716	$ 501,111	$ (395)	(0.1%)
Construction in-progress	511,744	220,828	290,916	131.7%
Buildings and improvements	52,286,188	51,334,732	951,456	1.9%
Non-structural improvements	309,740	261,844	47,896	18.3%
Equipment and infrastructure	7,769,893	7,514,742	255,151	3.4%
Library materials	2,509,988	2,438,450	71,538	2.9%
Total	63,888,269	62,271,707	1,616,562	2.6%
Less accumulated depreciation	(24,183,317)	(22,899,134)	(1,284,183)	5.6%
Capital assets, net	$ 39,704,952	$ 39,372,573	$ 332,379	0.8%

	Year Ended June 30		Increase	Percent
	2014	2013	(Decrease)	Change
Land	$ 501,111	$ 501,111	$ -	0.00%
Construction in-progress	220,828	-	220,828	100.0%
Buildings and improvements	51,334,732	49,701,113	1,633,619	3.3%
Non-structural improvements	261,844	261,844	-	0.00%
Equipment and infrastructure	7,514,742	6,549,945	964,797	14.7%
Library materials	2,438,450	2,361,302	77,148	3.3%
Total	62,271,707	59,375,315	2,896,392	4.9%
Less accumulated depreciation	(22,899,134)	(21,701,209)	(1,197,925)	5.5%
Capital assets, net	$ 39,372,573	$ 37,674,106	$ 1,698,467	4.5%

Basic Financial Statements (Continued)

The College continues to manage its long-term debt effectively. As in prior years, during 2015, portions of the OCIA debt (managed by the Oklahoma State Regents for Higher Education) were refinanced. The net effect of payments and the refinancing was a reduction in the OCIA debt of $508,521. The college added no new ODFA Master Lease debt. The principal amount of ODFA Master Lease debt was reduced by $800,153.

During 2014 portions of the OCIA debt were refinanced. The net effect of payments and the refinancing was a reduction of $376,140 in the OCIA debt. The College added $3,488,404 in new ODFA Master Lease debt and reduced existing long-term debt by $1,720,335.

The College added no new long-term debt in 2013 and reduced its existing long-term debt $696,356 in 2013.

Long-term debt:

	Year Ended June 30 2015	Year Ended June 30 2014	Increase (Decrease)	Percent Change
OCIA Series 2005F	$ 184,628	$ 361,224	$ (176,596)	(48.9%)
OCIA Series 1999 A, B and C	-	177,107	(177,107)	(100.0%)
OCIA 2010A	1,571,961	1,571,961	-	0.00%
OCIA 2010B	205,587	493,355	(287,768)	(58.3%)
OCIA 2014A	3,208,552	3,208,552	-	0.00%
OCIA 2014B	132,950	-	132,950	100.0%
ODFA Master Lease—Series 2007A	189,917	283,250	(93,333)	(33.0%)
ODFA Master Lease—Series 2010A	2,847,084	2,999,334	(152,250)	(5.1%)
ODFA Master Lease—Series 2010B	867,167	1,042,250	(175,083)	(16.8%)
ODFA Master Lease—Series 2011A	2,683,667	2,827,084	(143,417)	(5.1%)
ODFA Master Lease—Series 2011C	377,751	461,084	(83,333)	(18.1%)
ODFA Master Lease—Series 2013A	2,248,167	2,365,250	(117,083)	(5.0%)
ODFA Master Lease—Series 2014A	1,087,500	1,123,154	(35,654)	(3.2%)
NEO Development Foundation— Multipurpose Athletic Center	1,397,245	1,473,996	(76,751)	(5.2%)
Less discount on master lease bonds	(25,492)	(26,405)	913	(3.5%)
Total	$ 16,976,684	$ 18,361,196	$ (1,384,512)	(7.5%)

Basic Financial Statements (Continued)

	Year Ended June 30 2014	2013	Increase (Decrease)	Percent Change
OCIA Series 2005F	$ 361,224	$ 3,916,364	$ (3,555,140)	(90.8%)
OCIA Series 1999 A, B and C	177,107	206,659	(29,552)	(14.3%)
OCIA 2010A	1,571,961	1,571,961	-	0.00%
OCIA 2010B	493,355	493,355	-	0.00%
OCIA 2014A	3,208,552	-	3,208,552	100.0%
ODFA Master Lease—Series 2007A	283,250	372,583	(89,333)	(24.0%)
ODFA Master Lease—Series 2009A	-	19,250	(19,250)	(100.0%)
ODFA Master Lease—Series 2010A	2,999,334	3,147,667	(148,333)	(4.7%)
ODFA Master Lease—Series 2010B	1,042,250	1,211,583	(169,333)	(14.0%)
ODFA Master Lease—Series 2011A	2,827,084	2,966,417	(139,333)	(4.7%)
ODFA Master Lease—Series 2011C	461,084	540,417	(79,333)	(14.7%)
ODFA Master Lease—Series 2013A	2,365,250	-	2,365,250	100.0%
ODFA Master Lease—Series 2014A	1,123,154	-	1,123,154	100.0%
NEO Development Foundation—				
Multipurpose Athletic Center	1,473,996	-	1,473,996	100.0%
Less discount on master lease bonds	(26,405)	-	(26,405)	100.0%
Total	$ 18,361,196	$ 14,446,256	$ 3,914,940	27.1%

Economic Factors and the College's Future

The College has seen several factors affect its financial condition.

In spite of increased mandatory costs, the state of Oklahoma has not appropriated new funds for higher education. The College's state appropriations have remained materially unchanged for the last three years.

After experiencing considerable growth, the College has experienced a leveling off of enrollment. Student head count rose from 1,800 in 2007 to 2,500 in 2013 and has settled at 2,300 currently.

The Department of Education has added Satisfactory Academic Progress standards students must meet to continue receiving federal financial aid (Pell Grants, Supplemental Education Opportunity Grants, Direct Loans, and Work Study).

The College faces new student demands on IT infrastructure. The demands include additional on-line classes, unlimited wireless internet access, and everything in between.

The College must address a continual aging infrastructure.

Economic Factors and the College's Future (Continued)

The combined effect of these factors is an intensified focus on resource utilization. The College implemented strategies to reduce expenditures:

- Some vacated positions were left unfilled.
- Adjunct faculty were utilized in lieu of full time faculty where practical.
- Many job duties were re-assigned and consolidated.

The College has offered and may continue to offer retirement incentive programs. These programs allow the College to replace higher salary employees with lower salary employees and full-time faculty with adjunct faculty.

Because of these cost saving measures, the College has been able to keep increases to tuition and fees to a minimum each of the last three years. Even with these increases, the College continues to have the seventh lowest cost of attendance in the state system of higher education.

The College continues to pursue significant grant funds. Many schools saw grant funds reduced or outright lost in 2013. The College continues to receive four US Department of Education grants. In fiscal year 2015 the College expended the following federal grant funds:

- $286,000—Upward Bound
- $255,000—Student Support Services
- $877,000—Title III Parts A and F
- $164,000—Adult Education and Literacy

These grant funds enable the College to support targeted groups of students and enhance their ultimate success in higher education.

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Statements of Net Position
June 30, 2015 and 2014

Assets		**2015**		2014
Current Assets				
Cash and cash equivalents	**$**	**5,432,850**	$	6,043,282
Restricted cash and cash equivalents		**315,259**		311,108
Accounts receivable, net		**880,499**		1,015,011
Other receivables		**6,576**		10,119
Investments		**453,678**		689,144
Inventories		**409,430**		439,408
Total current assets		**7,498,292**		8,508,072
Noncurrent Assets				
Funds held in custody by others		**777,737**		1,156,027
Investments		**224,900**		193,983
Capital assets, net		**39,704,952**		39,372,573
Total noncurrent assets		**40,707,589**		40,722,583
Total assets	**$**	**48,205,881**	$	49,230,655
Deferred Outflows of Resources				
Deferred outflows related to leases	**$**	**59,787**	$	119,574
Deferred outflows related to pensions		**1,687,041**		-
Total deferred outflows of resources	**$**	**1,746,828**	$	119,574

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

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

Liabilities	**2015**	2014
Current Liabilities		
Accounts payable	**$ 368,993**	$ 437,043
Accrued interest payable	**65,769**	69,382
Accrued payroll and other accrued expenses	**74,903**	148,379
Unearned revenues	**251,237**	245,838
Student and other deposits	**92,989**	94,224
Current portion of noncurrent liabilities	**1,619,708**	1,532,546
Total current liabilities	**2,473,599**	2,527,412
Noncurrent Liabilities		
Accrued compensated absences	**131,233**	162,517
Net pension liability	**13,040,727**	-
Accrued pension and other postemployment benefit obligation	**106,429**	112,819
Capital lease payable to Foundation	**1,316,881**	1,397,245
Capital lease obligations payable to state agencies, net of premiums and discounts	**14,360,889**	15,715,496
Total noncurrent liabilties	**28,956,159**	17,388,077
Total liabilities	**$ 31,429,758**	$ 19,915,489
Deferred Inflows of Resources		
Deferred inflows related to leases	**$ 177,541**	$ 175,321
Deferred inflows related to pensions	**3,371,028**	-
Total deferred outflows of resources	**$ 3,548,569**	$ 175,321
Net Position		
Net investment in capital assets	**$ 29,639,061**	$ 24,904,800
Restricted for:		
Nonexpendable	**164,185**	159,390
Expendable:		
Endowed lectureship	**70,812**	70,812
Loans	**-**	79,400
Unrestricted	**(14,899,676)**	4,045,017
Total net position	**$ 14,974,382**	$ 29,259,419

See Notes to Financial Statements.

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund 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

	2015	2014
Operating Revenues:		
Tuition and fees, net of scholarship discounts and allowances of $5,497,000 and $5,522,000 for 2015 and 2014	**$ 2,657,321**	$ 2,432,117
Federal grants and contracts	**2,048,302**	1,889,159
State and local grants and contracts	**31,828**	240,461
Auxiliary enterprise charges:		
Housing, net of scholarship discounts and allowances of $265,000 and $266,000 for 2015 and 2014	**1,499,472**	1,531,874
Food services, net of scholarship discounts and allowances of $464,000 and $466,000 for 2015 and 2014	**1,698,169**	1,984,799
Bookstore, net of scholarship discounts and allowances of $397,000 and $399,000 for 2015 and 2014	**852,524**	844,855
Student Union	**624,307**	676,471
Athletics	**142,723**	134,781
Other	**1,515,769**	1,431,751
Other operating revenues	**110,431**	119,176
Total operating revenues	**11,180,846**	11,285,444
Operating Expenses:		
Compensation and employee benefits	**12,685,337**	13,624,026
Contractual services	**3,930,225**	3,937,094
Supplies and materials	**2,374,050**	2,161,658
Utilities	**894,854**	973,593
Communications	**108,210**	133,546
Other operating expenses	**1,077,026**	605,055
Scholarships and fellowships	**4,492,892**	5,096,152
Depreciation	**1,292,958**	1,248,283
Total operating expenses	**26,855,552**	27,779,407
Operating income (loss)	**(15,674,706)**	(16,493,963)
Nonoperating Revenues (Expenses):		
State appropriations	**9,066,197**	9,057,819
On-behalf appropriations for OTRS	**717,027**	723,000
Federal grants and contracts	**5,639,033**	6,012,656
State grants and contracts	**816,525**	825,143
Private gifts and contributions	**265,777**	338,015
Investment income	**133,712**	98,564
Gain on sale of property	**13,605**	-
Interest expense	**(633,462)**	(749,331)
Net nonoperating revenues (expenses)	**16,018,414**	16,305,866

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund 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

	2015	2014
Income (loss) before other revenues, expenses, gains or (losses)	**343,708**	(188,097)
Other Revenues, Expenses, Gains or (Losses):		
State appropriations restricted for capital purposes	**436,941**	436,941
On-behalf state appropriations restricted for debt service	**617,073**	466,094
Total other revenues, expenses, gains or (losses)	**1,054,014**	903,035
Change in net position	**1,397,722**	**714,938**
Net Position, beginning of year	**29,259,419**	28,544,481
Restatement—Implementation of GASB 68 & 71	**(15,682,759)**	-
Net Position, beginning of year, as restated	**13,576,660**	28,544,481
Net Position, end of year	**$ 14,974,382**	**$ 29,259,419**

See Notes to Financial Statements.

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund 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		
Tuition and fees	**$ 2,991,932**	$ 2,551,163
Grants and contracts	**2,004,357**	2,239,611
Auxiliary enterprise charges	**6,214,037**	6,504,073
Other operating receipts	**110,431**	125,488
Payments to employees for salaries and benefits	**(12,985,754)**	(12,906,223)
Payments to suppliers	**(12,996,382)**	(13,000,991)
Net cash used in operating activities	**(14,661,379)**	(14,486,879)
Cash Flows From Noncapital Financing Activities		
State appropriations	**9,066,197**	9,057,819
Federal grants and contracts	**5,639,033**	6,012,656
State and local grants and contracts	**816,525**	825,143
Private gifts and contributions	**265,777**	338,015
Federal Direct Student Loans receipts	**5,623,578**	6,111,542
Federal Direct Student Loans disbursements	**(5,623,578)**	(6,111,542)
Net cash provided by noncapital financing activities	**15,787,532**	16,233,633
Cash Flows From Capital and Related Financing Activities		
Cash paid for capital assets	**(1,545,913)**	(1,329,479)
Proceeds from sale of capital assets	**14,000**	-
Capital appropriations received	**436,941**	436,941
Proceeds from capital debt and leases	**378,290**	2,524,989
Repayments of capital debt and leases	**(876,904)**	(861,786)
Interest paid on capital debt and leases	**(480,649)**	(366,663)
Net cash provided by (used in) capital and related financing activities	**(2,074,235)**	404,002
Cash Flows From Investing Activities		
Sale (purchase) of investments	**204,548**	(98,893)
Interest received on investments	**137,253**	92,667
Net cash provided by (used in) investing activities	**341,801**	(6,226)
Net change in cash and cash equivalents	**(606,281)**	2,144,530
Cash and Cash Equivalents, beginning of year	**6,354,390**	4,209,860
Cash and Cash Equivalents, end of year	**$ 5,748,109**	$ 6,354,390

(Continued)

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund 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	**$ (15,674,706)**	$ (16,493,963)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**1,292,958**	1,248,283
On-behalf contributions to teachers' retirement system	**717,027**	723,000
Changes in net assets and liabilities:		
Accounts receivable	**134,512**	107,398
Inventories	**29,978**	(68,145)
Accounts payable and accrued expenses	**(221,343)**	(12,211)
Net OPEB obligation	**(6,390)**	(6,818)
Net pension liability	**(4,308,663)**	-
Deferred amounts related to pensions	**3,350,618**	-
Unearned revenues	**5,399**	27,492
Compensated absences	**20,466**	(15,470)
Student and other deposits	**(1,235)**	3,555
Net cash used in operating activities	**$ (14,661,379)**	$ (14,486,879)
Noncash Investing, Noncapital Financing and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the College	**$ 617,073**	$ 466,094
Debt issued on-behalf of College with proceeds held by issuing agency	**777,737**	1,156,027
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets:		
Cash and cash equivalents	**$ 5,432,850**	$ 6,043,282
Restricted cash and cash equivalents	**315,259**	311,108
Total cash and cash equivalents	**$ 5,748,109**	$ 6,354,390

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Nature of operations: Northeastern Oklahoma Agricultural and Mechanical College (the College) is an associate degree granting institution established by an act of the Oklahoma State Legislature in 1919. The College's mission is to provide higher education primarily for people of northeastern Oklahoma and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities.

Reporting entity: The College is one of five institutions of higher education in Oklahoma that comprise 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 consists of Connors State College, Langston University, Northeastern Oklahoma A&M College, Oklahoma Panhandle State University and Oklahoma State University. This authority includes but is not limited to the power to designate management, 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.

The College is considered an enterprise fund of the Board of Regents. These financial statements include only the financial position, activities and cash flows of the College. They do not purport to present, and do not present, the financial statements of the Board of Regents of the Oklahoma Agricultural and Mechanical Colleges.

In prior years, the College 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 College is not a legally separate entity, and therefore it is not a component unit of the State. The College is an enterprise fund of the Board of Regents as mentioned above.

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 College applies all applicable GASB pronouncements.

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. 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 College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Investments: The College 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State. Accounts receivable also include amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the College's previous loss history, and the condition of the general economy and the industry as a whole. The College writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Inventories: Inventories consist primarily of books and supplies held for resale, and food products at the College's cafeteria. Inventories are carried at the lower of cost (first-in, first-out) or fair market value.

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

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

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The College 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 25 to 40 years for buildings, infrastructure and land improvements and 7 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 vacation payable 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 is not significantly different from the effective interest method. Bond issuance costs are expensed as incurred regardless of whether they are included in bond proceeds.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

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

Restricted net position—expendable: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend 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 College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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

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

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

Classification of revenues and expenses: The College 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 expenses: Nonoperating expense is comprised entirely of interest expense on long-term liabilities.

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

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

New accounting pronouncements adopted in fiscal year 2015: The College 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 a decrease in net position of $15,682,759 as of July 1, 2014.

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 $1,666,631 for contributions and an increase in net position as of July 1, 2014.

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

Note 1. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements issued not yet adopted: The GASB has also issued several new accounting pronouncements which will be effective for the College in future fiscal years. A description of the new accounting pronouncements and the College's consideration of the impact of these pronouncements are described below:

Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72) was issued February 2015, 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 College beginning with its fiscal year ending June 30, 2016. Those provisions of the statement that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68 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 Benefits Plans Other Than Pension Plans* (GASB No. 74) was issued in June 2015 and replaces Statements No. 43 Financial Reporting for Postemployment Benefits 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 June 2015, will be effective for the College 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. 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.

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

Note 2. Deposits and Investments

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

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

The College 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 College's name. As of June 30, 2015 and 2014 the College's deposits were not exposed to custodial credit risk.

At June 30, 2015 and 2014 the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

	2015	2014
Deposits with the State Treasurer	$ 5,718,104	$ 6,329,335
U.S. financial institutions	10,000	10,000
Petty cash and change funds	20,005	15,055
Total deposits	$ 5,748,109	$ 6,354,390

The differences between the bank balances and the related carrying amounts are due to outstanding checks and deposits in transit.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in (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.

In 2013, the College began participation in *OK Invest*. Of funds on deposit with the State Treasurer, amounts invested in *OK INVEST* total $4,377,410 in 2015 and $6,500,071 in 2014.

For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents.

Note 2. Deposits and Investments (Continued)

At June 30, 2015 and 2014, the distribution of deposits in *OK INVEST* is as follows:

	2015		2014	
OK INVEST Portfolio	Cost	Fair Value	Cost	Fair Value
U.S. Agency securities	$ 1,743,377	$ 1,741,492	$ 2,946,697	$ 2,940,968
Money market mutual funds	545,141	545,141	310,093	310,093
End of day commercial paper sweep	87,855	87,855	135,157	135,157
Certificates of deposit	118,564	118,564	166,720	166,720
Mortgage backed agency securities	1,703,528	1,725,302	2,638,454	2,692,896
Municipal bonds	60,209	65,286	98,533	109,125
Foreign bonds	33,436	33,436	50,455	50,455
U.S. Treasury Obligations	50,260	60,334	76,465	94,657
Total	$ 4,342,370	$ 4,377,410	$ 6,422,574	$ 6,500,071

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.

Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. *Credit/default risk* is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations.

Liquidity risk is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. *U.S. Government securities risk* is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State, the FDIC or any other government agency.

Note 2. Deposits and Investments (Continued)

At June 30, 2015 and 2014, the College had the following investments:

	Credit Rating	Maturities	2015 Cost	2015 Fair Value	Percent of Cost
Oklahoma State University investment pool	Not Rated	Less than One	$ 231,790	$ 231,344	34%
U.S. Treasury	Not Rated	Less than One	360,181	360,181	53%
OSRHE endowment holdings	Not Rated	Less than One	87,053	87,053	13%
			679,024	678,578	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than One	4,342,370	4,377,410	N/A
			$ 5,021,394	$ 5,055,988	

	Credit Rating	Maturities	2014 Cost	2014 Fair Value	Percent of Cost
Oklahoma State University investment pool	Not Rated	Less than One	$ 230,846	$ 230,887	26%
U.S. Treasury	Not Rated	Less than One	581,427	581,427	66%
OSRHE endowment holdings	Not Rated	Less than One	70,813	70,813	8%
			883,086	883,127	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than One	6,422,574	6,500,071	N/A
			$ 7,305,660	$ 7,383,198	

The Oklahoma State University investment pool includes various U.S. Government securities and mortgage-backed securities.

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

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 College is authorized to invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Regents.

Concentration of credit risk: The College’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 College’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 College does not have a formal concentration of credit risk policy.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2015	2014
Student tuition and fees	$ 1,194,301	$ 1,015,932
Auxiliary enterprises and other student activities	796,200	677,288
Federal and state agencies	398,717	322,944
	2,389,218	2,016,164
Less allowance for doubtful accounts	(1,508,719)	(1,001,153)
Accounts receivable, net	$ 880,499	$ 1,015,011

Note 4. Capital Assets

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

	Balance at June 30, 2014	Additions	Transfers and Retirements	Balance at June 30, 2015
Capital assets not being depreciated:				
Land	$ 501,111	$ -	$ (395)	$ 500,716
Construction in-progress	220,828	1,212,641	(921,725)	511,744
Total capital assets not being depreciated	721,939	1,212,641	(922,120)	1,012,460
Capital assets being depreciated:				
Buildings and improvements	51,334,732	77,627	873,829	52,286,188
Nonstructural improvements	261,844	-	47,896	309,740
Infrastructure	755,718	56,955	-	812,673
Equipment	6,759,024	206,969	(8,773)	6,957,220
Library materials	2,438,450	71,538	-	2,509,988
Total capital assets being depreciated	61,549,768	413,089	912,952	62,875,809
Accumulated depreciation:				
Buildings and improvements	(14,445,021)	(749,889)	-	(15,194,910)
Nonstructural improvements	(234,992)	(4,396)	-	(239,388)
Infrastructure	(484,474)	(42,342)	-	(526,816)
Equipment	(5,413,693)	(422,540)	8,775	(5,827,458)
Library materials	(2,320,954)	(73,791)	-	(2,394,745)
Total accumulated depreciation	(22,899,134)	(1,292,958)	8,775	(24,183,317)
Capital assets, net	$ 39,372,573	$ 332,772	$ (393)	$ 39,704,952
Capital assets summary:				
Capital assets not being depreciated	$ 721,939	$ 1,212,641	$ (922,120)	$ 1,012,460
Capital assets being depreciated	61,549,768	413,089	912,952	62,875,809
Total cost of capital assets	62,271,707	1,625,730	(9,168)	63,888,269
Less accumulated depreciation	(22,899,134)	(1,292,958)	8,775	(24,183,317)
Capital assets, net	$ 39,372,573	$ 332,772	$ (393)	$ 39,704,952

Note 4. Capital Assets (Continued)

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

	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014
Capital assets not being depreciated:				
Land	$ 501,111	$ -	$ -	$ 501,111
Construction in-progress	-	220,828	-	220,828
Total capital assets not being depreciated	501,111	220,828	-	721,939
Capital assets being depreciated:				
Buildings and improvements	49,701,113	1,633,619	-	51,334,732
Nonstructural improvements	261,844	-	-	261,844
Infrastructure	680,110	75,608	-	755,718
Equipment	5,869,835	939,547	(50,358)	6,759,024
Library materials	2,361,302	77,148	-	2,438,450
Total capital assets being depreciated	58,874,204	2,725,922	(50,358)	61,549,768
Accumulated depreciation:				
Buildings and improvements	(13,719,472)	(725,549)	-	(14,445,021)
Nonstructural improvements	(231,928)	(3,064)	-	(234,992)
Infrastructure	(443,910)	(40,564)	-	(484,474)
Equipment	(5,063,071)	(400,980)	50,358	(5,413,693)
Library materials	(2,242,828)	(78,126)	-	(2,320,954)
Total accumulated depreciation	(21,701,209)	(1,248,283)	50,358	(22,899,134)
Capital assets, net	$ 37,674,106	$ 1,698,467	$ -	$ 39,372,573
Capital assets summary:				
Capital assets not being depreciated	$ 501,111	$ 220,828	$ -	$ 721,939
Capital assets being depreciated	58,874,204	2,725,922	(50,358)	61,549,768
Total cost of capital assets	59,375,315	2,946,750	(50,358)	62,271,707
Less accumulated depreciation	(21,701,209)	(1,248,283)	50,358	(22,899,134)
Capital assets, net	$ 37,674,106	$ 1,698,467	$ -	$ 39,372,573

Note 5. Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2015 was as follows:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Amounts Due Within One Year
Capital lease obligations:					
OCIA Series 1999 A, B, and C	$ 177,107	$ -	$ (177,107)	$ -	$ -
OCIA Series 2005F	361,224	-	(176,596)	184,628	184,628
OCIA Series 2010A	1,571,961	-	-	1,571,961	87,606
OCIA Series 2010B	493,355	-	(287,768)	205,587	205,587
OCIA Series 2014A	3,208,552	-	-	3,208,552	-
OCIA Series 2014B	-	161,252	(28,302)	132,950	31,559
ODFA Master Lease, Series 2007A	283,250	-	(93,333)	189,917	97,333
ODFA Master Lease, Series 2010A	2,999,334	-	(152,250)	2,847,084	155,333
ODFA Master Lease, Series 2010B	1,042,250	-	(175,083)	867,167	170,417
ODFA Master Lease, Series 2011A	2,827,084	-	(143,417)	2,683,667	148,250
ODFA Master Lease, Series 2011C	461,084	-	(83,333)	377,751	86,000
ODFA Master Lease, Series 2013A	2,365,250	-	(117,083)	2,248,167	118,417
ODFA Master Lease, Series 2014C	1,123,154	-	(35,654)	1,087,500	42,167
Premium on master leases	123,793	-	(15,046)	108,747	-
Discount on master leases	(26,405)	-	913	(25,492)	-
NEO Development Foundation-Multipurpose Athletic Center	1,473,996	-	(76,751)	1,397,245	80,364
Total bonds and capital leases	18,484,989	161,252	(1,560,810)	17,085,431	1,407,661
Other liabilities:					
Net pension liability	-	17,349,390	(4,308,663)	13,040,727	-
Accrued pensions and other post-retirement benefit obligations	112,819	-	(6,390)	106,429	-
Accrued compensated absences	322,815	212,048	(191,583)	343,280	212,047
Total other liabilities	435,634	17,561,438	(4,506,636)	13,490,436	212,047
Total long-term liabilities	$ 18,920,623	$ 17,722,690	$ (6,067,446)	$ 30,575,867	$ 1,619,708

Note 5. Long-Term Liabilities (Continued)

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Amounts Due Within One Year
Capital lease obligations:					
OCIA Series 1999 A, B, and C	$ 206,659	$ -	$ (29,552)	$ 177,107	$ 30,980
OCIA Series 2005F	3,916,364	-	(3,555,140)	361,224	176,596
OCIA Series 2010A	1,571,961	-	-	1,571,961	-
OCIA Series 2010B	493,355	-	-	493,355	287,768
OCIA Series 2014A	-	3,208,552	-	3,208,552	-
ODFA Master Lease, Series 2007A	372,583	-	(89,333)	283,250	93,333
ODFA Master Lease, Series 2009A	19,250	-	(19,250)	-	-
ODFA Master Lease, Series 2010A	3,147,667	-	(148,333)	2,999,334	152,250
ODFA Master Lease, Series 2010B	1,211,583	-	(169,333)	1,042,250	175,083
ODFA Master Lease, Series 2011A	2,966,417	-	(139,333)	2,827,084	143,417
ODFA Master Lease, Series 2011C	540,417	-	(79,333)	461,084	83,333
ODFA Master Lease, Series 2013A	-	2,433,000	(67,750)	2,365,250	117,083
ODFA Master Lease, Series 2014C	-	1,129,000	(5,846)	1,123,154	35,654
Premium on master leases	92,002	44,099	(12,308)	123,793	-
Discount on master leases	-	(26,938)	533	(26,405)	-
NEO Development Foundation-Multipurpose Athletic Center	-	1,617,271	(143,275)	1,473,996	76,751
Total bonds and capital leases	14,538,258	8,404,984	(4,458,253)	18,484,989	1,372,248
Other liabilities:					
Accrued pensions and other post-retirement benefit obligations	119,637	-	(6,818)	112,819	-
Accrued compensated absences	338,285	160,298	(175,768)	322,815	160,298
Total other liabilities	457,922	160,298	(182,586)	435,634	160,298
Total long-term liabilities	$ 14,996,180	$ 8,565,282	$ (4,640,839)	$ 18,920,623	$ 1,532,546

Oklahoma Capital Improvement Authority Lease Obligations (OCIA)

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 College has participated in these projects as discussed below. In each of the transactions, OCIA and the College have entered into a lease agreement with terms characteristic of a capital lease. As a result, the College 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 College.

In 1999, the OCIA issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, the OSRHE allocated $500,611 to the College. Concurrently with the allocation, the College entered into a lease agreement with OCIA, for the project being funded by the OCIA bonds. The lease agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent leases were provided for capital improvements at the College.

Note 5. Long-Term Liabilities (Continued)

In 2004, the OCIA issued bond series 2004A that refunded a significant portion of the 1999A bonds. Consequently, the amortization of the 1999A bond issue ended in 2010. The lease agreement no longer secures the 1999A bond issue but acts as security for the 2004A bond issue over the term of the lease through the year 2020.

During 2015, the College's remaining 2004 lease agreement with OCIA was restructured through a refunding of the Series 2004A bonds. 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 College'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 College has recorded a deferred inflow of resources of $15,855, 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 $13,121. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $26,006, which approximates the economic savings of the transaction.

Lease principal and interest payments to OCIA totaling $33,145 and $39,761 during the years ended June 30, 2015 and 2014, respectively, were made by the State of Oklahoma on behalf of the College. 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.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the OSRHE allocated approximately $6,000,000 to the College. Total lease payments over the term of the agreement including principal and interest, beginning July 1, 2006 through July 1, 2030, will be $10,400,529. Payments will be made annually ranging from $164,494 to $442,595, by the State of Oklahoma on behalf of the College. Concurrently with the allocation, the College 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 College.

Lease principal and interest payments to OCIA totaling $184,912 and $345,506 during the years ended June 30, 2015 and 2014, respectively, were made by the State of Oklahoma on behalf of the College. 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.

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

Note 5. Long-Term Liabilities (Continued)

This lease restructuring has extended certain principal payments into the future, resulting in a cost on restructuring. The College has recorded a deferred outflow of resources of $339,333, 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 $59,787 and $119,574, 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 $64,688, which also approximates the economic cost of the lease. Although this restructuring resulted in a cost to the College, it is anticipated that the on-behalf payments provided to cover the original lease agreement will also cover the deferred lease restructuring charge.

Lease principal and interest payments to OCIA totaling $368,804 and $80,827 during the years ended June 30, 2015 and 2014, respectively, were made by the State of Oklahoma on behalf of the College. 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.

During 2014, the College’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 College’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 College has recorded a deferred inflow of resources of $178,047, 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 $164,420. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $419,355, which approximates the economic savings of the transaction.

Lease principal and interest payments to OCIA, totaling $30,212 during the year ended June 30, 2015, were made by the State of Oklahoma on behalf of the College. 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.

Oklahoma Development Finance Authority Lease Obligation (ODFA)

In 2007, the College entered into a capital lease obligation for the Oklahoma Development Finance Authority (ODFA) Master Real Property Lease Revenue Bonds, Series 2007A in the amount of $846,000. Total lease payments over the term of the agreement, beginning July 15, 2007 through May 15, 2017 will be $1,048,657. Payments will be made monthly ranging from $8,740 to $9,388. Proceeds from the obligation were used for renovations to the football stadium, along with the issuance costs of the obligation.

In 2009, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Revenue Bonds, Series 2009A in the amount of $100,000 for five years. Total lease payments over the term of the agreement, beginning July 1, 2009 through May 15, 2014 will be $108,883. Payments were made monthly ranging from $1,804 to $2,110. Proceeds from the obligation were used for the purchase of recruitment software.

Note 5. Long-Term Liabilities (Continued)

In 2010, the College entered into a capital lease obligation for the ODFA Master Equipment Lease Purchase Agreement, Series 2010B in the amount of $1,627,812. Total lease payments over the term of the agreement, beginning January 15, 2011 through November 15, 2030 will be $2,023,077. Payments will be made monthly ranging from $17,802 to $19,168. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2010, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Revenue Bonds, Series 2010A in the amount of $3,500,000. Total lease payments over the term of the agreement, beginning July 14, 2011 through May 15, 2031 will be $4,579,321. Payments will be made monthly ranging from $19,165 to $21,124. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2011, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Revenue Bonds, Series 2011A in the amount of $3,065,000. Total lease payments over the term of the agreement, beginning July 14, 2011 through May 15, 2031 will be $4,560,290. Payments will be made monthly ranging from $19,158 to $21,004. Proceeds from the obligation were used for the Student Union Renovation Project. Through June 30, 2012, the College had drawn its total allotment for expenditures incurred in connection with the project. In August of 2011, the Student Union Renovation was completed and the facility placed in service.

In 2011, the College entered into a capital lease obligation for the ODFA Master Equipment Lease Revenue Bonds, Series 2011A in the amount of $167,000. Total lease payments over the term of the agreement, beginning May 11, 2011 through May 15, 2018 will be $188,409. Payments will be made monthly ranging from $2,205 to $2,281. Proceeds from the obligation will be used for lighting upgrades. In October 2012, the lighting upgrade project was completed and placed in service. Through June 30, 2015, the College had drawn its total allotment for expenditures incurred in connection with the project.

In 2011, the College entered into a capital lease obligation for the ODFA Master Equipment and Real Property Lease Revenue Bonds, Series 2011C in the amount of $665,000. Total lease payments over the term of the agreement, beginning October 15, 2011 through May 15, 2031 will be $823,610. Payments will be made monthly ranging from $868 to $8,611. Proceeds from the obligation were used for upgrades to campus equipment, a new VOIP phone system and the construction of a new Student Housing Project. Through June 30, 2013, the College had drawn its total allotment for expenditures incurred in connection with the project. In October 2012, the VOIP project was completed and placed in service. The Student Housing Complex was completed and placed into service in January 2012.

In 2013, the College entered into a capital lease obligation for the ODFA Master Equipment and Real Property Lease Revenue Bonds, Series 2013A in the amount of $2,433,000. Total lease payments over the term of the agreement, beginning December 15, 2013 through May 15, 2043, will be $4,104,857. Payments will be made monthly ranging from $10,300 to $17,967. Proceeds from the obligation were used for reimbursing 2013 expenditures for the Kah-Ne Hall renovation, campus vehicles, and classroom furniture. Through June 30, 2015, the College has drawn its total allotment for reimbursing expenditures incurred in connection with the projects.

Note 5. Long-Term Liabilities (Continued)

In 2014, the College entered into a capital lease obligation for the ODFA Master Real Property Lease Revenue Bonds, Series 2014C in the amount of $1,145,000. Total lease payments over the term of the agreement, beginning May 15, 2014 through May 15, 2034, will be $1,614,149. Payments will be made monthly ranging from $6,229 to $6,838. Proceeds from the obligation will be used for improvements to the Synar Farm. Through June 30, 2015 and 2014, the College has drawn all but $777,737 and $1,156,027, respectively, of its total allotment, including interest, which are shown as funds held in custody by others in the statements of net position.

Future minimum lease payments under the College's obligations to the OCIA and ODFA are as follows:

	Principal	Interest	Total
Years ending June 30:			
2016	$ 1,327,297	$ 607,702	$ 1,934,999
2017	1,392,660	578,440	1,971,100
2018	1,244,048	533,590	1,777,638
2019	1,069,349	488,584	1,557,933
2020	463,541	446,456	909,997
2021-2025	3,342,027	1,929,242	5,271,269
2026-2030	4,659,232	1,104,861	5,764,093
2031-2035	1,293,860	301,677	1,595,537
2036-2040	477,084	149,460	626,544
2041-2044	335,833	31,884	367,717
	$ 15,604,931	$ 6,171,896	$ 21,776,827

Note 6. Retirement Plans

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

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

Note 6. Retirement Plans (Continued)

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 Blue Cross Blue Shield of Oklahoma, 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 College pays the employee contributions as a pre-tax benefit for the employees. The College's contribution rate is 9.5 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 College's contributions to OTRS in 2015, including both the employer share and the employee share, was approximately $1,687,000, 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 College and recognized in the College's Statement of Revenues, Expenses and Changes in Net Position as both revenues and compensation and employee benefit expense in 2015 was $717,027. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions: At June 30, 2015, the College reported a liability of $13,040,727 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 College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the College's proportion was .2424 percent.

Note 6. Retirement Plans (Continued)

For the year ended June 30, 2015, the College recognized pension expense of $1,446,023. 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	$ -	$ 214,950
Changes of assumptions		-
Net difference between projected and actual earnings on pension plan investments	-	3,156,078
College contributions subsequent to the measurement date	1,687,041	-
Total	$ 1,687,041	$ 3,371,028

Deferred pension outflows totaling $1,687,041 resulting from the College's 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 $3,156,078 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 $214,950 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 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	$ (829,424)
2017	(829,424)
2018	(829,424)
2019	(829,424)
2020	(40,404)
Thereafter	(12,928)
	$ (3,371,028)

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

Note 6. Retirement Plans (Continued)

- 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	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%
Internationa 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)

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.

Note 6. Retirement Plans (Continued)

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	$ 18,320,511	$ 13,040,727	$ 8,584,409

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

Funding policy: The Plan is not funded and benefits do not vest to the participants until their retirement. The College has been funding the benefits on a "pay as you go" basis. Only certain employees are eligible to participate in the Plan and the Plan has been discontinued. During the years ended June 30, 2015 and 2014, the College paid approximately $14,000 to retirees under the Plan.

Annual pension cost and net pension obligation: Actuarial valuations of an ongoing plan are required on a biennial basis and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. In the actuarial valuations the projected unit credit method was used. The actuarial assumptions included (a) a discount rate of 5.25 percent per year to determine the present value of future benefit payments; (b) retirement at age 65; (c) a 5.25 percent rate of return on investments; (d) projected salary increases of 3.5 percent per year; and (e) a 6 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 ten (10) years.

The annual pension cost and net pension obligation to the Plan for the years ended June 30, were as follows:

	2015	2014
Annual required contribution	$ 11,772	$ 11,601
Interest on net pension obligation	412	754
Adjustment to annual required contribution	(9,565)	(6,073)
Annual pension cost	2,619	6,282
Contributions made	14,232	14,232
Decrease in net pension obligation	(11,613)	(7,950)
Net Pension Obligation, beginning of year	47,135	55,085
Net Pension Obligation, end of year	$ 35,522	$ 47,135

Note 6. Retirement Plans (Continued)

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

Actuarial accrued liability (AAL)	$	58,861
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	58,861
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: Three-year trend information on the percentage of the annual pension cost funded through contributions and the change in the net pension obligation is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Years ending June 30:			
2013	$ 6,282	226.6%	$ 55,085
2014	6,282	226.6%	47,135
2015	2,619	543.4%	35,522

Note 7. Other Postemployment Insurance Benefits

Plan description: The College pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must (a) be at least 62 years of age and have at least ten continuous regular years of service, (b) have worked for the College for at least 25 years in a continuous regular appointment, regardless of age, or (c) meet the OTRS guidelines. In addition, the individual must also have been enrolled in the College’s life insurance program prior to retirement.

Each retiree is eligible to receive $10,000 of life insurance coverage at a cost to the College of $.29 per $1,000 of coverage. As of June 30, 2015, there were approximately 195 active employees and 229 retirees covered under the life insurance program. Authority to establish and amend benefit provisions rests with the Board of Regents. The OPEB Plan does not issue a stand-alone financial report.

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

Annual pension cost and net obligation: Actuarial valuations of an ongoing plan are required on a biennial basis and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. In the actuarial valuations the projected unit credit method was used. The actuarial assumption included a 3.5 percent investment rate of return. The assumption also included postretirement benefit increases, which will be funded by the College when granted. The Plan is an unfunded plan and, accordingly, no assets have been accumulated and no investment income is earned.

Note 7. Other Postemployment Insurance Benefits (Continued)

The College's annual life insurance cost and net obligation of the Plan for the years ended June 30, were as follows:

	2015	2014
Annual required contribution	$ 13,948	$ 8,889
Interest on OPEB obligation	2,299	4,196
Adjustment to annual required contribution	(5,319)	(6,446)
Annual life insurance cost	10,928	6,639
Contributions made	5,705	5,507
Increase in net obligation	5,223	1,132
Net OPEB Obligation, beginning of year	65,684	64,552
Net OPEB Obligation, end of year	$ 70,907	$ 65,684

The net OPEB obligation at June 30, 2015 and 2014 is included in accrued pension and other postemployment benefit obligation 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)	$ 115,519
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 115,519
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	$ 10,050,320
UAAL as a percentage of annual covered payroll	1.15%

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 OPEB Cost	Percentage OPEB Cost Contributed	Net OPEB Obligation
Years ending June 30:			
2013	$ 6,668	87.4%	$ 64,552
2014	6,639	82.3%	65,684
2015	10,928	52.2%	70,907

Note 8. Funds Held in Trust by Others

Dobson Trust: The College is an income beneficiary of the Dobson Trust (the Trust). The fair market values of the Trust's assets at June 30, 2015 and 2014 were $10,546,281 and $10,345,369, respectively. The Trustees' bank has sole discretion for the distribution of income. Terms of the Trust restrict the use of the Trust's income to providing student scholarships and for supplementing the income of individuals teaching at the College. The College recognized the Trust's revenues of $226,778 and $338,015 for the years ended June 30, 2015 and 2014, respectively. The College distributed scholarships and awards of approximately $485,000 and $239,000 during the years ended June 30, 2015 and 2014, respectively.

Oklahoma State Regents Endowment Trust Fund: In connection with the OSRHE Endowment Trust Fund (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The match amount, plus any retained accumulated earnings, totaled approximately $144,000 and $168,000 at June 30, 2015 and 2014, respectively, and is invested by the OSRHE on behalf of the College. Legal title of the match amount is retained by the OSRHE, and, accordingly, such funds have not been reflected in the accompanying financial statements.

Note 9. Related Party Transactions

The Foundation is a legally separate, Oklahoma not-for-profit corporation organized for the purpose of receiving and administering gifts intended for the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors.

In November 2012, the College entered into a ground lease agreement with the Foundation for the purpose of constructing an indoor athletic facility to be known as the Multipurpose Athletic Center (the facility). In exchange for lease payments to the College, the Foundation agreed to construct the facility for the management, use, operation, and benefit of the College. Upon completion of the facility, the College agreed to lease the facility from the Foundation.

The facility was completed in August 2013, at which time the College began occupancy of the facility. The term of this lease agreement is 180 months, beginning on November 1, 2012, and ending on October 31, 2027. The annual rental payment amount is $146,133, with the first payment being made on July 15, 2013, and the final payment occurring on July 15, 2027. At the conclusion of the annual rental payments, the College will own the facility and all improvements thereof. The facility is accounted for as a capital lease and capital asset of the College in the statements of net position. The net book value of the facility as of June 30, 2015 and 2014, was $1,576,839 and $1,617,271, respectively.

Future minimum lease payments under the College's obligation to the Foundation are as follows:

	Principal	Interest	Total
Years ending June 30:			
2016	$ 80,364	$ 65,769	$ 146,133
2017	84,147	61,986	146,133
2018	88,108	58,025	146,133
2019	92,255	53,878	146,133
2020	96,597	49,536	146,133
2021-2025	555,624	175,041	730,665
2026-2029	400,150	38,248	438,398
	$ 1,397,245	$ 502,483	$ 1,899,728

Note 10. Commitments and Contingencies

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

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2015 that management believes would result in a material loss to the College in the event of an adverse outcome.

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

Note 11. Risk Management

The College, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The College pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts. The College does not have any exposure for claims in excess of premiums.

The College is self-insured for unemployment liabilities. Payments are made to the State Employment Security Commission on a claims paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

Required Supplementary Information

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

Required Supplementary Information (Unaudited)

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)
06/30/2012	$ -	$ 70,128	$ 70,128	0.00%	$ -	0.00%
06/30/2013	-	58,601	58,601	0.00%	-	0.00%
06/30/2014	-	58,601	58,601	0.00%	-	0.00%
06/30/2015	-	58,861	58,861	0.00%	-	0.00%

The actuarial accrued liability is based on the projected unit credit method.
The College obtains actuarial valuations biannually in accordance with the provisions of GASB No. 27.

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)
06/30/2012	$ -	$ 66,833	$ 66,833	0.00%	$ 9,535,463	0.70%
06/30/2013	-	62,039	62,039	0.00%	9,873,269	0.63%
06/30/2014	-	62,039	62,039	0.00%	9,910,563	0.63%
06/30/2015	-	115,519	115,519	0.00%	10,050,320	1.15%

The actuarial liability is based on the projected unit credit cost method.
The College obtains actuarial valuations biannually in accordance with the provisions of GASB No. 45.

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

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

College's proportion of the net pension liability	0.24%
College's proportionate share of the net pension liability	$ 13,040,727
College's covered-employee payroll	10,050,320
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	129.75%
Plan fiduciary net position as a percentage of the total pension liability	72.43%

Notes to Schedule:

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

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

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

	2015	2014	2013	2012	2011
Contractually required contribution	$ 1,687,041	$ 1,666,631	$ 1,626,146	$ 1,567,809	$ 1,519,946
Contributions in relation to the contractually required contribution	1,687,041	1,666,631	1,626,146	1,567,809	1,519,946
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 10,050,320	$ 9,910,563	$ 9,873,269	$ 9,535,463	$ 9,232,140
Contributions as a percentage of covered-employee payroll	16.79%	16.82%	16.47%	16.44%	16.46%

	2010	2009	2008	2007	2006
Contractually required contribution	$ 1,536,978	$ 1,496,353	$ 1,443,784	$ 1,315,478	$ 1,210,481
Contributions in relation to the contractually required contribution	1,536,978	1,496,353	1,443,784	1,315,478	1,210,481
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 9,448,883	$ 9,463,025	$ 9,563,425	$ 9,186,192	$ 8,635,324
Contributions as a percentage of covered-employee payroll	16.27%	15.81%	15.10%	14.32%	14.02%

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

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
Northeastern Oklahoma Agricultural and Mechanical College
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 Northeastern Oklahoma Agricultural and Mechanical College (the College), an enterprise fund of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Regents), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 25, 2015. 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 College is an enterprise fund of the Regents and these financial statements reflect only the assets, liabilities and revenues and expenses of the College and not the Regents as a whole.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2015-01 and 2015-02 that we consider to be significant deficiencies.

College's Responses to Findings
The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College'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 College'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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
November 25, 2015

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
Northeastern Oklahoma Agricultural and Mechanical College
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of Northeastern Oklahoma Agricultural and Mechanical College (the College) 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 College's major federal programs for the year ended June 30, 2015. The College'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 College'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 College'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 College's compliance.

Opinion on Each Major Federal Program

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

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-04. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the College 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 College'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 College'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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2015-03 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
November 25, 2015

Other Supplementary Information

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

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

	Federal CFDA #	Pass-Through Entity Identification #	Expenditures
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	$ 5,524,503
Federal Supplemental Educational Opportunity Grants	84.007	N/A	104,000
Federal Direct Student Loans	84.268	N/A	5,623,578
Federal Work Study	84.033	N/A	158,182
Total Student Financial Aid cluster			11,410,263
TRIO Program Cluster:			
Upward Bound	84.047	N/A	285,891
Student Support Services	84.042	N/A	255,187
Total TRIO Program cluster			541,078
Title III			
Merging Tradition and Techonology to Create Acces to High Demand Careers	84.382C	N/A	474,398
Kah-Ne-You-Ah Native American Success and Cultural Center	84.031X	N/A	402,490
Total Title III Programs			876,888
Total U.S. Department of Education			12,828,229
U.S. Department of Agriculture			
Office of Rural Utilities Service:			
Distance learning and telemedicine loans and grants	10.855	N/A	47,785
Other Programs:			
Pass-Through Office of Assistant Secretary for Vocational and Adult Education:			
Oklahoma Department of Career and Technology Education:			
Vocational Education:			
Basic Grants to States—Carl D. Perkins	84.048	N/A	36,027
Pass-Through U.S. Department of Education			
Oklahoma State Department of Education:			
Basic Grant to States—Adult Education and Literacy Program	84.002	V002A140037	163,871
Office of Vocational and Adult Education:			
Career and Technical Education—Grants to Native Americans and Alaskan Natives	84.101	V101A130006-14	12,009
Total pass-through U.S. Department of Education			175,880
Pass-Through Department of Health and Human Services:			
Administration for Children and Families, Department of Health and Human Services			
Oklahoma State Regents for Higher Education:			
Temporary Assistance for Needy Families—Allied Jobs Program	93.558	N/A	167,471
Child Care Development Block Grant—Scholars for Excellence Program	93.575	N/A	72,782
Total pass-through Department of Health and Human Services			240,253
Pass-Through Food and Nutrition Service, Department of Agriculture:			
Oklahoma State Department of Education—Child Nutrition Program	10.559	60K300329	61,742
Total other programs			513,902
Total federal awards expended			$13,389,916

See Notes to Schedule of Expenditures of Federal Awards.

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

Note 1. Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeastern Oklahoma Agricultural and Mechanical College (the College) under programs of the federal government 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 College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Note 2. Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash 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 Direct Loan Program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The College began participation in the Direct Loan Program on July 1, 2010. The College administers the origination and disbursement of the loans to eligible students or parents. The College is not responsible for the collection of these loans.

Note 4. Subrecipients

During the year ended June 30, 2015, the College did not provide any federal awards to subrecipients.

Northeastern Oklahoma Agricultural and Mechanical College
(An Enterprise Fund of the Board of Regents for the
Oklahoma Agricultural and Mechanical Colleges)

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. Significant Deficiency in Internal Control

2014-01

Criteria: The College is responsible for preparing the Schedule of Expenditures of Federal Awards (‘SEFA”), based upon the grant information obtained from the financial accounting records and other information provided by each department.

OMB Circular A-133, subpart .300 Auditee Responsibilities, states in part: The auditee shall: (a) Identify, in all accounts, all Federal awards received and expended and the Federal Programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (b) Maintain internal control over Federal programs that provides reasonable assurance...” Reasonable assurance is the understanding that there is a remote likelihood that material compliance requirements will not be detected or attested to on a timely basis.

OMB Circular A-133, subpart .310 Financial Statements, states in part: (b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements… At a minimum, the schedule shall:

1. List all Federal programs by Federal agency.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Condition: The College omitted from its fiscal year 2013 SEFA a Federal expenditure in the amount of $103,147 related to the Trade Adjustment Assistance Community College and Career Training program, CFDA number 17.282. In addition, the College omitted from its initially prepared fiscal year 2014 SEFA multiple Federal programs with expenditures totaling $295,236. Finally, the College included $15,194 in expenditures related to the Adult Education and Literacy Program, CFDA number 84.002, in fiscal year 2014 that were not Federal expenditures.

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

Effect or Potential Effect: Total expenditures of Federal awards as reported on the SEFA were understated in the fiscal year 2013 by $103,147 and in fiscal year 2014 by a net amount of $280,042. It is noted that these amounts would be considered significant as they are over the type B program threshold. As a result the auditee is not fulfilling its responsibility to ensure that the required audits are being properly performed in accordance with OMB Circular A-133 section .300(e).

Recommendation: We recommend that management of the College 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.

Views of a Responsible Official: Management has reviewed the current procedures for preparing the SEFA and identified potential areas of concern. Management will work with the Information Technology department to design better reports to be used in preparing the SEFA. In addition, management will begin collecting the data for the SEFA on a quarterly basis. Finally, management has established an annual review process for all federal grants to ensure proper reporting on the SEFA.

Current Status: The College made significant improvements in the preparation of its current year SEFA. One matter was noted which is described at Finding 2015-03.

B. Compliance Findings

No matters were reported.

Schedule of Findings and Questioned Costs
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? ____ Yes __X__ No
- Significant deficiency(ies) identified? __X__ Yes ____ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards:

Internal control over major 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
*	TRIO Cluster
84.382C	Merging Tradition and Technology to Create Access to High Demand Careers
84.031X	Kah-Ne-You-Ah Native American Success and Cultural Center

* 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: $300,000

Auditee qualified as low-risk auditee? __X__ Yes ____ No

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

(A) Significant Deficiencies in Internal Control

2015-01

Finding: Capital assets are not being properly tracked or recorded in the accounting software.

Criteria: Effective internal controls and accounting for capital assets require the College to maintain a detail listing of all capital assets owned by the College.

Condition: The College is not fully utilizing the accounting software to track capital asset additions, disposals or accumulated depreciation. Beginning fiscal year 2012, the capital assets of the College have not been updated in the accounting software. This has caused the College to manually compute accumulated depreciation and the related depreciation expense on a yearly basis.

Cause: The College is manually tracking various capital assets that are acquired or constructed.

Context: Capital assets and the related accumulated depreciation.

Effect: There is approximately $20,000,000 of capital assets and $835,000 in related accumulated depreciation that is not being tracked in the accounting software. A net unreconciled difference of approximately $248,000 was noted between the financial statements and the combined detail per the accounting system and the manually prepared detail.

Recommendation: We recommend that the College maintain detailed capital asset records within the accounting software and reconcile these records to the general ledger on a timely basis to ensure accurate accounting for all assets.

Response and Corrective Action Plan: Management concurs with the finding and recommendation. Effective January 1, 2016, the College will review fixed asset additions quarterly to ensure they are being added to and tracked through the accounting software. Additionally, the College will conduct fixed asset verifications on a cyclic basis once per quarter. The cycle will be designed so that there is a complete fixed asset verification conducted every two years.

2015-02

Finding: Net position did not properly roll forward from the prior year.

Criteria: Beginning net position for the current fiscal year should agree to ending net position of the prior year.

Condition: A difference was noted between beginning net position as of July 1, 2014 per the trial balance provided by the College and ending net position per the June 30, 2014 audited financial statements. The difference was the result of late adjusting journal entries proposed in the 2014 audit that were not recorded by the College.

Cause: The College did not perform a reconciliation of its audited ending net position at June 30, 2014 with the beginning net position at July 1, 2014.

Context: Beginning net position was misstated.

Effect: The initial trial balances and financial statements provided to us, net position and expenses were overstated by approximately $160,000.

Recommendation: Additional controls and oversight should be put in place over the preparation of the year end trial balance. The College should prepare a roll forward of net position and investigate any differences.

Response and Corrective Action Plan: Management concurs with the finding and recommendation, and will implement a second-level review of the net position roll forward to ensure a complete and accurate reconciliation of the current year beginning net position to the prior year ending net position.

(B) Compliance Findings

No matters were reported.

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

(A) Significant Deficiency 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 College is responsible for preparing the SEFA, based upon the grant information obtained from the financial accounting records and the grantor. This responsibility includes the identification and accumulation of all Federal award programs, including the appropriate CFDA numbers.

Condition: All expenditures for the Title III program were grouped under CFDA #84.382. However, based on the grant notifications and program information there are two separate programs identified as CFDA #84.031X and #84.382C.

Cause: When the College prepared its preliminary SEFA for the year ended June 30, 2012, it listed both awards separately but used the same CFDA Number. Upon the verbal recommendation of the external auditors, the College combined the expenditures for the two programs into one line, and the Title III program was considered a major federal program. In addition, this error went undetected in the subsequent 2013 and 2014 audits by both the College and the external auditors.

Context: The SEFA was modified to remove CFDA #84.382 with expenditures of $876,888. CFDA #84.031X and #84.382C were added to the SEFA with expenditures of $402,490 and $474,398, respectively.

Effect: The proper identification of CFDA Numbers applicable to each Federal award program is important for an accurate presentation of the SEFA. Inaccurately reporting CFDA numbers could result in a "major" federal program not being properly identified or tested.

Recommendation: We recommend that the College perform a detail review of the SEFA and compare the amounts, program names, and CFDA #'s to the grant notifications or other correspondence received from the grantor. In addition, a centralized file should be maintained with all grant related information for easy reference when preparing the SEFA.

Response and Corrective Action Plan: Management will perform a review of all federal expenditures verifying total expenditure amounts, program names, and CFDA #'s to ensure accurate reporting on the SEFA.

(B) Compliance Findings

2015-04

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)

Federal Award Year: 2014-2015

Finding: Enrollment status of withdrawn and graduated 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."

Condition: In our testing of 25 student status changes reported to NSLDS we noted that there were 3 instances in which withdrawn and graduated students did not have their enrollment status change reported to the NSLDS via National Student Clearinghouse (NSC) within 60 days from either the date of withdrawal determination or date of graduation as required by federal regulations for NSLDS reporting.

Context: The Student Financial Aid Office did not report enrollment status (including withdrawals or graduation) for students within the sixty day time frame required by federal regulations. There is no known or projected monetary error as this is a compliance reporting issue.

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.

Cause: The tracking of student statuses involves several steps. The process for reporting student status changes begins when a student a) drops 1 or more but not all courses, b) completely withdraws from all courses, or c) is identified as a graduate as of the end of a semester. When one of these events occurs the institution must update the student's enrollment status within the student system. We noted an instance where a student's enrollment status was not properly updated within the student system. This caused the student status change to not be reported within the time required by federal regulations.

The institution must then compile a report of student statuses to be submitted to the NSC. There are separate reports for regular status updates and graduate status updates each semester. We noted that not all student statuses from the reports were submitted by NSC to NSLDS and therefore not all student statuses were reported within the time required by federal regulations.

Recommendation: We recommend the institution develop appropriate procedures that will ensure enrollment status changes, including withdrawals, changes in enrollment status, and graduation, are properly reported to NSLDS within the 60 day time frame required by federal regulations.

Response and Corrective Action Plan: Management concurs with the finding and recommendation. The Student Financial Aid Department will coordinate with the IT Department to develop a report of students whose enrollment status changes at any time.

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