Financial Statements
June 30, 2016 and 2015

# University of Oklahoma - Norman Campus

# University of Oklahoma - Norman Campus

Table of Contents
June 30, 2016 and 2015


Independent Auditor's Report ..... 1

Management's Discussion and Analysis (Unaudited) ..... 4

Financial Statements

- Statements of Net Position ..... 13
- Statements of Revenues, Expenses and Changes in Net Position ..... 15
- Statements of Cash Flows ..... 16
- Notes to Financial Statements ..... 18

Required Supplementary Information (Unaudited)

- Schedule of Funding Progress (Retiree Health/Dental Insurance) ..... 61
- Schedule of Proportionate Share of Net Pension Liability ..... 62
- Schedule of Employer Contributions ..... 63

Reports Required By *Government Auditing Standards* and Uniform Guidance

Independent Auditor's 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* ..... 64

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance ..... 66

- Schedule of Expenditures of Federal Awards ..... 68
- Notes to Schedule of Expenditures of Federal Awards ..... 76
- Schedule of Findings and Questioned Costs ..... 78
- Summary Schedule of Prior Year Findings ..... 82

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## Independent Auditor's Report

Board of Regents
The University of Oklahoma
Norman, Oklahoma

**Report on the Financial Statements**
We have audited the accompanying financial statements of University of Oklahoma - Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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

**Auditor's Responsibility**
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**
As discussed in Note 1, the financial statements of the University reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2016, and the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**
The financial statements of the University, as of June 30, 2015, were audited by other auditors whose report dated October 21, 2015, expressed an unmodified opinion on those statements.

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

*Other Information*
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 have also issued our report dated October 19, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Oklahoma City, Oklahoma
October 19, 2016

# UNIVERSITY OF OKLAHOMA - NORMAN CAMPUS

## Management's Discussion and Analysis

***Overview of the Financial Statements and Financial Analysis***

This report consists of Management's Discussion and Analysis (this part); the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on the University of Oklahoma Norman Campus and Law Center (University) as a whole.

The objective of the Management's Discussion and Analysis is to help readers of the University's financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2016, with comparative information for the years ended June 30, 2015, and June 30, 2014. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

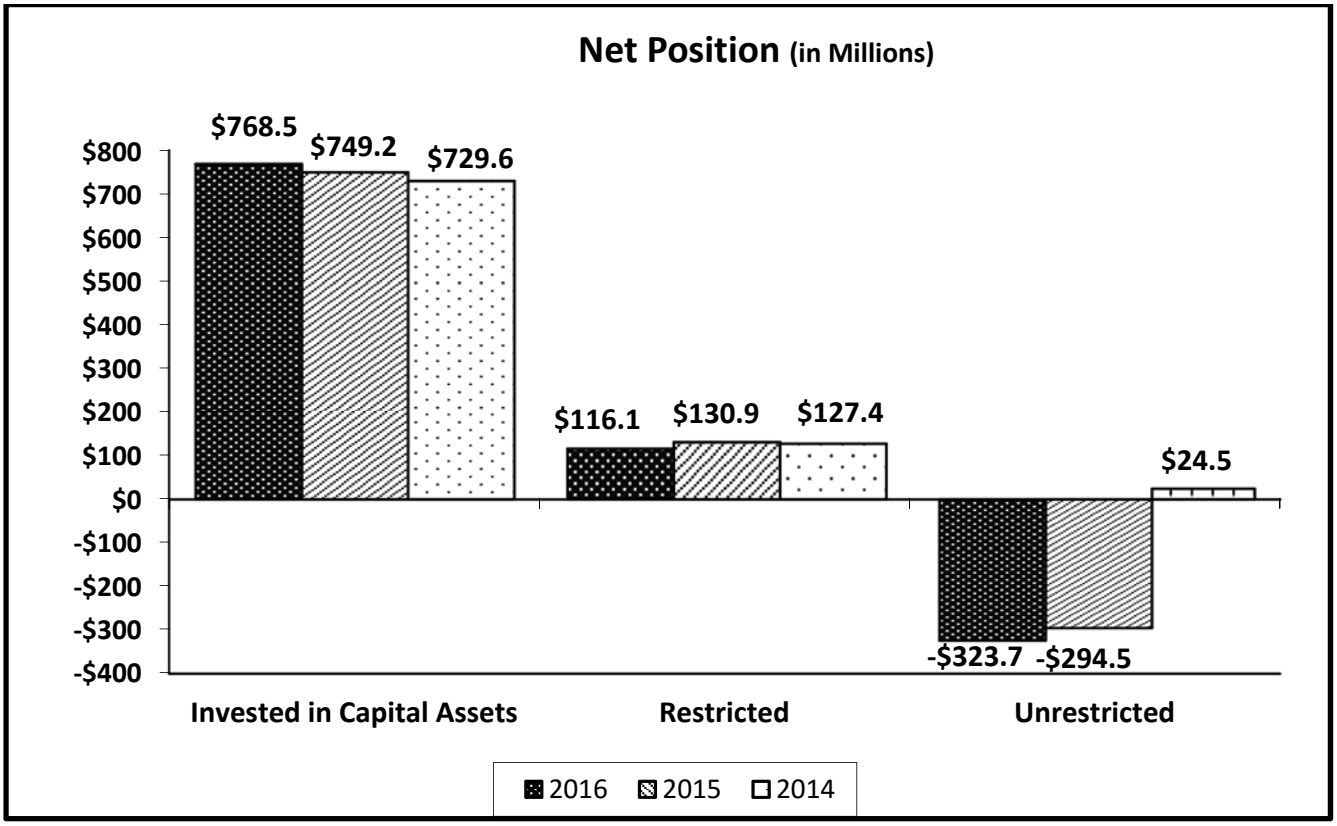
***Statements of Net Position***

The Statements of Net Position presents the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) as of the end of the fiscal years audited. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of the University. Information related to the reporting elements included in the Statements of Net Position is included in Note 1 of the footnotes to the financial statements.

Net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - is one way to measure the University's financial health, or position. Over time, changes in the University's net position are an indicator of its overall financial health. Non-financial factors are also important to consider, including student recruitment, enrollment, and retention and the condition of campus facilities.

Net position is divided into three major categories. The first category, net investment in capital assets provides the University's equity in property, plant, and equipment. The next category, restricted net position, provides the University's resources that must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Unrestricted net position includes resources that are available to the University for any lawful purpose of the institution.

The following graph illustrates the comparative change in net position by the three major categories mentioned above for fiscal years 2016, 2015, and 2014:




Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. This new accounting pronouncement was adopted during the year ended June 30, 2015. The cumulative impact of this new pronouncement was $303.0 million and is the primary reason the University's Unrestricted Net Position decreased from $24.5 million at June 30, 2014 to -$294.5 million at June 30, 2015. The impact of this pronouncement continues to be the primary cause of the University's negative Unrestricted Net Position at June 30, 2016.

The following table summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the last 3 years:

**Condensed Statements of Net Position**
**End of Year** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Assets:** | | | |
| Current Assets | $ 306.9 | $ 312.9 | $ 426.0 |
| Capital Assets, net | 1,680.7 | 1,532.6 | 1,496.8 |
| Other Noncurrent Assets | 262.8 | 174.9 | 141.8 |
| **Total Assets** | $ 2,250.4 | $ 2,020.4 | $ 2,064.6 |
| **Deferred Outflows** | $ 75.9 | $ 32.1 | $ 12.2 |
| **Liabilities:** | | | |
| Current Liabilities | $ 230.8 | $ 192.1 | $ 228.0 |
| Noncurrent Liabilities | 1,501.0 | 1,210.9 | 965.9 |
| **Total Liabilities** | $ 1,731.8 | $ 1,403.0 | $ 1,193.9 |
| **Deferred Inflows** | $ 33.7 | $ 63.9 | $ 1.4 |
| **Net Position:** | | | |
| Net Investment in Capital Assets | 768.5 | 749.2 | 729.6 |
| Restricted | 116.1 | 130.9 | 127.4 |
| Unrestricted | (323.7) | (294.5) | 24.5 |
| **Total Net Position** | $ 560.9 | $ 585.6 | $ 881.5 |
| **Change in Net Position** | $ (24.7) | $ (295.9) | $ 41.8 |

Total assets of the University increased $230.0 million from June 30, 2015. The current year increase was primarily due to an increase in Capital Assets as a result of construction on Gaylord Family Oklahoma Memorial Stadium, Residential Colleges, and the Jenkins Avenue Parking Facility. An increase in Other Noncurrent Assets also contributed to the increase in Total Assets due to bond proceeds received from FY16 bond issues.

Deferred Outflows of the University increased $43.8 million from June 30, 2015 due primarily to changes in the actuarial assumptions and the University's change in proportion of the net pension liability.

At June 30, 2016, the University had approximately $1,680.7 million invested in capital assets, net of accumulated depreciation of $863.8 million. Depreciation charges for the current year totaled $67.2 million compared to $67.9 million and $66.5 million in the two prior years. Note 8 to the financial statements provides additional information on capital asset activities and balances.

Total liabilities of the University increased $328.8 million from June 30, 2015. This increase resulted primarily from the issuance of new bonds during FY16.

Deferred Inflows of the University decreased $30.2 million from June 30, 2015 due primarily to the difference between projected and actual pension plan investment earnings.

At June 30, 2016, the University had approximately $1,011.4 million in outstanding bonds and capital leases. Additional information related to the University's long-term liabilities is presented in Note 11 to the financial statements.

Total assets of the University decreased $44.2 million from June 30, 2014, to June 30, 2015. This decrease was primarily due to the timing of the transition of investment managers for the University's endowments, partially offset by an increase in capital assets, net of depreciation, of $35.8 million.

Total liabilities of the University increased $209.1 million from June 30, 2014, to June 30, 2015. This increase resulted primarily from the first time recording of the University's net pension liability as required by a new accounting standard effective in FY15.

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

The following table summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2016, 2015, and 2014:

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

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Operating Revenues | $ 611.4 | $ 583.7 | $ 553.8 |
| Operating Expenses | (923.9) | (871.6) | (830.2) |
| Operating Loss | (312.5) | (287.9) | (276.4) |
| Nonoperating revenues and expenses | 247.7 | 266.0 | 273.7 |
| Loss before other revenues, expenses, gains or losses | (64.8) | (21.9) | (2.7) |
| Other revenues, expenses, gains or losses | 40.1 | 29.1 | 44.5 |
| Increase in Net Position before GASB 68 | (24.7) | 7.2 | 41.8 |
| Cumulative effect of adopting GASB 68 | - | (303.1) | - |
| **Change in Net Position** | $ (24.7) | $ (295.9) | $ 41.8 |

Trends in the relationship between operating revenues and operating expenses are significant indicators of the University's financial health. Operating revenues increased $57.6 million (10.4%) from June 30, 2014 to June 30, 2016, while operating expenses increased $93.7 million (11.3%). Efforts will continue in the upcoming fiscal years to reduce expenses to better match anticipated revenues as the State's economic outlook and funds available for higher education remain uncertain.

The FY16 Change in Net Position of ($24.7) is due primarily to reductions in State Appropriations ($19.1 million) and an increase in net OPEB obligations ($8.8 million).

***Operating revenues*** of $611.4 million increased $27.7 million (4.7%) in 2016 when compared to the prior year. Operating revenues of $583.7 million for the year ended June 30, 2015, increased $29.9 million (5.4%) when compared to the year ended June 30, 2014. The following table summarizes the University's operating revenues for the years ended June 30, 2016, 2015, and 2014:

**Operating Revenues** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Tuition and fees | $ 292.1 | $ 278.1 | $ 263.4 |
| Grants and contracts | 100.1 | 94.2 | 97.1 |
| Sales and services of educational activities | 12.9 | 12.9 | 14.9 |
| Auxiliary enterprises | 187.1 | 181.2 | 164.9 |
| Other revenues | 19.2 | 17.3 | 13.5 |
| **Total Operating Revenues** | $ 611.4 | $ 583.7 | $ 553.8 |

For the year ended June 30, 2016, the increase in operating revenues from 2015 is primarily due to an increase in tuition and fee rates and an increase in Housing and Food Services revenue due to increased room and board, catering, and concession revenues.

The increase in operating revenues from the year ended June 30, 2014 to June 30, 2015 was due to an increase in tuition and fees revenue and an increase in Athletic revenues due to increased contributions and conference distributions.

***Operating expenses*** of $923.9 million increased $52.3 million (6.0%) in 2016 when compared to the prior year. Operating expenses of $871.6 million for the year ended June 30, 2015 increased $41.4 million (5.0%) when compared to the year ended June 30, 2014. The following table summarizes the University's operating expenses for the years ended June 30, 2016, 2015, and 2014:

**Operating Expenses** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Compensation and benefits | $ 513.5 | $ 491.5 | $ 481.5 |
| Contractual services | 97.8 | 83.9 | 79.2 |
| Supplies and materials | 29.3 | 28.1 | 27.2 |
| Depreciation | 67.2 | 67.9 | 66.5 |
| Utilities | 46.9 | 46.6 | 44.6 |
| Communications | 6.9 | 6.6 | 7.7 |
| Scholarships and fellowships | 40.0 | 36.3 | 34.6 |
| Other | 122.3 | 110.7 | 88.9 |
| **Total Operating Expenses** | $ 923.9 | $ 871.6 | $ 830.2 |

For the year ended June 30, 2016, the increase in operating expenses from 2015 is primarily due to an increase in compensation and benefits; an increase in contractual services resulting from increased maintenance costs and increases in the Athletic Department's event operating expenses; and an increase in scholarships and fellowships due to additional and increased scholarships being made available as a result of tuition and fee increases and an increase in other expenses.

The increase in operating expenses from the year ended June 30, 2014 to June 30, 2015, was primarily due to an increase in compensation and benefits, an increase in utilities from increased usage and rates, and an increase in other expenses.

***Nonoperating revenues*** of $247.7 million decreased $18.3 million (6.9%) in 2016 when compared to the prior year. Nonoperating revenues of $266.0 million for the year ended June 30, 2015 decreased $7.7 million (2.8%) when compared to the year ended June 30, 2014. The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2016, 2015, and 2014:

**Nonoperating Revenues (Expenses)** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| State appropriations | $ 128.0 | $ 147.1 | $ 148.4 |
| On-behalf payments for OTRS | 15.0 | 12.6 | 15.2 |
| Endowment income | 6.0 | 6.4 | 8.1 |
| Grants and contracts | 87.7 | 88.7 | 87.9 |
| Private gifts | 44.7 | 39.9 | 39.4 |
| Loss on transfer of asset | - | (0.4) | - |
| Interest on indebtedness | (34.9) | (34.0) | (34.9) |
| Investment income | 1.2 | 5.7 | 9.6 |
| **Net Nonoperating Revenues** | $ 247.7 | $ 266.0 | $ 273.7 |

Appropriations from the State of Oklahoma decreased $19.1 million (13.0%) during fiscal year 2016. The University's FY16 original allocation was reduced from the prior year and cuts to the allocation occurred during the year.

During fiscal year 2015, appropriations from the State of Oklahoma decreased $1.3 million and investment and endowment income decreased $5.6 million.

***Other revenues, expenses, gains, or losses*** of $40.1 million increased $11.0 million (37.8%) in 2016 when compared to the prior year. Other revenues, expenses, gains, or losses of $29.1 million for the year ended June 30, 2015 decreased $15.4 million (34.6%) when compared to the year ended June 30, 2014. The following table summarizes the University's other revenues, expenses, gains, or losses for the years ended June 30, 2016, 2015, and 2014:

**Other Revenues, Expenses, Gains, or (Losses)** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Build America Bonds subsidy | $ 0.8 | $ 0.8 | $ 0.8 |
| Federal grants and contracts for capital purposes | 0.7 | $ 1.8 | - |
| Private gifts for capital purposes | 18.8 | 8.7 | 23.2 |
| State school land funds | 9.2 | 9.4 | 10.6 |
| On-behalf payments for OCIA capital leases | 8.2 | 8.0 | 7.8 |
| Additions to permanent endowments | 2.4 | 0.4 | 2.1 |
| **Total Other Revenues, Expenses, Gains or (Losses)** | $ 40.1 | $ 29.1 | $ 44.5 |

The increase from June 30, 2015 to June 30, 2016 is primarily due to an increase in private gifts for various capital projects.

The decrease from June 30, 2014 to June 30, 2015 is primarily due to a decrease in private gifts for various capital projects.

***Statements of Cash Flows***

The primary purpose of the Statements of Cash Flows is to provide information about the cash receipts and disbursements of the University during the year. It also aids in the assessment of the University's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

The University's overall liquidity increased during the current year, with a net increase to cash and cash equivalents of $99.6 million. Overall liquidity decreased from June 30, 2014 to June 30, 2015, with a net decrease to cash and cash equivalents of $169.2 million.

The following table summarizes the University's cash flows for the years ended June 30, 2016, 2015, and 2014:

**Condensed Statement of Cash Flows**
**for the Year** (in millions)

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Cash provided (used) by:** | | | |
| Operating activities | $ (225.3) | $ (215.3) | $ (182.6) |
| Noncapital financing activities | 269.9 | 281.7 | 283.3 |
| Capital and related financing activities | 36.6 | (110.7) | (108.0) |
| Investing activities | 18.4 | (124.9) | 98.7 |
| **Net Change In Cash** | 99.6 | (169.2) | 91.4 |
| **Cash and equivalents, beginning of the year** | 296.9 | 466.1 | 374.7 |
| **Cash and equivalents, end of the year** | $ 396.5 | $ 296.9 | $ 466.1 |

Cash used by operating activities during fiscal year 2016 of $225.3 million increased $10.0 million (4.6%) compared to the prior year ($215.3 million). Major sources of operating funds were tuition and fees ($294.5 million), grants and contracts ($100.1 million), and auxiliary enterprises ($187.7 million), which were offset by the payment of compensation and benefits ($565.2 million) and other operating expenses ($269.9 million).

Cash provided by noncapital financing activities during fiscal year 2016 of $269.9 million decreased $11.8 million (4.2%) compared to the prior year ($281.7 million). Major sources of noncapital financing activities were state appropriations ($128.0 million), grants and contracts ($87.6 million), and private gifts ($47.3 million).

Cash provided by capital and related financing activities during fiscal year 2016 of $36.6 million increased $147.3 million (133.1%) when compared to cash used by capital and related financing activities the prior year ($110.7 million) due primarily to the timing of the receipt of bond proceeds and related expenditures. Major sources of capital and related financing activities were proceeds from revenue bonds ($348.5 million) and private gifts ($18.8 million), which were offset by purchases of capital assets ($192.0 million) and principal and interest payments on capital debt and leases ($147.1 million).

Cash provided by investing activities during fiscal year 2016 was $18.4 million. Cash used in investing activities during fiscal year 2015 was $124.9 million. The change between the years is due to the timing of the transition of investment managers for the University's endowments.

Cash used by operating activities during fiscal year 2015 of $215.3 million increased $32.7 million (17.9%) compared to the prior year ($182.6 million). Major sources of operating funds were tuition and fees ($278.4 million), grants and contracts ($91.1 million), and auxiliary enterprises ($177.0 million), which were offset by the payment of compensation and benefits ($484.6 million) and other operating expenses ($306.4 million).

Cash provided by noncapital financing activities during fiscal year 2015 of $281.7 million decreased $1.6 million (0.6%) compared to the prior year ($283.3 million). Major sources of noncapital financing activities were state appropriations ($147.1 million), grants and contracts ($88.7 million), and private gifts ($39.9 million).

Cash used in capital and related financing activities during fiscal year 2015 of $110.7 million increased $2.7 million (2.5%) when compared to the prior year ($108.0 million) due primarily to the timing of the receipt of bond proceeds and related expenditures. Major sources of capital and related financing activities were proceeds from revenue bonds and capital leases ($38.6 million) and private gifts ($8.7 million), which were offset by purchases of capital assets ($112.9 million) and principal and interest payments on capital debt and leases ($62.8 million).

Cash used in investing activities during fiscal year 2015 was $124.9 million. Cash provided by investing activities during fiscal year 2014 was $98.7. The change between the years is due to the timing of the transition of investment managers for the University's endowments.

***Economic Outlook***

The University's economic outlook continues to be closely related to its role as one of the State's premier comprehensive institutions. It benefits from ongoing financial and political support from the State of Oklahoma. The University continues to scrutinize budget allocations to align with anticipated revenues and to focus attention on the management of its existing resources. While current economic conditions facing our state are challenging, the University's competitive position remains strong.

Another significant factor in the University's economic position relates to its ability to recruit and retain high quality students. The University continues to attract top students from across the nation and more than 100 countries around the world, providing a major university experience in a private college atmosphere. The University is considered a pacesetter for public higher education in the United States and *The Princeton Review* consistently ranks OU among the best in the nation in terms of academic excellence and cost for students. OU ranks No. 1 in the nation among both public and private universities in the enrollment of freshmen National Merit Scholars. OU has produced 29 Rhodes Scholars; no other university in Oklahoma has had more than three.

This financial report is designed to provide all interested parties with a general overview of the University's finances and to show the University's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the University's Chief Financial Officer or Controller at 660 Parrington Oval, Norman, OK 73019 or (405)325-5161.

# University of Oklahoma - Norman Campus
## Statements of Net Position
## June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | ($ in thousands) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 73,549 | $ 105,721 |
| Restricted cash and cash equivalents | 164,185 | 134,096 |
| Accrued interest receivable | 509 | 347 |
| Accounts receivable, net of allowance for doubtful accounts | 59,440 | 64,110 |
| Inventories and supplies, at cost | 4,357 | 4,259 |
| Loans to students, net of allowance for uncollectible loans | 2,259 | 2,274 |
| Deposits and prepaid expenses | 2,614 | 2,054 |
| TOTAL CURRENT ASSETS | 306,913 | 312,861 |
| NONCURRENT ASSETS | | |
| Restricted cash and cash equivalents | 158,736 | 57,054 |
| Endowment investments | 54,307 | 54,564 |
| Other long-term investments | 31,889 | 45,854 |
| Investments in real estate | 220 | 220 |
| Loans to students, net | 17,094 | 16,799 |
| Deposits and prepaid expenses | 575 | 386 |
| Capital assets, net of accumulated depreciation | 1,680,715 | 1,532,624 |
| TOTAL NONCURRENT ASSETS | 1,943,536 | 1,707,501 |
| TOTAL ASSETS | 2,250,449 | 2,020,362 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on OCIA lease restructure | 642 | 963 |
| Deferred charge on advance refunding of bonds | 978 | 3,767 |
| Deferred charge on defeasance of bonds | 6,022 | 6,470 |
| Deferred contributions on pension plans | 68,278 | 20,947 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 75,920 | 32,147 |

| | 2016 | 2015 |
|---|---|---|
| | ($ in thousands) | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 64,429 | $ 34,841 |
| Utilities management agreement, current portion | 4,720 | 4,720 |
| Other postemployment benefits, current portion | 5,872 | 5,250 |
| Accrued compensated absences | 31,000 | 28,905 |
| Unearned revenues | 68,981 | 66,756 |
| Unearned revenues - long-term contracts, current portion | 1,815 | 2,305 |
| Accrued interest payable | 18,745 | 15,144 |
| Capital leases and revenue bonds payable--current portion | 34,588 | 32,459 |
| Deposits held in custody for others | 621 | 1,755 |
| TOTAL CURRENT LIABILITIES | 230,771 | 192,135 |
| NONCURRENT LIABILITIES, net of current portion | | |
| Utilities management agreement | 85,400 | 90,120 |
| Other postemployment benefits | 105,159 | 96,967 |
| Net pension liability | 303,775 | 243,680 |
| Retirement plan liability | 10,039 | 9,560 |
| Accrued compensated absences | 5,471 | 5,506 |
| Unearned revenues - long-term contracts | - | 1,045 |
| Federal loan program contributions refundable | 14,351 | 14,440 |
| Capital lease obligations | 52,594 | 60,801 |
| Revenue bonds payable | 924,201 | 688,808 |
| TOTAL NONCURRENT LIABILITIES | 1,500,990 | 1,210,927 |
| TOTAL LIABILITIES | 1,731,761 | 1,403,062 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred credit on OCIA lease restructure | 3,465 | 3,742 |
| Deferred credit on pension plan | 30,283 | 60,108 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 33,748 | 63,850 |
| NET POSITION | | |
| Net investment in capital assets | 768,470 | 749,179 |
| Restricted for: | | |
| Nonexpendable | 27,868 | 29,827 |
| Expendable: | | |
| Educational, general and auxiliary operations | 23,219 | 22,607 |
| Capital projects | 29,632 | 30,619 |
| Debt service | 25,605 | 24,068 |
| Athletics | 9,769 | 23,842 |
| Unrestricted | (323,703) | (294,545) |
| TOTAL NET POSITION | $ 560,860 | $ 585,597 |

# University of Oklahoma - Norman Campus
## Statements of Revenues, Expenses and Changes in Net Position
## Years Ended June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | ($ in thousands) | |
| OPERATING REVENUES | | |
| Student tuition & fees (net of scholarship allowances of $80,458 and $72,300 for 2016 and 2015, respectively) | $ 292,101 | $ 278,121 |
| Federal grants and contracts | 63,360 | 59,925 |
| State grants and contracts | 11,169 | 10,314 |
| Private grants and contracts | 25,528 | 23,917 |
| Interest on student loans receivable | 450 | 459 |
| Sales and services of educational activities | 12,935 | 12,908 |
| Housing and food service revenues | 62,497 | 60,462 |
| Athletic revenues (net of scholarship allowances of $8,607 and $8,312 for 2016 and 2015, respectively) | 92,710 | 91,093 |
| Sales and services of auxiliary enterprises--other | 31,931 | 29,591 |
| Other revenues | 18,697 | 16,865 |
| TOTAL OPERATING REVENUES | 611,378 | 583,655 |
| OPERATING EXPENSES | | |
| Compensation and benefits | 513,549 | 491,489 |
| Contractual services | 97,792 | 83,930 |
| Supplies and materials | 29,261 | 28,115 |
| Depreciation | 67,218 | 67,905 |
| Utilities | 46,883 | 46,568 |
| Communications | 6,900 | 6,569 |
| Scholarships and fellowships | 40,035 | 36,305 |
| Other | 122,309 | 110,702 |
| TOTAL OPERATING EXPENSES | 923,947 | 871,583 |
| OPERATING LOSS | (312,569) | (287,928) |
| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 128,032 | 147,149 |
| On-behalf payments for OTRS | 14,995 | 12,631 |
| Federal grants and contracts | 31,081 | 34,019 |
| State grants and contracts | 52,690 | 50,067 |
| Private grants and contracts | 3,856 | 4,636 |
| Private gifts | 44,681 | 39,856 |
| Loss on transfer of asset | - | (419) |
| Interest on indebtedness | (34,901) | (34,033) |
| Investment income | 1,225 | 5,696 |
| Endowment income | 6,006 | 6,446 |
| NET NONOPERATING REVENUES | 247,665 | 266,048 |
| LOSS BEFORE OTHER REVENUES (EXPENSES), GAINS OR (LOSSES) | (64,904) | (21,880) |
| OTHER REVENUES, EXPENSES, GAINS OR LOSSES | | |
| Federal grants and contracts for capital purposes | 725 | 1,790 |
| Build America Bonds subsidy | 804 | 800 |
| Private gifts for capital assets | 18,765 | 8,711 |
| State school land funds | 9,246 | 9,384 |
| On-behalf payments for OCIA capital leases | 8,230 | 7,952 |
| Additions to permanent endowments | 2,397 | 427 |
| (DECREASE) INCREASE IN NET POSITION | (24,737) | 7,184 |
| NET POSITION AT BEGINNING OF YEAR | 585,597 | 881,485 |
| Cumulative Effect of Adopting GASB 68 | - | (303,072) |
| NET POSITION AT END OF YEAR | $ 560,860 | $ 585,597 |

# University of Oklahoma - Norman Campus
## Statements of Cash Flows
## Years Ended June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| | ($ in thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Tuition & fees | $ 294,540 | $ 278,390 |
| Sales and services of educational activities | 13,777 | 15,281 |
| Sales and services of auxiliary enterprises | 32,127 | 29,828 |
| Housing and food service revenues | 62,158 | 60,257 |
| Athletic revenues | 93,390 | 86,894 |
| Federal grants and contracts | 64,165 | 56,101 |
| State grants and contracts | 10,625 | 11,247 |
| Private grants and contracts | 25,326 | 23,725 |
| Interest on loans receivable | 450 | 459 |
| Other additions | 13,622 | 13,576 |
| Loans issued to students | (2,841) | (2,851) |
| Collection of loans | 2,552 | 2,779 |
| Compensation & benefits | (565,239) | (484,605) |
| Other operating expenses | (269,927) | (306,437) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (225,275) | (215,356) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State appropriations | 128,032 | 147,149 |
| Federal grants and contracts | 31,081 | 34,019 |
| State grants and contracts | 52,690 | 50,067 |
| Private grants and contracts | 3,856 | 4,636 |
| Net (decrease) increase in Federal loan program contributions refundable | (89) | 36 |
| Endowment income | 6,999 | 5,920 |
| Private gifts | 47,279 | 39,856 |
| Direct loan receipts | 107,126 | 108,030 |
| Direct loan disbursements | (107,126) | (108,030) |
| NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 269,848 | 281,683 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Additions to permanent endowment | 2,397 | 427 |
| Proceeds from revenue bonds and capital leases | 348,507 | 38,609 |
| Proceeds from utilities management agreement | - | 10,000 |
| Payments under utilities management agreement | (4,720) | (4,720) |
| Federal grants and contracts for capital purposes | 725 | 1,790 |
| Private gifts for capital assets | 18,765 | 8,711 |
| State school land funds | 9,246 | 9,384 |
| Build America Bonds Subsidy | 804 | 800 |
| Purchases of capital assets | (192,008) | (112,914) |
| Principal paid on capital debt and leases | (29,993) | (27,289) |
| Refunded or defeased capital debt | (83,720) | (5,115) |
| Interest paid on capital debt and leases | (33,371) | (30,367) |
| NET CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES | 36,632 | (110,684) |

| | 2016 | 2015 |
|---|---|---|
| | ($ in thousands) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | 7,757 | 4,751 |
| Proceeds from sales and maturities of investments | 16,413 | 175 |
| Purchase of investments | (5,776) | (129,837) |
| NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | 18,394 | (124,911) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 99,599 | (169,268) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 296,871 | 466,139 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 396,470 | $ 296,871 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Operating loss | $ (312,569) | $ (287,928) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation expense | 67,218 | 67,905 |
| Loss on disposal of assets | 6,343 | 7,055 |
| OTRS On-behalf contributions | 14,995 | 12,631 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 1,082 | (7,746) |
| Inventories and supplies | (98) | (367) |
| Student loans receivable | (280) | (30) |
| Deposits and prepaid expenses | (749) | 41 |
| Deferred outflows of resources | (47,331) | (1,338) |
| Accounts payable, accrued expenses, and other liabilities | 5,414 | 2,609 |
| Other postemployment benefits | 8,814 | 8,762 |
| Unearned revenue | 690 | 199 |
| Compensated absences | 2,060 | 1,734 |
| Deposits held in custody for others | (1,134) | 9 |
| Net pension liability | 60,095 | (79,000) |
| Deferred inflows of resources | (29,825) | 60,108 |
| NET CASH USED IN OPERATING ACTIVITIES | $ (225,275) | $ (215,356) |
| SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Net capitalized interest | $ 4,993 | $ 956 |
| Principal on capital debt paid by State Agency on behalf of the University | 5,575 | 5,310 |
| Interest on capital debt paid by State Agency on behalf of the University | 2,655 | 2,642 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 73,549 | $ 105,721 |
| Restricted cash and cash equivalents | 164,185 | 134,096 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 158,736 | 57,054 |
| | $ 396,470 | $ 296,871 |

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The University of Oklahoma Norman Campus (the "University" or the "Norman Campus") is a comprehensive university operating under the jurisdiction of the Board of Regents of the University of Oklahoma (Board of Regents) and the Oklahoma State Regents for Higher Education.

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

The Board of Regents has constitutional authority to govern, control and manage the Regents of the University of Oklahoma, which consists of University of Oklahoma Norman Campus, University of Oklahoma Health Sciences Center, Rogers State University, and Cameron University. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, and appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

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

The University of Oklahoma Foundation, Inc. (the "Foundation") is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the University of Oklahoma as a whole, including both the Norman Campus and the Health Sciences Center. Accordingly, the Foundation is a component unit of the Regents of the University of Oklahoma. Because the resources received and held by the Foundation are not entirely or almost entirely held for the benefit of the Norman Campus, however, such financial statements are not included in the separate financial statements of the Norman Campus.

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

Basis of Accounting: The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with U.S. GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All intra-agency transactions have been eliminated.

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's OK Invest cash management investment policy are considered cash equivalents.

Investments: The University accounts for its investments at fair value based on quoted market prices. Investments held by the OU Foundation are pooled investments. Ownership interests in those pools are unitized. The Foundation calculates the net asset value per unit monthly based on the value of the underlying assets in each pool. New investments and withdrawals from these pools for the benefit of the unit holders are transmitted at the net asset value per unit on the monthly valuation dates. With the exception of alternative investments, the pooled funds are held in the custody of the Bank of New York-Mellon. Certain investments at the Foundation are subject to two-year initial lock-up and require minimum notice of 180 days for redemptions. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Accounts Receivable: Accounts receivable consist primarily of tuition and fee charges to students and charges for auxiliary enterprise services provided to the public and outside parties. Accounts receivable also include amounts due from the federal, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Accounts receivable are recorded net of estimated uncollectible amounts. The University determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the University's previous loss history, and the condition of the general economy and the industry as a whole. The University writes off specific accounts receivable when they become uncollectible and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Inventories: Inventories, consisting mainly of supplies, are stated at the lower of aggregate cost or aggregate market, cost being determined principally on the basis of average cost.

Restricted Cash and Investments: Cash and investments that are externally restricted for grant expenditures, debt service payments, loans to students, maintenance of sinking or reserve funds, or purchase of capital or other noncurrent assets, are classified as restricted cash and investments in the statements of net position.

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for infrastructure, land improvements, and library books, 5 years for software and 3 to 18 years for equipment or the duration of the lease term for capital leases.

Cost incurred during construction of long-lived assets is recorded as construction in progress and are not depreciated until placed in service. The University capitalizes interest as a component of capital assets constructed for its own use. In 2016, total interest incurred was $34,894 of which $4,993 was capitalized. In 2015, total interest incurred was $34,989, of which $956 was capitalized.

Intangible assets are reported with capital assets. Intangible assets subject to amortization are amortized over their respective estimated useful lives. Intangible assets with indefinite useful lives are not material to the financial statements.

Capital assets are subject to an evaluation of possible impairment when events or circumstances indicate that the related changes in carrying amounts may not be recoverable. If required, impairment losses are reported in the statement of revenues, expenses, and changes in net position. For 2016 impairment losses totaled $78, and for 2015 they totaled $124.

Unearned Revenues: Unearned revenues consist primarily of advance ticket sales for athletic events, summer school tuition not earned during the current year and contract advances. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Accrued Compensated Absences: Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position and as a component of compensation and benefit expense in the statements of revenues, expenses and changes in net position.

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--
Continued

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences; (3) amounts due on the utilities management agreement; (4) net pension liability; (5) estimated other post employment benefits that will not be paid within the next fiscal year; and other liabilities that will not be paid within the next fiscal year.

Bond premiums and discounts are amortized over the life of the bonds using the straight line method, which is not significantly different from the effective interest method.

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

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

*Net investment in capital assets* - This represents the University's investment in capital assets, net of accumulated depreciation, and related deferred outflows of resources, reduced by outstanding debt obligations and related deferred inflows of resources related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

*Unrestricted net position* - The unrestricted component of net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that primarily provide services to the public and outside parties.

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Net Position--Continued: When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's practice is to first apply the expense towards restricted resources, and then towards unrestricted resources.

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

*Operating revenues* - include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of educational activities and auxiliary enterprises, (3) certain Federal, state and local grants and contracts that have the characteristics of exchange transactions and (4) interest on student loans.

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

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

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2016 and 2015, the University's deferred outflows of resources were comprised of deferred charges related to a lease restructuring and advance refundings (defeasance) of bonds, and deferred outflows related to pensions.

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. At June 30, 2016 and 2015, the University's deferred inflows of resources were comprised of a deferred credit related to a lease restructuring and deferred inflows related to pensions.

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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

Tax Status: As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). Such amounts have historically been insignificant.

Reclassifications: Certain reclassifications have been made to the 2015 financial statements to conform with the 2016 financial statement presentation. Such reclassifications have had no effect on changes in net position as previously reported.

New Accounting Pronouncements Adopted in Fiscal Year 2016: The University adopted new accounting pronouncements during the year ended June 30, 2016 as follows:

- Statement No. 72, *Fair Value Measurement and Application*
  GASB No. 72 was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. The statement defines fair value as that price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement also provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for financial statements for periods beginning after June 15, 2015.
- Statement No. 76, *The Hierarchy of Generally Accepted accounting Principles for State and Local Governments*
  GASB No. 76 was issued in June 2015 and supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective to the University in fiscal year 2017 or after. A description of the new accounting pronouncements and the University's consideration of the impact of these pronouncements are described below:

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not with the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 68 for pension plans and pensions that are within their respective scopes. It is effective for fiscal years beginning after June 15, 2015, except for provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* GASB No. 75 was issued in June 2015 and replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The provisions of Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

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

NOTE 2--DEPOSITS AND INVESTMENTS

Deposits: *Custodial credit risk* for deposits is the risk that in the event of a bank 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. Generally, the University deposits its funds with the Office of the State Treasurer (OST) and those funds are pooled with funds of other state agencies and then, in accordance with statutory limitations, are placed in financial institutions or invested as the OST may determine, in the state's name.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

State statutes require the OST to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The OST's responsibilities include receiving and collateralizing the deposit of State funds, investing State funds in compliance with statutory requirements and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. If the University deposits funds directly with financial institutions, those funds must be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank in the University's name, or invested in U.S. government obligations in the University's name.

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

Deposits with financial institutions primarily consist of money market funds that invest in U.S. Treasury bills, notes and securities backed by the full faith and credit of the U.S. Government, some of which may be subject to repurchase agreements. Repurchase agreements are collateralized with securities backed by the full faith and credit of the U.S. Government at 102% of maturity value.

Cash and Cash Equivalents: At June 30, 2016 and 2015, the carrying amounts of the University's deposits with the State Treasurer and other financial institutions were $396,470 and $296,871, respectively. These amounts consisted of deposits with the OST ($351,351 and $256,518), U.S. and foreign financial institutions ($654 and $1,005), deposits with trustees ($44,350 and $39,212), and petty cash and change funds ($115 and $136).

Of funds on deposit with the OST, amounts invested in OK INVEST total $300,284 in 2016 and $213,964 in 2015. 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 OST establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's and its funds' and agencies' daily cash flow requirements.

NOTE 2--DEPOSITS AND INVESTMENTS—Continued

Guidelines in the OK INVEST Investment Policy address credit quality requirements and diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the OST website at http://www.treasurer.state.ok.us/. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. OK INVEST includes investments in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. OK INVEST maintains an overall weighted average maturity of no more than four years. Participants in OK INVEST maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the OST information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk.

*Interest rate risk* is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. *Credit/default risk* is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. *Liquidity risk* is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in OK INVEST is not insured or guaranteed by the State of Oklahoma, the Federal Deposit Insurance Corporation, or any other government agency.

Unless significant or unusual losses are incurred by OK INVEST, the University's interest in OK INVEST is stated at cost, plus accrued interest. OK INVEST provides the University with a stated rate of return rather than an equivalent share of investment gains or losses. Amounts invested in OK INVEST are available for unrestricted withdrawal. For financial reporting purposes, deposits with the OST that are invested in OK INVEST are classified as cash equivalents.

The distribution of investments in OK INVEST at June 30, 2016 and 2015 are as follows:

| OK INVEST Portfolio | 2016 | 2015 |
|---|---|---|
| U.S. agency securities | 41% | 40% |
| Mortgage backed agency securities | 41% | 40% |
| Money market mutual funds | 11% | 13% |
| Certificates of deposit | 3% | 3% |
| Municipal bonds | 2% | 2% |
| Foreign bonds | 1% | 1% |
| U.S. Treasury obligations | 1% | 1% |
| | 100% | 100% |

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

As of June 30, 2016 and 2015, the University held approximately 5.3% and 3.3% of the OK INVEST fund. The market value of OK INVEST as of June 30, 2016 and 2015 was $5,803,308 and $6,545,992, respectively, and the amortized cost was $5,723,314 and $6,493,593.

Investments

Fair Value of Investments:

GASB No. 72 specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three board levels listed below:

> Level 1 – Unadjusted quoted prices for identical instruments in active markets that the reporting entity has the ability to access at the measurement date.
>
> Level 2 –Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.
>
> Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions may be used in pricing the asset or liability.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the University defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the University performed a detailed analysis of the assets and liabilities that are subject to GASB No. 72.

NOTE 2--DEPOSITS AND INVESTMENTS—Continued

Investments measured at fair value as of June 30, 2016 are summarized as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments | | | | |
| Fidelity revenue sharing investments | $ 796 | $ 796 | $ - | $ - |
| InvesTrust retirement plan investments | 9,709 | 9,709 | - | - |
| Mineral interests | 212 | - | - | 212 |
| Real property | 8 | - | - | 8 |
| Total investments by fair value level | 10,725 | 10,505 | - | 220 |
| Investments measured at net asset value | | | | |
| CIF - OU Foundation | 55,772 | | | |
| EIP II - OU Foundation | 19,919 | | | |
| Total investments at net asset value | 75,691 | | | |
| Total investments measured at fair value | $ 86,416 | | | |

Investments measured at fair value as of June 30, 2015 are summarized as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments | | | | |
| Fidelity revenue sharing investments | $ 757 | $ 757 | $ - | $ - |
| InvesTrust retirement plan investments | 9,400 | 9,400 | - | - |
| Mineral interests | 212 | - | - | 212 |
| Real property | 8 | - | - | 8 |
| Total investments by fair value level | 10,377 | 10,157 | - | 220 |
| Investments measured at net asset value | | | | |
| CIF - OU Foundation | 55,238 | | | |
| EIP II - OU Foundation | 35,023 | | | |
| Total investments at net asset value | 90,261 | | | |
| Total investments measured at fair value | $ 100,638 | | | |

Fidelity revenue sharing investments (Level 1): These investments include short-term money market mutual funds.

InvesTrust retirement plan investments (Level 1): These investments include target retirement date mutual funds.

Real property (Level 3): This is investments owned directly by the University and held for investment purposes. The real property is measured using an internal analysis that considers indications of impairment or changes in property values. Management does not adjust this investment for immaterial changes based on this assessment.

Mineral interests (Level 3): This is investments owned directly by the University and held for investment purposes.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued
Investments measured at net asset value: There are two investments held with the OU Foundation that are pooled investments. The investments held within these investment pools:

Consolidated Investment Fund (CIF) – Investments in this pool consist primarily of domestic and international equity securities, U.S. government securities, derivative financial instruments and alternative holdings. The OU Foundation considers the underlying investments within this pool to include Level 1, 2 and 3 inputs. The University owned approximately 5.5% and 5.2% of the fund as of June 30, 2016 and 2015.

Expendable Investment Pool II (EIP II) – Investments in these pools primarily consist of liquid money market funds, mutual funds, equities and separate accounts holding U.S. government and corporate fixed income securities. The OU Foundation considers the underlying investments within this pool to include Level 1 and 2 inputs. The University owned approximately 15.8% and 37.4% of the fund as of June 30, 2016 and 2015.

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Ownership interests in each pool are unitized. The OU Foundation calculates the NAV per unit monthly based on the value of the underlying assets in each pool. New investments and withdrawals from these pools for the benefit of the unit holders are transmitted at the NAV per unit on the monthly valuation dates.

The University's investments have no unfunded commitments and funds may be redeemed daily with no redemption notice. Within the CIF pool, certain investments held do have unfunded commitments and limitations on redemption frequency, including redemption notice periods. The total market value of the CIF fund as of June 30, 2016 totaled $1,007,805. Unfunded commitments within this fund totaled $218,847. There were redemption limitations that ranged from quarterly to 3 years with a 30 to 90 day redemption notice period on investments with a total market value of $186,976.

Credit Risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation, causing the University to experience a loss of principal. As a means of limiting exposure to losses arising from credit risk, the University limits its exposure to this risk as follows:

- State law limits investments in obligations of state and local governments to the highest rating from at least one nationally recognized rating agency acceptable to the State Treasurer.
- Short-term investments managed by the University are generally limited to direct obligations of the United States Government and its agencies, certificates of deposit and demand deposits.
- Investments in municipal money market funds are limited to funds with a rating of AAAm by Standard & Poor's.

NOTE 2--DEPOSITS AND INVESTMENTS—Continued

- The Board has authorized endowment and similar funds to be invested in direct obligations of the United States Government and its agencies, certificates of deposit, prime commercial paper, bankers acceptances, demand deposits, corporate debt (no bond below a single A rating by Moody's Investors Service or Standard & Poor's Corporation may be purchased), convertible securities and equity securities.
- The University's fixed income securities are generally limited to holdings of high quality fixed income securities.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities in the possession of an outside party. As a means of limiting its exposure to losses arising from custodial credit risk, the University's investment policies limit the exposure to this risk as follows:

- Investment securities held in bond debt service reserve funds are held by the respective bond trustee for the benefit of the University and bondholders.
- Endowment investments are held in the University's name.

Concentration of Credit Risk: University investments can be exposed to a concentration of credit risk if significant amounts are invested in any one issuer. The University places no limit on the amount the University may invest in any one issuer. However, the majority of the investments are in pooled investments and mutual funds.

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. The University is responsible for determining its operating cash flow requirements and to insure that adequate funds are available to maintain the University's operations. In determining liquidity needs, the appropriate mix of short-term, intermediate, and long-term investments will be evaluated.

Title 70, Section 4306 of the Oklahoma statutes directs, authorizes and empowers the University's Board of Regents to hold, invest or sell donor restricted endowments in a manner which is consistent with the terms of the gift as stipulated by the donor and with the provision of any applicable laws.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

The reconciliation between investments per the statements of net position and total investments is as follows at June 30:

| | 2016 | 2015 |
|---|---|---|
| Endowment investments | $ 54,307 | $ 54,564 |
| Other long-term investments | 31,889 | 45,854 |
| Investments in real estate and mineral interests | 220 | 220 |
| | $ 86,416 | $ 100,638 |

NOTE 3--ACCOUNTS RECEIVABLE

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying statements of net position. Accounts receivable consisted of the following at June 30:

| | 2016 | 2015 |
|---|---|---|
| Student tuition and fees | $ 44,588 | $ 42,547 |
| Federal, state and private grants and contracts | 29,392 | 31,038 |
| Contributions and gifts | 5,833 | 6,826 |
| Auxiliary enterprises and other operating activities | 9,676 | 12,462 |
| | 89,489 | 92,873 |
| Less allowance for doubtful accounts | (30,049) | (28,763) |
| Net accounts receivable | $ 59,440 | $ 64,110 |

Included in the amounts above is approximately $7,394 at June 30, 2016, and $8,341 at June 30, 2015, which is due from the U.S. government.

NOTE 4--INVENTORIES

Inventories consisted of the following at June 30:

| | 2016 | 2015 |
|---|---|---|
| University Press | $ 936 | $ 847 |
| Other Auxiliaries | 874 | 863 |
| University Printing Services | 580 | 386 |
| Facilities Management | 269 | 292 |
| College of Continuing Education operations | 130 | 131 |
| Museum retail operations | 299 | 310 |
| IT Store | 1,187 | 1,326 |
| Other | 82 | 104 |
| | $ 4,357 | $ 4,259 |

NOTE 5--LOANS TO STUDENTS

Net student loans made under the Federal Perkins Loan Program (the "Program") comprised approximately 80% of the June 30, 2016 loan balance and 81% of the 2015 loan balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University to the extent of 10% of the amounts forgiven for loans originated prior to July 1, 1993 under the Program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. government upon cessation of the Program of approximately $14,351 and $14,440 at June 30, 2016 and 2015, respectively, are reflected in the accompanying statements of net position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of federal Perkins student loans, as the University is not obligated to fund the federal portion of uncollected student loans as long as the University has performed the required due diligence. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2016 and 2015, the allowance for uncollectible loans, including loans made under the program, was approximately $982 and $973, respectively.

NOTE 6--FUNDS HELD IN TRUST BY OTHERS

Commissioners of the Land Office - Section 13/New College Funds: The University of Oklahoma has a beneficial interest in the "Section Thirteen State Educational Institutions Fund" and the "New College Fund" held in the care of the Commissioners of the Land Office as trustees. The University has the right to receive annually 30% of the distribution of income produced by "Section Thirteen State Educational Institutions Fund" assets and 100% of the distribution of income produced by the University's "New College Fund".

The University received approximately $9,246 and $9,384 during the years ended June 30, 2016, and 2015, respectively, which is restricted to acquisition of buildings, equipment, or other capital items. During 2016 and 2015, respectively, the University distributed $3,716 and $3,113 of these funds to the Health Sciences Center. Present state law prohibits the distribution of any corpus of these funds. The estimated fair value of the total trust fund for the University, held in trust by the Commissioners of the Land Office, was approximately $174,719 ($168,951 restricted corpus) and $183,330 ($172,328 restricted corpus) at June 30, 2016 and 2015, respectively. Such trust funds, held by the Commissioners of the Land Office, are not included in the financial statements of the University.

NOTE 6--FUNDS HELD IN TRUST BY OTHERS--Continued

Oklahoma State Regents for Higher Education Endowment Program: In connection with the Oklahoma State Regents' Endowment Program, the State of Oklahoma has matched contributions received under the Endowment Program. The cumulative state match amount, plus any retained accumulated earnings, totaled approximately $101,110 and $103,985 at June 30, 2016 and 2015, respectively, and is invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of earnings on these funds. As legal title of the State match is retained by the State Regents, only the funds available for distribution, or $5,833 and $6,826 as of June 30, 2016 and 2015, respectively, have been reflected in the statements of net position as accounts receivable. With regard to the institutional matching funds, approximately $168,743 and $164,002 are on deposit with the Foundation for the benefit of the University as of June 30, 2016 and 2015, respectively.

NOTE 7--RELATED PARTY TRANSACTIONS

A summary of related party transactions during the years ended June 30, 2016 and 2015 including a description of the relationship, is as follows:

*The University of Oklahoma Foundation*
As discussed in Note 1, the Foundation is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the University, including the Health Sciences Center. The Foundation is governed by an independent Board of Directors. Based on the audited financial statements of the Foundation for the years ended June 30, 2016 and 2015, net assets of the Foundation were approximately $1,399,952 (unaudited) and $1,354,034 (audited) respectively. The Foundation expended on behalf of the Norman Campus and Health Sciences Center approximately $105,278 in 2016 and $88,189 in 2015 for facilities and equipment, salary supplements, general educational assistance, faculty awards and scholarships, of which approximately $61,065 in 2016 and $41,237 in 2015 are reflected in the Norman Campus financial statements as revenue or private gifts and expenditures. The amounts not reflected herein consist of direct Foundation expenditures for general university educational purposes and amounts reflected in the Health Sciences Center's financial statements.

## NOTE 8--CAPITAL ASSETS

The following is a summary of capital assets for the years ended June 30

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Transfers | Deductions | Ending Balance |
| Capital assets not being depreciated: | | | | | |
| Land | $ 40,489 | $ 3,222 | $ - | $ - | $ 43,711 |
| Construction in progress | 61,207 | 173,609 | (34,989) | - | 199,827 |
| Total capital assets not being depreciated | 101,696 | 176,831 | (34,989) | - | 243,538 |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,518,173 | 9,242 | 21,798 | (26,277) | 1,522,936 |
| Equipment | 219,684 | 15,544 | 556 | (8,599) | 227,185 |
| Nonstructural improvements | 140,818 | 6,304 | 11,015 | - | 158,137 |
| Land improvements | 33,166 | 62 | - | - | 33,228 |
| Software | 63,762 | 124 | - | (7) | 63,879 |
| Infrastructure | 77,224 | 2,852 | 1,620 | - | 81,696 |
| Library books | 203,220 | 10,693 | - | - | 213,913 |
| Total capital assets being depreciated | 2,256,047 | 44,821 | 34,989 | (34,883) | 2,300,974 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 410,105 | 28,106 | - | (20,864) | 417,347 |
| Equipment | 149,528 | 16,164 | - | (7,676) | 158,016 |
| Nonstructural improvements | 33,253 | 7,122 | - | - | 40,375 |
| Land improvements | 27,703 | 715 | - | - | 28,418 |
| Software | 58,211 | 4,271 | - | - | 62,482 |
| Infrastructure | 40,714 | 3,022 | - | - | 43,736 |
| Library books | 105,605 | 7,818 | - | - | 113,423 |
| Total accumulated depreciation | 825,119 | 67,218 | - | (28,540) | 863,797 |
| Total capital assets being depreciated, net | 1,430,928 | (22,397) | 34,989 | (6,343) | 1,437,177 |
| Capital assets, net | $ 1,532,624 | $ 154,434 | $ - | $ (6,343) | $ 1,680,715 |

NOTE 8--CAPITAL ASSETS--Continued

| | 2015 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Transfers | Deductions | Ending Balance |
| Capital assets not being depreciated: | | | | | |
| Land | $ 33,989 | $ 6,500 | $ - | $ - | $ 40,489 |
| Construction in progress | 63,997 | 62,476 | (65,266) | - | 61,207 |
| Total capital assets not being depreciated | 97,986 | 68,976 | (65,266) | - | 101,696 |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,475,045 | 6,489 | 44,620 | (7,981) | 1,518,173 |
| Equipment | 207,689 | 14,285 | 2,143 | (4,433) | 219,684 |
| Nonstructural improvements | 117,563 | 8,553 | 15,109 | (407) | 140,818 |
| Land improvements | 33,113 | 53 | - | - | 33,166 |
| Software | 63,637 | 141 | - | (16) | 63,762 |
| Infrastructure | 71,660 | 2,170 | 3,394 | - | 77,224 |
| Library books | 193,054 | 10,166 | - | - | 203,220 |
| Total capital assets being depreciated | 2,161,761 | 41,857 | 65,266 | (12,837) | 2,256,047 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 384,269 | 27,682 | - | (1,846) | 410,105 |
| Equipment | 137,975 | 15,486 | - | (3,933) | 149,528 |
| Nonstructural improvements | 26,876 | 6,377 | - | - | 33,253 |
| Land improvements | 26,899 | 804 | - | - | 27,703 |
| Software | 50,878 | 7,335 | - | (2) | 58,211 |
| Infrastructure | 37,944 | 2,770 | - | - | 40,714 |
| Library books | 98,154 | 7,451 | - | - | 105,605 |
| Total accumulated depreciation | 762,995 | 67,905 | - | (5,781) | 825,119 |
| Total capital assets being depreciated, net | 1,398,766 | (26,048) | 65,266 | (7,056) | 1,430,928 |
| Capital assets, net | $ 1,496,752 | $ 42,928 | $ - | $ (7,056) | $ 1,532,624 |

The University maintains various collections of inexhaustible assets for which no value can be determined. Such collections include contributed works of art, historical treasures and literature.

NOTE 9--ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30:

| | 2016 | 2015 |
|---|---|---|
| Accounts payable | $ 51,616 | $ 21,624 |
| Accrued payroll | 8,009 | 7,540 |
| Self insurance reserves | 4,804 | 5,677 |
| | $ 64,429 | $ 34,841 |

## NOTE 10--UNEARNED REVENUES

Unearned revenues consist of the following at June 30:

| | 2016 | 2015 |
|---|---|---|
| Prepaid tuition and student fees | $ 15,350 | $ 12,748 |
| Prepaid athletic ticket sales | 29,146 | 28,712 |
| Auxiliary enterprises and other activities | 10,511 | 9,802 |
| Grants and contracts | 13,974 | 15,494 |
| Long-term contracts | 1,815 | 3,350 |
| | $ 70,796 | $ 70,106 |

## NOTE 11--LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the University for the years ended June 30:

| | | | | 2016 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Issue Dates | Interest Rates | Maturity Through | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| Bonds and capital leases--Continued: | | (percentages) | | | | | | |
| General Rev. Refunding, Series 2006A | 2006 | 4.00-5.00 | 07/01/2031 | $ 90,775 | $ - | $ (87,170) | $ 3,605 | $ 3,605 |
| General Revenue Bonds, Series 2007A | 2007 | 4.00-4.125 | 07/01/2036 | 26,790 | - | - | 26,790 | - |
| General Revenue Bonds, Series 2007B | 2007 | 5.30-5.60 | 07/01/2021 | 6,690 | - | (895) | 5,795 | 945 |
| General Revenue Bonds, Series 2007C | 2008 | 4.15-5.90 | 07/01/2037 | 34,625 | - | - | 34,625 | - |
| General Revenue Bonds, Series 2007D | 2008 | 4.15-5.90 | 07/01/2024 | 13,665 | - | (1,115) | 12,550 | 1,180 |
| General Revenue Bonds, Series 2009A | 2009 | 3.00-5.00 | 07/01/2039 | 34,155 | - | (700) | 33,455 | 720 |
| General Revenue Bonds, Series 2010A | 2010 | 2.00 | 07/01/2015 | 1,185 | - | (1,185) | - | 1,210 |
| General Revenue Bonds, Series 2010B | 2010 | 3.72-6.27 | 07/01/2039 | 42,575 | - | - | 42,575 | - |
| General Revenue Bonds, Series 2011A | 2011 | .70-5.00 | 07/01/2035 | 7,780 | - | (230) | 7,550 | 240 |
| General Revenue Bonds, Series 2011B | 2011 | .75-6.39 | 07/01/2040 | 33,175 | - | (610) | 32,565 | 630 |
| General Revenue Bonds, Series 2011C | 2011 | 2.00-4.75 | 07/01/2036 | 10,345 | - | (325) | 10,020 | 330 |
| General Revenue Bonds, Series 2011D | 2011 | .810-5.634 | 07/01/2041 | 59,305 | - | (1,160) | 58,145 | 1,185 |
| General Rev. Refunding, Series 2011E | 2012 | .400-5.00 | 07/01/2026 | 17,085 | - | (1,290) | 15,795 | 845 |
| General Rev. Refunding, Series 2011F | 2012 | .630-1.960 | 07/01/2016 | 775 | - | (385) | 390 | 390 |
| General Revenue Bonds, Series 2012A | 2012 | 2.00-5.00 | 07/01/2041 | 65,655 | - | - | 65,655 | - |
| General Revenue Bonds, Series 2012B | 2012 | .950-1.450 | 07/01/2016 | 3,725 | - | (1,850) | 1,875 | 1,875 |
| General Rev. Refunding, Series 2012D | 2013 | .396-3.123 | 07/01/2027 | 23,530 | - | (1,610) | 21,920 | 1,630 |
| General Revenue Bonds, Series 2013A | 2013 | 2.00-3.775 | 07/01/2042 | 11,200 | - | (285) | 10,915 | 290 |
| General Revenue Bonds, Series 2013B | 2013 | .520-4.29 | 07/01/2042 | 48,945 | - | (1,190) | 47,755 | 1,195 |
| General Rev. Refunding, Series 2013C | 2014 | 2.00-3.00 | 07/01/2016 | 4,100 | - | (2,040) | 2,060 | 2,060 |
| General Rev. Refunding, Series 2013D | 2014 | .540-5.115 | 07/01/2034 | 16,260 | - | (940) | 15,320 | 950 |
| General Revenue Bonds, Series 2014A | 2014 | 2.00-4.50 | 07/01/2043 | 12,380 | - | (250) | 12,130 | 255 |
| General Revenue Bonds, Series 2014B | 2014 | .583-5.173 | 07/01/2043 | 11,980 | - | (230) | 11,750 | 235 |
| General Rev. Refunding, Series 2014C | 2014 | 1.00-5.00 | 07/01/2034 | 86,475 | - | (3,400) | 83,075 | 3,450 |
| General Revenue Bonds, Series 2015A | 2015 | 3.00-5.00 | 07/01/2044 | 29,550 | - | - | 29,550 | 535 |
| General Revenue Bonds, Series 2015B | 2015 | .680-2.68 | 07/01/2024 | 5,075 | - | - | 5,075 | 340 |
| General Revenue Bonds, Series 2015C | 2016 | 3.00-5.00 | 07/01/2045 | - | 213,705 | - | 213,705 | - |
| General Revenue Bonds, Series 2015D | 2016 | 1.561-3.372 | 07/01/2026 | - | 42,055 | - | 42,055 | - |
| General Revenue Bonds, Series 2016A | 2016 | 2.00-5.00 | 07/01/2031 | - | 75,080 | - | 75,080 | 810 |
| Subtotal revenue bonds payable | | | | 697,800 | 330,840 | (106,860) | 921,780 | 24,905 |
| Premium/(Discount) | | | | 14,926 | 17,199 | (3,324) | 28,801 | 1,475 |
| Total revenue bonds payable | | | | 712,726 | 348,039 | (110,184) | 950,581 | 26,380 |

## NOTE 11--LONG-TERM LIABILITIES—Continued

| | Issue Dates | Interest Rates | Maturity Through | 2016 Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|---|---|---|
| Bonds and capital leases--Continued: | | | | | | | | |
| OCIA 2010A capital lease payable | | | | 12,754 | - | (2,852) | 9,902 | 4,897 |
| OCIA 2014A capital lease payable | | | | 27,568 | - | (1,848) | 25,720 | - |
| OCIA 2014B capital lease payable | | | | 1,263 | - | (300) | 963 | 309 |
| OCIA 2014C capital lease payable | | | | 18,364 | - | (575) | 17,789 | 586 |
| ODFA master leases payable | | | | 9,185 | - | (2,896) | 6,289 | 2,354 |
| Subtotal capital leases payable | | | | 69,134 | - | (8,471) | 60,663 | 8,146 |
| Premium/(Discount) | | | | 208 | - | (69) | 139 | 62 |
| Total capital leases payable | | | | 69,342 | - | (8,540) | 60,802 | 8,208 |
| Total bonds and capital leases | | | | 782,068 | 348,039 | (118,724) | 1,011,383 | 34,588 |
| Other noncurrent liabilities: | | | | | | | | |
| Utilities management agreement | | | | 94,840 | - | (4,720) | 90,120 | 4,720 |
| Other postemployment benefits | | | | 102,217 | 14,686 | (5,872) | 111,031 | 5,872 |
| Accrued compensated absences | | | | 34,411 | 31,201 | (29,141) | 36,471 | 31,000 |
| Federal loan program contributions refundable (see also Note 5) | | | | 14,440 | - | (89) | 14,351 | - |
| Net pension liability | | | | 243,680 | 60,095 | - | 303,775 | - |
| Retirement plan liability | | | | 9,560 | 479 | - | 10,039 | - |
| Unearned revenue (long-term contracts) | | | | 3,350 | - | (1,535) | 1,815 | 1,815 |
| Deposits held in custody for others | | | | 1,755 | - | (1,134) | 621 | 621 |
| Total other noncurrent liabilities | | | | 504,253 | 106,461 | (42,491) | 568,223 | 44,028 |
| Total noncurrent liabilities | | | | $ 1,286,321 | $ 454,500 | $ (161,215) | $ 1,579,606 | $ 78,616 |

NOTE 11--LONG-TERM LIABILITIES—Continued

The following is a summary of long-term obligation transactions for the University for the years ended June 30:

| | | | | 2015 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Issue Dates | Interest Rates | Maturity Through | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| Bonds and capital leases: | | (percentages) | | | | | | |
| Student Housing, Series 2004 | 2004 | 3.00-5.125 | 07/01/2034 | $ 1,975 | $ - | $ (1,975) | $ - | $ - |
| General Rev. Refunding, Series 2006A | 2006 | 4.00-5.00 | 07/01/2031 | 94,070 | - | (3,295) | 90,775 | 3,450 |
| General Revenue Bonds, Series 2007A | 2007 | 4.00-4.125 | 07/01/2036 | 26,790 | - | - | 26,790 | - |
| General Revenue Bonds, Series 2007B | 2007 | 5.30-5.60 | 07/01/2021 | 7,540 | - | (850) | 6,690 | 895 |
| General Revenue Bonds, Series 2007C | 2008 | 4.15-5.90 | 07/01/2037 | 34,625 | - | - | 34,625 | - |
| General Revenue Bonds, Series 2007D | 2008 | 4.15-5.90 | 07/01/2024 | 14,725 | - | (1,060) | 13,665 | 1,115 |
| General Revenue Bonds, Series 2009A | 2009 | 3.00-5.00 | 07/01/2039 | 34,830 | - | (675) | 34,155 | 700 |
| General Revenue Bonds, Series 2009B | 2009 | 3.00-5.00 | 07/01/2039 | 225 | - | (225) | - | - |
| General Revenue Bonds, Series 2010A | 2010 | 2.00 | 07/01/2015 | 2,350 | - | (1,165) | 1,185 | 1,185 |
| General Revenue Bonds, Series 2010B | 2010 | 3.72-6.27 | 07/01/2039 | 42,575 | - | - | 42,575 | - |
| General Revenue Bonds, Series 2011A | 2011 | .70-5.00 | 07/01/2035 | 8,005 | - | (225) | 7,780 | 230 |
| General Revenue Bonds, Series 2011B | 2011 | .75-6.39 | 07/01/2040 | 33,770 | - | (595) | 33,175 | 610 |
| General Revenue Bonds, Series 2011C | 2011 | 2.00-4.75 | 07/01/2036 | 10,665 | - | (320) | 10,345 | 325 |
| General Revenue Bonds, Series 2011D | 2011 | .810-5.634 | 07/01/2041 | 60,445 | - | (1,140) | 59,305 | 1,160 |
| General Rev. Refunding, Series 2011E | 2012 | .400-5.00 | 07/01/2026 | 18,345 | - | (1,260) | 17,085 | 1,290 |
| General Rev. Refunding, Series 2011F | 2012 | .630-1.960 | 07/01/2016 | 1,155 | - | (380) | 775 | 385 |
| General Revenue Bonds, Series 2012A | 2012 | 2.00-5.00 | 07/01/2041 | 65,655 | - | - | 65,655 | - |
| General Revenue Bonds, Series 2012B | 2012 | .950-1.450 | 07/01/2016 | 5,560 | - | (1,835) | 3,725 | 1,850 |
| General Rev. Refunding, Series 2012C | 2013 | .300-3.00 | 07/01/2027 | 5,450 | - | (5,450) | - | - |
| General Rev. Refunding, Series 2012D | 2013 | .396-3.123 | 07/01/2027 | 25,130 | - | (1,600) | 23,530 | 1,610 |
| General Revenue Bonds, Series 2013A | 2013 | 2.00-3.775 | 07/01/2042 | 11,200 | - | - | 11,200 | 285 |
| General Revenue Bonds, Series 2013B | 2013 | .520-4.29 | 07/01/2042 | 48,945 | - | - | 48,945 | 1,190 |
| General Rev. Refunding, Series 2013C | 2014 | 2.00-3.00 | 07/01/2016 | 6,100 | - | (2,000) | 4,100 | 2,040 |
| General Rev. Refunding, Series 2013D | 2014 | .540-5.115 | 07/01/2034 | 17,195 | - | (935) | 16,260 | 940 |
| General Revenue Bonds, Series 2014A | 2014 | 2.00-4.50 | 07/01/2043 | 12,380 | - | - | 12,380 | 250 |
| General Revenue Bonds, Series 2014B | 2014 | .583-5.173 | 07/01/2043 | 11,980 | - | - | 11,980 | 230 |
| General Rev. Refunding, Series 2014C | 2014 | 1.00-5.00 | 07/01/2034 | 89,185 | - | (2,710) | 86,475 | 3,400 |
| General Revenue Bonds, Series 2015A | 2015 | 3.00-5.00 | 07/01/2044 | - | 29,550 | - | 29,550 | - |
| General Revenue Bonds, Series 2015B | 2015 | .680-2.68 | 07/01/2024 | - | 5,075 | - | 5,075 | - |
| Subtotal revenue bonds payable | | | | 690,870 | 34,625 | (27,695) | 697,800 | 23,140 |
| Premium/(Discount) | | | | 11,798 | 3,984 | (856) | 14,926 | 778 |
| Total revenue bonds payable | | | | 702,668 | 38,609 | (28,551) | 712,726 | 23,918 |

## NOTE 11--LONG-TERM LIABILITIES--Continued

| | Issue Dates | Interest Rates | Maturity Through | 2015 Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|---|---|---|
| Bonds and capital leases--Continued: | | | | | | | | |
| OCIA 1999A/2004A capital lease payable | | | | $ 1,918 | $ - | $ (1,918) | $ - | $ - |
| OCIA 2005F capital lease payable | | | | 1,788 | - | (1,788) | - | - |
| OCIA 2006D capital lease payable | | | | 20,972 | - | (20,972) | - | - |
| OCIA 2010A capital lease payable | | | | 13,602 | - | (848) | 12,754 | 2,852 |
| OCIA 2010B capital lease payable | | | | 1,991 | - | (1,991) | - | - |
| OCIA 2014A capital lease payable | | | | 27,568 | - | - | 27,568 | 1,848 |
| OCIA 2014B capital lease payable | | | | - | 1,532 | (269) | 1,263 | 300 |
| OCIA 2014C capital lease payable | | | | - | 18,778 | (414) | 18,364 | 575 |
| ODFA master leases payable | | | | 12,764 | - | (3,579) | 9,185 | 2,897 |
| Subtotal capital leases payable | | | | 80,603 | 20,310 | (31,779) | 69,134 | 8,472 |
| Premium/(Discount) | | | | 296 | - | (88) | 208 | 69 |
| Total capital leases payable | | | | 80,899 | 20,310 | (31,867) | 69,342 | 8,541 |
| Total bonds and capital leases | | | | 783,567 | 58,919 | (60,418) | 782,068 | 32,459 |
| Other noncurrent liabilities: | | | | | | | | |
| Utilities management agreement | | | | 99,560 | - | (4,720) | 94,840 | 4,720 |
| Other postemployment benefits | | | | 93,455 | 14,012 | (5,250) | 102,217 | 5,250 |
| Accrued compensated absences | | | | 32,676 | 30,411 | (28,676) | 34,411 | 28,905 |
| Federal loan program contributions refundable (see also Note 5) | | | | 14,404 | 36 | - | 14,440 | - |
| Net pension liability | | | | - | 243,680 | - | 243,680 | - |
| Retirement plan liability | | | | 8,572 | 988 | - | 9,560 | - |
| Unearned revenue (long-term contracts) | | | | 4,880 | - | (1,530) | 3,350 | 2,305 |
| Deposits held in custody for others | | | | 42,506 | - | (40,751) | 1,755 | 1,755 |
| Total other noncurrent liabilities | | | | 296,053 | 289,127 | (80,927) | 504,253 | 42,935 |
| Total noncurrent liabilities | | | | $ 1,079,620 | $ 348,046 | $ (141,345) | $ 1,286,321 | $ 75,394 |

NOTE 11--LONG-TERM LIABILITIES--Continued

Maturities of principal and interest requirements on revenue bonds and capital leases are as follows at June 30, 2016:

| | 2017 | 2018 | 2019 | 2020 | 2,021 | 2022-2026 | 2027-2031 | 2032-2036 | 2037-2041 | 2042-2046 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Rev. Refunding, Series 2006A | $ 3,605 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 3,605 |
| General Revenue Bonds, Series 2007A | 1,099 | 1,099 | 1,099 | 1,099 | 1,809 | 11,823 | 11,829 | 11,828 | - | - | 41,685 |
| General Revenue Bonds, Series 2007B | 1,214 | 1,209 | 1,207 | 1,205 | 1,199 | 525 | - | - | - | - | 6,559 |
| General Revenue Bonds, Series 2007C | 1,629 | 1,630 | 1,630 | 1,630 | 1,630 | 10,784 | 17,189 | 16,999 | 6,771 | - | 59,892 |
| General Revenue Bonds, Series 2007D | 1,846 | 1,843 | 1,830 | 1,828 | 1,821 | 6,435 | - | - | - | - | 15,603 |
| General Revenue Bonds, Series 2009A | 2,229 | 2,227 | 2,228 | 2,227 | 2,222 | 14,226 | 15,209 | 10,737 | - | - | 51,305 |
| General Revenue Bonds, Series 2010B | 3,630 | 3,614 | 3,582 | 3,562 | 3,538 | 17,241 | 16,279 | 14,852 | 10,111 | - | 76,409 |
| General Revenue Bonds, Series 2011A | 585 | 586 | 585 | 584 | 584 | 2,921 | 2,901 | 2,884 | - | - | 11,630 |
| General Revenue Bonds, Series 2011B | 2,566 | 2,564 | 2,558 | 2,558 | 2,555 | 12,741 | 12,678 | 12,616 | 12,519 | - | 63,355 |
| General Revenue Bonds, Series 2011C | 729 | 724 | 724 | 724 | 724 | 3,613 | 3,575 | 3,537 | 705 | - | 15,055 |
| General Revenue Bonds, Series 2011D | 4,212 | 4,206 | 4,201 | 4,196 | 4,191 | 20,852 | 20,689 | 20,500 | 20,265 | 4,020 | 107,332 |
| General Rev. Refunding, Series 2011E | 1,321 | 1,740 | 1,739 | 1,739 | 1,728 | 8,675 | 1,770 | - | - | - | 18,712 |
| General Rev. Refunding, Series 2011F | 390 | - | - | - | - | - | - | - | - | - | 390 |
| General Revenue Bonds, Series 2012A | 2,753 | 4,303 | 4,299 | 4,277 | 4,278 | 21,328 | 21,193 | 21,072 | 20,914 | 4,160 | 108,577 |
| General Revenue Bonds, Series 2012B | 1,875 | - | - | - | - | - | - | - | - | - | 1,875 |
| General Rev. Refunding, Series 2012D | 2,137 | 2,131 | 2,129 | 2,128 | 2,124 | 10,588 | 4,226 | - | - | - | 25,463 |
| General Revenue Bonds, Series 2013A | 587 | 587 | 586 | 589 | 588 | 2,940 | 2,923 | 2,921 | 2,913 | 1,159 | 15,793 |
| General Revenue Bonds, Series 2013B | 2,865 | 2,863 | 2,861 | 2,860 | 2,860 | 14,269 | 14,211 | 14,159 | 14,100 | 5,621 | 76,669 |
| General Rev. Refunding, Series 2013C | 2,060 | - | - | - | - | - | - | - | - | - | 2,060 |
| General Rev. Refunding, Series 2013D | 1,497 | 1,494 | 1,486 | 1,482 | 1,480 | 7,338 | 3,444 | 1,962 | | | 20,183 |
| General Revenue Bonds, Series 2014A | 729 | 731 | 728 | 730 | 731 | 3,635 | 3,624 | 3,617 | 3,599 | 2,150 | 20,274 |
| General Revenue Bonds, Series 2014B | 775 | 771 | 771 | 769 | 771 | 3,854 | 3,830 | 3,817 | 3,798 | 2,265 | 21,421 |
| General Rev. Refunding, Series 2014C | 6,975 | 6,958 | 6,914 | 6,938 | 6,903 | 34,436 | 29,866 | 18,517 | - | - | 117,507 |
| General Revenue Bonds, Series 2015A | 1,863 | 1,866 | 1,864 | 1,866 | 1,863 | 7,503 | 10,044 | 10,031 | 9,974 | 7,945 | 54,819 |
| General Rev. Refunding, Series 2015B | 446 | 443 | 442 | 441 | 438 | 3,448 | - | - | - | - | 5,658 |
| General Rev. Refunding, Series 2015C | 9,099 | 9,099 | 9,099 | 9,098 | 9,098 | 50,162 | 77,067 | 76,578 | 76,391 | 76,279 | 401,970 |
| General Rev. Refunding, Series 2015D | 1,109 | 1,109 | 6,400 | 6,385 | 6,374 | 27,012 | - | - | - | - | 48,389 |
| General Rev. Refunding, Series 2016A | 4,052 | 6,592 | 7,318 | 7,307 | 7,299 | 36,174 | 28,256 | 4,630 | - | - | 101,628 |
| Total principal & interest | 63,877 | 60,389 | 66,280 | 66,222 | 66,808 | 332,523 | 300,803 | 251,257 | 182,060 | 103,599 | 1,493,818 |
| Less: Interest | 38,972 | 38,327 | 37,398 | 36,413 | 35,274 | 155,473 | 115,548 | 73,612 | 34,267 | 6,754 | 572,038 |
| Subtotal principal | 24,905 | 22,062 | 28,882 | 29,809 | 31,534 | 177,050 | 185,255 | 177,645 | 147,793 | 96,845 | 921,780 |
| Plus: Premium/Discount | 1,475 | 1,463 | 1,463 | 1,463 | 1,464 | 7,369 | 7,324 | 3,003 | 2,445 | 1,332 | 28,801 |
| Total principal | 26,380 | 23,525 | 30,345 | 31,272 | 32,998 | 184,419 | 192,579 | 180,648 | 150,238 | 98,177 | 950,581 |
| Capital leases | 10,851 | 10,583 | 3,585 | 2,973 | 2,881 | 25,895 | 21,637 | 4,345 | - | - | 82,750 |
| Less: Interest | 2,705 | 2,360 | 2,022 | 1,952 | 1,906 | 7,696 | 3,138 | 308 | - | - | 22,087 |
| Subtotal principal | 8,146 | 8,223 | 1,563 | 1,021 | 975 | 18,199 | 18,499 | 4,037 | - | - | 60,663 |
| Plus: Premium/Discount | 62 | 55 | 26 | - | - | (3) | (1) | - | - | - | 139 |
| Total principal | 8,208 | 8,278 | 1,589 | 1,021 | 975 | 18,196 | 18,498 | 4,037 | - | - | 60,802 |
| Total | $ 34,588 | $ 31,803 | $ 31,934 | $ 32,293 | $ 33,973 | $ 202,615 | $ 211,077 | $ 184,685 | $ 150,238 | $ 98,177 | $ 1,011,383 |

Revenue bonds payable: Beginning in FY07 with the General Revenue Bonds, Refunding Series 2006A, bonds have been issued by the Board of Regents pursuant to the Master Resolution and supplemental resolutions establishing the University of Oklahoma General Revenue Financing System. The revenue pledged as security for these obligations is any or all revenues of the University which are lawfully available for the payment of obligations, excluding revenues appropriated by the state legislature, funds whose purpose has been restricted by the donors or grantors to a purpose inconsistent with the payment of such obligations, and any funds pledged for Prior Encumbered Obligations. Total principal and interest remaining to be paid on the General Revenue Bonds is $1,011,383 as of June 30, 2016. The total pledged revenue received in 2016 was $635,905. Debt service payments, including both principal and interest, of $53,311 were 8.4% of pledged revenue in 2016.

NOTE 11--LONG-TERM LIABILITIES--Continued

At June 30, 2016 and 2015, the University had $44,350 and $39,212, respectively, of cash and investments held in trust for the bond indentures, restricted to the payment of principal and interest.

Capital Lease Obligations

*OCIA Capital Lease Obligations*
In September 1999, the University entered into a 20 year lease agreement with the Oklahoma Capital Improvement Authority ("OCIA") and the Oklahoma State Regents for Higher Education as beneficiary of a portion of the proceeds from the Oklahoma Capital Improvement Authority State Facilities Revenue Bonds, Series 1999A (the "OCIA Bonds"). The University received $5,850 of the proceeds for capital improvement projects on the Norman Campus as approved by the Regents. Assets under this capital lease totaled $4,144, net of accumulated depreciation of $1,706 at June 30, 2016, and $4,261, net of accumulated depreciation of $1,589, at June 30, 2015.

In the fall of 2005, the University entered into a lease agreement with varying terms of repayment with the OCIA and the Oklahoma State Regents as beneficiary of a portion of the proceeds from the OCIA State Facilities Revenue Bonds, Series 2005F, 2005G and 2006D. The University received $82,706 of the proceeds in addition to total investment earnings of $8,507 for capital improvement projects on the Norman Campus as approved by the Regents. Assets and construction in progress under these capital leases totaled $78,427, net of accumulated depreciation of $12,786 on the completed projects, at June 30, 2016, and $80,251, net of accumulated depreciation of $10,962 on the completed projects, at June 30, 2015.

In the summer of 2010, the 2005 lease agreement with the OCIA was restructured through a partial refunding of the Series 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. Lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the lease agreement with OCIA automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring. A deferred outflow of resources of $2,247 has been recorded that will be amortized over a period of eight years. This restructuring resulted in an aggregate debt service reduction for principal and interest between the original lease agreement and the restructured lease agreement of $1,530.

In the spring of 2014, the remaining 2005 lease agreement with OCIA was restructured through a refunding of the Series 2005F bond debt. OCIA issued a new bond, Series 2014A. The lease restructuring resulted in a reduction in principal ($1,530) and interest ($2,144) between the

NOTE 11--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

*OCIA Capital Lease Obligations--Continued*
original lease agreement and the restructured lease agreement for a total aggregate debt service reduction of $3,674. A deferred inflow of resources of $1,530, which is the difference between the reacquisition price and the net carrying amount of the old debt, has been recorded that will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

During fiscal year 2015, OCIA issued two new bonds. Series 2014B was issued to refund series 2004A. The lease restructuring resulted in a reduction in principal of $386 between the original lease agreement and the restructured lease agreement. A deferred inflow of resources of $386 has been recorded that will be amortized over a period of five years. Series 2014C was issued to refund series 2006D. The lease restructuring resulted in a reduction in principal of $2,193 between the original lease agreement and the restructured lease agreement. A deferred inflow of resources of $2,193, which is the difference between the reacquisition price and the net carrying amount of the old debt, has been recorded that will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Lease payments made by the State of Oklahoma on behalf of the University are held by the OCIA for future principal and interest payments of the OCIA Bonds. The OCIA deposits the lease payments into an interest-bearing fund and may use the interest earnings to reduce the University's future lease payments.

NOTE 11--LONG-TERM LIABILITIES--Continued

*ODFA Master Lease Obligations*

The University has entered into various master lease agreements with ODFA. Proceeds of ODFA Master Leases are used by the University to fund the acquisition of major personal and real property that will provide cost efficiencies in finance and administration. The lease terms vary by the useful life of the equipment purchased, but the useful life must not exceed 20 years for personal property and 30 years on real property projects. Terms of leases outstanding as of June 30, are as follows:

| | | | | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| ODFA Master Leases | Issued | Term | Amount Financed | Not Capitalized* | Accumulated Depreciation | Net Book Value | Not Capitalized* | Accumulated Depreciation | Net Book Value |
| ODFA 2005A | May 2005 | 7 - 10 years | $ 2,173 | $ - | $ 2,173 | $ - | $ - | $ 2,173 | $ - |
| ODFA 2005B | August 2005 | 3 - 10 years | 3,421 | 1,530 | 1,891 | - | 1,530 | 1,891 | - |
| ODFA 2005C | December 2005 | 10 years | 1,466 | 1,466 | - | - | 1,466 | - | - |
| ODFA 2006A | May 2006 | 5 - 10 years | 3,332 | - | 3,237 | 95 | - | 3,074 | 258 |
| ODFA 2006C | December 2006 | 5 - 10 years | 3,136 | 1,684 | 1,306 | 146 | 1,684 | 1,161 | 291 |
| ODFA 2007A | May 2007 | 3 - 7 years | 1,434 | 538 | 896 | - | 538 | 896 | - |
| ODFA 2007B | July 2007 | 5 - 20 years | 4,605 | 1,305 | 2,964 | 336 | 1,305 | 2,695 | 605 |
| ODFA 2007C | November 2007 | 5 - 10 years | 11,364 | 605 | 10,323 | 436 | 605 | 9,888 | 871 |
| ODFA 2008A | September 2008 | 3 - 10 years | 15,468 | 877 | 12,838 | 1,753 | 877 | 11,746 | 2,845 |
| ODFA 2008B | December 2008 | 5 - 10 years | 1,724 | 529 | 956 | 239 | 529 | 836 | 359 |
| ODFA 2009A | July 2009 | 5 - 20 years | 2,759 | 1,326 | 1,209 | 224 | 1,326 | 1,128 | 305 |
| ODFA 2009B | December 2009 | 5 - 10 years | 1,576 | - | 940 | 636 | - | 805 | 771 |
| ODFA 2010B | December 2010 | 5 years | 1,029 | 470 | 335 | 224 | 470 | 279 | 280 |
| ODFA 2011C | November 2011 | 5 - 10 years | 4,261 | 523 | 1,848 | 1,890 | 523 | 1,474 | 2,264 |
| | | | $ 57,748 | $ 10,853 | $ 40,916 | $ 5,979 | $ 10,853 | $ 38,046 | $ 8,849 |

* Some or all purchased items did not meet the University's capitalization threshold to be capitalized.

The University makes lease payments to the State Regents who then forward the payments to the trustee bank.

Utilities Management Agreement: In August 2010 the University entered into a 50 year agreement with a utility company to operate and maintain the utility systems for steam, electrical, natural gas, chilled water, potable water and waste water. At the time the contract was signed, an advance of $75,000 was received. Additional proceeds were received through fiscal year 2015, bringing the proceeds to a total of $118,000. This total advance will be repaid to the third party over the next 25 years.

Of the advance received, $55,387 was transferred to trustees to purchase escrow securities for the defeasement of the portion of the General Revenue Bonds Series 2009A (36.29%), General Revenue Bonds Series 2009B (76.05%), and General Revenue Bonds, Refunding Series 2009C (100%). These bonds were used for utility system acquisitions and improvements. Total principal defeased was $47,415. The funds transferred for defeasance will remain in escrow until the final call date of July 1, 2024. The escrow balance at June 30, 2016 and 2015, was $42,526 and $45,403. Total principal outstanding on the defeased debt was $40,095 and $42,085 as of June 30, 2016 and 2015.

NOTE 11--LONG-TERM LIABILITIES—Continued

Refunding Bonds: In December 2012, General Revenue Refunding Bonds 2012C and 2012D were issued to refund the Housing 2002 and Research Facilities 2003 Revenue Bonds having a total principal balance outstanding of $31,785. This resulted in cash flow savings of $6,442 and net present value benefit of $5,193.

In June 2015, General Revenue Refunding Bonds 2012C, with a total principal balance of $5,115, were defeased. Funds of $4,953 were transferred to trustees to purchase escrow securities for the defeasement. The funds transferred will remain in escrow until the final call date of July 1, 2020. The escrow balance at June 30, 2016 and 2015 was $5,057 and $4,953. The total principal outstanding on the General Revenue Refunding Bonds 2012C was $4,780 at June 30, 2016 and $5,115 at June 30, 2015. There was no principal outstanding on the Housing 2002 and Research Facilities 2003 Bonds as of June 30, 2016 or June 30, 2015.

In November 2013, General Revenue Refunding Bonds 2013C and 2013D were issued to refund the ODFA A and B and Research 2004 Revenue Bonds having a total principal balance outstanding of $22,260. This resulted in cash flow savings of $1,939 and net present value benefit of $1,249. Total principal outstanding on the refunded 2004 Research Facilities Revenue Bond was $15,420 at June 30, 2016 and 2015.

In May 2014, General Revenue Refunding Bonds 2014C were issued to refund the Multiple Facilities 2003 Revenue Bonds and the Housing 2004 Revenue Bonds having a total principal balance outstanding of $97,190. This resulted in cash flow savings of $17,742 and net present value benefit of $12,440. There was no principal outstanding on the refunded 2004 Student Housing Revenue Bond as of June 30, 2016 or June 30, 2015.

In May 2016, General Revenue Refunding Bonds 2016A were issued to refund the General Revenue Refunding Bonds 2006A having a total principal balance outstanding of $83,720. This resulted in cash flow savings of $16,328 and net present value benefit of $13,744. The total principal outstanding on the refunded 2006A General Revenue Refunding Bond was $83,720 at June 30, 2016.

NOTE 12--OPERATING LEASES

The University has entered into certain operating leases for equipment (including copiers and other office furniture and equipment), bus charters, vehicle rentals and other miscellaneous items. All operating leases are for a one-year term with an option to renew based on available funding. Rental expenditures from operating leases were approximately $6,245 and $6,109, respectively, for the years ended June 30, 2016 and 2015.

NOTE 13--RETIREMENT PLANS

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

| Name of Plan / System | Type of Plan |
|---|---|
| Oklahoma Teachers' Retirement System (OTRS) | Cost Sharing Multiple Employer Defined Benefit Plan |
| Oklahoma Law Enforcement Retirement System (OLERS) - certain University employees | Cost-Sharing Multiple Employer Defined Benefit Plan |
| Optional Retirement Plan (ORP) | Single Employer Defined Contribution Plan |
| University of Oklahoma Defined Contribution Plan (Plan 1) | Single Employer Defined Contribution Plan |
| University of Oklahoma Defined Contribution Plan for Hourly Employees who are Non-OTRS Participants (Plan 2) | Single Employer Defined Contribution Plan |

***Oklahoma Teachers' Retirement System***

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

**Benefits Provided**: OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

NOTE 13--RETIREMENT PLANS--Continued

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% 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 ten 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 the IRC under Code Section 403(b).

NOTE 13--RETIREMENT PLANS--Continued

**Contributions:** The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7% of their annual compensation. The University's contribution rate is 8.55% for the years ended June 30, 2016 and 2015. In addition, the University is required to contribute 2.5% as a result of the adoption of ORP, Plan 1 and Plan 2 (the Alternate Retirement Plans, or ARP) for certain employees that have elected not to participate in OTRS due to a one-time irrevocable election provision which became effective July 1, 2004. The University's contributions to OTRS in 2016 and 2015, which include the 8.55% regular employer contribution and the 2.5% ARP contribution, were $22,926 and $22,451, respectively, equal to the required contributions each year. In addition, the State of Oklahoma contributed 5% of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University's Statement of Revenues, Expenses and Changes in Net Position as both revenues and compensation and employee benefit expense in 2016 and 2015 were $14,995 and $12,631, respectively. These on-behalf payments do not meet the definition of a special funding situation.

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:** At June 30, 2016, the University reported a liability of $302,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2015. Based upon this information, the University's proportion was 4.81%.

For the year ended June 30, 2016, the University recognized pension expense of $15,181. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2016 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 9,915 |
| Changes of assumptions | 13,978 | - |
| Change in proportion | 30,504 | |
| Net difference between projected and actual investment earnings on pension plan investments | - | 19,803 |
| University contributions made subsequent to the measurement date | 22,926 | - |
| Total | $ 67,408 | $ 29,718 |

NOTE 13--RETIREMENT PLANS--Continued

Deferred pension outflows totaling $22,926 resulting from the University's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Deferred outflows of $13,978 resulting from the change in assumptions used by the actuary, and deferred outflows of $30,504 resulting from a change in proportion, will be recognized in pension expense using the average expected remaining life of the plan.

Deferred pension inflows totaling $19,803 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling $9,915 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining life of the plan. The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2017 | $ 8,521 | $ (6,850) |
| 2018 | 8,521 | (6,850) |
| 2019 | 8,521 | (6,850) |
| 2020 | 8,522 | (6,850) |
| 2021 | 8,522 | (1,900) |
| Thereafter | 1,875 | (418) |
| | $ 44,482 | $ (29,718) |

At June 30, 2015, the University reported a liability of $243,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2014. Based upon this information, the University's proportion was 4.27%.

For the year ended June 30, 2015, the University recognized pension expense of $13,608. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2015 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 3,786 |
| Changes of assumptions | - | - |
| Net difference between projected and actual investment earnings on pension plan investments | - | 55,598 |
| University contributions made subsequent to the measurement date | 20,947 | - |
| Total | $ 20,947 | $ 59,384 |

Deferred pension outflows totaling $20,947 resulting from the University's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling $55,598 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling $3,786 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future service future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

**Actuarial assumptions:** The total pension liability as of June 30, 2016 was determined based on an actuarial valuation prepared as of June 30, 2015 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 3.00%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.75% wage inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 8.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement- Males: RP-2000 Combined Healthy 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 - RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

The total pension liability as of June 30, 2015 was determined based on an actuarial valuation prepared as of June 30, 2014 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Amortization Method - Level Percentage of Payroll
- Amortization Period - Amortization over an open 30-year period
- Asset Valuation Method - 5-year smooth market
- Inflation - 3.00%
- Salary Increases - Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return - 8.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in September 2010 in conjunction with the five year experience study for the period ending June 30, 2009.
- Mortality - RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

NOTE 13--RETIREMENT PLANS--Continued

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015 and June 30, 2014, are summarized in the following table:

| Asset Class | Target Asset Allocation | 2015 Long-Term Expected Real Rate of Return | 2014 Long-Term Expected Real Rate of Return |
|---|---|---|---|
| Domestic All Cap Equity * | 7.0% | 6.0% | 9.0% |
| Domestic Large Cap Equity | 10.0% | 5.3% | 8.5% |
| Domestic Mid Cap Equity | 13.0% | 6.1% | 9.1% |
| Domestic Small Cap Equity | 10.0% | 6.6% | 9.2% |
| International Large Cap Equity | 11.5% | 5.8% | 9.2% |
| International Small Cap Equity | 6.0% | 5.8% | 9.2% |
| Core Plus Fixed Income | 17.5% | 1.8% | 4.3% |
| High-yield Fixed Income | 6.0% | 4.1% | 6.8% |
| Private Equity | 5.0% | 7.6% | 10.1% |
| Real Estate ** | 7.0% | 5.5% | 7.8% |
| Master Limited Partnerships | 7.0% | 7.6% | 10.1% |
| Total | 100.0% | | |

* The Domestic All Cap Equity Total Expected Return is a combination of 3 rates - US Large cap, US Mid cap and US Small cap

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

**Discount Rate:** The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5% of sales, use and individual income taxes, as established by statute. Based on these assumptions, OTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 13--RETIREMENT PLANS--Continued

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

| | As of June 30, 2016 | | |
|---|---|---|---|
| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
| Net pension liability | $ 414,625 | $ 302,466 | $ 208,194 |

| | As of June 30, 2015 | | |
|---|---|---|---|
| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
| Net pension liability | $ 336,889 | $ 243,235 | $ 164,189 |

***Oklahoma Law Enforcement Retirement System***

Certain University employees are members of the OLERS. The University has recorded the following amounts at June 30, 2016 and June 30, 2015, related to these employees participation in OLERS:

| | 2016 | 2015 |
|---|---|---|
| Net Pension Liability | $ 1,309 | $ 445 |
| Deferred outflows related to pensions | $ 869 | $ 0 |
| Deferred inflows related to pensions | $ 564 | $ 724 |
| Pension expense | $ 244 | $ 103 |

Because the University's participation in OLERS is not material to the University's financial statements, additional information and disclosures are not included in these financial statements. OLERS issues a publicly available annual financial report that can be obtained at www.olers.state.ok.us.

***Defined Contribution Plan - Optional Retirement Plan***

**Plan Description**: Employees hired July 1, 2004 or later now have the option to elect either OTRS (along with Plans 1 or 2 described below) or the Optional Retirement Plan (ORP) within the first 90 days of employment. This is a one-time irrevocable election and if an employee does not make an election, the employee defaults into OTRS and will also participate in Plan 1 or Plan 2 of the Defined Contribution Plan noted below. Fidelity Investments currently provides record-keeping

NOTE 13--RETIREMENT PLANS--Continued

***Defined Contribution Plan - Optional Retirement Plan--Continued***
services for all of the University's defined contribution plans. Under the ORP, the University contributes, at the direction of the participating employee, to any of a variety of different fund options and companies, which are organized in a four tier structure.

The authority for contributing to the ORP is contained in the following policy document, "University of Oklahoma Optional Retirement Plan," adopted July 2004.

**Funding Policy**: The ORP provisions and contribution requirements are established and may be amended by the University. The University's contribution rate is 9% of covered payroll and is determined by the previously mentioned plan document. The University's contributions to the ORP for the years ended June 30, 2016 and 2015 were approximately $9,873 and $8,839, respectively. Employees do not contribute to the ORP. The vesting period for the ORP is three years.

***Defined Contribution Plan – Plan 1 and Plan 2***
**Plan Descriptions**: For employees participating in OTRS, contributions to the defined contribution plan fall into Plan 1 or Plan 2 depending upon the employee's participation date. The University contributes through Fidelity Investments, at the direction of the participating employee, to any of a variety of different fund options and companies. Plans 1 and 2 are non-contributory defined contribution plans. The authority for contributing to Plans 1 and 2 is contained in the following policy document, "University of Oklahoma Defined Contribution Retirement Plan," amended July 2004.

**Funding Policy**: Plan 1 and Plan 2 provisions and contribution requirements are established and may be amended by the University. The University's contribution rate is 15% for Plan 1 and 8% for Plan 2 of covered payroll and is determined by the previously mentioned plan document. Total contributions to Plans 1 and 2 were $7,068 and $8,762, respectively, for the year ended June 30, 2016. Total contributions to Plans 1 and 2 were $7,551 and $8,389, respectively, for the year ended June 30, 2015. Employees do not contribute to Plans 1 and 2. The vesting period for both Plan 1 and Plan 2 is three years.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS

Plan Description: Health and dental insurance is provided by the University of Oklahoma for all University retirees meeting specified ages and service requirements hired prior to January 1, 2008, with varying premium subsidies based on retirement age and years of service as described below. Retirees hired after January 1, 2008 may participate in the University's retiree insurance plan and, at their own expense, retirees may also elect the University's health and dental coverage for

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

eligible dependents. The University's retiree insurance plan is considered a single-employer defined benefit plan. As a secondary insurance plan, retirees participating in OTRS (see Note 13) are covered by the Oklahoma State and Education Employees Group Insurance Fund. For retirees not participating in OTRS, University insurance continues. After retirees become eligible for Medicare, the OTRS' Oklahoma State and Education Employees Group Insurance Fund and the University insurance plans become secondary plans. The University's plan does not issue a stand alone financial report. The University has the authority to establish and amend the benefit provisions offered to retirees.

The Board of Regents approved the following changes to the University's Retiree Medical Benefits Plan in 2012 which went into effect on January 1, 2013.

1. As part of these changes, two eligibility groups were established for future subsidized University retiree medical benefits:
   Group 1- Current retirees, employees currently eligible to retire, and those who will meet eligibility for University retirement on or before December 31, 2015.
   Group 2- Current employees hired on or before January 1, 2008 who will meet eligibility requirements on or after January 1, 2016.
2. The University will continue to provide a 100% premium subsidy for Group 1 retirees.
3. An insurance premium subsidy for Group 2 was established as follows:

| | Years of Service | | | |
|---|---|---|---|---|
| Retirement Age | 10-14 | 15-19 | 20-24 | 25+ |
| Under 55 | Employees can retire with 25 years of service. No university subsidy until age 55. | | | |
| 55-61 | Not eligible | 55%-must meet rule of 80 | 65%-must meet rule of 80 | 75% |
| 62-64 | 55% | 65% | 75% | 85% |
| 65+ | 65% | 75% | 85% | 100% |

4. For University Medicare Plan participants who retired on or after July 1, 1995, an individual deductible will be phased in beginning January 1, 2013. Effective January 1, 2016, the Medicare coordination method will be changed to "exclusion" and the annual out-of-pocket maximum will be reduced from $3,000 to $1,500.

5. Beginning January 1, 2013, retirees are allowed a one-time opportunity to opt-out of OU retiree medical plan coverage if the individual is enrolled in other coverage. The retiree may return to the University's plan if medical coverage is maintained during the opt-out period.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

Funding Policy: For the University's plan, the contribution requirement is based on a projected pay-as-you-go basis. The funding policy may be amended by the Regents of the University of Oklahoma. The University pays the premiums for the retirees hired prior to January 1, 2008, with varying premium subsidies based on retirement age and years of service. At their own expense, retirees may also elect health or dental coverage for eligible dependents. For the years ended June 30, 2016 and 2015, the University contributed $5,872 and $5,250 respectively for current retirees.

Annual OPEB Cost and Net OPEB Obligation: The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the University's annual OPEB cost, the amount actually contributed by the University, and changes in the University's net OPEB obligation for the years ended June 30:

| | 2016 | 2015 |
|---|---|---|
| Annual Required Contribution (ARC) | $ 13,948 | $ 13,339 |
| Interest on Net OPEB Obligation | 5,111 | 4,672 |
| Adjustment to ARC | (4,373) | (3,999) |
| Annual OPEB Cost | 14,686 | 14,012 |
| Contributions paid during year | (5,872) | (5,250) |
| Increase in net OPEB Obligation | 8,814 | 8,762 |
| Net OPEB obligation, beginning of year | 102,217 | 93,455 |
| Net OPEB obligation, end of year | $ 111,031 | $ 102,217 |

Funded Status and Funding Progress: The unfunded actuarial accrued liability (UAAL), totaled $208,113 as of the July 1, 2016 actuarial valuation date. The UAAL is being amortized over an open period of thirty years using the level percentage of projected covered payroll amortization method. The covered payroll (annual payroll of active employees covered by the plan) was $330,468 and $320,363 for 2016 and 2015, and the ratio of the UAAL to the covered payroll was 63.0 percent for 2016.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, as available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Trend Information:

| Fiscal Year Ended | Annual OPEB Cost | Annual OPEB Cost Contributed | Net OPEB Liability |
|---|---|---|---|
| 2016 | $ 14,686 | 40.0% | $ 111,031 |
| 2015 | 14,012 | 37.5% | 102,217 |
| 2014 | 11,838 | 41.5% | 93,455 |
| 2013 | 12,444 | 39.0% | 86,529 |

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the Retirement Policy document, amended as of July 1, 2002. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in reported amounts and reflect a long-term perspective of the calculations. In the July 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include the following: a 5.0 percent investment rate of return, which is based on the expected long-term investment returns of the University's own investments, an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to 4.5 percent after seven years, and a payroll annual inflation rate of 3.5 percent.

NOTE 15--RISK MANAGEMENT

Due to the diverse risk exposure of the University, the insurance portfolio contains a comprehensive variety of coverage. Oklahoma Statutes require participation of all State agencies in basic general liability, tort claim coverage, directors and officers liability, and property and casualty programs provided by the State of Oklahoma Division of Capital Assets Management Risk Management Division ("DCAMRMD"). In addition to these basic policies, the University's Department of Risk Management establishes guidelines in risk assessment, risk avoidance, risk acceptance and risk transfer.

NOTE 15--RISK MANAGEMENT--Continued

The University and individual employees are provided sovereign immunity when performing official business within the scope of their employment under the Oklahoma State Tort Claims Act.

Beyond acceptable retention levels, complete risk transfer is practiced by purchasing conventional insurance coverage either directly from a provider or through DCAMRMD. These coverages are as follows:

- The buildings and contents are insured for replacement value. Each loss incident is subject to a $750 deductible.
- General liability and tort claim coverages (including comprehensive general liability, auto liability, personal injury liability, aircraft liability, watercraft liability, leased vehicles and equipment) are purchased by the University from DCAMRMD. To complement coverage provided by State Statute, additional coverage is purchased based on specific departmental and institutional needs and risks, but the related risks are not considered material to the University as a whole.
- Aircraft claims filed as of June 30, 2016 and 2015 were $0 and $17 respectively. Aircraft are insured by National Union as provided through the Office of Management and Enterprise Services - State Risk Management's broker, Marsh.

Settled claims have not exceeded coverage in any of the three preceding years.

*Self-Funded Programs*
The University's workers' compensation program is self-funded and is administered by a third party. The University maintains a cash deposit with the administrator and reimburses the administrator for claims paid on a monthly basis and administrative expenses are paid on a quarterly basis. Benefits provided are prescribed by State Statute and include lump sum payments for rated disabilities, in addition to medical expenses and a portion of salary loss, resulting from an on-the-job injury or illness. The University records a liability for workers' compensation in its financial statements based on annual actuarial valuations. As of June 30, 2016 and 2015, the accrued workers' compensation liability totaled approximately $1,692 and $2,189, respectively.

The University's unemployment compensation insurance program is also self-funded. Unemployment benefits that separated employees receive are determined by Oklahoma Statutes and are administered by the Oklahoma Employment Security Commission ("OESC"). As a reimbursing employer, the University is billed quarterly by the OESC for benefits paid to former employees. The University's reserve with the OESC is the average claims paid over the past three years. As of June 30, 2016 and June 30, 2015, the required reserves were $292 and $376, respectively. The minimum cash balance is considered each year during the fringe benefit rate-setting process.

NOTE 15--RISK MANAGEMENT--Continued

Effective January 1, 2015 the University entered into an agreement for self-funded employee health insurance. The self-funded plan applies to non-HMO employee health coverage. The plan is administered and claims are paid by Blue Cross Blue Shield. The premiums for the insurance are collected and recorded in a self-insurance fund at the University. The claims and administrative expenses are paid as incurred directly from the fund. The University records the cash balance of the fund in its financial statements, as well as an actuarially determined liability for incurred but not reported claims. As of June 30, 2016, the cash balance for the plan was $10,142 and the accrued liability for claims not yet reported totaled $2,820.

Changes in the claims liability for the University from July 1, 2014 to June 30, 2016 are as follows:

| | Workers' Compensations | Healthcare | Total |
|---|---|---|---|
| Claims liability and related payables, June 30, 2014 | $ 2,010 | $ - | $ 2,010 |
| Claims incurred and changes in estimates | 2,599 | 19,833 | 22,432 |
| Claims paid | (2,420) | (16,721) | (19,141) |
| Claims liability and related payables, June 30, 2015 | 2,189 | 3,112 | 5,301 |
| Claims incurred and changes in estimates | 1,464 | 35,370 | 36,834 |
| Claims paid | (1,961) | (35,662) | (37,623) |
| Claims liability and related payables, June 30, 2016 | $ 1,692 | $ 2,820 | $ 4,512 |

NOTE 16--COMMITMENTS AND CONTINGENCIES

At June 30, 2016 and 2015, the University had outstanding commitments under construction contracts totaling $148,247 and $9,992, respectively.

The University is a party in several lawsuits; however, University officials are of the opinion, based on advice of in-house legal counsel, that the ultimate outcome of all litigation will not have a material effect on the future operations or financial position of the University.

As a result of legislation, the University, as an agency of the state of Oklahoma, is subject to the state of Oklahoma's self-insurance program with regard to comprehensive general liability, comprehensive auto liability, personal injury and general property insurance. Also, the University is self-insured relative to workers' compensation and unemployment insurance. Reserves relating to the University's self insurance are calculated based on projected claims. These areas include stop-loss provisions that limit the University's exposure.

NOTE 16--COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any reimbursement that may arise as the result of audits would not be material.

NOTE 17--FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by functional classification were as follows for the years ended June 30:

| | 2016 | 2015 |
|---|---|---|
| Instruction | $ 242,045 | $ 228,464 |
| Research | 99,433 | 91,474 |
| Public Service | 52,023 | 51,307 |
| Academic Support | 80,477 | 78,957 |
| Student Services | 26,807 | 25,828 |
| Institutional Support | 58,645 | 51,196 |
| Operation and Maintenance of Plant | 115,872 | 119,555 |
| Student Aid | 40,035 | 36,305 |
| Other | 28,589 | 16,677 |
| Auxiliary | 180,021 | 171,820 |
| Total Operating Expenses | $ 923,947 | $ 871,583 |

# Required Supplementary Information

University of Oklahoma Norman Campus Retiree Health/Dental Insurance
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) --entry age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 7/1/2016 | - | 208,113 | 208,113 | - | 330,468 | 63.0% |
| 7/1/2015 | - | 192,813 | 192,813 | - | 320,363 | 60.2% |
| 1/1/2014 | - | 168,897 | 168,897 | - | 305,897 | 55.2% |

The University obtains actuarial valuation biannually in accordance with the provisions of GASB No. 45.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Annual Required Contributions: See Note 14 for actuarial assumptions and other information used to determine the annual required contributions (ARC) for the plan.

Benefit Provisions: During the year ended June 30, 2012, the University's Board of Regents approved significant changes to the University's retiree health/dental insurance plans. A more complete description of changes is included in Note 14 to the financial statements. The proposed changes are projected to reduce the University's post-retirement benefit obligation by 26%, with annual cost savings of $2.3 million beginning in 2016.

University of Oklahoma Norman Campus Pension Plan (OTRS)
SCHEDULE OF NET PENSION LIABILITY (UNAUDITED)
Last 10 Fiscal Years*

| Fiscal Year | Proportion of Net Pension Liability (NPL) | Share of Net Pension Liability (a) | Covered Payroll (b) | NPL as a % of Covered Payroll | Plan Net Position as a % of Total NPL |
|---|---|---|---|---|---|
| 2016 | 4.81% | $ 302,466 | $ 215,864 | 140.12% | 70.31% |
| 2015 | 4.27% | 243,235 | 213,329 | 114.02% | 72.43% |

Notes to schedule:

*Only current and prior year data is presented because 10-year data is not yet available.

## University of Oklahoma Norman Campus Pension Plan (OTRS)
## SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
### Last 10 Fiscal Years

| Fiscal Year | Required Contributions (a) | Actual Contributions (b) | Difference in Required and Actual Contributions (a)-(b) | Covered Payroll | Contributions as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2016 | $ 22,926 | $ 22,926 | $ - | $ 215,864 | 10.62% |
| 2015 | 22,451 | 22,451 | - | 213,329 | 10.52% |
| 2014 | 20,217 | 20,217 | - | 207,859 | 9.73% |
| 2013 | 19,856 | 19,856 | - | 204,538 | 9.71% |
| 2012 | 19,548 | 19,548 | - | 206,366 | 9.47% |
| 2011 | 18,974 | 18,974 | - | 199,835 | 9.49% |
| 2010 | 18,296 | 18,296 | - | 201,312 | 9.09% |
| 2009 | 17,130 | 17,130 | - | 200,878 | 8.53% |
| 2008 | 15,656 | 15,656 | - | 198,096 | 7.90% |
| 2007 | 15,489 | 15,489 | - | 205,733 | 7.53% |



# Reports Required By Government Auditing Standards and Uniform Guidance

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**Independent Auditor's 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***

Board of Regents
University of Oklahoma
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Oklahoma Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), as of June 30, 2016, and the related notes to the financial statements for the year then ended, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 19, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Ende Bailly LLP

Oklahoma City, Oklahoma
October 19, 2016

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CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Regents
University of Oklahoma
Norman, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of University of Oklahoma - Norman Campus (the University) 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, 2016. 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 the 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**
In our opinion, the University complied, in all material respects, with the 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, 2016.

**Report on Internal Control over Compliance**
Management of the University is responsible for establishing and maintaining effective internal control over compliance with the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

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

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



Oklahoma City, Oklahoma
October 19, 2016

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| **RESEARCH AND DEVELOPMENT PROGRAMS** | | | | | |
| **Department of Agriculture - Direct** | | | | | |
| Agricultural Research Service | 10.001 | | | | $ 116,211 |
| National Institute of Food and Agriculture | 10.310 | | | | 108,190 |
| National Resources Conservation Service | 10.903 | | | | 18,264 |
| | | | - | | 242,665 |
| **Department of Agriculture - Pass Through** | | | | | |
| Kansas State University | 10.310 | S15197 | | | 423,024 |
| Oklahoma State University | 10.320 | AB568110OU1 | 258 | (1,044) | |
| Oklahoma State University | 10.320 | AB568450OU2 | 24,210 | 89,512 | |
| | Subtotal 10.320 | | | | 88,468 |
| | | | 24,468 | | 511,492 |
| **Department of Agriculture - Total** | | | 24,468 | | 754,157 |
| **Department of Commerce - Direct** | | | | | |
| National Oceanic and Atmospheric Administration | 11.431 | | 237,521 | | 656,488 |
| National Oceanic and Atmospheric Administration | 11.432 | | 677,893 | | 16,238,157 |
| National Oceanic and Atmospheric Administration | 11.459 | | | | 225,257 |
| National Oceanic and Atmospheric Administration | 11.468 | | | | 644,126 |
| National Oceanic and Atmospheric Administration | 11.483 | | | | 658,233 |
| | | | 915,414 | | 18,422,261 |
| **Department of Commerce - Pass Through** | | | | | |
| Atmospheric & Environmental Research, Inc. | 11.431 | P1960001 | | | 27,629 |
| Colorado State University | 11.619 | G007453 | | | 291,429 |
| | | | | | 319,058 |
| **Department of Commerce - Total** | | | 915,414 | | 18,741,319 |
| **Department of Defense - Direct** | | | | | |
| Army | 12.300 | | | 63,916 | |
| Navy | 12.300 | | 42,650 | 123,238 | |
| Office of Naval Research | 12.300 | | 438,893 | 1,142,604 | |
| | Subtotal 12.300 | | | | 1,329,758 |
| Defense Threat Reduction Agency | 12.351 | | 74,082 | | 814,393 |
| Medical Research Acquisition Activity | 12.420 | | | | 49,271 |
| Advanced Research Projects Agency | 12.431 | | 25,000 | 186,445 | |
| Army Research Office | 12.431 | | | 116,849 | |
| | Subtotal 12.431 | | | | 303,294 |
| Air Force | 12.800 | | | 306,427 | |
| Air Force Office of Scientific Research | 12.800 | | | 135,952 | |
| | Subtotal 12.800 | | | | 442,379 |
| National Security Agency | 12.901 | | | | 252 |
| Advanced Research Projects Agency | 12.910 | | 935 | | 544,909 |
| | | | 581,560 | | 3,484,256 |
| **Department of Defense - Pass Through** | | | | | |
| H.M. Jackson Foundation for Advancement of Military Medicine | 12.420 | 681244 | | | 22,103 |
| | | | | | 22,103 |
| **Department of Defense - Total** | | | 581,560 | | 3,506,359 |
| **Department of Interior - Direct** | | | | | |
| Bureau of Land Management | 15.224 | | | | 2,909 |
| Bureau of Land Management | 15.238 | | | | 1,889 |
| Bureau of Reclamation | 15.511 | | | | 1,445 |
| Fish and Wildlife | 15.615 | | | | 8,265 |
| Fish and Wildlife | 15.650 | | | | 57,470 |
| Geological Survey | 15.807 | | | | (93) |
| Geological Survey | 15.808 | | | | 29,504 |
| Geological Survey | 15.810 | | | | 54,516 |
| Geological Survey | 15.814 | | | | 18,341 |
| Geological Survey | 15.819 | | | | 10,278 |
| Geological Survey | 15.820 | | 1,044,103 | | 1,642,175 |
| | | | 1,044,103 | | 1,826,699 |

| | | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|---|
| **Department of Interior - Pass Through** | | | | | | |
| OK Wildlife and Conservation Commission | | 15.605 | AGMT092515 | | 13,705 | |
| OK Wildlife and Conservation Commission | | 15.605 | AGMT102714 | | 1,048 | |
| | Subtotal | 15.605 | | | | 14,753 |
| OK Wildlife and Conservation Commission | | 15.615 | F13AP00223 | | 12,739 | |
| OK Wildlife and Conservation Commission | | 15.615 | F16AP00154 | | 547 | |
| | Subtotal | 15.615 | | | | 13,286 |
| OK Wildlife and Conservation Commission | | 15.632 | F13AF01188 | | | 20,909 |
| OK Wildlife and Conservation Commission | | 15.634 | F13AF01188 | | 9,223 | |
| OK Wildlife and Conservation Commission | | 15.634 | F13AF01213 | | 18,911 | |
| OK Wildlife and Conservation Commission | | 15.634 | F14AF01224 | | 11,762 | |
| OK Wildlife and Conservation Commission | | 15.634 | F14AF01225 | | 35,378 | |
| OK Wildlife and Conservation Commission | | 15.634 | F14AF01227 | | 10,992 | |
| OK Wildlife and Conservation Commission | | 15.634 | F14AF01355 | | 25,235 | |
| OK Wildlife and Conservation Commission | | 15.634 | F15AF01321 | | 1,314 | |
| OK Wildlife and Conservation Commission | | 15.634 | F16AF00296 | | 19,874 | |
| OK Wildlife and Conservation Commission | | 15.634 | F18AF01188 | | 7,043 | |
| | Subtotal | 15.634 | | | | 139,732 |
| University of Wisconsin | | 15.669 | 632K133 | | | 9,377 |
| AmericaView | | 15.815 | AV14OK01 | | | 31,891 |
| Oklahoma Historical Society | | 15.904 | 14101 | | 9,185 | |
| Oklahoma Historical Society | | 15.904 | 14401 | | 4,549 | |
| Oklahoma Historical Society | | 15.904 | 14402 | | 8,321 | |
| Oklahoma Historical Society | | 15.904 | 14403 | | 2,835 | |
| Oklahoma Historical Society | | 15.904 | 15101 | | 78,281 | |
| Oklahoma Historical Society | | 15.904 | 15201 | | 23,221 | |
| Oklahoma Historical Society | | 15.904 | AGMT103015 | | 3,332 | |
| | Subtotal | 15.904 | | | | 129,724 |
| | | | | | | 359,672 |
| **Department of Interior - Total** | | | | 1,044,103 | | 2,186,371 |
| **Department of Transportation - Direct** | | | | | | |
| Federal Aviation Administration | | 20.108 | | | | 56,943 |
| Federal Transit Administration | | 20.514 | | 229 | | 24,999 |
| Office of Assistant Secretary for Research and Technology | | 20.701 | | 1,111,117 | | 1,636,814 |
| | | | | 1,111,346 | | 1,718,756 |
| **Department of Transportation - Pass Through** | | | | | | |
| OK Department of Transportation | | 20.200 | 2228 | | 50,027 | |
| OK Department of Transportation | | 20.200 | 2243 | | 71,850 | |
| OK Department of Transportation | | 20.200 | 2252 | | 57,549 | |
| OK Department of Transportation | | 20.200 | 2256 | | 73,750 | |
| OK Department of Transportation | | 20.200 | 2258 | | 37,531 | |
| OK Department of Transportation | | 20.200 | 2262 | | 70,977 | |
| OK Department of Transportation | | 20.200 | 2273 | | 26,081 | |
| OK Department of Transportation | | 20.200 | 2300 | | 150,414 | |
| OK Department of Transportation | | 20.200 | AGMT092314 | | 206,905 | |
| OK Department of Transportation | | 20.200 | AGMT092515 | | 543,013 | |
| OK Department of Transportation | | 20.200 | AGMT100114 | | 74,041 | |
| OK Department of Transportation | | 20.200 | SPR2160B | 88,992 | 580,822 | |
| OK Department of Transportation | | 20.200 | SPRY0010056PL | 7,368 | 7,368 | |
| Oklahoma State University | | 20.200 | 156134601 | | 19,429 | |
| Oklahoma State University | | 20.200 | AA55947501 | | 27,234 | |
| Oklahoma State University | | 20.200 | SPTC15204 | | 5,448 | |
| | Subtotal | 20.200 | | | | 2,002,439 |
| State of Missouri, Department of Transportation | | 20.205 | TR201516 | 39,327 | | 93,609 |
| OK Department of Transportation | | 20.223 | AGMT011416 | 107,280 | 357,445 | |
| OK Department of Transportation | | 20.223 | AGMT100813 | | 6,512 | |
| OK Department of Transportation | | 20.223 | FFY1501162015 | 82,586 | 183,460 | |
| | Subtotal | 20.223 | | | | 547,417 |
| OK Department of Transportation | | 20.509 | RT201521 | 160,000 | 342,999 | |
| OK Department of Transportation | | 20.509 | TRAMS2016 | 240,000 | 564,525 | |
| | Subtotal | | | | | 907,524 |
| Oklahoma Highway Safety Office | | 20.616 | 5859019953 | | 104,157 | |
| Oklahoma Highway Safety Office | | 20.616 | M3DA16060210 | | 188,956 | |
| Oklahoma Highway Safety Office | | 20.616 | M3DA16060313 | | 57,650 | |
| Oklahoma Highway Safety Office | | 20.616 | OHSOFFY2015OU00117 | | 36,327 | 387,090 |
| | Subtotal | 20.616 | | | | |
| Missouri University of Science and Technology | | 20.701 | 0004213405 | | | 124,994 |
| | | | | 725,553 | | 4,063,073 |
| **Department of Transportation - Total** | | | | 1,836,899 | | 5,781,829 |

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| **National Aeronautics and Space Administration - Pass Through** | | | | | |
| Amethyst Research Inc. | 43.001 | FY15ORA325 | | 67,118 | |
| Smithsonian Astrophysical Observatory | 43.001 | GO314110C | | 3,295 | |
| Smithsonian Astrophysical Observatory | 43.001 | GO516022X | | 17,258 | |
| Smithsonian Astrophysical Observatory | 43.001 | GO516104X | | 21,958 | |
| Colorado School of Mines | 43.001 | 400489 | | 33,765 | |
| South Dakota State University | 43.001 | 3TB330 | | 95,672 | |
| South Dakota State University | 43.001 | 3TB509 | | 47,762 | |
| Texas State University | 43.001 | 14010820911 | | 9,881 | |
| University of Connecticut | 43.001 | 23669 | | 16,526 | |
| Subtotal | 43.001 | | | | 313,235 |
| University of Tulsa | 43.008 | 142120532494802 | | 24,212 | |
| University of Tulsa | 43.008 | 142120763894802 | | 32,117 | |
| Subtotal | 43.008 | | | | 56,329 |
| | | | | | 369,564 |
| **National Aeronautics and Space Administration - Total** | | | - | | 369,564 |
| **Environmental Protection Agency - Direct** | | | | | |
| Environmental Protection Agency | 66.509 | | 93,746 | | 388,110 |
| | | | 93,746 | | 388,110 |
| **Environmental Protection Agency - Total** | | | 93,746 | | 388,110 |
| **National Aeronautics and Space Administration - Direct** | | | | | |
| Langley Research Center | 43.001 | | | | 162,283 |
| Shared Services Center | 43.001 | | 134,152 | | 1,322,566 |
| Shared Services Center | 43.008 | | 411,266 | | 691,811 |
| | | | 545,418 | | 2,176,660 |
| **National Aeronautics and Space Administration - Total** | | | 545,418 | | 2,176,660 |
| **Institute of Museum and Library Services - Direct** | | | | | |
| Institute of Museum and Library Services | 45.301 | | | | 11,287 |
| Institute of Museum and Library Services | 45.313 | | | | 123,980 |
| | | | - | | 135,267 |
| **Institute of Museum and Library Services - Total** | | | - | | 135,267 |
| **National Science Foundation - Direct** | | | | | |
| National Science Foundation | 47.041 | | 21,592 | | 1,599,526 |
| National Science Foundation | 47.049 | | | | 921,008 |
| National Science Foundation | 47.050 | | 118,249 | | 3,203,908 |
| National Science Foundation | 47.070 | | 104,809 | | 758,406 |
| National Science Foundation | 47.074 | | | | 2,694,023 |
| National Science Foundation | 47.075 | | 64,770 | | 411,316 |
| National Science Foundation | 47.076 | | 17,311 | | 361,766 |
| National Science Foundation | 47.078 | | | | 90,758 |
| | | | 326,731 | | 10,040,711 |
| **National Science Foundation - Pass Through** | | | | | |
| Optronics Systems, Inc. | 47.041 | FY15ORA308 | | 466 | |
| Oklahoma State University | 47.041 | AGMT061713 | | 6,600 | |
| George Washington Univeristy | 47.041 | 15S11 | | 7,548 | |
| University of Delaware | 47.041 | 33792 | | 81,524 | |
| Subtotal | 47.041 | | | | 96,138 |

| | | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|---|
| Research Foundation for the State University of New York | | 47.049 | R868654 | | 22,312 | |
| Clark University | | 47.049 | 2A3117531 | | 69,601 | |
| University of Notre Dame | | 47.049 | LTR070107 | | 4,827 | |
| University of Texas at Arlington | | 47.049 | 2639062361 | | 159,263 | |
| University of Washington | | 47.049 | 744824 | | 17,626 | |
| | Subtotal | 47.049 | | | | 273,629 |
| University of Southern California | | 47.050 | 62591201 | | | 25,000 |
| University of California, Santa Barbara | | 47.070 | KK1617 | | 13,353 | |
| University of Illinois at Urbana-Champaign | | 47.070 | 20070107751 | | 35,776 | |
| | Subtotal | 47.070 | | | | 49,129 |
| Colorado State University | | 47.074 | G25763 | | 88,890 | |
| North Carolina State University | | 47.074 | 2014045201 | | 3,253 | |
| Tulane University | | 47.074 | TULHSC4321213 | | 11,571 | |
| University of California, Davis | | 47.074 | 20111806201 | | 33,364 | |
| University of California, Los Angeles | | 47.074 | 2301GTB266 | | 38,619 | |
| University of Georgia | | 47.074 | RC3712514353838 | | 118,148 | |
| | Subtotal | 47.074 | | | | 293,845 |
| University of CA, Merced | | 47.075 | E315GTA021 | | 12,265 | |
| University of Texas Dallas | | 47.075 | 1503120 | | 29,546 | |
| | Subtotal | 47.075 | | | | 41,811 |
| Oklahoma State University | | 47.076 | AA546363 | | 128,782 | |
| Oklahoma State University | | 47.076 | AA556595OU | | 18,394 | |
| American Educational Research Association | | 47.076 | LTR013015 | | 3,761 | |
| | Subtotal | 47.076 | | | | 150,937 |
| Oklahoma State University | | 47.079 | 1560686OU | | 93,078 | |
| Oklahoma State University | | 47.079 | EPSCOR201313 | | 2,000 | |
| Oklahoma State University | | 47.079 | EPSCOR201317 | | 126,242 | |
| Oklahoma State University | | 47.079 | EPSCOR201318 | | 689,435 | |
| Oklahoma State University | | 47.079 | EPSCOR201319 | | 672,544 | |
| Oklahoma State University | | 47.079 | EPSCOR201320 | | 105,949 | |
| Oklahoma State University | | 47.079 | EPSCOR201415 | | 4,732 | |
| Oklahoma State University | | 47.079 | EPSCOR201520 | | 160,800 | |
| Oklahoma State University | | 47.079 | EPSCOR201524 | | 3,625 | |
| Oklahoma State University | | 47.079 | EPSCOR201525 | | 2,430 | |
| Oklahoma State University | | 47.079 | EPSCOR201526 | | 1,776 | |
| Oklahoma State University | | 47.079 | EPSCOR20159 | | 5,000 | |
| Oklahoma State University | | 47.079 | EPSCOR20161 | | 4,416 | |
| | Subtotal | 47.079 | | | | 1,872,027 |
| Oklahoma State University | | 47.080 | EPSCOR20133 | | 30,124 | |
| Oklahoma State University | | 47.080 | EPSCOR20138 | | 2,836 | |
| | Subtotal | 47.080 | | | | 32,960 |
| | | | | | | 2,835,476 |
| **National Science Foundation - Total** | | | | 326,731 | | 12,876,187 |
| **Department of Energy - Direct** | | | | | | |
| Department of Energy | | 81.049 | | 885,351 | | 3,384,348 |
| Department of Energy | | 81.087 | | 207,913 | | 926,346 |
| Department of Energy | | 81.502 | | | | 84,256 |
| | | | | 1,093,264 | | 4,394,950 |
| **Department of Energy - Pass Through** | | | | | | |
| Univ of California, Berkley | | 81.049 | 00008322 | | 292,668 | |
| Univ of California, Berkley | | 81.049 | 00009014 | | 154,938 | |
| Brookhaven National Laboratory | | 81.049 | 181673 | | 76,045 | |
| University of Texas, Austin | | 81.049 | UTA15001188 | | 8,242 | |
| MicroChem Solutions | | 81.049 | FY13ORA216 | | 60,769 | |
| MicroChem Solutions | | 81.049 | FY15ORA219 | | 28,037 | |
| Northern Arizona University | | 81.049 | 100286701 | | 11,830 | |
| Texas A&M University | | 81.049 | 06S150620 | | 53,275 | |
| | Subtotal | 81.049 | | | | 685,804 |
| Biodiversity Research Institute | | 81.087 | FY13ORA124 | | 6,968 | |
| Sandia National Laboratories | | 81.087 | 1506592 | | 270,513 | |
| | Subtotal | 81.087 | | | | 277,481 |

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| Research Partnership to Secure Energy for America | 81.089 | 1212291 | | 778,522 | |
| New Mexico Institute of Mining and Technology | 81.089 | P0011839 | | 66,361 | |
| Subtotal | 81.089 | | | | 844,883 |
| Univ of California, Berkley | 81.XXX | 6847566 | | | 653,643 |
| | | | | | 2,461,811 |
| **Department of Energy - Total** | | | 1,093,264 | | 6,856,761 |
| **Department of Education - Direct** | | | | | |
| Department of Education | 84.200 | | | | 118,970 |
| Department of Education | 84.325 | | | | 243,047 |
| Department of Education | 84.326 | | | | 127,481 |
| Department of Education | 84.334 | | 979,557 | | 4,174,512 |
| | | | 979,557 | | 4,664,010 |
| **Department of Education - Pass Through** | | | | | |
| OK Department of Education | 84.329 | 2659014380 | | | 19,294 |
| National Writing Project Corporation | 84.367 | 92OK02SEED2016ILI | | | 3,053 |
| | | | | | 22,347 |
| **Department of Education - Total** | | | 979,557 | | 4,686,357 |
| **Department of Health and Human Services - Direct** | | | | | |
| National Cancer Institute | 93.394 | | | | 12,269 |
| National Institutes of Health | 93.173 | | 59,143 | | 459,883 |
| National Institutes of Health | 93.286 | | | | 25,581 |
| National Institutes of Health | 93.393 | | 67,374 | | 163,585 |
| National Institutes of Health | 93.394 | | 237,227 | | 842,508 |
| National Institutes of Health | 93.395 | | | | 73,424 |
| National Institutes of Health | 93.397 | | 86,166 | | 163,126 |
| National Institutes of Health | 93.855 | | 286,796 | | 1,652,816 |
| National Institutes of Health | 93.856 | | | | 98,533 |
| National Institutes of Health | 93.859 | | 707,505 | | 2,830,858 |
| National Institutes of Health | 93.865 | | | | (1,337) |
| National Institutes of Health | 93.866 | | | | 1,693 |
| Public Health Service | 93.085 | | | | 143,006 |
| | | | 1,444,211 | | 6,465,945 |
| **Department of Health and Human Services - Pass Through** | | | | | |
| University of Florida | 93.085 | UFDSP00010324 | | | 11,649 |
| Health Sciences Center | 93.110 | TS2011149110A1 | | | 14,172 |
| Duke University | 93.172 | 12NIH1105 | | | 276 |
| Oklahoma State University | 93.213 | 54128201 | | | 3,983 |
| Health Sciences Center | 93.273 | RS2013194303 | | | 14,847 |
| University of Alaska-Fairbanks | 93.389 | UAF140039 | | | 166 |
| Univ. of Texas San Antonio | 93.395 | 157251 | | 104,500 | |
| University of Texas Health Science Ctr | 93.395 | 158817/158513 | | 220,920 | |
| University of Texas Health Science Ctr | 93.395 | 159236/153201 | | 43,955 | |
| Subtotal | 93.395 | | | | 369,375 |
| Northwestern University | 93.853 | 60026338UO | | | 39,299 |
| Benaroya Research Instute at Virginia Mason | 93.855 | FY15109843 | | 81,537 | |
| Colorado State University | 93.855 | G641112 | | 96,201 | |
| Subtotal | 93.855 | | | | 177,738 |
| Oklahoma State University | 93.859 | 5553670 | | 24,080 | |
| Health Sciences Center | 93.859 | RS2013049417 | | 8,881 | |
| Health Sciences Center | 93.859 | RS2013049431 | | 144,684 | |
| Health Sciences Center | 93.859 | RS2013222543 | | 29,149 | |
| Subtotal | 93.859 | | | | 206,794 |
| Health Sciences Center | 93.866 | RS2014089203 | | | 34,193 |
| | | | | | 872,492 |
| **Department of Health and Human Services - Total** | | | 1,444,211 | | 7,338,437 |

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| **TOTAL RESEARCH AND DEVELOPMENT PROGRAMS **** | | | 8,885,371 | | 65,797,378 |
| **OTHER PROGRAMS** | | | | | |
| **Department of Agriculture - Pass Through** | | | | | |
| Oklahoma State University | 10.001 | AB568330OU | | | 79,579 |
| OK Department of Health | 10.557 | PO3409016349 | | | 84,193 |
| OK Department of Human Services | 10.580 | PO0124400 | | 9,715 | |
| OK Department of Human Services | 10.580 | PO0210422 | | 8,283 | |
| Subtotal | 10.580 | | | | 17,998 |
| | | | | | 181,770 |
| **Department of Agriculture - Total** | | | - | | 181,770 |
| **Department of Defense - Direct** | | | | | |
| National Security Agency | 12.900 | | | | 82,838 |
| | | | - | | 82,838 |
| **Department of Defense - Pass Through** | | | | | |
| Institute of International Education | 12.550 | 2340OU8AM093PO1 | | | (310) |
| Health Sciences Center | 12.598 | TS2014152602 | | 18,475 | |
| Health Sciences Center | 12.598 | TS2014152603 | | 49,789 | |
| Subtotal | 12.598 | | | | 68,264 |
| | | | | | 67,954 |
| **Department of Defense - Total** | | | - | | 150,792 |
| **Department of Interior - Direct** | | | | | |
| Bureau of Reclamation | 15.511 | | | | 20,979 |
| Fish and Wildlife | 15.669 | | | | 7,334 |
| Geological Survey | 15.820 | | | | 94,145 |
| National Park Service | 15.922 | | | | 29,792 |
| | | | - | | 152,250 |
| **Department of Interior - Total** | | | - | | 152,250 |
| **Department of Labor - Direct** | | | | | |
| Department of Labor | 17.720 | | | | 116,416 |
| | | | | | 116,416 |
| **Department of Labor - Total** | | | - | | 116,416 |
| **Department of State - Direct** | | | | | |
| Department of State | 19.040 | | | | 9,873 |
| Department of State | 19.415 | | | | 434,735 |
| Department of State | 19.501 | | | | 269,415 |
| | | | | | 714,023 |
| **Department of State - Total** | | | - | | 714,023 |
| **Department of Transportation - Direct** | | | | | |
| Federal Transit Administration | 20.507 | | | | 1,686,735 |
| Federal Aviation Administration | 20.106 | | | | 852,759 |
| | | | | | 2,539,494 |
| **Department of Transportation - Pass Through** | | | | | |
| OK Department of Transportation | 20.200 | 2160C | 5,875 | | 134,068 |
| State & Community Highway Safety | 20.600 | PT16039900 | | | 2,827 |
| | | | 5,875 | | 136,895 |
| **Department of Transportation - Total** | | | 5,875 | | 2,676,389 |
| **National Aeronautics and Space Administration - Direct** | | | | | |
| Shared Services Center | 43.001 | | | | 9,964 |
| Shared Services Center | 43.008 | | 670,769 | | 1,088,300 |
| | | | 670,769 | | 1,098,264 |
| **National Aeronautics and Space Administration - Pass Through** | | | | | |
| Langston University | 43.008 | LU5580153 | | | 2,235 |
| | | | | | 2,235 |
| **National Aeronautics and Space Administration - Total** | | | 670,769 | | 1,100,499 |

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| **Institute of Museum and Library Services - Direct** | | | | | |
| Institute of Museum and Library Services | 45.301 | | | | 157,477 |
| Institute of Museum and Library Services | 45.312 | | | | 3,771 |
| National Endowment for the Humanities | 45.160 | | | | 4,224 |
| National Endowment for the Humanities | 45.163 | | | | 77,782 |
| | | | | | 243,254 |
| **Institute of Museum and Library Services - Pass Through** | | | | | |
| Oklahoma Humanities Council | 45.129 | Y14104 | | 1,000 | |
| Oklahoma Humanities Council | 45.129 | Y15098 | | 5,000 | |
| Subtotal | 45.129 | | | | 6,000 |
| | | | | | 6,000 |
| **Institute of Museum and Library Services - Total** | | | - | | 249,254 |
| **National Science Foundation - Direct** | | | | | |
| National Science Foundation | 47.041 | | | | 11,727 |
| National Science Foundation | 47.049 | | | | 9,304 |
| National Science Foundation | 47.070 | | | | 19,276 |
| National Science Foundation | 47.074 | | | | 37,877 |
| National Science Foundation | 47.076 | | | | 241,233 |
| | | | - | | 319,417 |
| **National Science Foundation - Pass Through** | | | | | |
| Council of Graduate Schools | 47.075 | LTR081215 | | | 6,000 |
| Presbyterian College | 47.076 | 20111204 | | 7,977 | |
| Oklahoma State University | 47.076 | AGR1/6/16 | | 16,752 | |
| Oklahoma State University | 47.076 | AGR4/15/15 | | 13,031 | |
| Subtotal | 47.076 | | | | 37,760 |
| | | | | | 43,760 |
| **National Science Foundation - Total** | | | | | 363,177 |
| **Environmental Protection Agency - Pass Through** | | | | | |
| Oklahoma Conservation Commission | 66.474 | AGMT061009 | | | 7,444 |
| | | | | | 7,444 |
| **Environmental Protection Agency - Total** | | | - | | 7,444 |
| **Department of Education - Direct** | | | | | |
| **STUDENT FINANCIAL ASSISTANCE CLUSTER** | | | | | |
| Pell | 84.063 | | | | 19,635,817 |
| SEOG | 84.007 | | | | 477,893 |
| TEACH | 84.379 | | | | 242,585 |
| College Work-Study | 84.033 | | | 1,776,750 | |
| Job Location and Development Program | 84.033 | | | 47,000 | |
| Subtotal | 84.033 | | | | 1,823,750 |
| Federal Perkins Loan Program | 84.038 | | | | 18,042,666 |
| Federal Direct Student Loans | 84.268 | | | | 107,126,196 |
| **TOTAL STUDENT FINANCIAL ASSISTANCE** | | | | | 147,348,907 |
| Department of Education | 84.324 | | | | 912 |
| Department of Education | 84.325 | | | | 68,174 |
| | | | - | | 69,086 |
| **TRIO CLUSTER** | | | | | |
| Department of Education - TRIO | 84.042 | | | | 423,166 |
| Department of Education - TRIO | 84.047 | | | | 233,206 |
| Department of Education - TRIO | 84.217 | | | | 224,188 |
| **TOTAL TRIO** | | | | | 880,560 |
| Department of Education | 84.283 | | | | 4,626,077 |
| | | | | | 152,924,630 |

# University of Oklahoma - Norman Campus
## Schedule of Expenditures of Federal Awards
## Year ended June 30, 2016

| | FEDERAL CFDA | FLOW-THRU IDENTIFYING NUMBER | AMOUNT PROVIDED TO SUBRECIPIENTS | TOTAL CASH BASIS EXPENDITURES | |
|---|---|---|---|---|---|
| **Department of Education - Pass Through** | | | | | |
| Oklahoma City Public Schools | 84.013 | FY12ORA114 | | | 15,654 |
| Putnam City Public Schools | 84.336 | FY12ORA240 | | | 7,129 |
| Putnam City Public Schools | 84.366 | 317120721 | | | 3,788 |
| National Writing Project Corporation | 84.367 | 92OK02SEED2012 | | 30,343 | |
| OK State Regents for Higher Education | 84.367 | 2015ESEA | | 113,167 | |
| OK State Regents for Higher Education | 84.367 | ESEA030915 | | 44,571 | |
| OK State Regents for Higher Education | 84.367 | ESEA030915 | | 17,352 | |
| Subtotal | 84.367 | | | | 205,433 |
| Miko Group | 84.371 | AGR11/15/12 | | | 64,977 |
| | | | | | 296,981 |
| **Department of Education - Total** | | | - | | 153,221,611 |
| **Department of Health and Human Services - Direct** | | | | | |
| Administration for Children and Families | 93.652 | | | | (400) |
| Substance Abuse and Mental Health Services Administration | 93.243 | | | | 89,361 |
| | | | - | | 88,961 |
| **Department of Health and Human Services - Pass Through** | | | | | |
| OK Department of Health | 93.110 | PO3409018829 | | | 27,818 |
| OK Department of Health | 93.110 | PO3409019573 | | | 109,478 |
| OK Department of Mental Health | 93.243 | AGR12/22/14 | | 52,750 | |
| OK Department of Mental Health | 93.243 | PO4529039841 | | 10,356 | |
| OK Department of Mental Health | 93.243 | PO4529049112 | | 1,338 | |
| OK Department of Mental Health | 93.243 | PO4529049113 | | 2,155 | |
| OK Department of Mental Health | 93.243 | PO4529049376 | | 244 | |
| OK Department of Mental Health | 93.243 | PO4529049840 | | 118,858 | |
| OK Department of Mental Health | 93.243 | PO4529051290 | | 19,250 | |
| OK Department of Mental Health | 93.243 | PO4529051293 | | 36,307 | |
| Subtotal | 93.243 | | | | 241,258 |
| Chapel Hill Training Outreach Project | 93.590 | AGR4/1/15 | | | 26,393 |
| OK Department of Human Services | 93.658 | PO0018483 | | | 486,049 |
| OK Department of Human Services | 93.674 | PO0200113 | | 1,448,534 | |
| OK Department of Human Services | 93.674 | PO0700617 | | 151,329 | |
| Subtotal | 93.674 | | | | 1,599,863 |
| OK Department of Health | 93.777 | PO3409016349 | | | 103,586 |
| OK Department of Mental Health | 93.959 | PO4529039841 | | 12,437 | |
| OK Department of Mental Health | 93.959 | PO4529050213 | | 155,854 | |
| Subtotal | 93.959 | | | | 168,291 |
| | | | | | 2,762,736 |
| **Department of Health and Human Services - Total** | | | - | | 2,851,697 |
| **Social Security Adminstration - Direct** | | | | | |
| Social Security Adminstration | 96.008 | | | | 286,556 |
| | | | | | 286,556 |
| **Social Security Adminstration - Total** | | | - | | 286,556 |
| **Department of Homeland Security - Pass Through** | | | | | |
| Southern Illinois University at Carbondale | 97.039 | SUIC1425 | | | 144,077 |
| | | | | | 144,077 |
| **Department of Homeland Security - Total** | | | - | | 144,077 |
| **TOTAL OTHER PROGRAMS** | | | 676,644 | | 162,215,955 |
| **TOTAL FEDERAL FINANCIAL ASSISTANCE** | | | 9,562,015 | | 228,013,333 |

**Denotes Research and Development Cluster major program.

1. The purpose of the Schedule of Expenditures of Federal Awards (the "schedule") is to present a summary of the activities of The University of Oklahoma Norman Campus (the "University") for the year ended June 30, 2016, which have been financed by the U.S. Government.

   For purposes of the schedule, federal awards have been classified into two types:

   - Direct federal awards consisting of federal assistance and federal student financial aid, and
   - Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

   Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current funds revenues, expenditures or other changes of the University.

   The schedule is prepared on the cash basis of accounting. Expenditures are recognized when paid.

   Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

   The University has not elected to use the 10% de minimus cost rate.

2. Complete Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for those programs for which such numbers were available. CFDA prefixes are presented for programs for which a complete CFDA number is not available.

3. Federal direct programs are presented by federal department and, where applicable, the funding agency within the department. Federal pass-through programs are presented by the entity through which the University received the federal award. Amounts provided to subrecipients from each federal program have been separately identified for additional analysis. These pass-through awards are included in total cash basis expenditures.

4. The University of Oklahoma Norman Campus administers Academic Competitiveness Grants, the Pell Grant program, Supplemental Education Opportunity Grants, National Science and Mathematics Access to Retain Talent Grants and College Work-Study student award programs for students attending both the Norman and Health Sciences Center campuses of the University. Grant revenues and expenditures under such programs for students attending these campuses are included in the financial statements of the Norman Campus. Therefore, the Norman Campus Schedule of Expenditures of Federal Awards includes expenditures under such programs for students attending these campuses.

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

   The Federal Perkins Loan Program is administered directly by the University. The beginning balance of loans outstanding (as of June 30, 2015) plus disbursements made to students during the year ended June 30, 2016, has been included as federal expenditures in the schedule. As of June 30, 2016, the ending balance of the loans receivable under the Federal Perkins Loan Program was approximately $16.2 million.

6. Federal Contracts that do not meet the definition of Federal Domestic Assistance (i.e.: the United States Postal Service, the Oklahoma State Department of Human Services' Satellite Training Network ("SATTRN") and IV-E Social Work programs) have been excluded from the schedule as it was determined, based upon discussions with the University's federal cognizant agency or by the nature of the contract, that such contracts do not represent auditable federal awards under the provisions of Uniform Guidance. Also, fixed price and fixed rate programs have been excluded.

## Section I – Summary of Auditor's Results

| | |
|---|---|
| Financial Statements | |
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted | No |
| Federal Awards | |
| Internal control over major programs: | |
| Material weakness identified | No |
| Significant deficiencies identified not considered to be material weaknesses | Yes |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No |

| Name of Federal Program or Cluster | CFDA number |
|---|---|
| Student Financial Aid Cluster | 84.063; 84.007; 84.379; 84.033; 84.038; 84.268 |
| Research and Development Cluster | * |

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

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $ 2,419,933 |
| Auditee qualified as low-risk auditee | Yes |

## Section II – Findings Relating to the Financial Statements

None.

## Section III – Findings and Questioned Costs for Major Federal Awards

**2016-001** **Direct Program from U.S. Department of Education**
**Student Financial Aid Cluster (CFDA #'s 84.268, 84.038, 84.379)**
**Special Test: Disbursements to Students**
**Significant Deficiency in Internal Control over Compliance**

Criteria: The institution must notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to ED; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement.

The notification requirement for loan funds applies only if the funds are disbursed by EFT payment or master check (34 CFR section 668.165).

Institutions that implement an affirmative confirmation process (as described in 34 CFR section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan, FPL funds, or TEACH Grants.

Condition: Current procedures do not allow for a written communication at the time the loan is disbursed of the student's or parent's right to cancel all or a portion of the related loans and the related times and procedures to cancel those loans when those disbursements are made on the weekend.

Cause: Current procedures are not designed to communicate rights to cancel loans and the procedures and required timelines if students and/or parents chose to cancel loans during weekend disbursements.

Effect: Without proper notification of rights to cancellation and related deadlines and procedures of those cancelations, students and/or parents may not be aware of such rights and how to proceed with those rights to which they are entitled.

Questioned costs:

None

Context/Sampling:

20 loan disbursements in our sample of 35 students tested did not have this communication occur at the time required by federal regulations. All loans with this finding were disbursed on one day, Saturday, January 9, 2016. Non-statistical sampling was used.

Repeat Finding from Prior Year:

No

Recommendation:

We recommend that procedures be designed so that the proper and timely communications to students regarding loan cancellation processes on weekend disbursement or establish policies to disallow weekend disbursements.

Views of Responsible Officials:

The Financial Aid Office has modified the process of providing notification to borrowers, in full compliance with federal regulations, and will have the modification fully implemented and in use beginning with the Fall 2016 semester.

**2016-002** **Direct Program from U.S. Department of Education**
**Student Financial Aid Cluster (CFDA #'s 84.268, 84.038, 84.379, 84.063, 84.033, 84.007)**
**Special Tests: Disbursements to Students, Enrollment Reporting**
**Significant Deficiency in Internal Control over Compliance**

Criteria: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to FFEL Program loan holders by ED. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days.

If a student received financial aid while attending one or more other institutions, schools are required to request financial aid history using the National Student Loan Data System (NSLDS) Student Transfer Monitoring Process. Under this process, a school informs NSLDS about its transfer students. NSLDS will "monitor" those students on the school's "inform" list and alert the school of any relevant financial aid history changes.

A school must wait 7 days after it "informs" NSLDS about a transfer student before disbursing Title IV aid to that student. However, a school does not have to wait if it receives an alert from NSLDS during the 7-day period or if it obtains the student's financial aid history by accessing the NSLDS Financial Aid Professional website. When a school receives an alert from NSLDS, before making a disbursement of Title IV aid, it must determine if the change to the student's financial aid history affects the student's eligibility (34 CFR section 668.19).

Condition: In our sample of students that withdrew during the school year, we noted four instances where the withdrawal date per the institution's records did not agree to the NSLDS records. We noted three instances where the withdrawal date was not reported to NSLDS within 30 days of the schools determination of the withdrawal date. Further, we noted on instance where a transfer student had a disbursement before NSLDS's notification of transfer rather than waiting the required 7 days. In such instances, it appears that the National Student Clearinghouse (NSC) did not transmit the data in the required time guidelines.

Cause: It appears that timing delay is largely due to the use of NSC which had some timing discrepancies during the school year.

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

Question Costs: None

Context/Sampling:

Out of the 36 nonstatistical sample of withdrawals, 5 of the students had a withdrawal date that did not agree with NSLDS and/or did not have the change reported to NSLDS within the prescribed required by the federal regulations. Further, one transfer student had a disbursement before NSLDS's notification of transfer rather than waiting the required 7 days. Non-statistical sampling was used.

Repeat Finding from Prior Year:

Yes.

Recommendation:

We recommend that the institution continue to monitor the NSC to determine if further delays can be expected and determine if additional procedures should be implemented at the institution to comply with federal standards.

Views of Responsible Officials:

We will continue to monitor the NSC for developments and additional procedures to assist us in complying with federal standards.

**2015-002** **Direct Program from U.S. Department of Education**
**Student Financial Aid Cluster (CFDA #'s 84.268, 84.038, 84.063, 84.033, 84.007, 84.379)**
**Special Tests: Enrollment Reporting**
**Compliance**

*Initial Fiscal Year End Finding Occurred: 2015*

*Finding Summary:* Enrollment status of graduated and withdrawn students were not reported to the National Student Loan Data System within the required time frame.

*Status:* This finding is repeated for the year ended June 30, 2016. See finding 2016-002.