Oklahoma Panhandle State University

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

Audited Financial Report and Report Required by *Government Auditing Standards*
June 30, 2015

Contents

Independent Auditor's Report

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

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

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Panhandle State Foundation, Inc. (the Foundation). The Foundation is considered a part of the reporting unit of the University, and accordingly, the Foundation's financial statements are presented with the University's financial statements. The Foundation's financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were audited by other auditors and were not audited in accordance with *Government Auditing Standards*.

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

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

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

Emphasis of Matters
As discussed in Note 1, the financial statements of the University's reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University and Foundation. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2015, the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Other Matters
The financial statements of the University, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 27, 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 2, 2015, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report for the year ended June 30, 2014 was audited by other auditors and was dated October 27, 2014.

RSM US LLP

Oklahoma City, Oklahoma
November 2, 2015

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

Management's Discussion and Analysis (Unaudited)

Introduction

The discussion and analysis of Oklahoma Panhandle State University's (the University) financial statements provides an overview of the University's financial activities for the year ended June 30, 2015, with fiscal years 2014 and 2013 data presented for comparative purposes. Since this discussion and analysis is designed to focus on current activities resulting in change and current known facts, it should be read in conjunction with the University's basic financial statements and the footnotes.

Financial Highlights

During 2015, the University 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.

Net Position: For the year ended June 30, 2015, the University's net position increased by $1,919,296 from actual operations and decreased by $10,467,819 as a result of the GASB 68 implementation for an overall decrease in net position of $8,548,523. The decrease was in unrestricted net position

For the year ended June 30, 2014, the University's net position increased from $12,488,549 in 2013 to $12,766,734 in 2014. The majority of the increase was in net investment in capital assets.

Total Revenues: Total revenues decreased from $23,103,810 for the year ended June 30, 2014 to $22,367,035 for the year ended June 30, 2015. The decrease was due mainly to decreases in tuition, athletics, and other nonoperating revenue.

Total revenues increased from $22,794,338 for the year ended June 30, 2013, to $23,103,810 for the year ended June 30, 2014. The increase was due mainly to increases in housing, athletics, other auxiliary revenue, and other nonoperating revenue.

Total Expenses: Total expenses decreased from $22,825,625 for the year ended June 30, 2014 to $20,447,739 for the year ended June 30, 2015. The decrease was a result of lower compensation and benefits and utilities costs.

Total expenses decreased from $22,849,785 for the year ended June 30, 2013, to $22,825,625 for the year ended June 30, 2014. The decrease was a result of lower supplies and material costs.

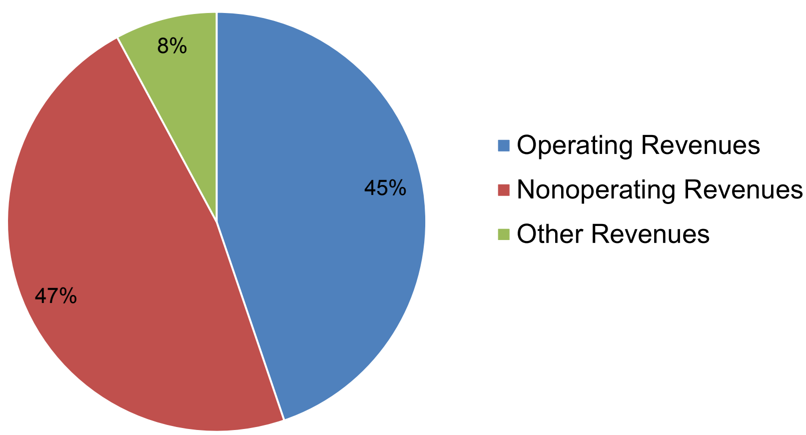
Components of Net Position: At June 30, 2015, the University's net position had decreased to $4,218,211 from $12,766,734 at June 30, 2014, and $12,488,549 in 2013. The decrease from 2014 to 2015 is due to the implementation of GASB 68. Graphically displayed, the comparative net position increases/decreases by category for the three fiscal years are shown below:

	Capital Assets	Restricted	Unrestricted	Total
FY2015	$ 8,667,374	$ 784,461	$ (5,233,624)	$ 4,218,211
FY2014*	8,518,695	615,115	3,632,924	12,766,734
Change in Net Position	$ 148,679	$ 169,346	$ (8,866,548)	$ (8,548,523)
FY2014	$ 8,518,695	$ 615,115	$ 3,632,924	$ 12,766,734
FY2013	8,317,439	830,932	3,340,178	12,488,549
Change in Net Position	$ 201,256	$ (215,817)	$ 292,746	$ 278,185

Financial Highlights (Continued)

Components of Revenues: The following chart provides a graphical breakdown of revenues by category for the fiscal year ending June 30, 2015:

Operating Revenues	Nonoperating Revenues	Other Revenues	Total Revenues
$ 10,013,597	$ 10,592,433	$ 1,761,005	$ 22,367,035



Using This Annual Report

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

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the University as a whole and on its activities. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the University operating results.

Using This Annual Report (Continued)

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

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

Statements of Net Position: The following schedules were prepared from the University's statements of net position, which are presented on an accrual basis of accounting.

For the year ended June 30, 2015, compared to the year ended June 30, 2014, assets and deferred outflows increased as well as liabilities and deferred inflows due to the implementation of GASB Statement No. 68.

	June 30,		Increase	Percent
	2015	2014 *	(Decrease)	Change
Assets				
Current Assets	$ 6,106,358	$ 5,196,528	$ 909,830	17.51%
Noncurrent Assets:				
Restricted cash and cash equivalents	442,267	287,978	154,289	53.58%
Capital assets, net of depreciation	23,915,070	24,893,561	(978,491)	(3.93%)
Other	253,177	241,283	11,894	4.93%
Total assets	$ 30,716,872	$ 30,619,350	$ 97,522	0.32%
Deferred Outflows	$ 1,212,284	$ 140,477	$ 1,071,807	762.98%
Liabilities				
Current Liabilities	$ 2,468,392	$ 2,579,786	$ (111,394)	(4.32%)
Noncurrent Liabilities	22,777,599	15,203,938	7,573,661	49.81%
Total liabilities	$ 25,245,991	$ 17,783,724	$ 7,462,267	41.96%
Deferred Inflows	$ 2,464,954	$ 209,369	$ 2,255,585	1,077.33%
Net Position				
Net investment in capital assets	$ 8,667,374	$ 8,518,695	$ 148,679	1.75%
Restricted for expendable purposes	784,461	615,115	169,346	27.53%
Unrestricted	(5,233,624)	3,632,924	(8,866,548)	(244.06%)
Total net position	$ 4,218,211	$ 12,766,734	$ (8,548,523)	(66.96%)

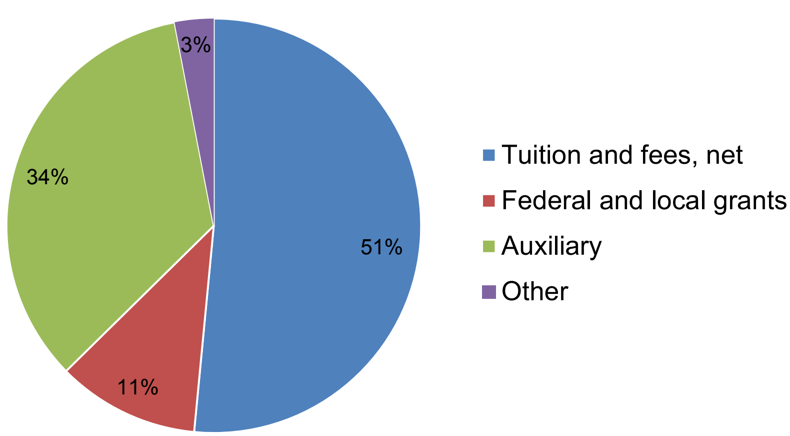
Using This Annual Report (Continued)

For the year ended June 30, 2014, compared to the year ended June 30, 2013, both assets and liabilities decreased due to a decrease in other investments held for debt service and a decrease in long-term debt.

	June 30, 2014	June 30, 2013	Increase (Decrease)	Percent Change
Assets				
Current Assets	$ 5,196,528	$ 5,159,559	$ 36,969	0.72%
Noncurrent Assets:				
Restricted cash and cash equivalents	287,978	254,817	33,161	13.01%
Capital assets, net of depreciation	24,893,561	25,930,655	(1,037,094)	(4.00%)
Other	241,283	595,382	(354,099)	(59.47%)
Total assets	$ 30,619,350	$ 31,940,413	$ (1,321,063)	(4.14%)
Deferred Outflows	$ 140,477	$ 210,715	$ (70,238)	(33.33%)
Liabilities				
Current Liabilities	$ 2,579,786	$ 2,901,620	$ (321,834)	(11.09%)
Noncurrent Liabilities	15,203,938	16,760,959	(1,557,021)	(9.29%)
Total liabilities	$ 17,783,724	$ 19,662,579	$ (1,878,855)	(9.56%)
Deferred Inflows	$ 209,369	$ -	$ 209,369	100.00%
Net Position				
Net investment in capital assets	$ 8,518,695	$ 8,317,439	$ 201,256	2.42%
Restricted for expendable purposes	615,115	830,932	(215,817)	(25.97%)
Unrestricted	3,632,924	3,340,178	292,746	8.76%
Total net position	$ 12,766,734	$ 12,488,549	$ 278,185	2.23%

Statements of Revenues, Expenses and Changes in Net Position: Operating revenues and expenses for the fiscal year ended June 30, 2015, were as follows:

Operating Revenues:



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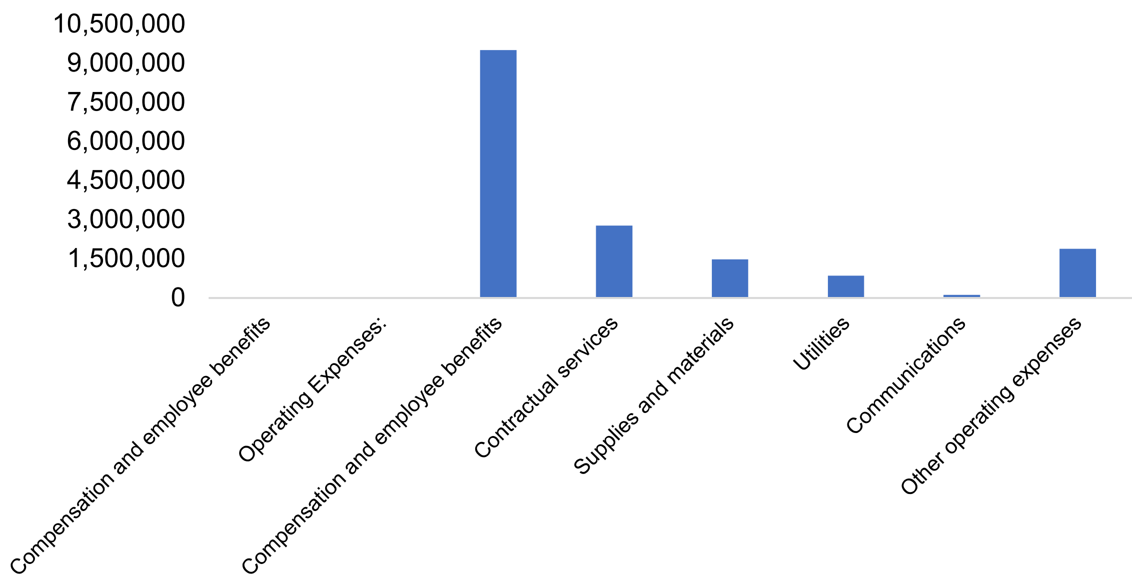
Management's Discussion and Analysis (Unaudited)

Financial Highlights (Continued)

Operating Expenses:



	2015	2014 *	2015 vs. 2014 Increase (Decrease)	2015 vs. 2014 Percentage Change	2013	2014 vs. 2013 Increase (Decrease)	2014 vs. 2013 Percentage Change
Operating Revenues:							
Tuition and fees, net	$ 5,117,181	$ 5,228,456	$ (111,275)	(2.13%)	$ 5,359,579	$ (131,123)	(2.45%)
Federal and local grants	1,147,613	1,206,837	(59,224)	(4.91%)	998,293	208,544	20.89%
Auxiliary	3,423,818	3,581,383	(157,565)	(4.40%)	3,350,740	230,643	6.88%
Other	324,985	265,044	59,941	22.62%	377,031	(111,987)	(29.70%)
Total operating revenue	10,013,597	10,281,720	(268,123)	(2.61%)	10,085,643	196,077	1.94%
Less operating expenses	19,948,059	21,952,734	(2,004,675)	(9.13%)	21,953,229	(495)	(0.00%)
Operating loss	(9,934,462)	(11,671,014)	1,736,552	(14.88%)	(11,867,586)	196,572	(1.66%)
Nonoperating Revenue:							
State appropriations	7,344,045	7,313,359	30,686	0.42%	7,231,781	81,578	1.13%
On-behalf contributions to OTRS	480,975	559,000	(78,025)	(13.96%)	581,000	(22,000)	(3.79%)
Federal and state grants	2,650,898	2,900,693	(249,795)	(8.61%)	2,910,029	(9,336)	(0.32%)
Other nonoperating revenue	26,677	512,986	(486,309)	(94.80%)	116,931	396,055	338.71%
Investment income	89,838	72,200	17,638	24.43%	71,256	944	1.32%
Interest expense	(499,680)	(872,891)	373,211	(42.76%)	(896,556)	23,665	(2.64%)
Net nonoperating revenue	10,092,753	10,485,347	(392,594)	(3.74%)	10,014,441	470,906	4.70%
Other Revenues, Expenses, Gains or (Losses):							
State appropriations restricted for capital purposes	1,097,904	1,020,974	76,930	7.53%	1,290,175	(269,201)	(20.87%)
On-behalf state appropriations restricted for debt service	663,101	442,878	220,223	49.73%	507,523	(64,645)	(12.74%)
Total other revenues, expenses, gains or (losses)	1,761,005	1,463,852	297,153	20.30%	1,797,698	(333,846)	(18.57%)
Change in net position	1,919,296	278,185	1,641,111	589.94%	(55,447)	333,632	(601.71%)
Net Position, beginning of year	12,766,734	12,488,549	278,185	2.23%	12,543,996	(55,447)	(0.44%)
Restatement—Implementation of GASB 68 & 71	(10,467,819)	-	(10,467,819)	100.00%	-	-	- %
Net Position, beginning of year, as restated	2,298,915	12,488,549	(10,189,634)	(81.59%)	12,543,996	(55,447)	(0.44%)
Net Position, end of year	$ 4,218,211	$12,766,734	$(18,738,157)	(146.77%)	$12,488,549	$ 222,738	1.78%

* prior year amounts not restated for MD&A purposes

Financial Highlights (Continued)

Statements of Cash Flows: Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

	Year Ended June 30, 2015	2014	2013
Cash Provided by (Used in):			
Operating activities	$ (8,632,729)	$ (9,555,294)	$ (9,393,068)
Non-capital financing activities	10,021,724	10,720,122	10,233,841
Investing activities	87,179	1,066,223	18,682
Capital and related financing activities	(498,091)	(1,472,673)	(1,366,767)
Net change in cash and cash equivalents	978,083	758,378	(507,312)
Cash and Cash Equivalents, beginning of year	4,703,704	3,945,326	4,452,638
Cash and Cash Equivalents, end of year	$ 5,681,787	$ 4,703,704	$ 3,945,326

Summary of Net Position: Although the statements of revenues, expenses, and changes in net position show an increase in net position of $1,927,600, this is representative of all activities combined. Management believes that it is important to point out the net change in net position for each major area of the University. This is displayed below.

	2015	2014 *	2015 vs. 2014 Increase (Decrease)	2015 vs. 2014 Percentage Change	2013	2014 vs. 2013 Increase (Decrease)	2014 vs. 2013 Percentage Change
Educational and general	$ 2,995,417	$ 2,393,277	$ 602,140	25.16%	$ 2,058,552	$ 334,725	16.26%
Auxiliary operations	1,637,778	1,239,647	398,131	32.12%	1,281,626	(41,979)	(3.28%)
Pension liability	(9,866,819)	-	(9,866,819)	100.00%	-	-	- %
Restricted net position	263,844	239,252	24,592	10.28%	595,402	(356,150)	(59.82%)
Net positon restricted for capital projects	520,617	375,863	144,754	38.51%	235,530	140,333	59.58%
Capital assets	8,667,374	8,518,695	148,679	1.75%	8,317,439	201,256	2.42%
	$ 4,218,211	$12,766,734	$(8,548,523)	(66.96%)	$12,488,549	$ 278,185	2.23%

The unrestricted net position category contains all activity associated with the implementation and reporting of GASB Statement No. 68 Accounting and Financial Reporting for Pensions.

Financial Highlights (Continued)

Capital Assets: At June 30, 2015, the University has approximately $23.9 million invested in capital assets, net of accumulated depreciation of $27.9 million. Depreciation charges totaled $1,609,571 for the year ended June 30, 2015, compared to $1,778,015 for the year ended June 30, 2014, and $1,790,916 for the year ended June 30, 2013. Details of these assets for the three years are shown below.

	Year Ended June 30,		
	2015	2014	2013
Capital assets:			
Land	$ 361,163	$ 361,163	$ 361,163
Construction in progress	273,263	-	22,179
Non-major infrastructure	9,583,369	9,583,369	9,533,031
Land improvements	1,535,403	1,535,403	1,534,626
Buildings	31,672,802	31,535,606	31,094,757
Furniture, fixtures and equipment	6,594,226	6,502,211	6,530,484
Library materials	1,832,324	1,823,543	1,751,155
Total capital assets	51,852,550	51,341,295	50,827,395
Less accumulated depreciation	27,937,480	26,447,734	24,896,740
Net capital assets	$ 23,915,070	$ 24,893,561	$ 25,930,655

Outstanding Debt: For the year ended June 30, 2015, the University had $14,891,820 in debt outstanding, compared to $16,056,567 at June 30, 2014, and $17,825,784 at June 30, 2013. The table below summarizes these amounts by type.

	Year Ended June 30,		
	2015	2014	2013
Housing LLC Revenue Bonds	$ -	$ -	$ 4,830,000
Revenue Bonds Series 2002	-	-	1,885,000
OCIA—Series 1999A/2004A	-	99,158	115,704
ODFA—Series 2003C	-	-	58,000
ODFA—Series 2004A	-	-	1,340,000
ODFA—Series 2004C	-	46,000	91,000
OCIA—Series 2005F	207,862	406,851	4,451,119
ODFA—Series 2009 20yr	1,360,667	1,434,917	1,508,000
ODFA—Series 2009 15yr	206,917	226,917	246,000
OCIA—Series 2010A	1,772,613	1,871,244	1,871,244
OCIA—Series 2010B	-	231,459	555,717
ODFA—Series 2011	836,000	855,000	874,000
OCIA—Series 2014A	3,831,646	3,831,646	-
ODFA—Series 2014A-2002	1,355,333	1,533,000	-
ODFA—Series 2014A-2004A	1,046,583	1,160,000	-
ODFA—Series 2014B	4,183,917	4,360,375	-
OCIA—Series 2014B	90,282	-	-
Total revenue bonds and capital leases	$ 14,891,820	$ 16,056,567	$ 17,825,784

Summary

The University's Educational & General Fund ended the year with an increase of $602,140 in net position or 25.2 percent. The University's Educational & General Fund ended the year with net reserves of 18.4 percent of Educational & General Fund expenditures.

The University ended fiscal year 2015 with an overall decrease of $8,548,523 in total net position. This is a 67.0 percent decrease in overall net position. This overall decrease in net position was the combination of an increase from operations of $1,919,296 and a decrease as a result of the implementation of GASB 68 of $10,467,819 which shows up in unrestricted net position.

In 2015, the University implemented GASB 68 Accounting and Reporting for Pensions. This resulted in significant changes to the Statement of Net Position as well as a restatement to beginning net position on the Statement of Revenues, Expenses, and Changes in Net Position.

The fall 2015 enrollment for the University was head count of 1,245, which is a 4.8 percent decrease from the fall 2014 of 1,308. This follows a decrease of 6 percent in headcount for the fall 2014 headcount of 1,308 over the fall 2013 headcount of 1,391. Credit hours are down for the fall of 2015 from the fall of 2014 by 5.8 percent and were down by 4.8 percent for the fall of 2014 over the fall of 2013.

Contacting the University's Financial Management

The University's financial statements are designed to provide financial statement readers with a general overview of the University's finances and to show accountability for the money it receives. If you have questions about the University's financial statements or need additional financial information, contact the Business Office at P. O. Box 430, Goodwell, OK 73939.

Oklahoma Panhandle State University
(An Organizational Unit of the Board of Regents for the
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Statements of Net Position

	University		Foundation	
	June 30		December 31	
Assets	**2015**	2014	2014	2013
Current Assets				
Cash and cash equivalents	**$ 4,908,403**	$ 4,174,020	$ 433,754	$ 199,067
Restricted cash and cash equivalents	**331,117**	241,706	-	-
Investments	**-**	-	160,000	160,000
Accounts receivable, net	**462,782**	319,474	-	-
Interest receivable	**7,022**	5,943	792	769
Inventories	**397,034**	455,385	-	-
Total current assets	**6,106,358**	5,196,528	594,546	359,836
Noncurrent Assets				
Restricted cash and cash equivalents	**442,267**	287,978	-	-
Investments	**146,399**	144,819	10,538,055	10,147,008
Student loans receivable, net	**72,692**	68,189	-	-
Other assets	**34,086**	28,275	45,500	45,500
Capital assets, net	**23,915,070**	24,893,561	2,215	3,186
Total noncurrent assets	**24,610,514**	25,422,822	10,585,770	10,195,694
Total assets	**$ 30,716,872**	$ 30,619,350	$ 11,180,316	$ 10,555,530
Defferred Outflows of Resources				
Deferred charge on OCIA lease restructure	**$ 70,238**	$ 140,477	$ -	$ -
Deferred outflows for pensions	**1,142,046**	-	-	-
Total deferred outflows of resources	**$ 1,212,284**	**$ 140,477**	**$ -**	**$ -**

(Continued)

Oklahoma Panhandle State University
(An Organizational Unit of the Board of Regents for the
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Statements of Net Position (Continued)

	University June 30		Foundation December 31	
Liabilities and Net Position	**2015**	2014	**2014**	2013
Current Liabilities				
Accounts payable	**$ 367,856**	$ 171,137	**$ -**	$ -
Accrued liabilities	**347,280**	655,894	**-**	-
Unearned revenues	**156,923**	156,917	**-**	-
Student and other deposits	**153,590**	138,651	**183,986**	184,122
Accrued compensated absences	**247,989**	256,982	**9,519**	7,134
Current portion of noncurrent liabilities	**1,194,754**	1,173,216	**-**	-
Total current liabilities	**2,468,392**	2,552,797	**193,505**	191,256
Noncurrent Liabilities, net of current portion				
Accrued OPEB obligation	**37,806**	25,572	**-**	-
Federal loan program contributions refundable	**67,542**	67,438	**-**	-
Net pension liability	**8,747,608**	-	**-**	-
Capital lease obligations, net of premium	**13,924,643**	15,137,917	**-**	-
Total noncurrent liabilities	**22,777,599**	15,230,927	**-**	-
Total liabilities	**$ 25,245,991**	$ 17,783,724	**$ 193,505**	$ 191,256
Deferred Inflows of Resources				
Deferred credit on OCIA lease restructure	**$ 203,697**	$ 209,369	**$ -**	$ -
Deferred inflows related to pensions	**2,261,257**	-	**-**	-
Total deferred inflows of resources	**$ 2,464,954**	$ 209,369	**$ -**	$ -
Net Position				
Net investment in capital assets	**$ 8,667,374**	$ 8,518,695	**$ -**	$ -
Restricted for:				
Nonexpendable:				
Scholarships and other	**-**	-	**4,149,002**	4,089,635
Expendable:				
Scholarships, research, instruction and other	**58,920**	44,226	**314,722**	322,940
Loans	**204,924**	195,026	**-**	-
Capital projects	**520,617**	375,863	**-**	-
Unrestricted	**(5,233,624)**	3,632,924	**6,523,087**	5,951,699
Total net position	**$ 4,218,211**	$ 12,766,734	**$ 10,986,811**	$ 10,364,274

See Notes to Financial Statements.

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

Statements of Revenues, Expenses and Changes in Net Position

	University Year Ended June 30,		Foundation Year Ended December 31,	
	2015	2014	**2014**	2013
Operating Revenues:				
Student tuition and fees (net of scholarship discounts and allowances of $6,189,000 and $6,095,000 for 2015 and 2014, respectively)	**$5,117,181**	$ 5,228,456	**$ -**	$ -
Federal grants and contracts	**278,703**	274,781	**-**	-
State and local grants and contracts	**14,003**	500	**-**	-
Non-governmental grants and contracts	**854,907**	931,556	**-**	-
Auxiliary enterprise charges:				
Housing (net of scholarship discounts and allowances of $260,000 and $257,000 for 2015 and 2014, respectively	**1,037,723**	1,070,396	**-**	-
Food services, net of scholarship discounts and allowances of $65,000 and $64,000 for 2015 and 2014, respectively	**845,665**	722,353	**-**	-
Bookstore	**574,479**	589,154	**-**	-
Athletics	**60,079**	201,379	**-**	-
All other	**905,872**	998,101	**-**	-
Gifts and contributions	**-**	-	**495,142**	508,608
Other operating revenues	**324,985**	265,044	**-**	-
Total operating revenues	**10,013,597**	10,281,720	**495,142**	508,608
Operating Expenses:				
Compensation and employee benefits	**9,505,284**	10,458,380	**94,634**	90,708
Contractual services	**2,772,423**	2,793,462	**12,689**	10,182
Supplies and materials	**1,478,169**	1,603,453	**2,799**	3,374
Utilities	**845,967**	1,170,174	**-**	-
Communications	**112,959**	106,151	**-**	-
Other operating expenses	**1,880,798**	1,927,801	**16,284**	90,168
Scholarships and fellowships	**1,742,888**	2,115,298	**710,957**	694,383
Depreciation	**1,609,571**	1,778,015	**971**	971
Total operating expenses	**19,948,059**	21,952,734	**838,334**	889,786
Operating loss	**(9,934,462)**	(11,671,014)	**(343,192)**	(381,178)
Nonoperating Revenues (Expenses):				
State appropriations	**7,344,045**	7,313,359	**-**	-
On-behalf contributions to OTRS	**480,975**	559,000	**-**	-
Federal grants	**2,315,480**	2,497,889	**-**	-
State grants	**335,418**	402,804	**-**	-
Contributions and other nonoperating revenues	**26,677**	512,986	**-**	-
Net realized and unrealized gains and losses on investments	**-**	-	**428,553**	377,232
Investment income	**89,838**	72,200	**537,176**	464,716
Interest expense	**(499,680)**	(872,891)	**-**	-
Net nonoperating revenues (expenses)	**10,092,753**	10,485,347	**965,729**	841,948
Income before other revenues, expenses, gains or (losses)	**158,291**	(1,185,667)	**622,537**	460,770

(Continued)

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

Statements of Revenues, Expenses and Changes in Net Position (Continued)

	University Year Ended June 30,		Foundation Year Ended December 31,	
	2015	2014	**2014**	2013
Other Revenues, Expenses, Gains or (Losses):				
State appropriations restricted for capital purposes	**1,097,904**	1,020,974	**-**	-
On-behalf state appropriations restricted for debt service	**663,101**	442,878	**-**	-
Total other revenue, expenses, gains or (losses)	**1,761,005**	1,463,852	**-**	-
Change in net position	**1,919,296**	278,185	**622,537**	**460,770**
Net Position, beginning of year	**12,766,734**	12,488,549	**10,364,274**	9,903,504
Restatement—Implementation of GASB 68 & 71	**(10,467,819)**	-	**-**	-
Net Position, beginning of year, as restated	**2,298,915**	12,488,549	**10,364,274**	9,903,504
Net Position, end of year	**$ 4,218,211**	$12,766,734	**$10,986,811**	$10,364,274

See Notes to Financial Statements.

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

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

	2015	2014
Cash Flows from Operating Activities		
Student tuition and fees	**$ 4,969,116**	$ 5,187,103
Grants and contracts	**1,147,613**	1,206,837
Auxiliary enterprise charges	**3,552,027**	3,649,163
Other operating receipts	**320,482**	266,033
Payments to employees for salaries and benefits	**(9,936,493)**	(9,884,600)
Payments to suppliers	**(8,685,474)**	(9,979,830)
Net cash (used in) operating activities	**(8,632,729)**	(9,555,294)
Cash Flows from Noncapital Financing Activities		
State appropriations	**7,344,045**	7,313,359
Federal and state grants	**2,651,002**	2,893,778
Miscellaneous revenue	**26,677**	512,985
Federal direct student loans receipts	**3,899,087**	4,129,612
Federal direct student loans disbursements	**(3,899,087)**	(4,129,612)
Net cash provided by noncapital financing activities	**10,021,724**	10,720,122
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	**(632,247)**	(829,033)
Capital grants and gifts received	**1,097,904**	1,020,974
Proceeds of capital debt	**-**	7,353,150
Interest paid on capital debt and leases	**(336,956)**	(703,973)
Principal payments on capital debt	**(626,792)**	(8,313,791)
Net cash (used in) capital and related financing activities	**(498,091)**	(1,472,673)
Cash Flows from Investing Activities		
Sale (purchase) of investments	**(1,580)**	997,009
Interest received on investments	**88,759**	69,214
Net cash provided by investing activities	**87,179**	1,066,223
Net change in cash and cash equivalents	**978,083**	758,378
Cash and Cash Equivalents, beginning of year	**4,703,704**	3,945,326
Cash and Cash Equivalents, end of year	**$ 5,681,787**	$ 4,703,704

(Continued)

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

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

	2015	2014
Reconciliation of Operating Loss to Net Cash (Used in) Operating Activities		
Operating loss	**$ (9,934,462)**	$ (11,671,014)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	**1,609,571**	1,778,015
Net loss on disposal of fixed assets	**1,167**	21,448
On-behalf contributions to teachers' retirement system	**480,975**	559,000
Changes in operating assets and liabilities:		
Accounts and other receivables	**(24,365)**	37,585
Inventories	**58,351**	35,265
Other assets	**(5,811)**	(28,275)
Deferred outflows related to pensions	**27,957**	-
Accounts payable and accrued liabilities	**(223,107)**	(307,996)
Net pension liability	**(2,890,214)**	-
Deferred inflows related to pensions	**2,261,257**	-
Unearned revenue	**6**	(10,169)
Compensated absences	**(8,993)**	40,319
Student and other deposits	**14,939**	(9,472)
Net cash (used in) operating activities	**$ (8,632,729)**	$ (9,555,294)
Noncash Investing, Noncapital Financing and Capital and Related Financing Activities		
Interest on capital debt paid by state agency on behalf of the University	**$ 134,021**	$ 102,074
Principal on capital debt paid by state agency on behalf of the University	**529,079**	340,804
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets:		
Cash and cash equivalents	**$ 4,908,403**	$ 4,174,020
Restricted cash and cash equivalents	**331,117**	241,706
Restricted cash and cash equivalents	**442,267**	287,978
	$ 5,681,787	$ 4,703,704

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of operations: Oklahoma Panhandle State University (the University) is a baccalaureate degree-granting institution established by an act of the Oklahoma State Legislature in 1909. The University's mission is to provide higher education primarily for the people of the Oklahoma Panhandle and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences and public service activities. The University is under the governance of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Board of Regents).

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

The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Board of Regents) has constitutional authority to govern, control and manage the Oklahoma Agricultural and Mechanical Colleges, which 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.

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

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

Panhandle State Foundation: Panhandle State Foundation (the Foundation), is a legally separate, Oklahoma not-for-profit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The Foundation has a December 31st year end and reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, standalone financial statements which may be obtained by contacting the Foundation's management.

OPSU Student Housing: OPSU Student Housing, L.L.C. (the LLC), was a legally separate, Oklahoma not-for-profit corporation organized for the purpose of administration and operations of a student housing facility constructed with the proceeds of revenue bonds. During 2014, the University issued new capital lease debt and acquired the assets of the LLC in exchange for funds to pay off the LLC's outstanding bonds. At that time the LLC was dissolved. As of June 30, 2015, the LLC has zero net position.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

A student account receivable and student loan receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days after the end of the semester. Late charges are generally assessed and, when they are assessed, are included in income and trade accounts receivable. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the Department of Education.

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

Inventories: Inventories consist primarily of rental books, books and supplies held for resale, and livestock. Rental books are valued at amortized cost, using an average three year life. Books and supplies held for resale are valued at the lower of cost or market on the first-in, first-out basis. Livestock are valued at the lower of cost or estimated current fair market value.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation, in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year 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 University capitalizes interest as a component of capital assets constructed for its own use. There was no capitalized interest in 2015 or 2014.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings, infrastructure and land improvements, and three to 10 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 approximates the effective interest method. Bond issuance costs are expensed as incurred regardless of whether they are included in bond proceeds.

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

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

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

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and of auxiliary enterprises, and (3) certain federal, state, and nongovernmental grants and contracts that relate specifically to revenues used for student financial assistance.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB, such as state appropriations, certain governmental grants, and investment income.

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 expenses: Nonoperating expenses 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 differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal or state government or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

> *Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*: 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 $10,467,819 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*: 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 $1,170,003 for contributions and an increase in net position as of July 1, 2014.

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB No. 73) was issued June 2015, will be effective for the University beginning with its fiscal year ending June 30, 2016. Those provisions of the statement that address employers and governmental 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 in June 2015, will be effective for the University beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. 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 University 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 University's deposits may not be returned to it. The University's deposit policy for custodial credit risk is described as follows:

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

Note 2. Deposits and Investments (Continued)

The University requires that balances on deposit with financial institutions, including trustees related to the University's bond indenture and capital lease agreements, be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank or invested in U.S. Government obligations, in the University's name. As of June 30, 2015 and 2014 the University's deposits were not exposed to custodial credit risk.

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

	2015	2014
Deposits with the State Treasurer	$ 5,646,587	$ 4,668,732
U.S. financial institutions	15,200	14,972
Change funds	20,000	20,000
Total deposits	$ 5,681,787	$ 4,703,704

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

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.

Of funds on deposit with the State Treasurer, amounts invested in *OK INVEST* totaled $5,014,679 in 2015 and $4,137,586 in 2014.

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

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	$ 1,997,180	$ 1,995,020	$ 1,875,704	$ 1,872,057
Certificates of deposit	624,504	624,504	197,388	197,388
Money market mutual funds	100,645	100,645	86,034	86,034
End of day commercial paper sweep	135,825	135,825	106,125	106,125
Mortgage backed agency securities	1,951,530	1,976,473	1,679,493	1,714,149
Municipal bonds	68,974	74,792	62,721	69,463
Foreign bonds	38,303	38,303	32,117	32,117
U.S. Treasury Obligations	57,577	69,117	48,673	60,253
Total	$ 4,974,538	$ 5,014,679	$ 4,088,255	$ 4,137,586

Note 2. Deposits and Investments (Continued)

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 and 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.

At June 30, 2015, and 2014, the University also held nonnegotiable certificates of deposit totaling $7,648 and $7,620, respectively. These deposits are either fully insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank. These certificates of deposit are maintained through an investment brokerage firm. For financial reporting purposes, these deposits have been classified as investments.

Note 2. Deposits and Investments (Continued)

Investments: The University had the following investments as of June 30:

Investment	Credit Rating	Maturities	2015 Cost	2015 Fair Value	Percent of Cost
Municipal bonds	AA/A2/A+	More than 10 years	$ 20,530	$ 19,187	14%
Certificates of deposit	Not Rated	Less than One	7,539	7,648	5%
US Agency mortgage-backed securities	Aaa	More than 10 years	52,192	55,830	36%
Money market funds	Not Rated	Less than One	63,734	63,734	44%
			143,995	146,399	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than One	4,974,538	5,014,679	N/A
			$ 5,118,533	$ 5,161,078	

Investment	Credit Rating	Maturities	2014 Cost	2014 Fair Value	Percent of Cost
Municipal bonds	AA/A2/A+	More than 10 years	$ 20,530	$ 21,494	15%
Municipal bonds	A+/Baa1/A-	More than 10 years	10,180	12,088	7%
Certificates of deposit	Not Rated	Less than One	7,539	7,620	5%
US Agency mortgage-backed securities	Aaa	More than 10 years	59,367	63,497	43%
Money market funds	Not Rated	Less than One	40,120	40,120	29%
			137,736	144,819	100%
OK Invest internal investment pool (classified as cash equivalents in the statements of net position)	Not Rated	Less than One	4,088,255	4,137,586	N/A
			$ 4,225,991	$ 4,282,405	

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

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

Concentration of credit risk: The University's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The University's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return.

All United States government obligations are held by the Federal Reserve Bank in the name of the University. The majority of the University's certificates of deposits were invested through the State Treasurer.

The Board has authorized short-term funds to be invested in any security currently available through the State Treasurer's office. Generally, these include direct obligations of the United States government and its agencies, certificates of deposit and demand deposits.

Note 3. Accounts Receivable

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

	2015	2014
Student tuition and fees	$ 294,786	$ 149,288
Auxiliary enterprises and other student activities	434,884	465,069
Federal and state agencies	45	24,495
	729,715	638,852
Less allowance for doubtful accounts	(266,933)	(319,378)
Accounts receivable, net	$ 462,782	$ 319,474

Note 4. Loans Receivable

The University makes loans to students through the Federal Perkins Loan Program (the Program). Under the Program, the federal government provides funds for approximately 75 percent of the total contribution for student loans with the University providing the balance. Under certain conditions such loans can be forgiven at annual rates of 10 percent to 30 percent of the original balance up to maximums of 50 percent to 100 percent of the original loan. The federal government reimburses the University to the extent of 10 percent of the amounts forgiven for loans originated prior to July 1, 1993, under the program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. government upon cessation of the Program of $67,542 and $67,438 at June 30, 2015 and 2014, respectively, are reflected in the accompanying statements of net position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of Perkins student loans, as the University is not obligated to fund the federal portion of uncollected student loans. The University has provided an allowance for uncollectible loans, which, in management’s opinion, is sufficient to absorb loans that will ultimately be written off.

The University also makes loans to students through the I.L. Ennis Loan Fund, a private loan program. The University provides administrative services to the I.L. Ennis Loan Fund (the Loan Fund) in exchange for financial assistance for the students.

Note 4. Loans Receivable (Continued)

The University has provided an allowance for uncollectible loans which, in management's opinion, is sufficient to absorb loans which will ultimately be written off. Loans receivable consisted of the following at June 30:

	2015		
	Perkins Loan Program	I.L. Ennis Loan Fund	Total
Loans receivable	$ 42,269	$ 300,018	$ 342,287
Less allowance for uncollectible loans	(11,294)	(258,301)	(269,595)
Loans receivable, net	$ 30,975	$ 41,717	$ 72,692

	2014		
	Perkins Loan Program	I.L. Ennis Loan Fund	Total
Loans receivable	$ 44,426	$ 292,442	$ 336,868
Less allowance for uncollectible loans	(9,843)	(258,836)	(268,679)
Loans receivable, net	$ 34,583	$ 33,606	$ 68,189

Note 5. Capital Assets

Capital asset activity was as follows for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Transfers	Retirements	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	$ 361,163	$ -	$ -	$ -	$ 361,163
Construction in-progress	-	273,263	-	-	273,263
Total capital assets not being depreciated	361,163	273,263	-	-	634,426
Capital assets being depreciated:					
Non-major infrastructure networks	9,583,369	-	-	-	9,583,369
Non-structural improvements	1,535,403	-	-	-	1,535,403
Buildings and improvements	31,535,606	140,865	-	(3,669)	31,672,802
Equipment	6,502,211	148,478	-	(56,463)	6,594,226
Library materials	1,823,543	69,641	-	(60,860)	1,832,324
Total capital assets being depreciated	50,980,132	358,984	-	(120,992)	51,218,124
Accumulated depreciation:					
Non-major infrastructure networks	3,870,026	482,284	-	-	4,352,310
Non-structural improvements	713,245	74,731	-	-	787,976
Buildings and improvements	14,612,438	654,737	-	(3,669)	15,263,506
Equipment	5,759,577	336,327	-	(55,296)	6,040,608
Library materials	1,492,448	61,492	-	(60,860)	1,493,080
Total accumulated depreciation	26,447,734	1,609,571	-	(119,825)	27,937,480
Capital assets, net	$ 24,893,561	$ (977,324)	$ -	$ (1,167)	$ 23,915,070

Note 5. Capital Assets (Continued)

Capital asset activity was as follows for the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Transfers	Retirements	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	$ 361,163	$ -	$ -	$ -	$ 361,163
Construction in-progress	22,179	-	(22,179)	-	-
Total capital assets not being depreciated	383,342	-	(22,179)	-	361,163
Capital assets being depreciated:					
Non-major infrastructure networks	9,533,031	45,808	4,530	-	9,583,369
Non-structural improvements	1,534,626	777	-	-	1,535,403
Buildings and improvements	31,094,757	423,200	17,649	-	31,535,606
Equipment	6,530,484	192,478	-	(220,751)	6,502,211
Library materials	1,751,155	100,106	-	(27,718)	1,823,543
Total capital assets being depreciated	50,444,053	762,369	22,179	(248,469)	50,980,132
Accumulated depreciation:					
Non-major infrastructure networks	3,386,484	483,542	-	-	3,870,026
Non-structural improvements	638,514	74,731	-	-	713,245
Buildings and improvements	14,062,033	665,513	(115,108)	-	14,612,438
Equipment	5,344,587	499,185	115,108	(199,303)	5,759,577
Library materials	1,465,122	55,044	-	(27,718)	1,492,448
Total accumulated depreciation	24,896,740	1,778,015	-	(227,021)	26,447,734
Capital assets, net	$ 25,930,655	$ (1,015,646)	$ -	$ (21,448)	$ 24,893,561

Note 6. Noncurrent Liabilities

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

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Current Portion
Capital lease obligations:					
Premium	$ 254,566	$ -	$ (26,989)	$ 227,577	$ -
OCIA—Series 1999A-2004A	99,158	-	(99,158)	-	-
ODFA—Series 2004C	46,000	-	(46,000)	-	-
OCIA—Series 2005F	406,851	-	(198,989)	207,862	207,862
ODFA—Series 2009C 20yr	1,434,917	-	(74,250)	1,360,667	77,167
ODFA—Series 2009C 15yr	226,917	-	(20,000)	206,917	20,083
OCIA—Series 2010A	1,871,244	-	(98,631)	1,772,613	396,463
OCIA—Series 2010B	231,459	-	(231,459)	-	-
ODFA—Series 2011	855,000	-	(19,000)	836,000	21,000
OCIA—Series 2014A	3,831,646	-	-	3,831,646	-
ODFA—Series 2014A-2002	1,533,000	-	(177,667)	1,355,333	176,500
ODFA—Series 2014A-2004	1,160,000	-	(113,417)	1,046,583	101,333
ODFA—Series 2014B	4,360,375	-	(176,458)	4,183,917	178,500
OCIA—Series 2014B	-	90,282	-	90,282	15,846
Total capital lease obligations	16,311,133	90,282	(1,282,018)	15,119,397	1,194,754
Other liabilities:					
Net pension liability—OTRS	-	11,637,822	(2,890,214)	8,747,608	-
Accrued OPEB	25,572	12,234	-	37,806	-
Federal loan program contributions	67,438	104	-	67,542	-
Total other liabilities	93,010	11,650,160	(2,890,214)	8,852,956	-
Total noncurrent liabilities	$ 16,404,143	$ 11,740,442	$ (4,172,232)	$ 23,972,353	$ 1,194,754

Note 6. Noncurrent Liabilities (Continued)

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

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Current Portion
Revenue bonds payable:					
Housing LLC Revenue Bonds	$ 4,830,000	$ -	$ (4,830,000)	$ -	$ -
2002 Revenue Bonds	1,885,000	-	(1,885,000)	-	-
	6,715,000	-	(6,715,000)	-	-
Capital lease obligations:					
Premium	-	255,150	(584)	254,566	-
OCIA—Series 1999A/2004A	115,704	-	(16,546)	99,158	17,345
ODFA—Series 2003C	58,000	-	(58,000)	-	-
ODFA—Series 2004A	1,340,000	-	(1,340,000)	-	-
ODFA—Series 2004C	91,000	-	(45,000)	46,000	46,000
OCIA—Series 2005F	4,451,119	-	(4,044,268)	406,851	198,989
ODFA—Series 2009C 20yr	1,508,000	-	(73,083)	1,434,917	74,250
ODFA—Series 2009C 15yr	246,000	-	(19,083)	226,917	20,000
OCIA—Series 2010A	1,871,244	-	-	1,871,244	98,631
OCIA—Series 2010B	555,717	-	(324,258)	231,459	231,459
ODFA—Series 2011	874,000	-	(19,000)	855,000	19,000
OCIA—Series 2014A	-	3,831,646	-	3,831,646	-
ODFA—Series 2014A-2002	-	1,533,000	-	1,533,000	177,667
ODFA—Series 2014A-2004	-	1,160,000	-	1,160,000	113,417
ODFA—Series 2014B	-	4,405,000	(44,625)	4,360,375	176,458
Total capital lease obligations	11,110,784	11,184,796	(5,984,447)	16,311,133	1,173,216
Total long-term debt obligations	17,825,784	11,184,796	(12,699,447)	16,311,133	1,173,216
Other liabilities:					
Accrued OPEB	27,824	-	(2,252)	25,572	-
Federal loan program contributions	74,353	-	(6,915)	67,438	-
Total other liabilities	102,177	-	(9,167)	93,010	-
Total noncurrent liabilities	$ 17,927,961	$ 11,184,796	$ (12,708,614)	$ 16,404,143	$ 1,173,216

Revenue bond obligations: On November 1, 2003, the 2003 Series A and 2003 Series B Student Housing Revenue Bonds were issued totaling $5,455,000. The payments over the term of the agreement, including interest, total $11,457,147. Payments began November 1, 2004, and go through November 1, 2034, with interest payments being made semi-annually and principle payments being made annually. Interest on the bonds ranged from 4 percent to 6 percent. Proceeds from the obligation were used for the construction of a 144 bed housing facility located on the University's Campus in Goodwell, Oklahoma. On March 10, 2014, the University issued ODFA Series 2014B Capital Lease to refinance the 2003 A & B Student Housing Revenue Bonds.

Note 6. Noncurrent Liabilities (Continued)

On September 1, 2002, the University issued revenue bonds Series 2002 in the amount of $2,965,000. The payments over the term of the agreement, including interest, total $4,886,478. Payments began September 1, 2005, and go through September 1, 2022, and will be made monthly ranging from $12,487 to $20,995. Proceeds from the obligation were used for the installation of equipment for energy conservation on campus buildings and facilities. On June 13, 2014 the University issued ODFA Series 2014A Capital Lease to refinance the 2002 Revenue Bonds.

Oklahoma Capital Improvement Authority lease obligations: Oklahoma Capital Improvement Authority Lease Obligations: The Oklahoma Capital Improvement Authority (OCIA) periodically issues bonds, which are allocated to the State Regents for Higher Education (the State Regents), to be used for specific projects at Oklahoma higher education institutions. The University has participated in these projects as discussed below. In each of the transactions, OCIA and the University have entered into a lease agreement with terms characteristic of a capital lease. As a result, the University recognizes its share of the liability and the related assets in connection with the projects being constructed or acquired, in its financial statements. Annually, the State Legislature appropriates funds to the State Regents to make the monthly lease principal and interest payments on-behalf of the University.

In September 1999, the OCIA issued its OCIA Bond Issues, 1999 Series A, B and C. Of the total bond indebtedness, the State Regents for Higher Education (the OSRHE) allocated $700,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA for the project being funded by the OCIA bonds. The lease agreement provides for the University to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent leases were provided for capital improvements at the University.

The University has drawn down 100 percent of its total allotment for expenditures incurred in connection with specific projects. These expenditures have been capitalized as investments in capital assets, in accordance with the University’s policy.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F. Of the total bond indebtedness, the State Regents allocated approximately $6,998,000 to the University. Total lease payments over the term of the agreement including principal and interest, beginning July 1, 2006, through July 1, 2030, will be $12,223,801.

Payments will be made annually, ranging from $82,033 to $528,546, by the State of Oklahoma on behalf of the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are provided for capital improvements at the University.

Through June 30, 2015, the University has drawn its total allotment for expenditures incurred in connection with the project. These expenditures have been capitalized as investments in capital assets or recorded as operating expenses, in accordance with the University’s policy. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment, less repayments made.

Note 6. Noncurrent Liabilities (Continued)

During fiscal year 2011, the University's 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued two new bonds, Series 2010A and 2010B, to accomplish 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. OCIA issued the new Series 2010A and 2010B bonds to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring the debt service requirements. Consequently, the University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future, resulting in a cost on restructuring. The University has recorded a deferred outflow of resources of $623,401, 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 $70,238 and $140,477, 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 $30,810, which also approximates the economic cost of the lease. Although this restructuring resulted in a cost to the University, it is anticipated that the on-behalf payments provided to cover the original lease agreement will also cover the deferred lease restructuring charge.

During fiscal year 2014, the University's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal. The University has recorded a deferred inflow of resources of $212,623, 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 new debt, whichever is shorter. As of June 30, 2015 and 2014, the unamortized credit totaled $196,351 and $209,369, respectively. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $496,344, which approximates the economic savings of the transaction.

During the years ended June 30, 2015 and 2014, the State Regents made lease interest and principal payments totaling $661,833 and $420,616, respectively, on behalf of the University. These on-behalf payments have been recorded as on-behalf state appropriations restricted for debt service in the University's statement of revenues, expenses, and changes in net position. As stated above, the on-behalf payments are subject to annual appropriations by the State Legislature.

During fiscal year 2015, the University's remaining 2004 lease agreement with OCIA was restructured through a refunding. OCIA issued new bonds, Series 2014B, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal. The University has recorded a deferred inflow of resources of $8,877, 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 new debt, whichever is shorter. As of June 30, 2015 the unamortized credit totaled $7,346. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $14,560, which approximates the economic savings of the transaction.

Note 6. Noncurrent Liabilities (Continued)

During the years ended June 30, 2015 and 2014, the State Regents made lease interest and principal payments totaling $1,267 and $22,262, respectively, on behalf of the University. These on-behalf payments have been recorded as on-behalf state appropriations restricted for debt service in the University's statement of revenues, expenses, and changes in net position. As stated above, the on-behalf payments are subject to annual appropriations by the State Legislature.

Oklahoma Development Finance Authority lease obligations: On December 1, 2003, the University entered into capital lease obligation Series 2003C in the amount of $501,000. Lease payments over the term of the agreement, including interest, totaled $595,507. Payments began June 1, 2004, and went through December 1, 2013, and were made semi-annually ranging from $1,088 to $59,088. Proceeds from the obligation were used for the purchase and installation of chillers on campus facilities. The University pledged Section Thirteen revenues to support payments on this lease obligation. The Series 2003C was paid off in 2014.

On May 1, 2004, the University entered into capital lease obligation Series 2004A in the amount of $2,085,000. Lease payments over the term of the agreement, including interest, total $3,151,875. Payments began December 1, 2004, and go through June 1, 2024, and will be made semi-annually ranging from $3,600 to $153,600. Proceeds from the obligation were used for the installation of equipment for energy conservation on campus buildings and facilities. The University has pledged Section Thirteen revenues to support payments on this lease obligation. The Series 2004A was refinanced by Series 2014A in 2014.

On December 1, 2004, the University entered into capital lease obligation Series 2004C in the amount of $401,000. Lease payments over the term of the agreement, including interest, total $479,845. Payments began June 1, 2005, and go through December 1, 2014, and will be made semi-annually ranging from $874 to $46,874. Proceeds from the obligation were used for infrastructure capital expenditures. The University has pledged Section Thirteen revenues to support payments on this lease obligation.

On August 1, 2009, the University entered into capital lease obligation Series 2009B in the amount of $2,079,000. Lease payments over the term of the agreement, including interest, total $2,963,397. Payments began October 15, 2009, and go through May 15, 2029, and will range from $112,206 to $158,223 annually. Proceeds from the obligation were used for capital expenditures. The University has pledged Section Thirteen revenues to support payments on this lease obligation.

On July 14, 2011, the University entered into capital lease obligation Series 2011 in the amount of $909,000. Lease payments over the term of the agreement, including interest, total $1,684,113. Payments began December 1, 2011, and go through June 1, 2041, and will range from $51,607 to $58,545 annually. Proceeds from the obligation were used for capital expenditures. The University has pledged Section Thirteen revenues to support payments on this lease obligation.

On June 14, 2014, the University entered into capital lease obligation Series 2014A-2002 and 2014A-2004 in the amount of $2,693,000 to refinance the 2002 Revenue Bonds and Series 2004A ODFA Capital Lease. Lease payments over the term of the agreement, including interest, total $1,792,941 and $1,385,449, for the 2014A-2002 and 2014A-2004, respectively. Payments begin July 15, 2014, and go through May 15, 2022 and 2024 for the 2014A-2002 and 2014A-2004, respectively, and will range from $206,773 to $233,039 for the 2014A-2002 and $126,518 to $153,888 for the 2014A-2004, annually. The University has pledged Section Thirteen revenues to support payments on this lease obligation. The net present value of the savings for the refinance of the 2014A-2002 and 2014A-2004 are $238,872 and $146,888, respectively.

Note 6. Noncurrent Liabilities (Continued)

On March 10, 2014, the University entered into capital lease obligation Series 2014B in the amount of $4,405,000 to refinance the 2003 A & B Student Housing Revenue Bonds. Lease payments over the term of the agreement, including interest, total $6,138,082. Payments began April 15, 2014, and go through November 15, 2033, and will range from $80,639 to $315,443, annually. The University has pledged Section Thirteen and housing revenues to support payments on this lease obligation. The net present value of the savings for the refinance is $983,343.

Future minimum lease payments under the University's capital lease obligations are as follows at June 30, 2015:

Years Ending June 30,	Principal	Interest	Total
2016	$ 1,194,754	$ 558,109	$ 1,752,864
2017	1,543,574	542,194	2,085,768
2018	1,318,392	489,033	1,807,425
2019	649,339	438,653	1,087,992
2020	668,994	414,378	1,083,372
2021-2025	3,716,149	1,696,185	5,412,334
2026-2030	3,884,608	937,209	4,821,817
2031-2035	1,628,010	209,523	1,837,531
2036-2040	233,000	48,409	281,409
2041-2042	55,000	2,680	57,680
	$ 14,891,820	$ 5,336,373	$ 20,228,192

Note 7. Retirement Plans

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

Oklahoma Teachers' Retirement System

Plan description: The University contributes to the OTRS, which is a cost sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of OTRS. OTRS does not provide for a cost of living adjustment. OTRS issues a publicly available financial report that includes financial statements and supplementary information for OTRS. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, by calling (405) 521-2387, or at the OTRS website at www.trs.state.ok.us.

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

Note 7. Retirement Plans (Continued)

Benefit provisions include:

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

Members may elect to make additional contributions to a tax sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).
At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division (EGID), depending on the members’ years of service during 2014.

Contributions: The contributions requirements of OTRS are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual compensation. The University pays the employee contributions as a pre-tax benefit for the employees. The University’s contribution rate is 8.55% of the employees’ annual pay and an additional 8.25% for any employees’ salaries covered by federal funds for the years ended June 30, 2015 and 2014. The University’s contributions to OTRS in 2015, including both the employer share and the employee share, was approximately $1,142,000, equal to the required contributions. In addition, the State of Oklahoma also contributed 5 percent of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University’s Statement of Revenues, Expenses and Changes in Net Position as both revenues and compensation and employee benefit expense in 2015 was $480,975. These on-behalf payments did not meet the criteria of a special funding situation.

Note 7. Retirement Plans (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions: At June 30, 2015, the University reported a liability of $8,747,608 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportion of the net pension liability was based on the University's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the University's proportion was 0.1626 percent.

For the year ended June 30, 2015, the University recognized pension expense of $1,022,021. At June 30, 2015, the University 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	$ -	$ 144,187
Changes of assumptions	-	-
Net difference between projected and actual investments earnings on pension plan investments	-	2,117,070
University contributions made subsequent to the measurement date	1,142,046	-
Total	$ 1,142,046	$ 2,261,257

Deferred pension outflows totaling $1,142,046 resulting from the University'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 $2,117,070 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 $144,187 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 outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ended June 30,	
2016	$ (556,371)
2017	(556,371)
2018	(556,371)
2019	(556,369)
2020	(27,104)
Thereafter	(8,672)
	$ (2,261,257)

Note 7. Retirement Plans (Continued)

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

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

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

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**	7.0%	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)

Note 7. Retirement Plans (Continued)

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Employers' net pension liability	$ 12,289,242	$ 8,747,608	$ 5,758,348

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

Supplemental Retirement Plan

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

Funding policy: The Plan is not funded and benefits do not vest to the participants until their retirement. The University has been funding the benefits on a "pay as you go" basis. Only certain employees are eligible to participate in the Plan, and the Plan has been discontinued. During the years ended June 30, 2015, 2014 and 2013, the University paid approximately $32,000 each year to retirees under the Plan.

Annual pension cost and net pension obligation: The annual required contribution for the current year was determined as part of the June 30, 2015, actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) a discount rate of 3.5 percent per year to determine the present value of future benefit payments, (b) retirement at age 65, (c) projected salary increases of 3.5 percent per year, and (e) a 3.5 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 five years.

Note 7. 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)	$ 139,458
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 139,458
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 (asset) is as follows:

Years Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Assets)
2013	$ 29,219	111.49%	$ (26,047)
2014	30,347	107.30%	(28,275)
2015	27,892	116.10%	(34,086)

Note 8. Other Postemployment Insurance Benefits

In addition to pension benefits as described in Note 7, the University pays the life insurance premiums for retired employees until death. A retiring employee must have been employed full-time in the Oklahoma State System of Higher Education for not less than ten years immediately preceding the date of retirement, been a member of OTRS during that time, and elected to receive a vested benefit under the provisions of OTRS. The University funds the payments for this benefit out of current operations. Each retiree is eligible to receive $10,000 of life insurance coverage at a cost to the University of $.29 per $1,000 of coverage. As of June 30, 2014, there were approximately 134 active employees and 49 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 University are established and may be amended by the Board of Regents. All contributions are made by the University. Benefits are funded under a “pay as you go” funding method; however, expenses are recorded as benefits accumulate.

Annual cost and net obligation: The annual required contribution for the current year was determined as part of the June 30, 2015, actuarial valuation using the projected unit credit method. The actuarial assumption included a 3.5 percent investment rate of return. The assumption also included postretirement benefit increases, which will be funded by the University when granted.

Note 8. Other Postemployment Insurance Benefits (Continued)

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 over fifteen years using the level dollar amortization method on a closed basis.

The University'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	$ 1,719	$ 1,335
Adjustment to annual required contribution	14,706	2,554
Annual life insurance cost	16,425	3,889
Contributions made	4,191	3,889
Increase in net obligation	12,234	-
Net OPEB Obligation, beginning of year	25,572	25,572
Net OPEB Obligation, end of year	$ 37,806	$ 25,572

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

Actuarial accrued liability (AAL)	$ 37,806
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 37,806
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	$ 6,256,982
UAAL as a percentage of annual covered payroll	0.60%

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 OPEB cost funded through contributions and the change in the net OPEB obligation (asset) is as follows:

Years Ended June 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	$ 3,889	41.60%	$ 25,572
2014	3,889	41.60%	25,572
2015	4,891	85.69%	37,806

Note 9. Funds Held in Trusts by Others

The University has a beneficial interest in the Section Thirteen Fund State Educational Institutions and the New College Fund administered by the Commissioners of the Land Office of the State of Oklahoma as trustee for the various educational institutions entitled thereto. The University has the right to receive annually approximately 3.7 percent of the distributions of income produced by Section Thirteen Fund State Educational Institutions assets and New College Fund.

The University received approximately $1,082,000 and $1,005,000 from these funds during the years ended June 30, 2015 and 2014, respectively, which is restricted to the construction or acquisition of buildings, equipment or other capital items. These appropriated amounts are recorded as restricted state appropriations in the statements of revenues, expenses and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the University, held in trust by the Commissioners of the Land Office, is approximately $18,603,000 and $17,276,000 at June 30, 2015 and 2014, respectively. These amounts are not recorded as assets in the statements of net position.

Note 10. Panhandle State Foundation

The following is a summary of transactions between the University and the Foundation during the years ended June 30:

	2015	2014
Direct support from the Foundation to the University	$ 263,523	$ 271,136
Scholarships paid directly by the Foundation to University students	409,425	428,213

The following are significant disclosures of the Foundation:

Investments in securities: The Foundation's investments in securities, at fair market value, include the following as of December 31, 2014 and 2013:

	2014	2013
Common stocks	$ 3,680,992	$ 3,086,060
Mutual funds	2,146,241	1,995,658
Corporate bonds	1,553,896	1,407,286
Asset and mortgage backed securities	1,740,847	2,145,488
Publicly traded limited partnerships	925,722	925,179
Exchange traded and closed end funds	2,968	2,686
Other investments	-	89,902
Total investments	$ 10,050,666	$ 9,652,259

Total investment return consists of the following components:

	2014	2013
Interest income	$ 183,390	$ 183,750
Dividend income	295,164	228,650
Partnership distributions	58,622	52,316
Net gains and losses on investments reported at fair value	430,779	327,594
	$ 967,955	$ 792,310

Note 11. Commitments and Contingencies

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. At June 30, 2015 and 2014, there were no pending lawsuits or claims against the University that management believes would result in a material loss to the University in the event of an adverse outcome.

Note 12. Risk Management

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

The University, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The University 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 University does not have any exposure for claims in excess of premiums.

Required Supplementary Information

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

Required Supplementary Information (Unaudited)
June 30, 2015

Schedule of Funding Progress for Other Post-Employment Life Insurance Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/2013	$ -	$ 25,572	$ 25,572	0.00%	$ 5,913,145	0.43%
6/30/2014	-	25,572	25,572	0.00%	6,043,926	0.42%
6/30/2015	-	37,806	37,806	0.00%	6,256,982	0.60%

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

As permitted under governmental accounting standards the University obtains an actuarial valuation every other year.

Schedule of Funding Progress for Supplemental Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/2011	$ -	$ 159,030	$ 159,030	0.00%	$ -	0.00%
6/30/2012	-	159,030	159,030	0.00%	-	0.00%
6/30/2013	-	146,095	146,095	0.00%	-	0.00%
6/30/2014	-	146,095	146,095	0.00%	-	0.00%
6/30/2015	-	139,458	139,458	0.00%	-	0.00%

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

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

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

University's proportion of the net pension liability		0.1626%
University's proportionate share of the net pension liability	$	8,747,608
University's covered-employee payroll		7,469,774
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll		117%
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.

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

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

	2015	2014	2013	2012	2011
Contractually required contribution	$ 1,142,046	$ 1,170,003	$ 1,169,819	$ 1,147,147	$ 1,073,090
Contributions in relation to the contractually required contribution	1,142,046	1,170,003	1,169,819	1,147,147	1,073,090
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 7,469,774	$ 7,655,532	$ 7,702,983	$ 7,609,768	$ 7,096,749
Contributions as a percentage of covered-employee payroll	15.29%	15.28%	15.19%	15.07%	15.12%

	2010	2009	2008	2007	2006
Contractually required contribution	$ 1,043,852	$ 979,268	$ 861,298	$ 806,196	$ 788,647
Contributions in relation to the contractually required contribution	1,043,852	979,268	861,298	806,196	788,647
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 7,008,191	$ 6,821,654	$ 6,243,308	$ 5,910,557	$ 5,787,177
Contributions as a percentage of covered-employee payroll	14.89%	14.36%	13.80%	13.64%	13.63%

Report Required by
Government Auditing Standards

RSM

RSM US LLP

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oklahoma Panhandle State University (the University), an organizational unit of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Regents), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 2, 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 University is an organizational unit of the Regents and these financial statements reflect only the assets, liabilities and revenues and expenses of the University and not the Regents as a whole. The Panhandle State Foundation (the Foundation) has been presented as part of the reporting entity. This legally separate organization was audited by other auditors. The Foundation was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
November 2, 2015