

Langston University

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020

Langston University

June 30, 2021 and 2020

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	14
Notes to Financial Statements	16
Required Supplementary Information	
Schedule of the University's Changes in Total Pension Liability – Supplemental Retirement Plan	60
Schedule of the University's Proportionate Share of the Net Pension Liability – Oklahoma Teachers' Retirement System	61
Schedule of the University's Contributions – Oklahoma Teachers' Retirement System.....	62
Schedule of the University's Proportionate Share of the Net OPEB Liability (Asset) – Supplemental Health Insurance Program	63
Schedule of the University's Contributions – Supplemental Health Insurance Program.....	64
Schedule of Changes in Total OPEB Liability and Related Ratios – Health and Death Benefit Plan	65
Supplementary Information	
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	70
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor's Report	71

Langston University
June 30, 2021 and 2020

Contents, continued

**Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance – Independent Auditor’s Report..... 73**

Schedule of Findings and Questioned Costs..... 75

Summary Schedule of Prior Audit Findings 79

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Langston University (the University), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 from material misstatement. The financial statements of the Langston University Foundation, the discretely presented component unit, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in *Note 1* to the financial statements, in 2021, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Defined Contribution Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension, and other postemployment 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Tulsa, Oklahoma
October 29, 2021

Langston University

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

The following management's discussion and analysis of the financial performance of Langston University (the University) provides an overview of the University's financial activities for the fiscal years ended June 30, 2021 and 2020. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the University's financial statements. Amounts for 2020 have been restated for the adoption of Governmental Accounting Standards Board (GASB) Statements No. 84 and No. 97; however, the 2019 numbers have not been restated for this change in accounting principle.

Financial Summary

- The University's net position and changes in net position for FY 2021 as compared to FY 2020 and FY 2019 were impacted by significant changes in the requirements to recognize the University's share of the Oklahoma Teachers' Retirement System (OTRS) pension liability and other postemployment benefit (OPEB) liabilities. Current assets increased \$9.2 million, primarily due to a \$12.0 million receivable from Oklahoma State University for the Tulsa campus settlement. The market appreciation of the endowment contributed to a \$15.7 million increase in noncurrent assets, while a pension liability of \$46.3 million was recognized as of June 30, 2021, with an overall increase of \$10.7 million in noncurrent liabilities. Deferred outflows of resources related to the pension and OPEB obligation were recognized in the amount of \$17.1 million. Additionally, deferred inflows of resources related to the pension and OPEB obligations and debt refinancing were also recorded in the amount of \$7.7 million with pensions, specifically, reflecting differences between projected and actual earnings on pension plan investments and differences between expected and actual experience. The resulting net position for the University amounted to \$109.8 million, \$81.3 million, and \$81.4 million at June 30, 2021, 2020, and 2019, respectively.
- Total revenues for the fiscal years ended June 30, 2021, 2020, and 2019, amounted to \$107.5 million, \$72.0 million, and \$77.5 million, respectively. Nonoperating revenues increased by \$38.0 million, reflecting increases in other nonoperating revenues for risk management insurance and settlement proceeds, capital contributions of capital assets, and gains (losses) on endowment investments.
- Total expenses amounted to \$79.0 million, \$72.4 million, and \$70.9 million for the fiscal years ended June 30, 2021, 2020, and 2019, respectively. Operating expenses increased by \$7.6 million during FY 2021 primarily due to increased scholarship expenses due to Higher Education Emergency Relief Fund (HEERF) funding.

Condensed Statements of Net Position

A comparative schedule of the University's net position for the years ended June 30, 2021, 2020, and 2019, is shown below, including the percentage of annual change:

	2021	Restated (See Note 1) 2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Assets							
Current assets	\$ 32,061,845	\$ 33,622,748	\$ (1,560,903)	-4.64%	\$ 34,324,679	\$ (701,931)	-2.04%
Capital assets	95,017,892	88,908,137	6,109,755	6.87%	89,112,475	(204,338)	-0.23%
Other noncurrent assets	65,661,276	45,271,086	20,390,190	45.04%	49,016,295	(3,745,209)	-7.64%
Total assets	192,741,013	167,801,971	24,939,042	14.86%	172,453,449	(4,651,478)	-2.70%
Deferred Outflows of Resources	17,094,002	9,896,768	7,197,234	72.72%	10,582,852	(686,084)	-6.48%
Liabilities							
Current liabilities	8,709,936	13,239,234	(4,529,298)	-34.21%	15,259,633	(2,020,399)	-13.24%
Noncurrent liabilities	83,577,922	72,910,491	10,667,431	14.63%	77,524,115	(4,613,624)	-5.95%
Total liabilities	92,287,858	86,149,725	6,138,133	7.12%	92,783,748	(6,634,023)	-7.15%
Deferred Inflows of Resources	7,725,129	10,256,380	(2,531,251)	-24.68%	8,864,515	1,391,865	15.70%
Net Position							
Net investment in capital assets	57,109,092	48,771,829	8,337,263	17.09%	46,150,001	2,621,828	5.68%
Restricted	63,579,667	52,012,710	11,566,957	22.24%	53,770,537	(1,757,827)	-3.27%
Unrestricted	(10,866,731)	(19,491,905)	8,625,174	44.25%	(18,532,500)	(959,405)	-5.18%
Total net position	\$ 109,822,028	\$ 81,292,634	\$ 28,529,394	35.09%	\$ 81,388,038	\$ (95,404)	-0.12%

FY 2021 Versus FY 2020

Total assets increased \$24.9 million during FY 2021. The increase was primarily due to market appreciation in endowment, donated capital assets, and a settlement receivable.

Deferred outflows of resources increased by \$7.2 million primarily due to a change in assumptions and the net difference between projected and actual earnings on pension and OPEB plan investments.

Total liabilities increased \$6.1 million compared to the previous year, reflecting primarily the increase in pension obligations. The University's share of the OTRS pension liability increase of \$13.6 million was combined with decreases in capital lease obligations of \$3.2 million.

Deferred inflows of resources decreased \$2.5 million due to the change in pension and OPEB liability from recognition of deferred inflows relating to the difference between projected and actual earnings on pension plan investments as well as differences between expected and actual experience.

Net position increased from \$81.3 million at June 30, 2020, to \$109.8 million at June 30, 2021.

FY 2020 Versus FY 2019

Total assets decreased \$4.7 million during FY 2020. The decrease was primarily due to market depreciation in endowment and increased depreciation in capital assets.

Deferred outflows of resources decreased by \$686 thousand primarily due to a change in assumptions and the net difference between projected and actual earnings on pension and OPEB plan investments.

Total liabilities decreased \$6.6 million compared to the previous year, reflecting primarily the decrease in capital debt and pension obligations. The University's share of the OTRS pension liability decrease of \$2.3 million was combined with decreases in capital lease obligations of \$2.7 million and the reduction of the accrued loss liability of \$3.5 million.

Deferred inflows of resources increased \$1.4 million due to the change in pension and OPEB liability from recognition of deferred inflows relating to the difference between projected and actual earnings on pension plan investments as well as differences between expected and actual experience.

Net position decreased from \$81.4 million at June 30, 2019, to \$81.3 million at June 30, 2020.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The table below summarizes the University's statements of revenues, expenses, and changes in net position for the years ended June 30, 2021, 2020, and 2019:

	2021	Restated (See Note 1) 2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Operating Revenues							
Student tuition and fees	\$ 8,946,075	\$ 9,092,809	\$ (146,734)	-1.61%	\$ 8,571,739	\$ 521,070	6.08%
Grants and contracts	13,582,550	14,791,575	(1,209,025)	-8.17%	12,056,157	2,735,418	22.69%
Auxiliary revenues	5,439,601	6,530,657	(1,091,056)	-16.71%	6,657,349	(126,692)	-1.90%
Miscellaneous revenues	284,157	373,282	(89,125)	-23.88%	902,112	(528,830)	-58.62%
Total operating revenues	28,252,383	30,788,323	(2,535,940)	-8.24%	28,187,357	2,600,966	9.23%
Operating Expenses							
Compensation and employee benefits	30,992,148	28,503,387	2,488,761	8.73%	27,872,470	630,917	2.26%
Contractual services	11,691,539	11,573,740	117,799	1.02%	12,162,675	(588,935)	-4.84%
Supplies and materials	2,931,566	1,896,351	1,035,215	54.59%	2,496,175	(599,824)	-24.03%
Utilities	2,306,021	2,185,019	121,002	5.54%	2,182,421	2,598	0.12%
Communications	183,888	77,295	106,593	137.90%	196,782	(119,487)	-60.72%
Other operating expenses	6,420,941	7,296,820	(875,879)	-12.00%	5,810,137	1,486,683	25.59%
Repayment of federal funding	-	-	-	0.00%	1,271,498	(1,271,498)	-100.00%
Scholarships and fellowships	9,345,224	5,131,447	4,213,777	82.12%	3,433,758	1,697,689	49.44%
Depreciation	4,511,202	4,478,110	33,092	0.74%	5,045,621	(567,511)	-11.25%
Total operating expenses	68,382,529	61,142,169	7,240,360	11.84%	60,471,537	670,632	1.11%
Operating Loss	(40,130,146)	(30,353,846)	(9,776,300)	32.21%	(32,284,180)	1,930,334	-5.98%
Nonoperating Revenues (Expenses)							
Appropriations and on-behalf payments	15,517,789	16,169,513	(651,724)	-4.03%	16,044,719	124,794	0.78%
Grants and contracts	13,566,970	10,454,301	3,112,669	29.77%	7,646,655	2,807,646	36.72%
Net charter school revenue	252,910	461,478	(208,568)	-45.20%	409,560	51,918	12.68%
Investment income (loss)	13,034,712	(1,111,940)	14,146,652	-1272.25%	10,030,829	(11,142,769)	-111.09%
Other nonoperating revenues	16,937,923	1,939,041	14,998,882	773.52%	2,413,178	(474,137)	-19.65%
Interest expense	(1,270,052)	(1,345,470)	75,418	-5.61%	(1,475,317)	129,847	-8.80%
Total nonoperating revenues (expenses)	58,040,252	26,566,923	31,473,329	118.47%	35,069,624	(8,502,701)	-24.25%
Gain (Loss) Before Other Revenues (Expenses) and Gains (Losses)	17,910,106	(3,786,923)	21,697,029	-572.95%	2,785,444	(6,572,367)	-235.95%
Other Revenues (Expenses) and Gains (Losses)							
State appropriations and on-behalf payments	2,577,737	2,517,749	59,988	2.38%	3,842,647	(1,324,898)	-34.48%
Capital contributions	8,041,551	872,427	7,169,124	821.74%	-	872,427	100.00%
	10,619,288	3,390,176	7,229,112	213.24%	3,842,647	(452,471)	-11.77%
Change in Net Position	28,529,394	(396,747)	28,926,141	-7290.83%	6,628,091	(7,024,838)	-105.99%
Net Position, Beginning of Year	81,292,634	81,689,381	(396,747)	-0.49%	74,759,947	6,929,434	9.27%
Net Position, End of Year	\$ 109,822,028	\$ 81,292,634	\$ 28,529,394	35.09%	\$ 81,388,038	\$ (95,404)	-0.12%

FY 2021 Versus FY 2020

Total revenues include operating revenues, state appropriations, and other nonoperating revenues, such as investment gains, interest income, pass-through grants, and on-behalf contributions. For FY 2021, total

revenues increased by \$35.4 million compared to the previous year. Operating revenues decreased \$2.5 million, which is primarily related to decreased grants and contracts and auxiliary revenues.

Total expenses include operating expenses as well as nonoperating expenses, such as interest expense. Total expenses increased \$6.5 million for FY 2021. Operating expenses increased \$7.2 million during FY 2021 primarily due to increased scholarships provided by HEERF funding.

FY 2020 Versus FY 2019

Total revenues include operating revenues, state appropriations, and other nonoperating revenues, such as investment gains, interest income, pass-through grants, and on-behalf contributions. For FY 2020, total revenues decreased by \$5.5 million compared to the previous year. Operating revenues increased \$2.6 million, which is primarily related to increased grants and contracts and student tuition and fees. That increase was then offset by the decreases in other nonoperating revenues and losses on endowment investments revenue.

Total expenses include operating expenses as well as nonoperating expenses, such as interest expense. Total expenses increased \$1.5 million for FY 2020. Operating expenses increased \$671 thousand during FY 2020.

Condensed Statements of Cash Flows

The table below is a summary of the net cash flows of the University for the years ended June 30, 2021, 2020, and 2019, as reflected in its financial statements:

	2021	Restated (See Note 1) 2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Net Cash Provided by (Used in)							
Operating activities	\$ (35,775,696)	\$ (23,478,889)	\$ (12,296,807)	-52.37%	\$ (21,919,528)	\$ (1,559,361)	-7.11%
Noncapital financing activities	34,670,234	29,276,201	5,394,033	18.42%	28,203,376	1,072,825	3.80%
Capital and related financing activities	(3,585,444)	(5,062,100)	1,476,656	29.17%	(3,230,823)	(1,831,277)	-56.68%
Investing activities	486,715	774,786	(288,071)	-37.18%	688,824	85,962	12.48%
Increase (Decrease) in Cash and Cash Equivalents	(4,204,191)	1,509,998	(5,714,189)	-378.42%	3,741,849	(2,231,851)	-59.65%
Cash and Cash Equivalents, Beginning of Year	27,447,609	25,937,611	1,509,998	5.82%	22,195,762	3,741,849	16.86%
Cash and Cash Equivalents, End of Year	<u>\$ 23,243,418</u>	<u>\$ 27,447,609</u>	<u>\$ (4,204,191)</u>	-15.32%	<u>\$ 25,937,611</u>	<u>\$ 1,509,998</u>	5.82%

FY 2021 Versus FY 2020

Cash and cash equivalents amounted to \$23.2 million at June 30, 2021, a \$4.2 million decrease from the previous year. Net cash used in operating activities increased \$12.3 million from the previous year. This increase primarily reflects an increase in payments to suppliers, scholarships, and fellowships. Net cash provided by noncapital financing activities saw an increase of \$5.4 million primarily due to cash received from federal grants and contracts and the settlement payment. Net cash used in capital and related financing activities decreased by \$1.5 million primarily due to decreased expenditures for capital assets.

FY 2020 Versus FY 2019

Cash and cash equivalents amounted to \$27.4 million at June 30, 2020, a \$1.5 million increase from the previous year. Net cash used in operating activities increased \$1.6 million from the previous year. This increase primarily reflects an increase in payments to suppliers. Net cash provided by noncapital

financing activities saw an increase of \$1.1 million primarily due to cash received from federal grants and contracts. Net cash used in capital and related financing activities increased by \$1.8 million primarily due to increased expenditures for capital assets and capital debt repayments.

Capital Assets

The following table represents the University's capital assets at June 30, 2021, 2020, and 2019:

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
Capital Assets							
Land	\$ 2,546,375	\$ 2,546,375	\$ -	0.00%	\$ 2,546,375	\$ -	0.00%
Artwork	1,550,000	1,550,000	-	0.00%	1,550,000	-	0.00%
Construction in progress	9,668,652	945,003	8,723,649	923.13%	-	945,003	100.00%
Buildings and improvements	131,814,476	131,125,623	688,853	0.53%	129,751,234	1,374,389	1.06%
Infrastructure	6,875,416	5,102,828	1,772,588	34.74%	5,005,299	97,529	1.95%
Equipment	15,309,600	15,981,575	(671,975)	-4.20%	14,201,298	1,780,277	12.54%
Library materials	-	4,317,739	(4,317,739)	-100.00%	4,317,739	-	100.00%
	167,764,519	161,569,143	6,195,376	3.83%	157,371,945	4,197,198	2.67%
Less accumulated depreciation	(72,746,627)	(72,661,006)	(85,621)	0.12%	(68,259,470)	(4,401,536)	6.45%
Capital assets, net	<u>\$ 95,017,892</u>	<u>\$ 88,908,137</u>	<u>\$ 6,109,755</u>	6.87%	<u>\$ 89,112,475</u>	<u>\$ (204,338)</u>	-0.23%

FY 2021 Versus FY 2020

Capital assets amounted to \$95.0 million at June 30, 2021, a \$6.1 million increase from June 30, 2020. The largest increase in capital assets was reflected in a \$8.7 million increase in construction in progress for multiple buildings on campus and in Tulsa. Offsetting the increase in capital assets was an increase in accumulated depreciation of \$86 thousand, reflecting scheduled depreciation.

FY 2020 Versus FY 2019

Capital assets amounted to \$88.9 million at June 30, 2020, a \$204 thousand decrease from June 30, 2019. The largest increase in capital assets was reflected in a \$1.4 million increase in buildings and improvements and a \$1.8 million increase in equipment. Offsetting the increase in capital assets was an increase in accumulated depreciation of \$4.4 million, reflecting scheduled depreciation.

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

Long-Term Liabilities

The following table presents the University's long-term liabilities as of June 30, 2021, 2020, and 2019:

	2021	2020	2021 Increase (Decrease)	2021 Percent Change	2019	2020 Increase (Decrease)	2020 Percent Change
OCIA capital leases	\$ 8,827,477	\$ 8,978,177	\$ (150,700)	-1.68%	\$ 9,128,742	\$ (150,565)	-1.65%
ODFA lease obligation	25,902,581	28,089,332	(2,186,751)	-7.78%	30,381,999	(2,292,667)	-7.55%
Premium on capital leases	2,255,461	2,500,179	(244,718)	-9.79%	2,744,894	(244,715)	-8.92%
Total long-term debt	36,985,519	39,567,688	(2,582,169)	-6.53%	42,255,635	(2,687,947)	-6.36%
Net pension liability	46,253,842	32,649,208	13,604,634	41.67%	34,995,984	(2,346,776)	-6.71%
Other liabilities	3,553,713	3,275,761	277,952	8.49%	2,960,443	315,318	10.65%
Total long-term liabilities	<u>\$ 86,793,074</u>	<u>\$ 75,492,657</u>	<u>\$ 11,300,417</u>	14.97%	<u>\$ 80,212,062</u>	<u>\$ (4,719,405)</u>	-5.88%

FY 2021 Versus FY 2020

Long-term liabilities increased \$11.3 million during FY 2021. The net pension obligation reflects an increase of \$13.6 million in long-term liabilities. The decrease of \$2.6 million of long-term debt is primarily due to the annual payment of principal and interest. Long-term debt obligations relating to capital leases declined to \$37.0 million at June 30, 2021, compared to \$39.6 million at June 30, 2020.

FY 2020 Versus FY 2019

Long-term liabilities decreased \$4.7 million during FY 2020. The decrease of \$2.7 million of long-term debt is primarily due to the annual payment of principal and interest. Long-term debt obligations relating to capital leases declined to \$39.6 million at June 30, 2020, compared to \$42.3 million at June 30, 2019. The net pension obligation reflects a decrease of \$2.3 million in long-term liabilities.

Further detailed information regarding long-term liabilities can be found in *Note 7* to the financial statements.

Economic Factors and the University's Future

Enrollment trends at the University have held steady overall. The freshmen class that enrolled in the fall of 2021 decreased slightly due to ongoing effects of the COVID-19 global pandemic. Greater emphasis has been placed on recruiting in rural Oklahoma and the surrounding states. Furthermore, the University has continued efforts to strengthen our partnership with a national institute to increase the number of transfer students that enroll and graduate from our urban campuses in Oklahoma City and Tulsa, as well as our site in Ardmore, Oklahoma.

After maintaining flat state appropriations in FY 2021, the University received a 6% increase in FY 2022 for which we are grateful. Increases in state funding are needed in order to maintain and improve the quality of the students' educational experience without adding substantial student debt, as well as to address and support the anticipated increase in enrollment for future years. It is always the University's intent to keep student fees as affordable as possible while balancing the needs of the University. The University continues to be the most affordable provider of quality four-year education in the state of Oklahoma. It is the University's expectation to continue to make the University an affordable option for its students.

As a result of the ongoing COVID-19 pandemic, the University has continued to offer hybrid classes to retain students, protect revenue, and comply with social distancing requirements recommended by the Centers for Disease Control and Prevention.

During FY 2021, the University received additional funding through the Higher Education Emergency Relief Fund, through the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA), which was provided by the United States government. The University received \$4.9 million in funding, of which \$1.54 million had the requirement of being disbursed directly to students in the form of emergency cash grants. The CRRSAA funds for emergency student grants have been fully expended. The remaining institutional portion has not yet been expended but can be used to support credit adjustments made due to disruptions created by the pandemic, clearance of balances, and other institutional needs. The University also received additional funding through the CRRSAA as part of the HBCU program of approximately \$8.0 million. This funding will also be used for student grants; COVID-19 testing; reinforcements to university infrastructure, such as telephones and internet; upgrades in remote learning technology; and personal protective equipment as well as cleaning services and supplies during FY 2022.

Langston University
Statements of Net Position
June 30, 2021 and 2020

Assets

	University		Foundation	
		Restated (See Note 1)		
	2021	2020	2021	2020
Current Assets				
Cash and cash equivalents	\$ 14,418,691	\$ 19,189,447	\$ 2,289,293	\$ 2,036,933
Restricted cash and cash equivalents	7,864,666	7,298,101	-	-
Investments	1,229,823	936,272	-	-
Restricted investments	1,082,801	643,149	-	-
Accounts receivable, net	1,812,842	1,917,481	98,109	227,475
Grants and contracts receivable	4,091,704	3,265,751	-	-
Receivable from Oklahoma State University	1,200,000	-	-	-
Other assets	-	-	10,515	7,212
Funds held for the benefit of the University	340,543	324,961	-	-
Interest receivable	20,775	46,399	-	-
Student loans receivable, net	-	1,187	-	-
Total current assets	<u>32,061,845</u>	<u>33,622,748</u>	<u>2,397,917</u>	<u>2,271,620</u>
Noncurrent Assets				
Restricted cash and cash equivalents	960,061	960,061	-	-
Investments	-	-	3,543,857	2,558,718
Restricted investments	759,110	759,110	-	-
Restricted net OPEB asset	47,595	299,244	-	-
Funds held by OSRHE for the benefit of the University	53,094,510	43,252,671	-	-
Accounts receivable, net	-	-	156,730	196,886
Receivable from Oklahoma State University	10,800,000	-	-	-
Capital assets, net	<u>95,017,892</u>	<u>88,908,137</u>	<u>13,019</u>	<u>19,686</u>
Total noncurrent assets	<u>160,679,168</u>	<u>134,179,223</u>	<u>3,713,606</u>	<u>2,775,290</u>
Total assets	<u>192,741,013</u>	<u>167,801,971</u>	<u>6,111,523</u>	<u>5,046,910</u>
Deferred Outflows of Resources				
Deferred outflows related to OPEB	654,925	354,218	-	-
Deferred outflows related to pensions	<u>16,439,077</u>	<u>9,542,550</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>17,094,002</u>	<u>9,896,768</u>	<u>-</u>	<u>-</u>

Langston University
Statements of Net Position, continued
June 30, 2021 and 2020

Liabilities and Net Position

	University		Foundation	
		Restated (See Note 1)		
	2021	2020	2021	2020
Current Liabilities				
Accounts payable	\$ 3,658,564	\$ 6,883,517	\$ 14,924	\$ 17,121
Accrued liabilities	343,520	914,639	-	-
Unearned revenues	1,042,121	2,215,805	-	-
Accrued compensated absences	450,578	643,107	-	-
Current portion of noncurrent liabilities	3,215,153	2,582,166	-	-
Total current liabilities	8,709,936	13,239,234	14,924	17,121
Noncurrent Liabilities, Net of Current Portion				
Accrued compensated absences	1,661,080	1,576,145	-	-
Total OPEB liability	1,892,634	1,699,616	-	-
Pension liability	46,253,842	32,649,208	-	-
Capital lease obligations payable to state agencies	33,770,366	36,985,522	-	-
Total noncurrent liabilities	83,577,922	72,910,491	-	-
Total liabilities	92,287,858	86,149,725	14,924	17,121
Deferred Inflows of Resources				
Deferred gain on OCIA lease restructure	477,904	521,122	-	-
Deferred inflows related to OPEB	1,431,485	1,697,425	-	-
Deferred inflows related to pensions	5,815,740	8,037,833	-	-
Total deferred inflows of resources	7,725,129	10,256,380	-	-
Net Position				
Net investment in capital assets	57,109,092	48,771,829	-	-
Restricted				
Nonexpendable	31,719,171	31,719,171	2,483,797	2,214,398
Expendable				
Scholarships, research, instruction, and other	27,124,439	16,054,877	3,487,126	2,865,419
Loans	83,698	61,301	-	-
Capital projects	4,604,764	3,878,117	-	-
OPEB	47,595	299,244	-	-
Unrestricted	(10,866,731)	(19,491,905)	125,676	(50,028)
Total net position	\$ 109,822,028	\$ 81,292,634	\$ 6,096,599	\$ 5,029,789

Langston University

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	University		Foundation	
	Restated (See Note 1)			
	2021	2020	2021	2020
Operating Revenues				
Student tuition and fees, net of scholarship discounts and allowances; 2021 – \$5,310,000, 2020 – \$5,664,000	\$ 8,946,075	\$ 9,092,809	\$ -	\$ -
Federal grants and contracts	12,206,844	13,374,782	-	-
State and local grants and contracts	53,463	31,434	-	-
Nongovernmental grants and contracts	1,322,243	1,385,359	-	-
Auxiliary enterprise charges				
Housing, net of scholarship discounts and allowances; 2021 – \$2,327,000, 2020 – \$2,900,000	3,617,342	4,295,647	-	-
Food services, net of scholarship discounts and allowances; 2021 – \$1,033,000, 2020 – \$1,131,000	1,654,725	1,665,651	-	-
Athletics	55,264	215,147	-	-
Other	112,270	354,212	-	-
Gifts and contributions	-	-	1,276,434	1,010,393
Other operating revenues	284,157	373,282	143,646	198,478
Total operating revenues	28,252,383	30,788,323	1,420,080	1,208,871
Operating Expenses				
Compensation and employee benefits	30,992,148	28,503,387	-	-
Contractual services	11,691,539	11,573,740	-	-
Supplies and materials	2,931,566	1,896,351	-	-
Utilities	2,306,021	2,185,019	-	-
Communications	183,888	77,295	-	-
Other operating expenses	6,420,941	7,296,820	889,119	1,110,486
Scholarships and fellowships	9,345,224	5,131,447	180,623	142,671
Depreciation	4,511,202	4,478,110	-	-
Total operating expenses	68,382,529	61,142,169	1,069,742	1,253,157
Operating Income (Loss)	(40,130,146)	(30,353,846)	350,338	(44,286)

Langston University
Statements of Revenues, Expenses, and Changes in Net Position, continued
Years Ended June 30, 2021 and 2020

	University		Foundation	
	Restated (See Note 1)			
	2021	2020	2021	2020
Nonoperating Revenues (Expenses)				
State appropriations	\$ 13,929,434	\$ 14,506,146	\$ -	\$ -
OTRS on-behalf contributions	1,588,355	1,663,367	-	-
Federal and state nonoperating grant revenue	13,566,970	10,454,301	-	-
Charter schools program revenue	9,546,781	10,398,276	-	-
Charter schools program expense	(9,293,871)	(9,936,798)	-	-
Investment income	1,390,981	817,907	716,472	157,394
Other nonoperating revenues	16,937,923	1,939,041	-	-
Gain (loss) on endowment investments	11,643,731	(1,929,847)	-	-
Interest expense	(1,270,052)	(1,345,470)	-	-
Total nonoperating revenues (expenses)	58,040,252	26,566,923	716,472	157,394
Gain (Loss) Before Other Revenues (Expenses) and Gains (Losses)	17,910,106	(3,786,923)	1,066,810	113,108
Other Revenues (Expenses) and Gains (Losses)				
State appropriations restricted for capital purposes	2,017,986	1,950,638	-	-
OCIA on-behalf payments	559,751	567,111	-	-
Capital contributions	8,041,551	872,427	-	-
Total other revenues (expenses) and gains (losses)	10,619,288	3,390,176	-	-
Change in Net Position	28,529,394	(396,747)	1,066,810	113,108
Net Position, Beginning of Year	81,292,634	81,689,381	5,029,789	4,916,681
Net Position, End of Year	\$ 109,822,028	\$ 81,292,634	\$ 6,096,599	\$ 5,029,789

Langston University
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	Restated (See Note 1) 2020
Operating Activities		
Student tuition and fees	\$ 9,050,972	\$ 9,428,364
Grants and contracts	11,894,383	15,767,809
Auxiliary enterprise charges	5,440,530	6,784,843
Other operating receipts	285,344	373,282
Payments to employees for salaries and benefits	(25,718,473)	(26,303,798)
Payments for scholarships and fellowships	(9,345,224)	(5,131,447)
Payments to suppliers	(27,383,228)	(24,397,942)
Net cash used in operating activities	(35,775,696)	(23,478,889)
Noncapital Financing Activities		
Federal grants and contracts	12,655,295	9,623,470
State and local grants and contracts	911,675	830,831
State appropriations	13,929,434	14,506,146
Miscellaneous	252,910	461,478
Proceeds from insurance	1,937,923	1,937,857
Settlement payment	3,000,000	-
Distribution of endowment	1,982,997	1,916,419
Net cash provided by noncapital financing activities	34,670,234	29,276,201
Capital and Related Financing Activities		
Cash paid for capital assets	(2,267,742)	(3,401,345)
Capital appropriations received	2,017,986	1,950,638
Repayments of capital debt and leases	(2,186,752)	(2,292,669)
Interest paid on capital debt and leases	(1,148,936)	(1,318,724)
Net cash used in capital and related financing activities	(3,585,444)	(5,062,100)
Investing Activities		
Interest received on investments	486,715	774,786
Net cash provided by investing activities	486,715	774,786
Increase (Decrease) in Cash and Cash Equivalents	(4,204,191)	1,509,998
Cash and Cash Equivalents, Beginning of Year	27,447,609	25,937,611
Cash and Cash Equivalents, End of Year	\$ 23,243,418	\$ 27,447,609

Langston University
Statements of Cash Flows, continued
Years Ended June 30, 2021 and 2020

	2021	Restated (See Note 1) 2020
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (40,130,146)	\$ (30,353,846)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	4,511,202	4,478,110
OTRS on-behalf contributions	1,588,355	1,663,367
Net loss on disposal of assets	133,712	-
Changes in net assets and liabilities		
Accounts, loans, and other receivables	(720,127)	2,085,434
Restricted net OPEB asset	251,649	68,553
Deferred outflows related to pensions and OPEB	(7,197,234)	686,084
Accounts payable and accrued expenses	(4,241,448)	(1,231,244)
Unearned revenues	(1,173,684)	(519,458)
Deferred inflows related to pensions and OPEB	(2,488,033)	1,435,083
Pension liability	13,604,634	(2,346,776)
Total OPEB liability	193,018	140,615
Other current liabilities	-	1,193
Accrued compensated absences	(107,594)	413,996
Net cash used in operating activities	<u>\$ (35,775,696)</u>	<u>\$ (23,478,889)</u>
Noncash Investing, Noncapital Financing, and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the University	\$ 559,751	\$ 567,111
Gain (loss) on endowment funds	\$ 11,643,731	\$ (1,929,847)
Contribution of capital assets	\$ 8,041,551	\$ 872,427
Accounts payable incurred for the purchase of capital assets	\$ 445,376	\$ -
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	\$ 14,418,691	\$ 19,189,447
Restricted cash and cash equivalents	7,864,666	7,298,101
Noncurrent assets		
Restricted cash and cash equivalents	<u>960,061</u>	<u>960,061</u>
Total cash and cash equivalents	<u>\$ 23,243,418</u>	<u>\$ 27,447,609</u>

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

The University is one of five institutions of higher education in Oklahoma that comprise part of the Oklahoma Agricultural and Mechanical Colleges, which is a member of the Oklahoma State System of Higher Education, a component unit of the State of Oklahoma, and is included in the comprehensive annual financial report of the State of Oklahoma as part of the Higher Education component unit.

The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (the Board of Regents) has constitutional authority to govern, control, and manage the Oklahoma Agricultural and Mechanical Colleges. This authority includes but is not limited to the power to designate management; 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.

Langston University Foundation

Langston University Foundation (the Foundation) is a legally separate, Oklahoma nonprofit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The Foundation has a June 30 year-end and reports under Financial Accounting Standards Board Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, stand-alone financial statements, which may be obtained by contacting the Foundation's management.

Financial Statement Presentation

GASB is the recognized standard-setting body for accounting principles generally accepted in the United States of America (GAAP) applicable to public sector institutions of higher education. The University applies all applicable GASB pronouncements.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program-specific (such as state appropriations), investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

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

Investments

The University accounts for its investments at fair value based on quoted market prices. Changes in the fair value of investments are reported as a component of investment income in the accompanying statements 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. Student accounts receivable are carried at the unpaid balance of the original amount billed to students. The receivable is less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

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

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Accounts receivable also include amounts due from federal, state, and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable also include the distribution from the Oklahoma State Regents for Higher Education (OSRHE) endowment trust fund.

Restricted Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain permanent endowment funds, make long-term student loans, be used for grant purposes, or purchase capital or other noncurrent assets are classified as restricted assets in the accompanying statements of net position.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

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

Capital Asset Impairment

The University evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended June 30, 2021 and 2020.

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.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. The liability and expense incurred are recorded at year-end as accrued compensated absences in the accompanying statements of net position and as a component of compensation and benefit expense in the accompanying statements of revenues, expenses, and changes in net position.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Noncurrent Liabilities

Noncurrent liabilities include 1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year and 2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Net Position

The University's net position is classified as follows:

- **Net Investment in Capital Assets** – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and 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 resources in accordance with restrictions imposed by external third parties.
- **Restricted Net Position – Nonexpendable** – Restricted nonexpendable 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

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

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, sales and services of educational departments and auxiliary enterprises, and indirect costs from grants and contracts. 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 toward restricted resources and then toward unrestricted resources.

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 (IRC), as amended. However, the University may be subject to income taxes on unrelated business income under IRC Section 511(a)(2)(B). Such amounts have historically been insignificant.

Classification of Revenues

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

- **Operating Revenues** – Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances; 2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and 3) most federal, state, and local grants and contracts.
- **Nonoperating Revenues** – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, student aid revenue, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations 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 accompanying statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal or state government or nongovernmental programs, are

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position by the University that are applicable to a future reporting period. The University's deferred outflows of resources are comprised of deferred charges related to pensions and other postemployment benefits (OPEB).

Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the University that are applicable to a future reporting period. The University's deferred inflows of resources are comprised of deferred gains related to leases, pensions, and OPEB.

Defined Benefit Pension and Other Postemployment Benefit Plans

The University participates in cost-sharing, multiple-employer defined benefit pension and OPEB plans. The fiduciary net position of the Oklahoma Teachers' Retirement System (OTRS) plans have been determined on the flow of economic resources measurement focus and full accrual basis of accounting.

For purposes of measuring the net pension and OPEB liability (asset), deferred outflows and inflows of resources related to pensions and OPEB, and pension and OPEB expense (income), information about the fiduciary net position of OTRS and additions to/deductions from OTRS' fiduciary net position have been determined on the same basis as they are 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 are reported at fair value.

The University also has a single-employer defined benefit retirement plan and OPEB plan, providing health insurance and life insurance to retirees (the OPEB Plans). For purposes of measuring the pension and OPEB liability, deferred inflows and outflows of resources related to pensions and OPEB, and pension and OPEB expense have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Future Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. GASB 87 requires recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 is now effective for periods beginning after June 15, 2021. Earlier application is encouraged.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates a diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB 91 is now effective for periods beginning after December 15, 2021. Earlier application is encouraged.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosure regarding a SBITA. GASB 96 is effective for periods beginning after June 15, 2022. Earlier application is encouraged.

The University has not yet determined the effect, if any, of adoption of the GASB statements for the financial statements.

New Accounting Pronouncements Adopted in Fiscal Year 2021

The University adopted the following new accounting pronouncement during the year ended June 30, 2021:

GASB Statement No. 84, *Fiduciary Activities*

GASB 84 was issued in January 2017; the primary objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The University adopted GASB 84 during the June 30, 2021, reporting year and the implementation resulted in a restatement of beginning net position at July 1, 2019, of \$301,343.

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

The following financial statement lines for 2020 were also restated as part of the adoption:

	As Previously Reported	Restatement for Adoption of GASB 84	As Restated
Statement of Net Position			
Other current liabilities	\$ 306,740	\$ (306,740)	\$ -
Unrestricted net position	\$ (19,798,645)	\$ 306,740	\$ (19,491,905)
Statement of Revenues, Expenses, and Changes in Net Position			
Other operating revenues	\$ 331,578	\$ 41,704	\$ 373,282
Contractual services	\$ 11,572,174	\$ 1,566	\$ 11,573,740
Other operating expenses	\$ 7,285,408	\$ 11,412	\$ 7,296,820
Scholarships and fellowships	\$ 5,130,514	\$ 933	\$ 5,131,447
Investment income	\$ 815,039	\$ 2,868	\$ 817,907
Supplies and materials	\$ 1,871,087	\$ 25,264	\$ 1,896,351
Statement of Cash Flows			
Other operating receipts	\$ 331,578	\$ 41,704	\$ 373,282
Payments for scholarships and fellowships	\$ (5,130,514)	\$ (933)	\$ (5,131,447)
Payments to suppliers	\$ (24,354,303)	\$ (43,639)	\$ (24,397,942)
Interest received on investments	\$ 771,918	\$ 2,868	\$ 774,786
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (30,356,375)	\$ 2,529	\$ (30,353,846)

GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

GASB 97 was issued in June 2020; the primary objective of GASB 97 is to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The University adopted GASB 97 for the June 30, 2021, reporting year and the implementation had no effect on the University's financial statements.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Note 2: Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure the University's deposits may not be returned or the University will not be able to recover collateral securities in the possession of an outside party. The University deposits its funds with the State Treasurer. Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine in the State's name.

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

	2021	2020
Deposits with State Treasurer	\$ 23,231,418	\$ 27,435,609
Petty cash and change funds	12,000	12,000
	<u>\$ 23,243,418</u>	<u>\$ 27,447,609</u>

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

Of the \$23,231,418 and \$27,435,609 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2021 and 2020, \$21,830,250 and \$26,077,899, respectively, represent amounts held within *OK INVEST*, an internal investment pool. *OK INVEST* pools the resources of all state funds and agencies and invests them in (a) U.S. treasury securities that are explicitly backed by the full faith and credit of the U.S. government; (b) U.S. agency securities that carry an implicit guarantee of the full faith and credit of the U.S. government; (c) money market mutual funds that 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; and (d) investments related to tri-party repurchase agreements that are collateralized at 102% and whereby the collateral is held by a third party in the name of the State Treasurer.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents. At June 30, the distribution of deposits in *OK INVEST* is as follows:

	2021		2020	
	Cost	Market	Cost	Market
U.S. agencies	\$ 8,734,858	\$ 8,738,974	\$ 6,044,991	\$ 6,123,590
Money market mutual funds	961,190	961,190	1,360,430	1,360,430
Certificates of deposit	147,679	147,679	384,870	384,870
Mortgage-backed securities	6,324,610	6,509,091	9,689,667	10,120,650
Municipal bonds	30,622	30,980	33,434	34,573
Foreign bonds	153,110	153,106	270,995	270,779
U.S. Treasury bonds	5,478,181	5,527,436	8,293,512	8,501,173
	<u>\$ 21,830,250</u>	<u>\$ 22,068,456</u>	<u>\$ 26,077,899</u>	<u>\$ 26,796,065</u>

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 that establish the framework for the day-to-day management of *OK INVEST* with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages, and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer>. 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 three years. *OK INVEST* maintains an overall weighted-average maturity of approximately 723 days.

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

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

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.

Investments

Investments are recorded at fair value in accordance with GAAP. The University's investments are measured and reported at fair value and are classified according to the following hierarchical input levels:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

The University had the following investments at June 30:

Investment Type	Fair Value Hierarchy	Credit Rating	Maturity	2021	2020
Mutual funds	Level 1	Not Rated	N/A	\$ 3,071,734	\$ 2,338,531

- **Interest Rate Risk** – The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- **Credit Risk** – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The University is authorized to invest in obligations of the U.S. government, its agencies, and instrumentalities; certificates of deposit; or other evidence of deposit at federally insured depository institutions approved by the Board of Regents.
- **Concentration of Credit Risk** – The Board has authorized short-term funds to be invested in any security currently available through the State Treasurer's office. Generally, these include direct obligations of the U.S. government and its agencies, certificates of deposit, and demand deposits. Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Neither the University's investment policy nor Oklahoma Statutes place limits on amounts that can be invested in any one issuer; however, the State Treasurer Investment Policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution.
- **Custodial Credit Risk** – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the University will not be able to recover the value of

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

its investments or collateral securities in the possession of an outside party. Investments held by the counterparty are held in the State's name for the benefit of the University.

Note 3: Accounts Receivable

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

	2021	2020
Student tuition and fees	\$ 4,122,266	\$ 7,431,630
Auxiliary enterprises and other student activities	5,005,205	8,855,053
	<u>9,127,471</u>	<u>16,286,683</u>
Less allowance for doubtful accounts	<u>(7,314,629)</u>	<u>(14,369,202)</u>
	<u><u>\$ 1,812,842</u></u>	<u><u>\$ 1,917,481</u></u>

Note 4: Other Receivables

Other receivables consisted of the following at June 30:

	2021	2020
Grants and contracts receivable	\$ 4,091,704	\$ 3,265,751
Interest receivable	20,775	46,399
Student loans receivable, net	-	1,187
Receivable from Oklahoma State University	<u>12,000,000</u>	<u>-</u>
	<u><u>\$ 16,112,479</u></u>	<u><u>\$ 3,313,337</u></u>

In September 2020, an agreement was signed between the University and Oklahoma State University (OSU) and Oklahoma State University – Center for Health Sciences (OSU-CHS) where OSU agreed to pay the University \$10.0 million over a period of 10 years, and OSU-CHS agreed to pay the University \$5.0 million over a period of 10 years. This settlement outlined which academic programs would be offered by the University or by OSU and/or OSU-CHS, and which programs would be jointly offered by the University, OSU, and/or OSU-CHS. An initial payment of \$3.0 million was received by the University during the year ended June 30, 2021. A receivable of \$12.0 million is remaining for the settlement as of June 30, 2021.

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Note 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance, June 30, 2020	Additions	Transfers	Retirements	Balance, June 30, 2021
Capital assets not being depreciated					
Land	\$ 2,546,375	\$ -	\$ -	\$ -	\$ 2,546,375
Artwork	1,550,000	-	-	-	1,550,000
Construction in progress	945,003	10,187,629	(1,463,980)	-	9,668,652
	<u>5,041,378</u>	<u>10,187,629</u>	<u>(1,463,980)</u>	<u>-</u>	<u>13,765,027</u>
Total capital assets not being depreciated					
Other capital assets					
Buildings and improvements	131,125,623	-	688,853	-	131,814,476
Infrastructure	5,102,828	-	1,772,588	-	6,875,416
Equipment	15,981,575	567,040	(997,461)	(241,554)	15,309,600
Library materials	4,317,739	-	-	(4,317,739)	-
	<u>156,527,765</u>	<u>567,040</u>	<u>1,463,980</u>	<u>(4,559,293)</u>	<u>153,999,492</u>
Total other capital assets					
Less accumulated depreciation					
Buildings and improvements	(52,788,970)	(3,146,042)	4,629	-	(55,930,383)
Infrastructure	(3,114,143)	(580,030)	(111,427)	-	(3,805,600)
Equipment	(12,440,154)	(785,130)	106,798	107,842	(13,010,644)
Library materials	(4,317,739)	-	-	4,317,739	-
	<u>(72,661,006)</u>	<u>(4,511,202)</u>	<u>-</u>	<u>4,425,581</u>	<u>(72,746,627)</u>
Total accumulated depreciation					
Capital assets, net	<u>\$ 88,908,137</u>	<u>\$ 6,243,467</u>	<u>\$ -</u>	<u>\$ (133,712)</u>	<u>\$ 95,017,892</u>

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance, June 30, 2019	Additions	Transfers	Retirements	Balance, June 30, 2020
Capital assets not being depreciated					
Land	\$ 2,546,375	\$ -	\$ -	\$ -	\$ 2,546,375
Artwork	1,550,000	-	-	-	1,550,000
Construction in progress	-	945,003	-	-	945,003
	<u>4,096,375</u>	<u>945,003</u>	<u>-</u>	<u>-</u>	<u>5,041,378</u>
Total capital assets not being depreciated					
Other capital assets					
Buildings and improvements	129,751,234	1,450,963	-	(76,574)	131,125,623
Infrastructure	5,005,299	97,529	-	-	5,102,828
Equipment	14,201,298	1,780,277	-	-	15,981,575
Library materials	4,317,739	-	-	-	4,317,739
	<u>153,275,570</u>	<u>3,328,769</u>	<u>-</u>	<u>(76,574)</u>	<u>156,527,765</u>
Total other capital assets					
Less accumulated depreciation					
Buildings and improvements	(49,758,679)	(3,106,865)	-	76,574	(52,788,970)
Infrastructure	(2,732,471)	(381,672)	-	-	(3,114,143)
Equipment	(11,450,581)	(989,573)	-	-	(12,440,154)
Library materials	(4,317,739)	-	-	-	(4,317,739)
	<u>(68,259,470)</u>	<u>(4,478,110)</u>	<u>-</u>	<u>76,574</u>	<u>(72,661,006)</u>
Total accumulated depreciation					
Capital assets, net	<u>\$ 89,112,475</u>	<u>\$ (204,338)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,908,137</u>

The University has acquired certain capital assets, including buildings and improvements, under various lease-purchase contracts and other capital lease agreements. The cost of the University's assets held under capital leases totaled \$58,415,709 at both June 30, 2021 and 2020, with accumulated depreciation of \$22,810,886 and \$21,357,923, respectively.

Note 6: Unearned Revenues

Unearned revenues consisted of the following at June 30:

	2021	2020
Student tuition and fees	\$ 362,898	\$ 314,211
Grants and contractual agreements	<u>679,223</u>	<u>1,901,594</u>
	<u>\$ 1,042,121</u>	<u>\$ 2,215,805</u>
Total unearned revenues		

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

In January 2011, the University entered into a contract amendment (contract) with Sodexo Operations, LLC (Sodexo) to provide food service management to the University. As part of this contract, Sodexo agreed to make a financial investment in the University in the form of equipment purchases and full repayment of the previous commitment with Aramark Educational Services, Inc. The overall investment made by Sodexo totaled \$1,600,000, of which \$650,000 is required to be amortized over a five-year period, with the remaining \$950,000 amortized over 10 years. If the University terminates Sodexo's service prior to the complete amortization of the investment, the contract requires that Sodexo be reimbursed for the unamortized portion of the investment. The unamortized portion of this commitment is \$0 and \$47,500 at June 30, 2021 and 2020, respectively. There is no stipulation for accrued interest relative to the Sodexo contract.

Note 7: Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2021, was as follows:

	Balance, June 30, 2020	Additions	Reductions	Balance, June 30, 2021	Amounts Due Within One Year
Capital lease obligations					
OCIA 2014A Series	\$ 5,864,517	\$ -	\$ -	\$ 5,864,517	\$ 546,676
OCIA 2014C Series	3,113,660	-	(150,700)	2,962,960	158,180
ODFA Master Lease 2014A	3,219,332	-	(562,167)	2,657,165	588,083
ODFA Master Lease 2015A	14,275,834	-	(711,667)	13,564,167	731,667
ODFA Master Lease 2016A	10,594,166	-	(912,917)	9,681,249	945,833
Premium on lease obligation	2,500,179	-	(244,718)	2,255,461	244,714
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total capital lease obligations	39,567,688	-	(2,582,169)	36,985,519	3,215,153
Other liabilities					
Accrued compensated absences	2,219,252	342,984	(450,578)	2,111,658	450,578
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total long-term liabilities	<u>\$ 41,786,940</u>	<u>\$ 342,984</u>	<u>\$ (3,032,747)</u>	<u>\$ 39,097,177</u>	<u>\$ 3,665,731</u>

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Noncurrent liability activity for the year ended June 30, 2020, was as follows:

	Balance, June 30, 2019	Additions	Reductions	Balance, June 30, 2020	Amounts Due Within One Year
Capital lease obligations					
OCIA 2014A Series	\$ 5,871,642	\$ -	\$ (7,125)	\$ 5,864,517	\$ -
OCIA 2014C Series	3,257,100	-	(143,440)	3,113,660	150,700
ODFA Master Lease 2014A	3,805,999	-	(586,667)	3,219,332	562,167
ODFA Master Lease 2015A	15,026,000	-	(750,166)	14,275,834	711,667
ODFA Master Lease 2016A	11,549,999	-	(955,833)	10,594,166	912,917
Premium on lease obligation	2,744,894	-	(244,715)	2,500,179	244,715
Total capital lease obligations	42,255,634	-	(2,687,946)	39,567,688	2,582,166
Other liabilities					
Accrued compensated absences	1,805,256	1,057,103	(643,107)	2,219,252	643,107
Total long-term liabilities	\$ 44,060,890	\$ 1,057,103	\$ (3,331,053)	\$ 41,786,940	\$ 3,225,273

Capital Lease Obligations

Oklahoma Capital Improvement Authority (OCIA) Lease Obligations

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

In 2014, OCIA restructured the 2005F issue by issuing new bonds, Series 2014A. This restructuring was a partial refunding and resulted in a credit of \$350,021 between the remaining liability of 2005F and the new liability of 2014A. This credit on restructuring was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2021 and 2020, the unamortized gain, included in deferred inflows of resources, totaled \$194,655 and \$216,085, respectively, and will be recognized in interest expense using the effective interest method. 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. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$817,087, which approximates the economic savings of the transaction. Interest rates on the Series 2014A bonds range from 0.28% to 3.86% with final maturity at July 1, 2030.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

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

In 2015, the University's remaining 2006D lease agreement with OCIA was restructured through a refunding. OCIA issued new bonds, Series 2014C, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal; thus, the University has recorded a credit of \$430,320 on restructuring as a deferred inflow of resources that will be amortized into interest expense using the effective interest method over a period of five years. As of June 30, 2021 and 2020, the unamortized gain totaled \$283,249 and \$305,037, respectively. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$2,610,019, which approximates the economic savings of the transaction. Interest rates on the Series 2014C bonds range from 0.18% to 3.57% with final maturity at July 1, 2034.

Lease payments to OCIA totaling \$559,751 and \$567,111 during the years ended June 30, 2021 and 2020, respectively, were made by the State on behalf of the University. These payments have been recorded as on-behalf payments for OCIA capital leases in the accompanying statements of revenues, expenses, and changes in net position.

Oklahoma Development Finance Authority (ODFA) Lease Obligation

In 2014, the University entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds Series 2014A in the amount of \$6,325,000 to refund the ODFA Series 2002A and 1999A revenue bonds. Total lease payments over the term of the agreement, beginning March 15, 2014 through May 15, 2027, will be \$7,878,239. The interest rate is 3.8%. Payments will be made monthly ranging from \$34,390 to \$60,683 with final maturity at May 15, 2027.

In 2016, the University entered into a capital lease obligation for the ODFA Master Lease Series 2015A in the amount of \$17,509,000 to refund the LEDA Revenue Bonds Series 2005A. Total lease payments over the term of the agreement, beginning August 15, 2015 through May 15, 2035, will be \$26,292,148. Interest rates range from 2.0% to 5.0%. Payments will be made monthly ranging from \$109,649 to \$115,556 with final maturity at May 15, 2035.

In 2016, the University entered into a capital lease obligation for the ODFA Master Lease Series 2016A in the amount of \$14,240,000 to refund the LEDA Revenue Bonds Series 2006A. Total lease payments over the term of the agreement, beginning March 15, 2016 through May 15, 2030, will be \$18,982,765. Interest rates range from 2.0% to 5.0%. Payments will be made monthly ranging from \$110,197 to \$120,063 with final maturity at May 15, 2030.

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Future minimum lease payments under all capital lease obligations are as follows:

	Principal	Interest	Total
2022	\$ 2,423,763	\$ 1,469,676	\$ 3,893,439
2023	3,013,723	1,399,656	4,413,379
2024	2,892,777	1,266,603	4,159,380
2025	3,006,804	1,137,328	4,144,132
2026	3,124,846	1,018,382	4,143,228
2027–2031	14,576,858	3,032,799	17,609,657
2032–2035	5,691,287	579,558	6,270,845
	<u>\$ 34,730,058</u>	<u>\$ 9,904,002</u>	<u>\$ 44,634,060</u>

Note 8: Retirement Plans

A summary of the University's pensions follows as of and for the years ended June 30:

	Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
2021				
Supplemental retirement plan	\$ 661,198	\$ -	\$ -	\$ 84,114
OTRS pension liability	45,592,644	16,439,077	5,815,740	8,109,663
Total	<u>\$ 46,253,842</u>	<u>\$ 16,439,077</u>	<u>\$ 5,815,740</u>	<u>\$ 8,193,777</u>
2020				
Supplemental retirement plan	\$ 620,955	\$ -	\$ -	\$ 66,173
OTRS pension liability	32,028,253	9,542,550	8,037,833	4,006,729
Total	<u>\$ 32,649,208</u>	<u>\$ 9,542,550</u>	<u>\$ 8,037,833</u>	<u>\$ 4,072,902</u>

Oklahoma Teachers' Retirement System

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

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Benefits Provided – OTRS provides retirement, disability, and death benefits to members of the plan. Benefit provisions include:

- Members who joined OTRS after July 1, 1991, become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who join OTRS on or after November 1, 2017, become fully vested after seven years of credited 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% 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% 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 10 years of credited Oklahoma service. The disability benefit is equal to 2% 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 IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under IRC Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, OTRS remits between \$100 and \$105 per month per eligible retiree to the Employees Group Insurance Division (EGID), depending on the members' years of service during 2021 and 2020.

Contributions – The contribution requirements of the plan are at an established rate determined by Oklahoma Statutes, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% of their annual pay. Participating

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

employers are required to contribute 8.55% of the employees' annual pay and an additional 8.25% for any employees' salaries covered by federal funds.

Contributions to the pension plan from the University were \$2,075,537 and \$2,183,775 for the years ended June 30, 2021 and 2020, respectively. The State also made on-behalf contributions to OTRS totaling \$1,588,355 and \$1,663,367 for the years ended June 30, 2021 and 2020, respectively. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions – At June 30, 2021 and 2020, the University reported a liability of \$45,592,644 and \$32,028,253, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019. The University's proportion of the net pension liability was based on the University's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2020 and 2019. Based upon this information, the University's proportion for June 30, 2020 and 2019, was 0.4804% and 0.4840%, respectively. For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$8,109,663 and \$4,006,729, respectively.

At June 30, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Difference between expected and actual experience	\$ 2,219,538	\$ 772,196
Change of assumptions	5,591,364	658,702
Net difference between projected and actual earnings on pension plan investments	3,930,102	-
Changes in proportion	2,620,201	3,972,265
Difference between university contributions and proportionate share of contributions	2,335	412,577
University benefit payments subsequent to the measurement date	2,075,537	-
	<u>\$ 16,439,077</u>	<u>\$ 5,815,740</u>
Total	<u>\$ 16,439,077</u>	<u>\$ 5,815,740</u>

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Difference between expected and actual experience	\$ 1,644,133	\$ 1,372,506
Change of assumptions	1,681,550	1,080,887
Net difference between projected and actual earnings on pension plan investments	217,215	-
Changes in proportion	3,802,925	5,170,376
Difference between university contributions and proportionate share of contributions	12,952	414,064
University benefit payments subsequent to the measurement date	<u>2,183,775</u>	<u>-</u>
Total	<u><u>\$ 9,542,550</u></u>	<u><u>\$ 8,037,833</u></u>

The amounts of \$2,075,537 and \$2,183,775, which are reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions at June 30, 2021, will be recognized in pension expense as follows:

2022	\$ 1,396,965
2023	2,109,167
2024	2,477,380
2025	2,171,319
2026	<u>392,969</u>
	<u><u>\$ 8,547,800</u></u>

Actuarial Assumptions – The total pension liability as of June 30, 2021 and 2020, was determined based on an actuarial valuation prepared as of June 30, 2020 and 2019, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25% for 2020 and 2.50% for 2019
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25% for 2020 and 3.25% for 2019 inflation, including 0.75% for 2020 and 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00% for 2020 and 7.50% for 2019

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board of Regents in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019. For 2019, adopted by the Board of Regents in May 2015 in conjunction with the five-year experience study for the period ended June 30, 2014.
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. For 2019 Males: RP-2000 Combined Mortality Table for Males and White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010. For 2019, RP-2000 Employer Mortality tables with male rates multiplied by 60% and female rates multiplied by 50%.

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 and 2020, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
2021		
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	6.5%	6.2%
	<hr/>	
Total	100.0%	
	<hr/> <hr/>	

**The real estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value-Added Real Estate (unleveraged)

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
2020		
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

**The real estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value-Added Real Estate (unleveraged)

Discount Rate – A single discount rate of 7.00% and 7.50% was used to measure the total pension liability as of June 30, 2021 and 2020, respectively. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00% and 7.50% as of June 30, 2021 and 2020, respectively. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain at a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.00% for 2021 as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2021			
Employers' proportionate share of net pension liability	\$ 60,850,695	\$ 45,592,644	\$ 32,961,353

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of OTRS, which can be located at www.ok.gov/TRS.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Supplemental Retirement Plan

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

Funding Policy – The University made benefit payments of \$43,871 for both fiscal years ended June 30, 2021 and 2020. The Plan is on a pay-as-you-go basis.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources

Related to Pensions – The University reported a liability of \$661,198 and \$620,955 at June 30, 2021 and 2020, respectively, for its net pension liability. The pension liability was measured as of June 30, 2021 and 2020, with an actuarial valuation as of June 30, 2021 and 2020, respectively.

The University recognized pension expense of \$84,114 and \$66,173 for the years ended June 30, 2021 and 2020, respectively.

Schedule of Changes in Total Pension Liability – The University's changes in total pension liability are as follows as of June 30:

	2021	2020
Beginning total pension liability	\$ 620,955	\$ 598,653
Interest	15,934	20,243
Change of assumptions	73,228	39,764
Difference between actual and expected experience	(5,048)	6,166
Benefit payments	(43,871)	(43,871)
Ending total pension liability	<u>\$ 661,198</u>	<u>\$ 620,955</u>

Actuarial Assumptions – The total pension liability as of June 30, 2021 and 2020, was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Amortization Method – Six-year closed amortization period (2021); seven-year closed amortization period (2020)
- Discount Rate – 2.19% (2021) and 2.66% (2020) (Based on Bond Buyers General Municipal Bond Index)
- Mortality Rates after Retirement – SOA Pub-2010 Teachers Mortality Table fully generational using Scale MP-2020 (2021); RP-2014 with fully generational improvements from 2006 based on assumptions from Scale MP2019 (2020)

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Sensitivity of the Total Pension Liability to Change in the Discount Rate – The following presents the total pension liability of the employers calculated using the discount rate, as well as what the plan's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Employers' total pension liability	\$ 723,102	\$ 661,198	\$ 607,307

Defined Contribution Plans

University employees may voluntarily contribute, on a pre-tax basis, to the OSU/A&M Voluntary 403(b) Retirement Plan and/or the OSU/A&M Voluntary 457(b) Deferred Compensation Retirement Plan and also, on a post-tax basis, to the 403(b) plan, which are all managed by TIAA; however, such contributions are not considered part of the University's retirement program. The University does not make any contributions to these plans. All contributions are fully vested immediately.

Note 9: Other Postemployment Insurance Benefits

Summary of Net OPEB Obligation

	OPEB Obligation (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Benefit)
2021				
Health and Death Benefit Plan	\$ 1,892,634	\$ 415,965	\$ 1,321,900	\$ 47,909
OTRS OPEB Plan	(47,595)	238,960	109,585	(5,797)
Total	<u>\$ 1,845,039</u>	<u>\$ 654,925</u>	<u>\$ 1,431,485</u>	<u>\$ 42,112</u>
2020				
Health and Death Benefit Plan	\$ 1,699,616	\$ 315,932	\$ 1,538,753	\$ 78,152
OTRS OPEB Plan	(299,244)	38,286	158,672	41,270
Total	<u>\$ 1,400,372</u>	<u>\$ 354,218</u>	<u>\$ 1,697,425</u>	<u>\$ 119,422</u>

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

OTRS OPEB Plan

Plan Description – The University, as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by OTRS. Title 74 O.S. Section 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the Oklahoma Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

Benefits Provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer-provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to Oklahoma State University Human Resources, provided the member has 10 years of Oklahoma service prior to retirement.

Contributions – Employer and employee contributions are made based upon the OPEB plan provisions contained in Title 70, as amended. However, the Oklahoma Statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in *Note 8*; from this amount, OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the University were \$3,909 and \$4,113 for the years ended June 30, 2021 and 2020, respectively.

OPEB Liabilities (Assets), OPEB Expense (Benefit), and Deferred Outflows and Inflows of Resources Related to OPEB – At June 30, 2021 and 2020, the University reported an asset of \$47,595 and \$299,244, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020 and 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively. The University's proportion of the net OPEB asset was based on the University's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020 and 2019. Based upon this information, the University's proportion was 0.4804% and 0.4840% as of June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense (benefit) of \$5,797 and \$(41,270), respectively.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

At June 30, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Difference between expected and actual experience	\$ -	\$ 104,561
Change of assumptions	102,979	-
Net difference between projected and actual earnings on OPEB plan investments	103,952	-
Differences between university contributions and proportionate share of contributions	28,120	5,024
University contributions subsequent to the measurement date	3,909	-
	<u>\$ 238,960</u>	<u>\$ 109,585</u>
Total	<u>\$ 238,960</u>	<u>\$ 109,585</u>
2020		
Difference between expected and actual experience	\$ -	\$ 109,377
Net difference between projected and actual earnings on OPEB plan investments	-	42,936
Differences between university contributions and proportionate share of contributions	34,173	6,359
University contributions subsequent to the measurement date	4,113	-
	<u>\$ 38,286</u>	<u>\$ 158,672</u>
Total	<u>\$ 38,286</u>	<u>\$ 158,672</u>

The \$3,909 and \$4,113 reported as deferred outflows of resources related to OPEB resulting from university contributions subsequent to the measurement date for June 30, 2021 and 2020, respectively, will be recognized as a reduction of the net OPEB liability (asset) in the years ended June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

2022	\$ (2,781)
2023	26,597
2024	43,379
2025	40,347
2026	14,773
Thereafter	3,151
	<u>\$ 125,466</u>

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Actuarial Assumptions – The total OPEB liability (asset) as of June 30, 2021 and 2020, was determined based on an actuarial valuation prepared as of June 30, 2020 and 2019, respectively, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25% for 2020 and 2.50% for 2019
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 2.25% for 2020 and 3.25% for 2019 inflation, including 0.75% for 2020 and 2.50% for 2019 price inflation, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00% for 2020 and 7.50% for 2019
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board of Regents in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019. For 2019, experience-based table of rates based on age, service, and gender. Adopted by the Board of Regents in May 2015 in conjunction with the five-year experience study for the period ended June 30, 2014.

Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. For 2019 – Males: RP-2000 Combined Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010. For 2019 – RP-2000 Employer Mortality tables with male rates multiplied by 60% and female rates multiplied by 50%.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30 are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
2021		
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	6.5%	6.2%
	<hr/>	
Total	100.0%	
	<hr/> <hr/>	
2020		
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
	<hr/>	
Total	100.0%	
	<hr/> <hr/>	

**The real estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value-Added Real Estate (unleveraged)

Discount Rate – A single discount rate of 7.00% and 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2021 and 2020, respectively. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00% and 7.50% as of June 30, 2021 and 2020, respectively. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain at a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.0% for 2021, as well as what the OPEB plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2021			
Employers' net OPEB liability (asset)	\$ 172,776	\$ (47,595)	\$ (234,467)

Pension Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of OTRS, which can be located at www.ok.gov/TRS.

Health and Death Benefit Plan

Plan Description – The University's defined benefit OPEB plan, Health and Death Benefit Plan, provides OPEB to eligible retirees and their dependents. The Board of Regents has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in GASB 75, Paragraph 4.

Benefits Provided – The University provides medical benefits to eligible retirees and their dependents through the Oklahoma State University A&M System. This plan allows employees who retire from the University to continue to be covered under the University's health insurance plan until age 65. The retired participant must pay the active participant's premium. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the University. The University also pays life insurance premiums for individuals who meet the specified criteria to be considered a retiree as of the last day of continuous regular employment. Eligible retirees must meet the OTRS guidelines. In addition, the individual must also have been enrolled in the University's life insurance program prior to retirement. Each retiree is eligible to receive \$8,000 in life insurance coverage.

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Employees Covered by Benefit Terms – At June 30, the following employees were covered by the benefit terms:

	2021	2020
Active employees (participants)	300	328
Retired participants (health benefits)*	-	5
Retired participants (death benefits)	<u>212</u>	<u>197</u>
Total	<u><u>512</u></u>	<u><u>530</u></u>

*All retirees with health benefits also have death benefits

Total OPEB Liability – The University’s total OPEB liability of \$1,892,634 and \$1,699,616 at June 30, 2021 and 2020, respectively, was measured as of June 30, 2021 and 2020, and was determined by an actuarial valuation as of those dates.

Actuarial Assumptions – The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021 and 2020, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 2.19% and 2.66% for 2021 and 2020, respectively, based on published Bond Pay GO-20 bond index
- Retirement Age – Based on OTRS actuarial valuation for 2020
- Health Care Cost Trend Rates – 7.5% decreasing 0.5% annually to an ultimate rate of 4.5% for 2020 and 8.0% decreasing 0.5% annually to an ultimate rate of 4.5% for 2021
- Mortality Rates – SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for 2020 and SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2020 for 2021
- Pre-Retirement Termination – The OTRS actuarial valuation study as of June 30, 2020, for 2020 and 2021

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability:

	2021	2020
Beginning total OPEB liability	\$ 1,699,616	\$ 1,559,001
Service cost	42,957	33,577
Interest	45,349	54,598
Change of assumptions	171,024	175,205
Difference between actual and expected experience	9,647	(47,970)
Contributions	(75,959)	(74,795)
Ending net OPEB liability	<u>\$ 1,892,634</u>	<u>\$ 1,699,616</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the employer calculated using the discount rate of 2.19% for 2021, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
2021			
Employers' net OPEB liability	\$ 2,204,962	\$ 1,892,634	\$ 1,641,358

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability of the employer calculated using the health care cost trend rate of 8.0% for 2021, as well as what the plan's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
2021			
Employers' net OPEB liability	\$ 1,864,464	\$ 1,892,634	\$ 1,926,030

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

OPEB Expense – For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$(47,909) and \$(78,152), respectively. The University also reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	\$ 81,249	\$ 1,176,348
Change of assumptions	<u>334,716</u>	<u>145,552</u>
Total	<u><u>\$ 415,965</u></u>	<u><u>\$ 1,321,900</u></u>
2020		
Differences between expected and actual experience	\$ 81,970	\$ 1,375,071
Change of assumptions	<u>233,962</u>	<u>163,682</u>
Total	<u><u>\$ 315,932</u></u>	<u><u>\$ 1,538,753</u></u>

Amounts reported as net deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ (136,215)
2023	(136,215)
2024	(136,215)
2025	(136,216)
2026	(157,422)
Thereafter	<u>(203,652)</u>
	<u><u>\$ (905,935)</u></u>

Note 10: Funds Held in Trusts by Others

Beneficial Interest in State School Land Funds

The University has beneficiary interest in the Section Thirteen State Educational Institutions Fund and the New College Fund. The Commissioner of the Land Office of the State of Oklahoma administers these funds as trustee for the benefit of state colleges and universities. The University has the right to receive annually 3.0% of the distributions of income produced by the Section Thirteen State Educational Institutions Fund and 100% of the distributions of income produced by the University's New College Fund. The University received \$2,017,986 and \$1,950,638 during the years ended June 30, 2021 and 2020, respectively, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

restricted state appropriations in the accompanying statements of revenues, expenses, and changes in net position.

State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the University, held in trust by the Commissioners of the Land Office, was \$58,296,728 and \$37,981,331 at June 30, 2021 and 2020, respectively.

Oklahoma City Community Foundation, Inc.

The University is the income beneficiary of certain investments that are owned and managed by the Oklahoma City Community Foundation, Inc., for the University's benefit. These investments totaled approximately \$1,692,000 and \$1,336,000 for the years ended June 30, 2021 and 2020, respectively. Legal title is retained by the Oklahoma City Community Foundation, Inc., and payments are deposited in the Langston University Foundation when they are received.

Langston University Endowment

In 1999, the State began appropriating funds for a special designated endowment fund for the University. The funds are appropriated to the OSRHE for the exclusive benefit of the University. The University has recognized its rights to these assets, held by the OSRHE as agent for the University, under the caption of funds held for the benefit of the University. The distribution of earnings on these funds may be used for any purpose approved by the Board of Regents acting on behalf of the University. The State committed to making appropriations until \$30,000,000 in endowment appropriations were made. During 2015, the State contributed the final amount of \$879,788 to the University to fulfill the original \$30,000,000 appropriation.

A dispute exists between the University and the Board of Regents as to whether these funds are an asset of the University or the Board of Regents, and both entities report the funds as assets. No legal determination has been made and both entities are component units of the State.

Funds held for the benefit of the University of \$53,094,510 and \$43,252,672 at June 30, 2021 and 2020, respectively, were invested in The Common Fund for Nonprofit Organizations through the OSRHE as a part of its endowment. The University can request and expend up to 4.5% of the balance outstanding for general scholarship use and faculty enrichment or other such uses as approved by the Board of Regents. These amounts have been reflected as funds held for the benefit of the University in the accompanying statements of net position. As of June 30, 2021 and 2020, the available distribution to the University from OSRHE amounted to \$2,154,451 and \$1,974,238, respectively.

Endowed Chairs Program

The University participates in the State Regents Endowed Chairs Program. In connection with this, the State has matched contributions received under the Endowed Chairs Program. The state-match amounts plus retained accumulated earnings totaled approximately \$4,814,000 and \$3,786,000 for June 30, 2021 and 2020, respectively, and are invested by OSRHE on behalf of the University. The University is entitled to receive an annual distribution of 4.5% of the market value at year-end on these funds. Legal title of these endowment funds is retained by OSRHE; only the funds

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

available for distribution, approximately \$341,000 and \$325,000 at June 30, 2021 and 2020, respectively, have been reflected as funds held for the benefit of the University in the accompanying statements of net position.

Note 11: Commitments and Contingencies

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect upon the University's financial position.

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

Risk Management

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

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

Note 12: Related-Party Transactions

The Foundation is a tax-exempt organization whose objective is the betterment of the University and its related activities. The University is the ultimate beneficiary of the Foundation. The University has entered into an agreement with the Foundation whereby the University agrees to provide certain administrative services to the Foundation in exchange for scholarships, funds for capital improvement, and other services for the benefit of the University. During the years ended June 30, 2021 and 2020, the Foundation contributed approximately \$731,000 and \$680,000, respectively, to the University, and the Foundation received in-kind services from the University in the amount of \$149,700 for each of the years ended June 30, 2021 and 2020.

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Note 13: Langston University Foundation

The following are significant disclosures of the Foundation:

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments and is reported net of any investment fees.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the Foundation's statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those assets whose use by the Foundation has been limited by donors to a specific time period or purpose. Some amounts have been restricted by donors to be maintained by the Foundation in perpetuity.

Contributions

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

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

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

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Contributed Services

Contributed services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributed services also include services received from personnel of an affiliate. Contributed services received from personnel of an affiliate are recorded at the cost incurred by the affiliate. See the *Related-Party Transactions* section below for additional details.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the IRC and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2014.

Investments and Investment Return

Investments are made in conformity with the objectives and guidelines of the Foundation's Board of Directors. The investments are stated at fair value.

The Foundation's investments were as follows as of June 30:

	2021	2020
Equity mutual funds	\$ 2,138,904	\$ 1,429,926
Fixed income mutual funds	1,005,707	845,493
Other mutual funds	399,246	241,735
Real estate mutual funds	-	41,564
	<u>\$ 3,543,857</u>	<u>\$ 2,558,718</u>

Investment income is comprised of the following for the years ended June 30:

	2021	2020
Dividend and interest income	\$ 51,926	\$ 63,212
Net realized and unrealized gain on investments reported at fair value	682,814	110,065
Investment fees	(18,268)	(15,883)
	<u>\$ 716,472</u>	<u>\$ 157,394</u>

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Contributions Receivable

A discount rate of 5% is applied to balances to be received after one year. At June 30, 2021, approximately 81% of the net contributions receivable are from a single donor of the Foundation. At June 30, 2020, approximately 72% of the net contributions receivable are from a single donor of the Foundation.

Contributions receivable consisted of the following at June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
2021			
Due within one year	\$ 28,476	\$ 75,000	\$ 103,476
Due within one to five years	-	175,000	175,000
	28,476	250,000	278,476
Unamortized discount	-	(18,270)	(18,270)
Allowance for uncollectible contributions	(5,367)	-	(5,367)
	<u>\$ 23,109</u>	<u>\$ 231,730</u>	<u>\$ 254,839</u>
2020			
Due within one year	\$ 120,097	\$ 175,000	\$ 295,097
Due within one to five years	-	225,000	225,000
	120,097	400,000	520,097
Unamortized discount	-	(28,114)	(28,114)
Allowance for uncollectible contributions	(67,622)	-	(67,622)
	<u>\$ 52,475</u>	<u>\$ 371,886</u>	<u>\$ 424,361</u>

Restricted Net Position

Expendable net position is available for the following purposes or periods at June 30:

	2021	2020
Scholarships, schools, colleges, and departments	\$ 1,717,417	\$ 1,728,229
Athletics	78,674	54,239
Unappropriated endowment earnings	1,560,944	916,732
Grants	77,790	115,889
Other programs and causes	52,301	50,330
	<u>\$ 3,487,126</u>	<u>\$ 2,865,419</u>

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

Endowment

The Foundation's endowment consists of approximately 20 funds established for a variety of purposes and a gift to the University that was subsequently transferred to the Foundation and established as an endowment fund to participate in the OSRHE's endowment matching program. The program was initiated by OSRHE to establish faculty chairs and professorships at institutions in the Oklahoma State System of Higher Education. As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the *State of Oklahoma Prudent Management of Institutional Funds Act* (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonexpendable net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as restricted for specific purposes net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

The composition of net position in the endowment fund at June 30 was:

	Restricted	Nonexpendable	Total
2021			
Donor-restricted endowment funds	\$ -	\$ 2,483,797	\$ 2,483,797
Available for appropriation	<u>1,560,944</u>	<u>-</u>	<u>1,560,944</u>
Total endowment funds	<u><u>\$ 1,560,944</u></u>	<u><u>\$ 2,483,797</u></u>	<u><u>\$ 4,044,741</u></u>
2020			
Donor-restricted endowment funds	\$ -	\$ 2,214,398	\$ 2,214,398
Available for appropriation	<u>916,732</u>	<u>-</u>	<u>916,732</u>
Total endowment funds	<u><u>\$ 916,732</u></u>	<u><u>\$ 2,214,398</u></u>	<u><u>\$ 3,131,130</u></u>

Changes in endowment net assets for the years ended June 30 were:

	Restricted	Nonexpendable	Total
2021			
Endowment net assets, beginning of year	<u>\$ 916,732</u>	<u>\$ 2,214,398</u>	<u>\$ 3,131,130</u>
Investment return			
Investment income, net of fees	30,048	-	30,048
Net appreciation	<u>605,593</u>	<u>-</u>	<u>605,593</u>
Total investment return	<u>635,641</u>	<u>-</u>	<u>635,641</u>
Contributions	<u>6,540</u>	<u>139,916</u>	<u>146,456</u>
Reclassification of restrictions	<u>2,031</u>	<u>129,483</u>	<u>131,514</u>
Endowment net assets, end of year	<u><u>\$ 1,560,944</u></u>	<u><u>\$ 2,483,797</u></u>	<u><u>\$ 4,044,741</u></u>

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

	Restricted	Nonexpendable	Total
2020			
Endowment net assets, beginning of year	\$ 798,128	\$ 2,167,651	\$ 2,965,779
Investment return			
Investment income, net of fees	38,417	-	38,417
Net appreciation	96,697	-	96,697
Total investment return	135,114	-	135,114
Contributions	5,650	37,497	43,147
Reclassification of restrictions	(22,160)	9,250	(12,910)
Endowment net assets, end of year	\$ 916,732	\$ 2,214,398	\$ 3,131,130

Nonexpendable endowment fund assets are included in investments – endowment, cash, land, and contributions receivable, net restricted for long-term purposes in the Foundation’s statements of financial position. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net position and, as of June 30, 2021 and 2020, the Foundation had no deficiencies reported in unrestricted net position.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods. Under the Foundation’s policies, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed 5% of the average market value of the preceding three fiscal years while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year a rate of 5%, with an absolute maximum of 5% of the endowment fund’s average market value as of the preceding three fiscal year-ends. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow comparable to the benchmarks outlined in the investment policy. This is consistent with the Foundation’s objective to maintain the

Langston University

Notes to Financial Statements

June 30, 2021 and 2020

purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. In 2021 and 2020, the Foundation did not appropriate any endowment funds as provided by the spending policy.

Related-Party Transactions

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

The Foundation appropriates program receipts and designated contributions from donors to the University or directly to students of the University. For the years ended June 30, 2021 and 2020, the Foundation disbursed approximately \$731,000 and \$680,000, respectively, to the University or directly to students of the University for student scholarships and various university departments.

The Foundation adopted Accounting Standards Update 2013-06, *Services Received from Personnel of an Affiliate*, which requires recognition of personnel services received from an affiliate for which the organization was not charged. The Foundation received contributed personnel services from the University of approximately \$150,000 for both years ended June 30, 2021 and 2020. These costs were allocated to management and administrative expenses for both June 30, 2021 and 2020. The contributed personnel services are based on an allocation of costs incurred by the University.

Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
2021				
Equity mutual funds				
Small cap	\$ 90,724	\$ 90,724	\$ -	\$ -
Mid cap	46,813	46,813	-	-
Large cap	1,676,570	1,676,570	-	-
International	324,797	324,797	-	-
Fixed income mutual funds				
Intermediate	702,104	702,104	-	-
International	87,338	87,338	-	-
High yield	57,787	57,787	-	-
Multisector	158,478	158,478	-	-
Other mutual funds				
Market neutral	197,860	197,860	-	-
International	201,386	201,386	-	-
Total investments	<u>\$ 3,543,857</u>	<u>\$ 3,543,857</u>	<u>\$ -</u>	<u>\$ -</u>

Langston University
Notes to Financial Statements
June 30, 2021 and 2020

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
2020				
Equity mutual funds				
Small cap	\$ 67,943	\$ 67,943	\$ -	\$ -
Mid cap	40,369	40,369	-	-
Large cap	1,173,754	1,173,754	-	-
International	147,860	147,860	-	-
Fixed income mutual funds				
Intermediate	568,500	568,500	-	-
International	87,380	87,380	-	-
High yield	52,646	52,646	-	-
Multisector	136,967	136,967	-	-
Other mutual funds				
Market neutral	134,544	134,544	-	-
International	107,191	107,191	-	-
Real estate mutual funds	41,564	41,564	-	-
Total investments	<u>\$ 2,558,718</u>	<u>\$ 2,558,718</u>	<u>\$ -</u>	<u>\$ -</u>

Required Supplementary Information

Langston University

Schedule of the University's Changes in Total Pension Liability

Supplemental Retirement Plan

	2021	2020	2019	2018	2017
Beginning total pension liability	\$ 620,955	\$ 598,653	\$ 424,996	\$ 478,641	\$ 491,922
Interest	15,934	20,243	15,655	14,599	17,217
Change of assumptions	73,228	39,764	210,473	(27,394)	15,189
Difference between actual and expected experience	(5,048)	6,166	(9,460)	(239)	(5,076)
Benefit payments	<u>(43,871)</u>	<u>(43,871)</u>	<u>(43,011)</u>	<u>(40,611)</u>	<u>(40,611)</u>
Ending total pension liability	<u><u>\$ 661,198</u></u>	<u><u>\$ 620,955</u></u>	<u><u>\$ 598,653</u></u>	<u><u>\$ 424,996</u></u>	<u><u>\$ 478,641</u></u>

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Langston University

Schedule of the University's Proportionate Share of the Net Pension Liability

Oklahoma Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.4804%	0.4840%	0.5691%	0.4821%	0.5038%	0.4934%	0.5043%
University's proportionate share of the net pension liability	\$ 45,592,644	\$ 32,028,253	\$ 34,397,331	\$ 31,918,476	\$ 42,045,504	\$ 29,963,383	\$ 27,130,019
University's covered payroll	\$ 20,433,202	\$ 19,643,592	\$ 20,231,315	\$ 20,596,587	\$ 22,392,779	\$ 22,346,462	\$ 22,922,486
University's proportion of the net pension liability as a percentage of its covered payroll	223%	163%	170%	155%	188%	134%	118%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Contributions and covered payroll amounts restated for the early implementation of GASB 82.

Langston University

Schedule of the University's Contributions Oklahoma Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,075,537	\$ 2,183,775	\$ 2,129,283	\$ 2,100,368	\$ 1,827,120	\$ 2,140,401	\$ 2,124,440
Contributions in relation to the contractually required contribution	<u>2,075,537</u>	<u>2,183,775</u>	<u>2,129,283</u>	<u>2,100,368</u>	<u>1,827,120</u>	<u>2,140,401</u>	<u>2,124,440</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 19,579,142	\$ 20,433,202	\$ 19,643,592	\$ 20,231,315	\$ 20,596,587	\$ 22,392,779	\$ 22,346,462
Contributions as a percentage of covered payroll	10.60%	10.69%	10.84%	10.38%	8.87%	9.56%	9.51%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Benefit Changes

There were no changes to benefit terms for OTRS for the years ended June 30, 2020, 2019, 2018, or 2017.

Changes of Assumptions

Actuarial assumptions used in the June 30, 2021, valuation were changed as follows:

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Actuarial assumptions used in the June 30, 2017, valuation were changed as follows:

- Salary increases were composed of 3.25% inflation, including 2.50%, plus a service-related component ranging from 0.00% to 8.00% based on years of service.

Actuarial assumptions used in the June 30, 2016, valuation were changed as follows:

- Inflation was increased to 2.50%
- Investment rate of return was decreased to 7.50%

There were no changes to assumptions in the valuation report for the years ended June 30, 2015, 2018, 2019, or 2020.

Langston University
Schedule of the University's Proportionate Share of the
Net OPEB Liability (Asset)
Supplemental Health Insurance Program

	2021	2020	2019	2018
University's proportion of the net OPEB liability (asset)	0.4804%	0.4840%	0.5691%	0.4821%
University's proportionate share of the net OPEB liability (asset)	\$ (47,595)	\$ (299,244)	\$ (367,797)	\$ (214,969)
University's covered payroll	\$ 20,433,202	\$ 19,643,592	\$ 20,231,315	\$ 20,596,587
University's proportion of the net OPEB liability (asset) as a percentage of its covered payroll	-0.23%	-1.52%	-1.82%	-1.04%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	102.30%	115.07%	115.41%	110.40%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Langston University
Schedule of the University's Contributions
Supplemental Health Insurance Program

	2021	2020	2019	2018
Contractually required contribution	\$ 3,909	\$ 4,113	\$ 14,362	\$ 33,350
Contributions in relation to the contractually required contribution	<u>3,909</u>	<u>4,113</u>	<u>14,362</u>	<u>33,350</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 19,579,142	\$ 20,433,202	\$ 19,643,592	\$ 20,231,315
Contributions as a percentage of covered payroll	0.02%	0.02%	0.07%	0.16%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Benefit Changes

There were no changes to benefit terms of OTRS for the years presented.

Changes of Assumptions

Actuarial assumptions used in the June 30, 2021, valuation were changed as follows:

- Inflation was decreased to 2.25%.
- Investment rate of return was decreased to 7.00%.
- Salary increases were composed of 2.25% inflation, including 2.50% plus a service-related component ranging from 0.00% to 8.00% based on years of service.

There were no changes in assumptions in valuation reports for the years ended June 30, 2020, 2019, and 2018.

Langston University
Schedule of Changes in Total OPEB Liability and Related Ratios
Health and Death Benefit Plan

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 42,957	\$ 33,577	\$ 26,808	\$ 361,072
Interest	45,349	54,598	119,545	84,210
Change of assumptions	171,024	175,205	113,088	(218,072)
Difference between actual and expected experience	9,647	(47,970)	(1,716,552)	108,250
Contributions	<u>(75,959)</u>	<u>(74,795)</u>	<u>(75,571)</u>	<u>(4,768)</u>
Net change in total OPEB liability	193,018	140,615	(1,532,682)	330,692
Total OPEB liability, beginning of year	<u>1,699,616</u>	<u>1,559,001</u>	<u>3,091,683</u>	<u>2,760,991</u>
Total OPEB liability, end of year	<u><u>\$ 1,892,634</u></u>	<u><u>\$ 1,699,616</u></u>	<u><u>\$ 1,559,001</u></u>	<u><u>\$ 3,091,683</u></u>
Covered payroll	\$ 16,089,117	\$ 17,415,175	\$ 16,866,998	\$ 20,231,315
Net OPEB liability as a percentage of covered payroll	11.76%	9.76%	9.24%	15.28%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Supplementary Information

Langston University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Federal Awards				
Research and Development Cluster				
<i>U.S. Department of Agriculture</i>				
Specialty Crop Block Grant Program – Farm Bill	10.170	AM180100XXXXG023 PASS THRU 2544090.LU1	\$ -	\$ 7,062
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI171445XXXXG019	-	(6)
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI181445XXXXG012	-	236
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI171445XXXXG019	-	682
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	125,442
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	303,176
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	169,612
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	668,440
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	27,290
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	48,048
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	3,504
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	25,082
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	14,326
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	49,688
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	5,345
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	12,131
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI191445XXXXG011-0001	-	4,886
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	36,733
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	NI201445XXXXG009	-	10,931
<i>Subtotal CFDA 10.205</i>			-	1,505,546
Sustainable Agriculture Research and Education	10.215	2019-38640-29878 PASS THRU SUB00002488	-	3,923
1890 Institution Capacity Building Grants	10.216	2014-38821-22446	-	(5,512)
1890 Institution Capacity Building Grants	10.216	2014-38821-22432	-	(14,392)
1890 Institution Capacity Building Grants	10.216	2014-38821-22416	-	(80,606)
1890 Institution Capacity Building Grants	10.216	2017-38821-26429	-	64,330
1890 Institution Capacity Building Grants	10.216	2015-38821-24392	-	63,246
1890 Institution Capacity Building Grants	10.216	2017-38821-26445	-	89,865
1890 Institution Capacity Building Grants	10.216	2017-38821-26428	-	51,291
1890 Institution Capacity Building Grants	10.216	2020-38821-31093	-	54,738
1890 Institution Capacity Building Grants	10.216	2019-38821-29053	-	23,395
1890 Institution Capacity Building Grants	10.216	2019-38821-29034	-	76,490
1890 Institution Capacity Building Grants	10.216	2019-38821-29042	-	78,372
1890 Institution Capacity Building Grants	10.216	2019-38821-29148	66,955	92,112
1890 Institution Capacity Building Grants	10.216	2019-38821-29051	-	81,194
<i>Subtotal CFDA 10.216</i>			66,955	574,523
Agriculture and Food Research Initiative (AFRI)	10.310	2020-67016-30815	-	337
Cooperative Extension Service	10.500	NI18EFNEPXXXG062	-	(14,505)
Cooperative Extension Service	10.500	NI171444XXXXG022	-	6
<i>Subtotal CFDA 10.500</i>			-	(14,499)
Agriculture Extension at 1890 Land-grant Institutions	10.512	NI181444XXXXG004	-	208
Renewable Resources Extension Act and National Focus Fund Projects	10.515	NI19RREAFXXXG001	-	5,147
Centers of Excellence at 1890 Institutions	10.523	2020-38427-31514 PASS THRU UMES	14,400	17,810
Total U.S. Department of Agriculture			81,355	2,100,057
<i>National Aeronautics and Space Administration</i>				
Office of Stem Engagement (OSTEM)	43.008	NNX15AP43A	24,515	472,659
Total National Aeronautics and Space Administration			24,515	472,659
<i>National Science Foundation</i>				
Education and Human Resources	47.076	HRD-1911370 PASS THRU 1-578530-LU	-	25,572
Education and Human Resources	47.076	1408748 PASS THRU 1-556595-LU	-	13,023
Education and Human Resources	47.076	1439848	-	91,262
<i>Subtotal CFDA 47.076</i>			-	129,857

Langston University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Integrative Activities	47.083	OIA-1946093 PASS THRU EPSCOR-2020-6	\$ -	\$ 17,075
Integrative Activities	47.083	1301789	-	2,750
Integrative Activities	47.083	OIA-1826820 PASS THRU S19025	-	127,390
<i>Subtotal CFDA 47.083</i>			-	147,215
Total National Science Foundation			-	277,072
U.S. Department of Education				
Childcare Access Means Parents in School	84.335A	P335A190337	-	29,702
Total U.S. Department of Education			-	29,702
U.S. Department of Health and Human Services				
National Institutes of Health				
Cancer Centers Support Grants	93.397	P20CA233391	-	383,658
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90RT5024	-	(65,208)
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90RTST0001-01-00	288,429	910,189
<i>Subtotal CFDA 93.433</i>			288,429	844,981
Biomedical Research and Research Training	93.859	5P20GM103418-18 PASS THRU PO1000931510/PO1000931509	-	7,930
Biomedical Research and Research Training	93.859	5P20GM103418-20 PASS THRU PO#1000989272	-	8,726
Biomedical Research and Research Training	93.859	5P20GM103418-20 PASS THRU PO#1000989272	-	46,204
Biomedical Research and Research Training	93.859	5P20GM103418-20 PASS THRU PO#1000989271	-	408
<i>Subtotal CFDA 93.859</i>			-	63,268
Total U.S. Department of Health and Human Services			288,429	1,291,907
Total Research and Development Cluster			394,299	4,171,397
U.S. Department of Education				
Student Financial Assistance Cluster				
Office of Student Financial Assistance				
Federal Supplemental Educational Opportunity Grants	84.007A	P007A203424	-	218,041
Federal Work-Study Program	84.033A	P033A193424	-	5,872
Federal Work-Study Program	84.033A	P033A203424	-	182,614
<i>Subtotal CFDA 84.033A</i>			-	188,486
Federal Pell Grant Program	84.063P	P063P190352	-	142,951
Federal Pell Grant Program	84.063P	P063P200352	-	5,996,168
<i>Subtotal CFDA 84.063P</i>			-	6,139,119
Federal Direct Student Loans	84.268		-	10,449,482
<i>Total Student Financial Assistance Cluster</i>			-	16,995,128
Other Programs				
Office of Postsecondary Education				
Higher Education Institutional Aid	84.031B	P031B141023	-	1,136,813
Higher Education Institutional Aid	84.031B	P031B170010	-	599,420
Higher Education Institutional Aid	84.031B	P031B170010	-	408,807
Higher Education Institutional Aid	84.031B	P031B170010	-	291,885
Higher Education Institutional Aid	84.031B	P031B170010	-	188,491
Higher Education Institutional Aid	84.031B	P031B170010	-	167,229
Higher Education Institutional Aid	84.031B	P031B150004	-	151,360
Higher Education Institutional Aid	84.031B	P031B150004	-	102,291
Higher Education Institutional Aid	84.031B	P031B170010	-	101,786
Higher Education Institutional Aid	84.031B	P031B120564	-	72,164
Higher Education Institutional Aid	84.031B	P031B090213	-	42,000
Higher Education Institutional Aid	84.031B	P031B170010	-	29,047
Higher Education Institutional Aid	84.031B	P031B150004	-	4,756
Higher Education Institutional Aid	84.031B	P031B120564	-	1,871
Higher Education Institutional Aid	84.031B	P031B120564	-	688
Higher Education Institutional Aid	84.031B	P031B170010	-	(945)
Higher Education Institutional Aid	84.031E	P031E200033	-	392,804
Higher Education Institutional Aid	84.031E	P031E200033	-	1,791
Higher Education Institutional Aid	84.031K	P031K190014	-	381,456
<i>Subtotal CFDA 84.031</i>			-	4,073,714

Langston University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
TRIO Cluster				
TRIO Student Support Services	84.042A	P042A201771	\$ -	\$ 22,113
COVID-19 Education Stabilization Fund	84.425F	P425F200986	-	14,105
COVID-19 Education Stabilization Fund	84.425J	P425J200018-20B	-	2,225,356
COVID-19 Education Stabilization Fund	84.425E	P425E200082	-	195,450
COVID-19 Education Stabilization Fund	84.425E	P425E200082	-	1,588,722
COVID-19 Education Stabilization Fund	84.425J	P425J200018-20B	-	2,384,300
Subtotal CFDA 84.425			-	6,407,933
Total U.S. Department of Education			-	27,498,888
U.S. Department of Agriculture				
Sustainable Agriculture Research and Education	10.215	2019-38640-29878 PASS THRU SUB00002516 PROJECT LS20-344	-	4,718
1890 Institution Capacity Building Grants	10.216	2019-38821-29059	-	19,072
1890 Institution Capacity Building Grants	10.216	2020-38821-31125	-	310
Subtotal CFDA 10.216			-	19,382
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443	A0192501X443G023	-	63,873
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443	A0182501X443G026	-	(952)
Subtotal CFDA 10.443			-	62,921
Cooperative Extension Service	10.500	2003-45200-01759	-	66,240
Cooperative Extension Service	10.500	2017-41580-26947 PASS THRU 3-580490.LU	-	11,087
Cooperative Extension Service	10.500	2018-41520-28907 PASS THRU 1-575259-1	-	1,258
Subtotal CFDA 10.500			-	78,585
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI191444XXXXG019-0001	-	150,862
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	280,247
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI191444XXXXG019-0001	-	37,046
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	225,090
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI191444XXXXG019-0001	-	54,249
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	157,572
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI191444XXXXG019-0001	-	74,634
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	244,486
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI191444XXXXG019-0001	-	13,516
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	57,518
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	39,984
Agriculture Extension at 1890 Land-Grant Institutions	10.512	NI201444XXXXG009	-	10,931
Subtotal CFDA 10.512			-	1,346,135
Expanded Food and Nutrition Education Program	10.514	NI19EFNEPXXXG035	-	111,765
Expanded Food and Nutrition Education Program	10.514	NI20EFNEPXXXG017	-	17,416
Subtotal CFDA 10.514			-	129,181
Renewable Resources Extension Act and National Focus Fund Projects	10.515	NI20RREAFXXXG070	-	7,390
Scholarships for Students at 1890 Institutions	10.524	2020-38430-31317	-	444,327
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	FX19BF-10777R005	-	3,096
Total U.S. Department of Agriculture			-	2,095,735
National Aeronautics and Space Administration				
Science	43.001	NNX11AB54H PASS THRU SUBCONTRACT NO. 2011-32	-	32,973
Office of Stem Engagement (OSTEM)	43.008	80NSSC20M0114 PASS THRU 1-500351-LU	-	22,966
Office of Stem Engagement (OSTEM)	43.008	80NSSC20M0114 PASS THRU 1-500361-LU NIF	-	19,617
Office of Stem Engagement (OSTEM)	43.008	NNX15AK02H PASS THRU SUBAWARD # 2016-68	-	(110,504)
Subtotal CFDA 43.008			-	(67,921)
Total National Aeronautics and Space Administration			-	(34,948)
U.S. Department of Defense				
Centers for Academic Excellence	12.598	2020-20061700004 PASS THRU 2021-01	-	15,437
Centers for Academic Excellence	12.598	HHM-402-9-1-005 PASS THRU 2020-03	-	4,000
Total U.S. Department of Defense			-	19,437

Langston University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Interior				
Historic Preservation Fund Grants-In-Aid	15.904	P20AP00191	\$ -	\$ 48,760
Total U.S. Department of Interior			-	48,760
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI080203 PASS THRU UTA19-000554	-	500
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI080203 PASS THRU UTA19-000554	-	18,533
<i>Subtotal CFDA 93.243</i>			-	<i>19,033</i>
ACL National Institute on Disability, Independent Living and Rehab Research	93.433	90AR5029-01-00	9,272	150,811
ACL National Institute on Disability, Independent Living and Rehab Research	93.433	90ARST0001-01-00	9,790	120,539
<i>Subtotal CFDA 93.433</i>			<i>19,062</i>	<i>271,350</i>
PPHF Geriatric Education Centers	93.969	D31HP08844 PASS THRU TS20071976-06	-	12,303
Total U.S. Department of Health and Human Services			19,062	302,686
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 413,361	\$ 34,101,955

Langston University
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Langston University (the University) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. Federal Direct Student Loan balances are not included in the University's financial statements. Loans disbursed during the year are included in federal expenditures presented in the Schedule.
4. The University received donated personal protective equipment valued at approximately \$11,000 (unaudited) for the year ended June 30, 2021.

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

Independent Auditor's Report

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

We have audited, in accordance with 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 the business-type activities and the discretely presented component unit of Langston University (the University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 29, 2021, which contained an emphasis of matter paragraph regarding a change in accounting principles. The financial statements of Langston University Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Langston University Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 University's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

Compliance and Other Matters

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

The University's Responses to the Findings

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

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Tulsa, Oklahoma
October 29, 2021

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Langston University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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

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, 2021.

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 internal control over compliance in accordance with the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Tulsa, Oklahoma
November 17, 2021

Langston University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? ☒ Yes ☐ None reported
 Material weakness(es)? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:
 Significant deficiency(ies)? ☐ Yes ☒ None reported
 Material weakness(es)? ☐ Yes ☒ No
5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No
7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	Various
Higher Education Institutional Aid	84.031
COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E
COVID-19 Education Stabilization Fund – HEERF Institutional Portion	84.425F
COVID-19 Education Stabilization Fund – HEERF HBCU	84.425J

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The University qualified as a low-risk auditee? ☐ Yes ☒ No

Langston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2021-001	<p>Criteria or Specific Requirement – The University is responsible for designing and establishing internal controls to ensure financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. This includes segregating duties among employees.</p> <p>Condition – Multiple employees in the payroll transactions cycle have the ability to add employees, adjust employee information, and process payroll.</p> <p>Effect – Employees have incompatible duties and there are not enough detective controls that are functioning properly to mitigate risk of error or fraud in the financial statements related to these incompatible duties.</p> <p>Cause – The University has had significant turnover in the finance department.</p> <p>Recommendation – The University should review job duties for the employees with incompatible duties and consider reassigning duties or strengthening detective controls.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management is in the process of hiring a new employee and will reassign certain duties to separate the incompatible duties.</p>

Langston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Reference Number	Finding
2021-002	<p>Criteria or Specific Requirement – The University is responsible for establishing internal controls to reconcile federal grants to minimize the amount of time that cash from federal grant funds is held. The University is also responsible for establishing internal controls to ensure that financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.</p> <p>Condition – While the University has made significant progress in implementing controls related to current grants, there are still grant funds drawn in excess of reported expenditures and grants receivable recorded that are for expenditures that are several years old.</p> <p>Effect – In prior years, grant funds were drawn prior to grant expenditures being incurred and were not spent within a reasonable timeframe creating unearned revenue. In addition, there are receivables recorded for grant expenditures that are several years old. Journal entries were posted to record payables for funds drawn that could not be expended and suggested for funds that may not be able to be drawn.</p> <p>Cause – In prior years, the University did not have a good process for reconciling grant expenditures and grant revenues. While new procedures are in place for current grants, there is still significant research necessary related to grants from previous periods.</p> <p>Recommendation – The University should complete research and repay funds drawn inappropriately that cannot be expended. The University should also determine the viability of various receivables that relate to expenditures from many years ago.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Grants and Contracts Financial Administration team has been researching these errors, which has been a very difficult and time-consuming process due to how much time has passed and that the grants are from a retired accounting system. The team has worked through all available information and is now in the process of working with federal agencies to return the funds and submit all required documentation.</p>

Langston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

Langston University

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Reference Number	Finding	Status
2020-001	<p>Criteria or Specific Requirement – The University is responsible for designing and establishing internal controls to ensure financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP). This includes segregating duties among employees.</p> <p>Condition – Multiple employees in the payroll cycle have the ability to add employees, adjust employee information, and process payroll.</p> <p>Effect – Employees have incompatible duties and there are not enough detective controls that are functioning properly to mitigate risk of error or fraud in the financial statements related to these incompatible duties.</p> <p>Cause – The University has had significant turnover in the finance department.</p> <p>Recommendation – The University should review job duties for the employees with incompatible duties and consider reassigning duties or strengthening detective controls.</p> <p>Reason for Recurrence – Corrective action is still ongoing.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management will review job duties and either reassign duties or add and/or strengthen detective controls.</p>	Not Resolved – See Finding 2021-001

Langston University

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Reference Number	Finding	Status
2020-002	<p>Criteria or Specific Requirement – The University is responsible for establishing internal controls to reconcile federal grants to minimize the amount of time that cash from federal grant funds are held. The University is also responsible for establishing internal controls to ensure that financial statements are fairly presented in accordance with GAAP.</p> <p>Condition – While the University has made significant progress in implementing controls related to current grants, there are still grant funds drawn in excess of reported expenditures and grants receivable recorded for expenditures that are several years old.</p> <p>Effect – In prior years, grant funds were drawn prior to grant expenditures being incurred and were not spent within a reasonable timeframe creating unearned revenue. In addition, there are receivables recorded for grant expenditures that are several years old. Journal entries were posted to record payables for funds drawn that could not be expended and suggested for funds that may not be able to be drawn.</p> <p>Cause – In prior years, the University did not have a good process for reconciling grant expenditures and grant revenues. While new procedures are in place for current grants, there is still significant research necessary related to grants from previous periods.</p> <p>Recommendation – The University should complete research and repay funds drawn inappropriately that cannot be expended. The University should also determine the viability of various receivables that relate to expenditures from many years ago.</p> <p>Reason for Recurrence – Corrective action is still ongoing.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Grants and Contracts Financial Administration team has been researching these errors since discovered last year, but due to the fact that they are almost a decade old and in a retired accounting system, it is very time-consuming and difficult. The team will continue to research and make any corrections deemed necessary or once it is determined that all efforts have been exhausted, all corrections will be made.</p>	Not Resolved – See Finding 2021-002

Langston University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Finding	Status
2020-003	<p data-bbox="431 527 1151 625">Student Financial Assistance Cluster, Federal Direct Loan Program, CFDA No. 84.268 and Federal Pell Grant Program, CFDA No. 84.063, Award Year 2020</p> <p data-bbox="399 657 1170 722">Criteria or Specific Requirement – Special Tests and Provisions – Enrollment Reporting – 34 CFR § 690.83(b)(2) and § 685.309</p> <p data-bbox="399 756 1203 957">Condition – Student status changes were not communicated to the National Student Loan Data System (NSLDS) timely and accurately, in accordance with 34 CFR § 690.83(6)(2), and § 685.309. Additionally, student status change errors between the NSLDS and the University’s records on the SCHER1 report were not being corrected within the required 15-day timeframe.</p>	Resolved

Langston University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Finding	Status
2020-004	<p>Student Financial Assistance Cluster, Federal Direct Loan Program, CFDA No. 84.268, Award Year 2020</p> <p>Criteria or Specific Requirement – Special Tests and Provisions – Borrower Data and Reconciliation (Direct Loan) – 34 CFR § 685.300</p> <p>Condition – The University did not consistently perform its monthly Direct Loan reconciliation in order to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.</p>	Resolved

Langston University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Finding	Status
2020-005	<p>COVID-19 Education Stabilization Fund Under the <i>Coronavirus Aid, Relief, and Economic Security Act</i>, Higher Education Emergency Relief Fund Student Aid Portion, CFDA No. 84.425E, Award Year 2020</p> <p>Criteria or Specific Requirement – Reporting – Section 18004(a)(1) Student Aid Portion Quarterly Public Reporting – 85 FR 53802</p> <p>Condition – The University did not file the required public disclosures relating to the student portion of funding within 30 days of the award date or May 6, 2020, which was the date the requirement was published in the Federal Register.</p>	Resolved