Rogers State University

As of and for the Year Ended
JUNE 30, 2015

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

Contents

McGladrey

Independent Auditor's Report

Board of Regents of the University of Oklahoma
Rogers State University
Norman, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of Rogers State University (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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 Rogers State University Foundation (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 another auditor, 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 auditor. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Rogers State University, as of June 30, 2015, and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters
As discussed in Note 1, the financial statements of the 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 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
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
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133
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 the 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 October 21, 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 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.

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

This discussion and analysis of Rogers State University's (the University) financial statements provides an overview of the University's financial activities as of and for the year ended June 30, 2015, with fiscal year 2014 presented for comparative purposes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis.

Financial Analysis of the University as a Whole

The basic financial statements of the University are the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. The Statement of Net Position presents the financial position of the University at June 30, 2015. The Statement of Revenues, Expenses, and Changes in Net Position summarizes the University's financial activity for the year ended June 30, 2015. The Statement of Cash Flows, presented using the direct method, reflects the effects on cash that result from the University's operating activities, investing activities, and capital and non-capital financing activities for the year ended June 30, 2015.

The following schedules are prepared from the University's basic financial statements. With the exception of the Statement of Cash Flows, the statements are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented in categories, namely assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The current assets include cash and cash equivalents, deferred expenses, accounts receivable, and other assets. The noncurrent assets include cash and cash equivalents restricted for long-term purposes, receivables restricted for investment in capital assets, capital assets, and other assets. Capital assets include land, buildings and improvements, infrastructure, equipment, library materials, and construction in progress. Capital assets, with the exception of land and construction in progress, are shown net of depreciation.

Deferred outflows of resources are consumptions of net position that are applicable to a future period. It includes costs associated with debt restructure and pensions.

Liabilities are also classified between current and noncurrent. Current liabilities include accounts payable, accrued expenses, unearned revenue, and the portion of noncurrent liabilities expected to be paid in the upcoming fiscal year. These liabilities represent obligations due within one year. Noncurrent liabilities include the portion of accrued compensation absences, capital lease obligation, and net pension liability expected to be paid in fiscal year 2016 or thereafter. Total net position decreased from $36.0 million to $11.8 million in fiscal year 2015. The effects of implementing GASB 68 and 71 reduced net position by $25.4 million as of July 1, 2014.

Deferred inflows of resources are acquisition of net position that are applicable to a future period. It includes costs associated with debt restructure and pensions.

Financial Analysis of the University as a Whole (Continued)

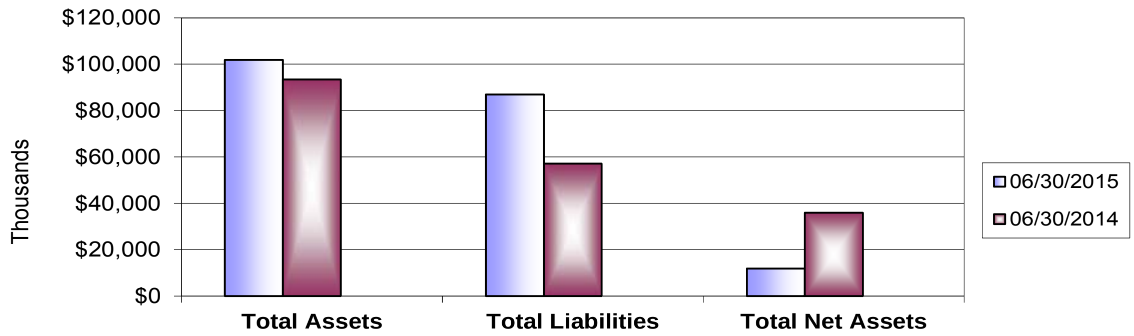
Following is a summarization of assets, deferred outflows, liabilities, deferred inflows and net position of the University at June 30:

Condensed Statements of Net Position (in millions)

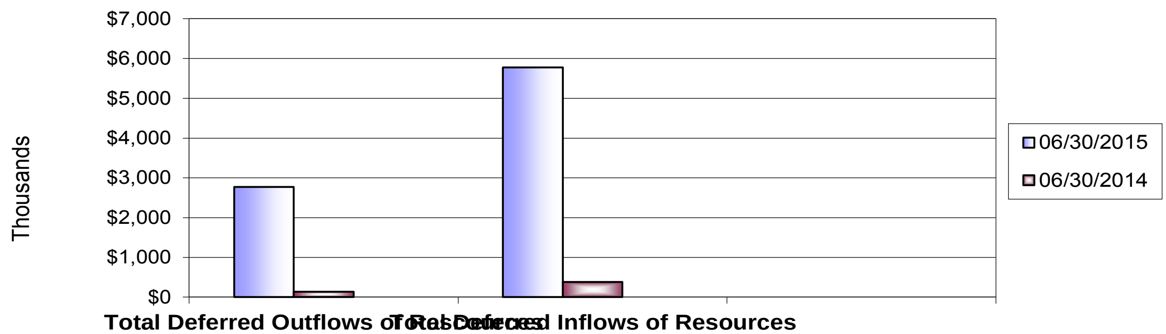
	2015	2014
Assets		
Current assets	$ 15.4	$ 16.5
Noncurrent assets	86.4	76.8
Total assets	$ 101.8	$ 93.3
Deferred Outflows of Resources	$ 2.7	$ 0.1
Liabilities		
Current liabilities	$ 7.3	$ 6.5
Noncurrent liabilities	79.6	50.6
Total liabilities	$ 86.9	$ 57.1
Deferred Inflows of Resources	$ 5.8	$ 0.4
Net Position		
Net investment in capital assets	$ 20.9	$ 19.7
Restricted	-	2.1
Unrestricted	(9.1)	14.2
Total net position	$ 11.8	$ 36.0

Financial Analysis of the University as a Whole (Continued)

Total Assets and Liabilities



Total Deferred Inflows and Outflows of Resources



Non-Current Liabilities increased $29.0 million in fiscal year 2015 compared to fiscal year 2014 primarily due to recognition of the universities proportionate share of the net pension liability of $20.7 million as described in footnote 6 and the issuance of two new master leases as described in footnote 5.

Deferred Inflows of Resources increased $5.4 million in fiscal year 2015 compared to fiscal year 2014 primarily due to $5.3 million differences between expected and actual experience and investment earnings related to pensions, as described in footnote 6.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses and changes in net position reports the results of the University's activities and their effect on net position. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

Financial Analysis of the University as a Whole (Continued)

The following summarizes the University's revenues, expenses and changes in net position for the years ended June 30:

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

	2015	2014
Operating Revenues:		
Tuition and fees, net	$ 12.4	$ 12.6
Federal and local grants and contracts	11.9	12.6
Auxiliary	3.9	3.9
Other	0.1	0.1
Total operating revenues	28.3	29.2
Operating Expenses	(42.9)	(45.5)
Operating loss	(14.6)	(16.3)
Nonoperating Revenues (Expenses):		
State appropriations, including OTRS	15.5	15.6
Investment income	0.2	0.2
Other nonoperating expenses	0.1	(1.8)
Interest expense	(2.2)	(2.2)
Net nonoperating revenues	13.6	11.8
Loss before other revenues	(1.0)	(4.5)
Other Revenues	2.2	4.0
Net increase (decrease) in net position	1.2	(0.5)
Net Position, beginning of year	36.0	36.5
Restatement—Implementation of GASB 68 & 71	(25.4)	-
Net Position, beginning of year, restated	10.6	36.5
Net Position, end of year	$ 11.8	$ 36.0

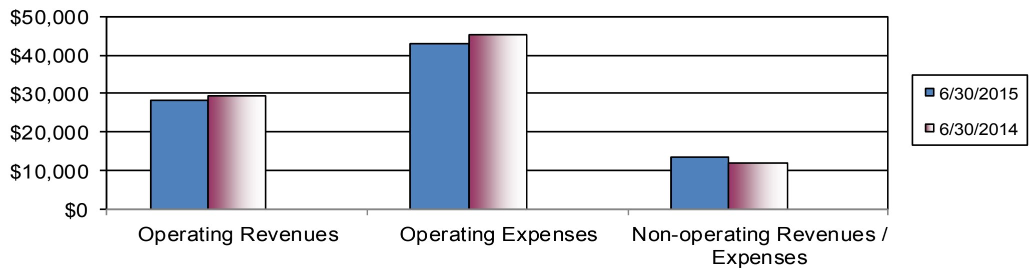
Operating revenues include tuition and fees net of scholarship discounts and allowances, grants and contracts, sales and services, auxiliary operations, and other. Operating revenues decreased by $0.9 million in fiscal year 2015 as compared to fiscal year 2014. The combination of student tuition and fee rate increases and enrollment decline resulted in a small decrease in tuition and fee revenues as compared to fiscal year 2014. Federal and state student financial aid revenues decreased by $07 million.

The predominant source of nonoperating revenues is state appropriations. State appropriations were unchanged from fiscal year 2014. Other revenues of $2.2 million were less than the prior years $4.0 million as fiscal year 2014 included capital grants related to the construction of the student dining facility.

The University's operating expenses are listed by natural classification, including employee compensation, scholarships, contractual services, etc. The net decrease in operating expenses of $2.3 million in fiscal year 2015 as compared to fiscal year 2014, was primarily due to a $0.9 million increase in campus renovation and equipment acquisitions, $0.9 million decrease in scholarships (relating to decreases in federal aid) and $1.7 million decrease in compensation expense related to GASB 68.

Financial Analysis of the University as a Whole (Continued)

Revenues and Expenses



Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

Following is a comparison of cash flows for the years ended June 30:

Condensed Statements of Cash Flows (in millions)

	2015	2014
Cash Flows Provided By (Used In):		
Operating activities	$ (11.9)	$ (21.5)
Noncapital financing activities	14.4	24.7
Capital and related financing activities	(4.0)	(3.4)
Investing activities	0.2	1.3
Net increase (decrease) in cash	(1.3)	1.1
Cash, beginning of year	17.9	16.8
Cash, end of year	$ 16.6	$ 17.9

Economic Outlook

The State of Oklahoma economy began to decline during fiscal year 2015, and as a result, state appropriations for fiscal year 2015 reflected no change from 2014. Exacerbated by a significant decline in energy prices, decreases in state appropriations are expected to continue in fiscal years 2016 and 2017.

Declines in student enrollment during fiscal years 2013 and 2014 have diminished, and Fall 2015 enrollment reflects a 2 percent increase. Implementation of new undergraduate degree programs and the MBA graduate program, expanded residential housing on the Claremore campus, and enhanced efforts to attract and retain students have each contributed to increased enrollment.

Rogers State University continues to be recognized as a dynamic, progressive university with high-quality academic programs, distance learning options, and a high-technology learning environment. RSU is a national pioneer and leader in distance education, offering courses via the Internet and compressed video to students across the state of Oklahoma. RSU is the only public four-year, residential university in the Tulsa metropolitan area.

Economic Outlook (Continued)

Despite recent economic declines, RSU's financial position remains strong. Conservative management of fiscal resources has ensured cash reserves are sufficient to continue expansion of academic programs, offset cost increases, and relieve pressure to keep tuition and fee rates low. The university will continue to expand the energy management program in order to reduce energy costs and explore opportunities to reduce operating cost while continuing to provide quality services.

As a regional university, we are committed to the preservation, transmission, and advancement of knowledge. We are committed to our mission to ensure our students develop the skills and knowledge required to achieve professional and personal goals in dynamic local and global communities.

Rogers State University

Statement of Net Position
June 30, 2015

Assets	University June 30, 2015	Foundation June 30, 2015
Current Assets		
Cash and cash equivalents	$ 12,978,430	$ 2,784,397
Restricted cash and cash equivalents	625,054	-
Accounts receivable, net	1,493,634	-
Receivable from OSRHE	334,734	-
Pledges receivable	-	613,342
Other current assets	-	42,799
Total current assets	15,431,852	3,440,538
Noncurrent Assets		
Restricted cash and cash equivalents	2,998,890	-
Investments	-	12,352,740
Pledges receivable	-	40,444
Other noncurrent assets	-	61,120
Funds held in custody by others	2,783,674	-
Capital assets, net	80,613,609	1,216,646
Total noncurrent assets	86,396,173	13,670,950
Total assets	$ 101,828,025	$ 17,111,488
Deferred Outflows of Resources		
Deferred outflows for pensions	$ 2,772,519	$ -
Total Deferred Outflows of Resources	$ 2,772,519	$ -

(Continued)

Rogers State University

Statement of Net Position (Continued)
June 30, 2015

Liabilities and Net Position	University June 30, 2015	Foundation June 30, 2015
Current Liabilities		
Accounts payable and accrued expenses	$ 2,535,453	$ 58,090
Unearned revenues	648,956	-
Funds held in custody for others	208,787	-
Note payable	-	698,747
Accrued compensated absences, current portion	513,164	-
Bonds payable, current portion	533,750	-
Capital lease obligations, current portion	2,912,547	-
Total current liabilities	7,352,657	756,837
Noncurrent Liabilities, net of current portion		
Unearned revenues	178,572	-
Other post-employment benefit obligation	418,991	-
Accrued compensated absences	407,603	-
Net pension liability	20,714,488	-
Bonds payable, net of premium and discount	10,783,667	-
Capital lease obligations, net of premium and discount	47,096,978	-
Total noncurrent liabilities	79,600,299	-
Total liabilities	$ 86,952,956	$ 756,837
Deferred Inflows of Resources		
Deferred credit on OCIA lease restructure	$ 459,246	$ -
Deferred inflows for pensions	5,323,301	-
Total Deferred Inflows of Resources	$ 5,782,547	$ -
Net Position		
Net investment in capital assets	$ 20,942,832	$ -
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	13,023,912
Expendable:		
Educational programs	-	2,753,588
Capital projects	-	-
Grants and contracts	-	-
Unrestricted	(9,077,791)	577,151
Total net position	$ 11,865,041	$ 16,354,651

See Notes to Financial Statements.

Rogers State University

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2015

	University Year Ended June 30, 2015	Foundation Year Ended June 30, 2015
Operating Revenues:		
Tuition and fees, net of scholarship discounts and allowances of $8,074,000 at June 30, 2015 (revenues of $939,000 for 2015 are used as security for the 2007A & B Student Facility Revenue Bonds)	$ 12,405,055	$ -
Federal grants and contracts	10,938,879	-
State and private grants and contracts	1,070,129	-
Auxiliary enterprises (revenues of $447,000 for 2015 are used as security for the 2013 Revenue Bonds)	3,898,254	-
Gifts and contributions	-	4,289,013
Other	48,324	420,649
Total operating revenues	28,360,641	4,709,662
Operating Expenses:		
Employee compensation and benefits	23,001,134	-
Contractual services	3,174,411	-
Supplies and other operating expenses	4,344,648	-
Utilities	1,308,131	-
Communications	374,508	-
Other operating expenses	1,032,626	1,509,356
Depreciation expense	3,200,400	-
Scholarships	6,397,012	698,874
Total operating expenses	42,832,870	2,208,230
Operating income (loss)	(14,472,229)	2,501,432
Nonoperating Revenues (Expenses):		
State appropriations	14,360,073	-
OTRS on-behalf contributions	1,132,281	-
Investment income	162,761	301,192
OSRHE Endowment Income	83,496	-
Other nonoperating expenses	(74,481)	-
Interest expense	(2,241,761)	-
Net nonoperating revenues	13,422,369	301,192
Gain (loss) before other revenues, expenses, gains and losses	(1,049,860)	2,802,624
Other Revenues, Expenses, Gains and Losses		
State appropriations restricted for capital purposes	455,052	-
Capital grants and gifts	324,518	-
On-behalf state appropriations restricted for debt service	1,439,735	-
Net increase (decrease) in net position	1,169,445	2,802,624
Net Position, beginning of year	36,002,130	13,552,027
Restatement—Implementation of GASB 68 & 71	(25,306,534)	-
Net Position, beginning of year, restated	10,695,596	13,552,027
Net Position, end of year	$ 11,865,041	$ 16,354,651

See Notes to Financial Statements.

Rogers State University

Statement of Cash Flows
Year Ended June 30, 2015

Cash Flows From Operating Activities	
Tuition and fees	$ 12,346,305
Federal grants and contracts	12,154,099
Auxiliary enterprises	3,926,432
Other operating receipts	48,324
Payments to employees for salaries and benefits	(23,794,587)
Payments to suppliers	(16,519,178)
Net cash used in operating activities	(11,838,605)
Cash Flows From Noncapital Financing Activities	
State appropriations	14,360,073
Direct loans received	10,454,697
Direct loans disbursed	(10,454,697)
Net cash provided by noncapital financing activities	14,360,073
Cash Flows From Capital and Related Financing Activities	
Capital appropriations received	436,941
Purchase of capital assets	(10,519,361)
Interest paid on capital debt and leases	(1,939,078)
Proceeds from master leases	9,466,326
Principal paid on capital-related debt	(1,776,603)
Donations, grants and contracts for capital projects	324,518
Net cash used in capital and related financing activities	(4,007,257)
Cash Flows From Investing Activities	
Cash received from the sale of capital assets	14,300
Interest income received	211,936
Net cash provided by investing activities	226,236
Net change in cash and cash equivalents	(1,259,553)
Cash and Cash Equivalents, beginning of year	17,861,927
Cash and Cash Equivalents, end of year	$ 16,602,374

(Continued)

Rogers State University

Statement of Cash Flows (Continued)
Year Ended June 30, 2015

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (14,472,229)
Adjustments to reconcile operating loss to net cash used in operating activities:	
OTRS on-behalf contributions	1,132,281
Depreciation expense	3,200,400
Changes in assets and liabilities:	
Accounts receivable	84,679
Deferred outflows for pensions	(13,952)
Unearned revenues	29,841
Accounts payable and accrued expenses	29,317
Funds held in custody	31,184
Accrued expenses—OPEB	(281,023)
Accrued compensated absences	22,996
Net pension liability	(6,925,400)
Deferred inflows for pensions	5,323,301
Net cash used in operating activities	$ (11,838,605)
Noncash Capital and Related Financing Items	
Principal and interest paid by OCIA	$ 1,439,735
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	
Current assets:	
Current cash and cash equivalents	$ 12,978,430
Restricted cash and cash equivalents	625,054
Noncurrent assets:	
Restricted cash and cash equivalents	2,998,890
	$ 16,602,374

See Notes to Financial Statements.

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

Nature of operations: Rogers State University (the University) is a regional University operating under the jurisdiction of the Board of Regents of the University of Oklahoma (the Board of Regents) and the Oklahoma State Regents for Higher Education.

Reporting entity: The University is one of four institutions of higher education in Oklahoma that comprise the Regents of the University of Oklahoma, which in turn is part of the Higher Education Component Unit of the State of Oklahoma.

The Board of Regents has constitutional authority to govern, control and manage the Regents of the University of Oklahoma, which consists of Rogers State University, Cameron University, University of Oklahoma-Norman Campus, and University of Oklahoma Health Sciences Center. 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 Regents of the University of Oklahoma 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 the University is not a legally separate entity, and therefore is not a component unit of the State. The University is an organizational unit with the Board of Regents as stated above.

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

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: The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP. 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 statement 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 OK Invest cash management investment policy are considered cash equivalents.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments: The University accounts for its investments at fair 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 auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma. Accounts receivable also include amounts due from the federal, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable 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.

Restricted cash and investments: Cash and investments that are externally restricted for debt service payments, maintain sinking or reserve funds, long-term student loans, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

Capital assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University's capitalization policy is 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. The University capitalizes interest as a component of capital assets constructed for its own use. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 30 years for infrastructure, 20 years for land improvements and building renovations, and five 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 expenses in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and 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.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

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

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

Restricted net position—expendable: Restricted expendable net position includes resources in which the 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 consists 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 represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.
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: The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

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

Scholarship discounts and allowances: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs, are recorded as 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. Nature of Organization and 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.

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.

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

Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 (GASB No. 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. The provisions of the statement are effective for fiscal periods beginning after June 15, 2014. The adoption of GASB No. 68 resulted in a decrease in net position of $28,009,970 as of July 1, 2014.

Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68 (GASB No. 71) was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement were required to be adopted simultaneously with the adoption of GASB Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of $2,703,436 for contributions and increase in net position as of July 1, 2014.

New accounting pronouncements issued but 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. Nature of Organization and 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 in 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 government'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, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations, in the University's name.

At June 30, 2015, the carrying amount of the University's deposits with the State Treasurer and other financial institutions was $16,602,374. This amount consisted of deposits with the State Treasurer ($16,598,174), U.S. financial institutions ($500), and change funds ($3,700), as of June 30, 2015.

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* total $8,132,081 at June 30, 2015.

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

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

OK INVEST Portfolio	Cost	Fair Value
U.S. Agency securities	$ 3,264,872	$ 3,261,342
Certificates of deposit	222,038	222,038
Money market mutual funds	1,020,902	1,020,902
Mortgage backed agency securities	3,190,247	3,231,022
Municipal bonds	112,754	122,265
Foreign bonds	62,616	62,616
Commercial paper	164,528	164,528
U.S. Treasury Obligations	94,124	112,989
	$ 8,132,081	$ 8,197,702

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/.

Note 2. Deposits and Investments (Continued)

The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. *OK INVEST* maintains an overall weighted average maturity of no more than four years.

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

Liquidity risk is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons.

U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State, the FDIC, or any other government agency.

Note 3. Accounts Receivable

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying balance sheet. Accounts receivable consisted of the following at June 30, 2015:

Student tuition and fees	$ 1,313,053
Auxiliary enterprise and other operating activities	273,236
Federal, state and private grants and contracts	212,774
	1,799,063
Less allowance for doubtful accounts	(305,429)
Net accounts receivable	$ 1,493,634

Note 4. Capital Assets, Net

Following are the changes in capital assets for the years ended June 30:

	Balance, June 30, 2014	Additions	Transfers	Retirements	Balance, June 30, 2015
Capital assets not being depreciated:					
Land	$ 776,133	$ -	$ -	$ -	$ 776,133
Construction in progress	5,615,840	10,259,467	(4,806,105)	-	11,069,202
Total capital assets not being depreciated	$ 6,391,973	$ 10,259,467	$ (4,806,105)	$ -	$ 11,845,335
Capital assets being depreciated:					
Land improvements	$ 11,976,115	$ -	$ -	$ -	$ 11,976,115
Infrastructure	2,538,589	-	-	-	2,538,589
Buildings	68,910,049	-	4,806,105	-	73,716,154
Furniture, fixtures and equipment	7,929,710	539,587	-	(194,567)	8,274,730
Library materials	3,188,536	87,356	-	(3,846)	3,272,046
Total capital assets being depreciated	94,542,999	626,943	4,806,105	(198,413)	99,777,634
Less accumulated depreciation for:					
Land improvements	(3,957,819)	(568,784)	-	-	(4,526,603)
Infrastructure	(976,418)	(84,620)	-	-	(1,061,038)
Buildings	(13,434,398)	(1,808,538)	-	-	(15,242,936)
Furniture, fixtures and equipment	(6,611,950)	(651,574)	-	194,567	(7,068,957)
Library materials	(3,026,317)	(86,884)	-	3,375	(3,109,826)
Total accumulated depreciation	(28,006,902)	(3,200,400)	-	197,942	(31,009,360)
Capital assets being depreciated, net	$ 66,536,097	$ (2,573,457)	$ 4,806,105	$ (471)	$ 68,768,274
Capital assets summary:					
Capital assets not being depreciated	$ 6,391,973	$ 10,259,467	$ (4,806,105)	$ -	$ 11,845,335
Capital assets being depreciated:	94,542,999	626,943	4,806,105	(198,413)	99,777,634
Total cost of capital assets	100,934,972	10,886,410	-	(198,413)	111,622,969
Less accumulated depreciation	(28,006,902)	(3,200,400)	-	197,942	(31,009,360)
Capital assets, net	$ 72,928,070	$ 7,686,010	$ -	$ (471)	$ 80,613,609

Note 5. Long-Term Liabilities

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

	Balance, June 30, 2014	Additions	Reductions	Balance, June 30, 2015	Amounts Due Within One Year
Bonds, notes and capital leases:					
Student Facility Series, 2007A	$ 7,800,000	$ -	$ -	$ 7,800,000	$ -
Student Facility Series, 2007B	960,000	-	(300,000)	660,000	320,000
ODFA Revenue Bonds 2013	3,000,000	-	(75,000)	2,925,000	213,750
Bond premium	6,171	-	(3,381)	2,790	-
Bond discount	(76,690)	-	6,317	(70,373)	-
ODFA Master lease payable	27,533,335	12,369,000	(1,401,603)	38,500,732	1,495,660
OCIA Capital lease payable	12,882,193	1,290,013	(2,670,556)	11,501,650	1,416,887
Lease payable premium	219,979	36,969	(3,501)	253,447	-
Lease payable discount	(188,248)	(74,159)	16,103	(246,304)	-
Total bonds, notes and capital leases	52,136,740	13,621,823	(4,431,621)	61,326,942	3,446,297
Other noncurrent liabilities:					
Accrued expense—OPEB	700,015	76,786	(357,810)	418,991	-
				20,593,041	
				121,447	
Accrued compensated absences	897,770	920,767	(897,770)	920,767	513,164
Total noncurrent liabilities	$ 53,734,525	$ 42,204,133	$ (12,557,470)	$ 83,381,188	$ 3,959,461

Student Facility Revenue Bonds: In August 2007, the University issued $7,800,000 Student Facility Revenue Bonds Series 2007A and $2,200,000 Federally Taxable Series 2007B. The proceeds received from the sale of these bonds and other funds available to the University were used to construct, renovate, equip, and furnish various facilities on the Claremore campus, including the Student Services Center and other student usage facilities.

The bonds are secured by student facility fees assessed on a credit-hour basis. Total pledged revenues in fiscal year 2015 were $939,311. Debt service payments of $697,881 were 74.3 percent of pledged revenues in fiscal year 2015.

The 2007A Student Facility Revenue bonds were issued at a discount of $92,178. During 2015, the University recognized $4,974 of amortization, leaving a balance of the unamortized bond discount of $54,444. The 2007B Student Facility Revenue bonds were issued at a premium of $54,323. During 2015, the University recognized $3,381 of amortization, leaving a balance of the unamortized bond premium of $2,790.

In May 2013, the University issued $3,000,000 Federally Taxable Series 2013 revenue bonds. The net proceeds of $2,854,000 were used to design, construct, and equip a new 17,300 square foot student dining facility on the Claremore campus.

The bonds are primarily secured by bookstore revenues of $351,252 and dining facility revenues of $95,983. Debt service payments of $158,468 were 35.4 percent of pledged revenues in fiscal year 2015. The Federally Taxable Series 2013 revenue bonds were issued at a discount of $18,754. During 2015, the University recognized $1,343 of amortization, leaving a balance of the unamortized bond discount of $15,928.

Note 5. Long-Term Liabilities (Continued)

The scheduled maturities of the bonds are as follows:

Years Ending June 30,	Principal	Interest	Total
2016	$ 533,750	$ 509,303	$ 1,043,053
2017	477,917	439,725	917,642
2018	485,000	419,500	904,500
2019	500,000	401,230	901,230
2020	517,917	382,962	900,879
2021-2025	2,901,667	1,597,476	4,499,143
2026-2030	3,562,500	944,063	4,506,563
2031-2033	2,406,249	166,621	2,572,870
	$ 11,385,000	$ 4,860,880	$ 16,245,880

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, OCIA issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, the State Regents allocated $4,000,000 to the University. Concurrent with the allocation, the University entered into a lease agreement with OCIA, representing the two projects funded by the OCIA bonds.

Through June 30, 2015, the University had drawn its entire allotment for expenditures incurred in connection with the projects. Expenditures have been capitalized as investments in capital assets in accordance with University policy. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment less repayments made.

In November 2005, the OCIA issued its OCIA Bond Issues, 2005 Series F and G. Of the total bond indebtedness, the State Regents allocated $13,922,702 to the University. Concurrent with the allocation, the University entered into a lease agreement with OCIA, representing the seven projects being funded by the OCIA bonds.

Through June 30, 2015, the University had drawn its entire allotment for expenditures incurred in connection with the projects. Expenditures have been capitalized as investments in capital assets and/or recorded as construction in progress in accordance with University policy. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment less repayments made.

Note 5. Long-Term Liabilities (Continued)

In 2011, the OCIA Series 2005F lease agreement was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the lease agreement with OCIA automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring. The University has recorded a deferred charge of $1,284,522 on restructuring as a deferred outflow of resources that has been fully amortized as of June 30, 2015. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of $445,026, which also approximates the economic cost of the lease restructuring. Even though 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 $387,424, which is the difference between the reacquisition price and the net carrying amount of the old debt, that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, the remaining deferred inflow of resources totaled $357,775. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $941,650, which approximates the economic savings of the transaction.

During fiscal year 2015, the University's 1999 lease agreement with OCIA was restructured through a refunding of the Series 2004A bonds. OCIA issued new bonds, Series 2014B, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The 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 payments. The University has recorded a deferred inflow of resources of $126,840, which is the difference between the reacquisition price and the net carrying amount of the old debt that is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, the remaining deferred inflows of resources totaled $101,471. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $109,644, which approximates the economic savings of the transaction.

During the year ended June 30, 2015, the State Regents made lease principal and interest payments totaling $1,457,846 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.

Note 5. Long-Term Liabilities (Continued)

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

Years Ending June 30,	Principal	Interest	Total
2016	$ 1,416,887	$ 505,212	$ 1,922,099
2017	1,492,626	459,993	1,952,619
2018	1,541,787	396,237	1,938,024
2019	278,161	327,787	605,948
2020	281,009	315,663	596,672
2021-2025	2,572,971	1,368,833	3,941,804
2026-2030	3,918,209	587,763	4,505,972
	$ 11,501,650	$ 3,961,488	$ 15,463,138

Oklahoma Development Finance Authority Master Lease Program: In March 2005, the University entered into a 15-year lease agreement with the Oklahoma Development Finance Authority (the ODFA) and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2005A. The University received a net amount of $138,000 of the proceeds for the installation of a geothermal mechanical system. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In May 2006, the University entered into a 20-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2006A. The University received a net amount of $4,414,000 of the proceeds for the installation of a geothermal mechanical system. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In August 2007, the University entered into a 20-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2006B. The University received a net amount of $950,000 of proceeds for the installation of a geothermal system, lighting retrofit, HVAC monitoring system, water conservation enhancements, and other energy conservation projects. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In May 2010, the University entered into a 4 year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010A. The net proceeds of $578,000 was used for the purchase of equipment. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In September 2010, the University entered into a 15 year Master Lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010A. The University received a net amount of $3,500,000 of the proceeds for the completion of the Baird Hall expansion project. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

Note 5. Long-Term Liabilities (Continued)

In September 2010, the University entered into a 30 year Master Lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010A. The University received a net amount of $10,500,000 of the proceeds for the construction of student apartments. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In November 2010, the University entered into a 24 year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010C. The University received a net amount of $6,989,212 of the proceeds for the purchase of student apartments from the Foundation. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In December 2010, the University entered into a 15 year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010B. The University received a net amount of $720,000 of the proceeds for the installation of a geothermal mechanical system. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In July 2011, the University entered into a 25-year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2011A. The net proceeds of $4,000,000 was used for the construction of athletic facilities. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In July 2014, the University entered into a 30-year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2014D. The net proceeds of $11,500,000 was used for the construction of student apartments. Through June 30, 2015 the University has drawn down $8,915,746 for expenditures incurred, leaving remaining proceeds of $2,584,254, which are shown as funds held in custody by others on the statement of net position. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In April 2015, the University entered into a 5 year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2015A. The net proceeds of $750,000 will be used for the purchase of equipment and software. Through June 30, 2015 the University has drawn down $550,580 for expenditures incurred, leaving remaining proceeds of $199,420, which are shown as funds held in custody by others on the statement of net position. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

Note 5. Long-Term Liabilities (Continued)

The scheduled maturities of the obligations under the ODFA Master Lease Program are as follows:

Years Ending June 30,	Principal	Interest	Total
2016	$ 1,495,660	$ 1,469,276	$ 2,964,936
2017	1,555,500	1,424,659	2,980,159
2018	1,602,750	1,378,903	2,981,653
2019	1,644,083	1,328,549	2,972,632
2020	1,690,833	1,275,487	2,966,320
2021-2025	8,637,917	5,433,748	14,071,665
2026-2030	6,731,083	3,883,161	10,614,244
2031-2035	7,212,667	2,485,718	9,698,385
2036-2040	5,607,083	1,125,236	6,732,319
2041-2044	2,323,156	226,203	2,549,359
	$ 38,500,732	$ 20,030,940	$ 58,531,672

Note 6. Retirement Plans

The University's academic and nonacademic personnel are covered by various retirement plans depending on job classification. The plans available to University personnel include:

Name of Plan/System	Type of Plan
Oklahoma Teachers' Retirement System (OTRS)	Cost Sharing Multiple Employer Defined Benefit Plan
Rogers State University Defined Contribution Plan	Defined Contribution Plan
Fidelity Investments Plan	Defined Contribution Plan
Supplemental Retirement Annuity	Defined Benefit Plan

The University does not maintain the accounting records, hold the investments for, or administer these plans.

Oklahoma Teachers' Retirement System

Plan description: The University participates in the OTRS, a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma State Statutes assigns the authority for management and operation of OTRS to the Board of Trustees of the System. OTRS issues a publicly available annual financial report that can be obtained at www.ok.gov/TRS/.

Benefits provided: 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. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Note 6. 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 OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS 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 OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS 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, OTRS 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 2.0 percent of final average compensation for the applicable years of credited service.

Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code (IRC).

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

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The University pays the employee contributions as a pre-tax benefit for the employees. The University's contribution rate is 8.55 percent for the years ended June 30, 2015 and 2014. The University's contributions to OTRS in 2015 was approximately $1,527,000, equal to the required contributions. In addition, the State of Oklahoma also contributes 5 percent of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University's Statement of Revenues, Expenses and Changes in Net Position as both revenues and compensation and employee benefit expense in 2015 was $1,132,281. These on-behalf payments do not meet the definition of a special funding situation.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2015, the University reported a liability of $20,593,041 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 June 30, 2014. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions to OTRS by all participating employers for the year ended June 30, 2014. Based upon this information, the University's proportion was .383 percent.

Note 6. Retirement Plans (Continued)

For the year ended June 30, 2015, the University recognized pension expense of $1,209,930. 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	$ -	$ 339,434
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	4,983,867
University contributions made subsequent to the measurement date	2,772,519	-
Total	$ 2,772,519	$ 5,323,301

Deferred pension outflows totaling $2,772,519 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 $4,983,867 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 $339,434 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 participants divided by the number of people in the Plan including retirees. The total future service years of the plan participants 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:

2016	$ 1,309,770
2017	1,309,770
2018	1,309,770
2019	1,309,770
2020	63,803
Thereafter	20,418
	$ 5,323,301

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2014 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Period—Amortization over an open 30-year period
- Asset Valuation Method—5-year smooth market
- Inflation—3.0 percent
- Salary Increases—Composed of 3.0 percent inflation, plus 1.0 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return—8.0 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 90.0 percent for males and 80.0 percent for females.

Note 6. Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Discount rate: The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5.0 percent of sales, use and individual income taxes, as established by statute. Based on these assumptions, OTRS' fiduciary net position was projected to be available to make 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.

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the University calculated using the discount rate of 8.0 percent, as well as what the University's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (7.0 percent) or 1-percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	$ 28,930,522	$ 20,593,041	$ 13,555,922

Note 6. Retirement Plans (Continued)

Defined Contribution Plan

Plan description: The plan is a Section 401(a) defined contribution plan that became effective January 1, 2015 for certain FLSA nonexempt employees. The purpose of the plan is to provide retirement benefits for the participants and to distribute the funds accumulated to the participants or the eligible beneficiaries. All nonexempt employees hired after the effective date are allowed a one-time election between participation in OTRS or the defined contribution plan.

Funding policy: The required contribution rate is 9.0 percent of pensionable compensation. The University contributes the required amounts for participating members. The University's contributions for the year ended June 30, 2015 were approximately $17,000.

Defined Contribution Plan—Fidelity Investments

Plan description: For all eligible full-time employees, the University contributes to a defined contribution pension plan (the Plan) administered by the University's Board of Regents. Pension expense is recorded for the amount of the University's required contributions determined in accordance with the terms of the Plan. Eligible employees are not required to make contributions to the Plan. The Plan provides retirement benefits to eligible employees or their beneficiaries. Benefit provisions and contribution requirements are contained in the Plan document and were established and can be amended by action of the University's Board of Regents.

Funding policy: Prior to December 1, 2011, the University contributed 15 percent of the base salary above $9,000 for certain employees who were employed prior to January 1, 1999 and 4.0 percent of the annual base salary for all other employees in the Plan. Effective December 1, 2011, the University contributed 4.0 percent of the annual base salary for all employees in the Plan. Effective July 1, 2013, contributions made by the University were temporarily suspended.

Supplemental Retirement Annuity

Plan description: The University's Supplemental Retirement Annuity (the SRA) plan is a single-employer, defined-benefit pension plan administered by the University's Board of Regents. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to certain eligible University employees, or to those eligible employees' beneficiaries. The SRA plan is restricted to certain retirees of the University. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents. The SRA does not issue a stand-alone financial report nor is it included in the financial report of another entity.

Benefits provided: The SRA will provide a supplemental monthly annuity, based upon the participant's average monthly salary (three highest monthly salary amounts), and taking into consideration OTRS benefits, years of service and other factors.

Contributions: The University shall make contributions to the annuity contract in such amounts and at such times as it shall deem advisable to provide the benefits as set forth in the SRA. Participants are not permitted nor required to make contributions to the SRA.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2015, the University reported a liability of $121,447 related to the SRA. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. For the year ended June 30, 2015, the University recognized pension expense of $18,997. Deferred pension outflows totaling $100,000, 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. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions were not recognized for the SRA as such amounts are not material.

Note 6. Retirement Plans (Continued)

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2015 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Asset Method—Market Value of Assets
- Inflation—0 percent
- Salary Increases—Not applicable.
- Discount Rate and Long-Term Expected Rate of Return—6.0 percent
- Mortality—RP-2000 Combined Mortality Table, projected to 2015 using Scale AA

Discount rate: The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the major asset classes included in the pension plan's target asset allocation as of June 30, 2015 are 6.0 percent.

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the University calculated using the discount rate of 6.0 percent, as well as what the University's net pension liability would be using a discount rate that is 1-percentage point lower (5.0 percent) or 1-percentage point higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability	$ 232,363	$ 121,447	$ 26,350

Note 7. Other Post-Employment Health and Life Insurance Benefits

Plan Description: The University sponsors health care and life insurance coverage to qualifying retirees and their dependents. All employees hired prior to July 1, 2009 and eligible to retire under the provisions of OTRS are eligible to participate. All coverage is provided through fully insured contracts. Medical coverage for active employees and retirees under the age of 65 is offered through Oklahoma EE Group Insurance Division (EGID), formerly OSEEGIB, effective January 1, 2015. Retirees receive fully paid coverage to Medicare eligibility (age 65). OTRS pays a portion of the carrier premium with the balance paid by the University. The carrier premium applicable to retiree dependents is the responsibility of the participants. The University also pays for retiree life insurance coverage to age 65. Through a separate fully insured contract, the University sponsors Medicare supplement coverage for former employees eligible for Medicare. Medicare-eligible retirees must pay full carrier rates to maintain coverage.

Note 7. Other Post-Employment Health and Life Insurance Benefits (Continued)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan are required on a biennial basis and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive benefits, as understood by the University and its employees, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the employee and the employees to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the actuarial valuations the projected unit actuarial cost method was used. The actuarial assumptions include a 2.3 percent investment rate of return and an annual health care cost trend rate of 7.0 percent.

Annual OPEB cost and net OPEB obligation: Annual OPEB cost and net OPEB obligation for 2015 is as follows:

Annual required contribution	$ 91,326
Interest in OPEB obligation (asset)	18,900
Adjustment to annual required contribution	(33,440)
Annual OPEB cost	76,786
Contributions made	(51,162)
Other adjustments	(306,648)
Increase in net OPEB obligation	(281,024)
OPEB obligation at beginning of year	700,015
OPEB obligation at end of year	$ 418,991

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

Actuarial accrued liability (AAL)	$ 1,020,536
Actuarial value of plan assets	601,545
Unfunded actuarial accrued liability (UAAL)	$ 418,991
Funded ratio (actuarial value of plan assets/AAL)	58.94%
Annual covered payroll (active plan members)	$ 8,644,828
UAAL as a percentage of annual covered payroll	4.85%

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 Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2015	$ 76,786	66.6%	$ 418,991
2014	115,313	50.0%	700,015
2013	200,771	322.9%	642,404

Note 8. Funds Held in Trust by Others

Oklahoma State Regents Endowment Trust Fund: In connection with the Oklahoma State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The state match amounts, plus retained accumulated earnings, totaled approximately $1,545,000 at June 30, 2015, and is invested by the Oklahoma State Regents for Higher Education on behalf of the University. The University is entitled to receive an annual distribution of earnings of 4.5 percent of the market value at year end on these funds. Legal title of these endowment funds is retained by the Oklahoma State Regents of Higher Education; only the funds available for distribution, or approximately $335,000 at June 30, 2015, have been reflected as assets in the statement of net position.

Note 9. Related Party Transactions

The University is the beneficiary of a foundation that provides support for the University by way of scholarships and other direct resources. The University contracts with the Foundation to provide limited services and office space in exchange for the support the University receives. Administrative services provided by the University for the benefit of the Foundation were approximately $231,196 for the year ended June 30, 2015. Scholarships awarded by the Foundation are remitted to the University after the University pays the award recipient. Such amounts were approximately $670,000 during the year ended June 30, 2015.

Note 10. Commitments and Contingencies

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

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management believes that resolution of any such matters pending at June 30, 2015, will not have a material adverse impact to the University.

Note 11. Risk Management

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

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

Required Supplementary Information

Rogers State University

Schedule of Funding Progress for Other Post-Employment Health and Life Insurance Benefits
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
06/30/2006	$ -	$ 1,712,128	$ 1,712,128	0.00%	$ 13,120,359	13.00%
06/30/2008	-	2,142,292	2,142,292	0.00%	13,013,546	16.50%
06/30/2010	-	1,754,405	1,574,405	0.00%	10,970,013	16.00%
06/30/2012	600,000	1,310,311	710,311	54.20%	9,164,569	7.80%
06/30/2014	601,545	1,020,537	418,992	58.90%	8,644,828	4.80%

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

Rogers State University

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

University's proportion of the net pension liability		0.383%
University's proportionate share of the net pension liability	$	20,593,041
University's covered-employee payroll		16,512,805
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll		124.7%
Plan fiduciary net position as a percentage of the total pension liability		72.4%

Notes to Schedule:

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

Rogers State University

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	$ 1,527,383	$ 1,554,211	$ 1,545,594	$ 1,525,156	$ 1,514,647
Contributions in relation to the contractually required contribution	(1,527,383)	(1,554,211)	(1,545,594)	(1,525,156)	(1,514,647)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$16,512,805	$16,570,041	$16,344,321	$16,482,523	$15,402,791
Contributions as a percentage of covered-employee payroll	9.25%	9.38%	9.46%	9.25%	9.83%

	2010	2009	2008	2007	2006
Contractually required contribution					
Contributions in relation to the contractually required contribution	(1,466,117)	(1,322,938)	(1,158,470)	(1,061,275)	(971,622)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$14,852,375	$14,710,071	$13,784,138	$12,654,088	$11,646,029
Contributions as a percentage of covered-employee payroll	9.87%	8.99%	8.40%	8.39%	8.34%

Rogers State University

Schedule of Changes in Net Pension Liability and Related Rations (Unaudited)
Supplemental Retirement Plan

Last 10 Fiscal Years *
(Dollar amounts in thousands)

Total Pension Liability	
Service cost	$ -
Interest	66,643
Changes of benefit terms	-
Differences between expected and actual experience	4,035
Changes of assumptions	-
Benefit payments	(88,998)
Net change in total pension liability	(18,320)
Total Pension Liability, beginning	1,155,220
Total Pension Liability, ending (a)	1,136,900
Plan Fiduciary Net Position	
Contributions—employer	100,000
Contributions—member	-
Net investment income	36,995
Benefit payments	(88,998)
Administrative expense	-
Net change in plan fiduciary net position	47,997
Plan Fiduciary Net Position, beginning	967,456
Plan Fiduciary Net Position, ending (b)	1,015,453
Net pension liability, ending (a) - (b)	$ 121,447
Plan fiduciary net position as a percentage of the total pension liability	89.3%
Covered employee payroll	-
Net pension liability as a percentage of covered-employee payroll	0.0%

Notes to Schedule:

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

Rogers State University

Schedule of Employer Contributions (Unaudited)
Supplemental Retirement Plan (SRP)
Last 10 Fiscal Years

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 25,511	$ 21,208	$ 43,442	$ 38,774	$ 45,456
Contributions in relation to the actuarially determined contribution	100,000	-	200,000	-	100,000
Contribution deficiency (excess)	$ (74,489)	$ 21,208	$ (156,558)	$ 38,774	$ (54,544)
University's covered-employee payroll	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2010	2009	2008	2007	2006
Actuarially determined contribution					
Contributions in relation to the actuarially determined contribution	200,000	400,000	100,000	150,000	100,000
Contribution deficiency (excess)	$ (132,980)	$ (288,933)	$ 42,797	$ (41,522)	$ 11,905
University's covered-employee payroll	$ -	$ -	$ -	$ 220,000	$ 210,000
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	68.18%	47.62%

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

McGladrey

**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 of the University of Oklahoma
Rogers State University
Norman, 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 Rogers State University (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 21, 2015. Our report includes emphasis of matters paragraphs describing the adoption of new accounting standards in the fiscal year ended June 30, 2015, the acknowledgement 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 Rogers State University 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2015-01 that we consider to be a significant deficiency.

University's Response to Finding
The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

McGladrey

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

Independent Auditor's Report

Board of Regents of the University of Oklahoma
Rogers State University
Norman, Oklahoma

Report on Compliance for Each Major Federal Program
We have audited Rogers State University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 2015-02. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

Other Supplementary Information

Rogers State University

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Expenditures
U.S. Department of Education:		
Student Financial Aid cluster:		
Federal Pell Grant	84.063	$ 7,428,860
Federal Supplemental Education Opportunity Grant	84.007	128,027
Federal Direct Student Loan Program	84.268	10,454,697
Federal Work Study	84.033	122,698
Total Student Financial Aid cluster		18,134,282
TRIO Program Cluster:		
Talent Search Grant	84.044A	290,272
Education Opportunity Centers	84.066A	542,813
Total TRIO program cluster		833,085
Other Programs:		
Passed-through Oklahoma Department of Vocational Technical Education:		
Carl Perkins Vocational and Applied Technology	84.048	68,971
Passed-through Oklahoma State Regents for Higher Education:		
Gear Up Summer (STEM) Academy	84.334S	22,952
Total other programs		91,923
Total U.S. Department of Education		19,059,290
U.S. Department of Commerce:		
Economic Development—Technical Assistance:		
RSU—University Center Award #08-66-04630	11.306	107,792
Total U.S. Department of Commerce		107,792
U.S. Fish and Wildlife Service, Region #2:		
Passed-through the Oklahoma Department of Wildlife Conservation		
Management and Cave Protection–ID E-22-15	15.615	22,199
Total U.S. Fish and Wildlife Service, Region #2		22,199
National Institute of Health:		
Institutional Development Award (IDeA) program:		
IDeA Network of Biomedical Research Excellence (INBRE):		
Oklahoma—INBRE	93.859	56,416
Total National Institute of Health		56,416
National Science Foundation:		
Mathematical and Physical Science Award #PHY–1314249	47.049	14,526
Total National Science Foundation		14,526
U.S. Small Business Administration:		
Passed-through Oklahoma Department of Commerce:		
Small Business Development Center Award #SBAHQ–13-B-0049	59.037	6,120
Total U.S. Small Business Administration		6,120
Total expenditures of federal awards		$ 19,266,343

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Accounting

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

Note 2. Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Federal Direct Student Loan Program

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

Note 4. Subrecipients

The University provided no federal awards to subrecipients.

Rogers State University

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

Comment Number	Comment	Corrective Action Taken

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

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

Findings and Questioned Costs for Federal Awards:

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

Rogers State University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	_X_ Yes	___ None Reported

Noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards:

Internal control over major programs:

• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program
*	Student Financial Aid Cluster
11.306	Economic Development—Technical Assistance

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

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee?	_X_ Yes	___ No

II. Findings Required to be Reported in Accordance with *Government Auditing Standards*:

(A) 2015-01—Significant Deficiency in Internal Control

Finding: Computer software was not capitalized as required by GAAP.

Criteria: According to GASB Statement No. 51, intangible assets including computer software should be recorded as capital assets.

Condition: The University did not capitalize expenditures totaling approximately $391,000 related to the acquisition of computer software.

Cause: The University's policy is to capitalize items meeting the definition of tangible assets.

Effect: Capital assets were understated by the amount of the intangibles charged to expense of approximately $391,000.

Recommendation: We recommend that the University update its capitalization policy to be in accordance with GASB Standards.

Response and Corrective Action Plan: We concur with this finding. The University's capitalization policy will be revised to address the accounting and financial reporting for Intangible Assets, as defined by GASB Statement 51.

(B) Compliance Findings

No matters were reported.

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

(A) Internal Control

No matters were reported.

(B) Compliance Findings

2015-02

Program CFDA No:

Pell Grant (84.063)
Federal Direct Student Loans (84.268)
Federal Supplemental Educational Opportunity Grants (84.007)
Federal Work-Study (84.033)

Federal Award Year: 2014-2015

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

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

Condition: In our testing of student status reporting to the NSLDS for graduates we noted that there were instances in which graduated students did not have their enrollment status change reported to the NSLDS via National Student Clearinghouse (NSC) within 60 days from the date of graduation as required by federal regulations for NSLDS reporting. In addition, in our testing of student status reporting to NSLDS for withdrawn students we noted that there were instances in which students did not have their enrollment status updated for their attendance during the fall 2014 semester or for their subsequent withdraw from that semester. Also in our withdrawal testing of student status reporting we noted that some effective dates of withdrawals were inaccurately reported to NSLDS.

Context: The Student Financial Aid Office did not report enrollment status (including withdrawals, changes in enrollment, or graduation) for students within the 60 day time frame required by federal regulations and did not accurately report withdrawn students' effective dates of withdrawal. There is no known or projected monetary error as these are compliance reporting issues.

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

Cause: The tracking of student statuses involves several steps. The process for reporting student status changes begins when a student a) drops 1 or more but not all courses, b) completely withdraws from all courses, or c) is identified as a graduate as of the end of a semester. When one of these events occurs the institution must update the student's enrollment status within the student system. The institution must then compile a report of student statuses to be submitted to the NSC. There are separate reports for regular status updates and graduate status updates each semester. We noted that not all students, student statuses, or effective dates were reported correctly within the reports. In addition, the frequency of report submissions is based upon a schedule prepared by the institution. However, the institution has not developed appropriate procedures to ensure the timely and accurate reporting of student status changes to NSLDS.

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

Response and Corrective Action Plan: The University concurs with the condition cited regarding the inaccurate reporting of student withdrawal dates and has taken steps to correct this issue in manually reporting status changes that are incongruent with the normal NSC transmission schedule.

The University concurs with the condition cited regarding the timely reporting of student status changes related to enrollment and graduation and understands that the responsibility of timely reporting rests with the University. However, the University received no notification from NSC concerning delayed data submissions and no notification from NSC of non-reporting during the audited year, and therefore, the University was unaware that it was not in compliance with the timeframe reporting requirements. The University will manage its vendor relationship with the NSC more stridently and explore other options that assure timely submission of data to NSLDS to meet compliance standards.