Financial Statements and Reports
Required by Uniform Guidance
June 30, 2018 and 2017

The University of Oklahoma - Norman Campus

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Independent Auditor's Report

To the Board of Regents
The University of Oklahoma - Norman Campus
Norman, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of The 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, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Relationship with the Regents of the University of Oklahoma
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, 2018 and 2017, and the changes in its financial position or its cash flows for the years 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.

Implementation of GASB No. 75
As discussed in Notes 1 and 14 to the financial statements, the University has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which has resulted in a restatement of the net position as of July 1, 2017. In accordance with GASB statement No. 75, the 2017 financial statements have not been restated to reflect this change. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Ede Bailly LLP

Oklahoma City, Oklahoma
October 19, 2018

UNIVERSITY OF OKLAHOMA - NORMAN CAMPUS

Management's Discussion and Analysis

The discussion and analysis of The University of Oklahoma Norman Campus and Law Center (University) financial statements provides an overview of the University's financial activities for the years ended June 30, 2018 and 2017. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Financial Highlights

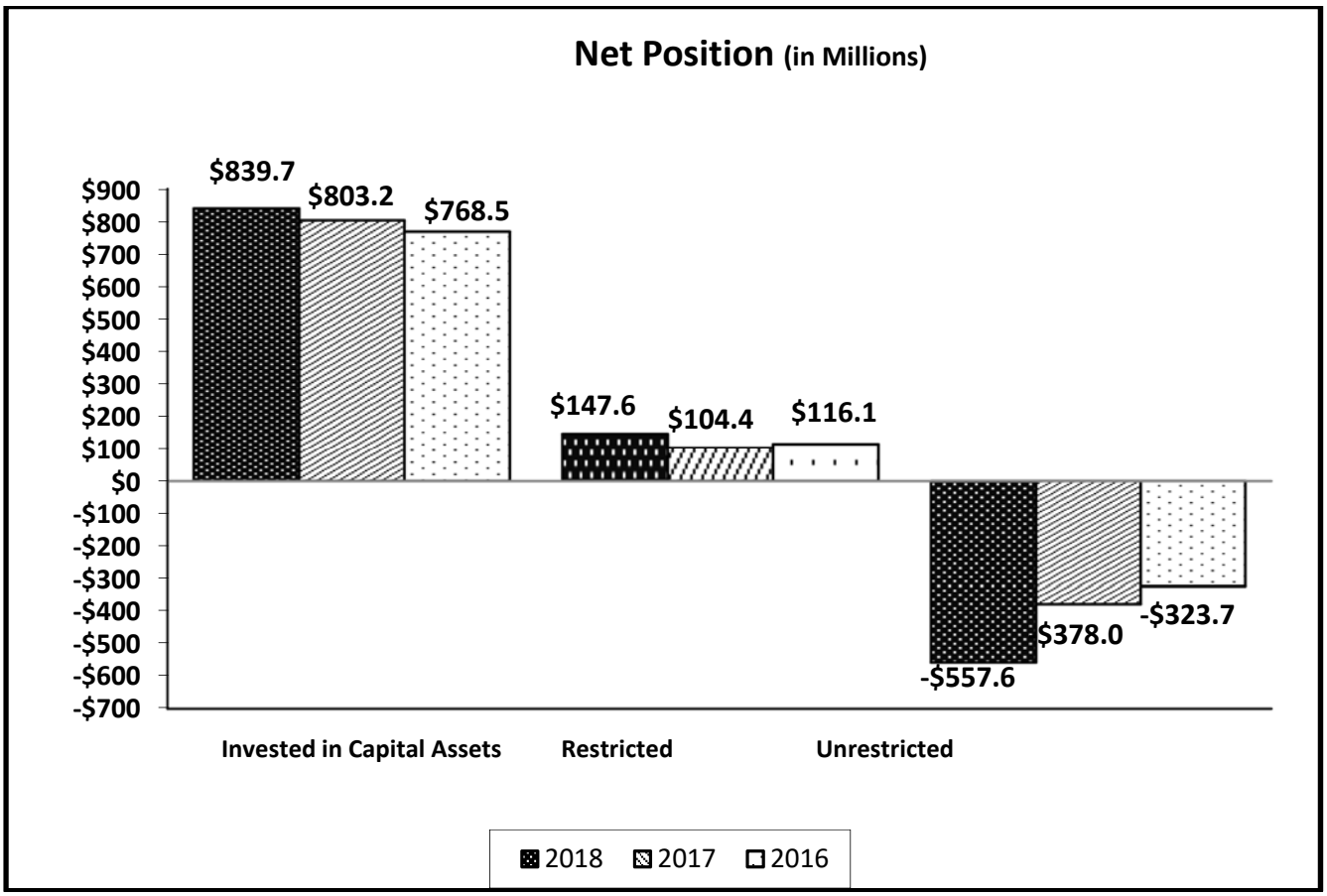
2018

The University's financial position, as a whole, declined during the fiscal year ended June 30, 2018. Net position decreased approximately $100.0 million or 18.9 percent over the previous year. Net investment in capital assets increased $36.5 million and restricted net position increased $43.1 million. Unrestricted net position decreased by $179.6 million. The decrease in unrestricted net position is primarily due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 was adopted during the fiscal year ended June 30, 2018 and resulted in a $158.4 million reduction of the University's net position as of July 1, 2017.

2017

The University's financial position, as a whole, deteriorated during the fiscal year ended June 30, 2017. Net position decreased approximately $31.3 million or 5.6 percent over the previous year. Net investment in capital assets increased $34.7 million. Restricted net position decreased $11.7 million and unrestricted net position decreased by $54.3 million.

The following graph illustrates the comparative change in net position by category for the years ended June 30:



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 as a whole.

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

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report the University's net position and how it has changed. Net position - the difference between combined assets and deferred outflows of resources and combined liabilities and deferred inflows of resources - is one way to measure the University's financial health, or position. Over time, increases or decreases in the University's net position are indicators of whether its financial health is improving. Non-financial factors are also important to consider, including student recruitment, enrollment, and retention and the condition of campus facilities.

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

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, as well as, the University's revenues, expenses and changes in net position for the years ended June 30:

Condensed Statements of Net Position
June 30 (in millions)

	2018	2017	2016
Assets:			
Current Assets	$ 266.2	$ 297.0	$ 306.9
Capital Assets, net	1,857.9	1,819.5	1,680.7
Other Noncurrent Assets	157.9	124.4	262.8
Total Assets	$ 2,282.0	$ 2,240.9	$ 2,250.4
Deferred Outflows of Resources	$ 92.0	$ 151.1	$ 75.9
Liabilities:			
Current Liabilities	$ 221.3	$ 228.8	$ 230.8
Noncurrent Liabilities	1,640.8	1,598.5	1,501.0
Total Liabilities	$ 1,862.1	$ 1,827.3	$ 1,731.8
Deferred Inflows of Resources	$ 82.2	$ 35.0	$ 33.7
Net Position:			
Net Investment in Capital Assets	839.7	803.2	768.5
Restricted	147.6	104.4	116.1
Unrestricted	(557.7)	(378.0)	(323.7)
Total Net Position	$ 429.6	$ 529.6	$ 560.9
Change in Net Position	$ (100.0)	$ (31.3)	

Condensed Statements of Revenues, Expenses, and Changes in Net Position, June 30 (in millions)

	2018	2017	2016
Operating Revenues	$ 680.4	$ 639.7	$ 611.4
Operating Expenses	(977.0)	(963.1)	(923.9)
Operating Loss	(296.6)	(323.4)	(312.5)
Net nonoperating revenues	289.4	245.4	247.7
Other revenues, expenses, gains or losses	65.6	46.8	40.1
Increase (decrease) in Net Position before GASB 75	58.4	(31.2)	(24.7)
Restatement - Implementation of GASB 75	(158.4)	-	-
Change in Net Position	$ (100.0)	$ (31.2)	$ (24.7)

The following summarizes the University's operating revenues for the years ended June 30:

Operating Revenues (in millions)

	2018	2017	2016
Tuition and fees	$ 337.5	$ 313.6	$ 292.1
Grants and contracts	116.1	103.9	100.1
Sales and services of educational activities	12.2	13.4	12.9
Auxiliary enterprises	196.6	189.3	187.1
Other revenues	18.0	19.5	19.2
Total Operating Revenues	$ 680.4	$ 639.7	$ 611.4

Changes in operating revenues included the following:

2018

Tuition and fees revenue increased $23.9 million or 7.6 percent in fiscal year 2018 due to increases in tuition and fees and increased enrollment.

Grants and contracts increased $12.2 million or 11.7 percent over the past year primarily due to a new grant.

Auxiliary enterprises revenue increased $7.3 million or 3.9% primarily due to additional capacity in the residence halls.

2017

Tuition and fees revenue increased $21.5 million or 7.4 percent in fiscal year 2017 due to increases in tuition and fees and increased enrollment.

The following summarizes the University's operating expenses for the years ended June 30:

Operating Expenses (in millions)

	2018	2017	2016
Compensation and benefits	$ 535.4	$ 547.4	$ 513.5
Contractual services	110.7	106.7	97.8
Supplies and materials	50.0	46.3	29.3
Depreciation	72.6	66.2	67.2
Utilities	47.4	45.6	46.9
Communications	7.4	6.8	6.9
Scholarships and fellowships	45.4	40.7	40.0
Other	108.2	103.4	122.3
Total Operating Expenses	$ 977.1	$ 963.1	$ 923.9

Changes in operating expenses were the result of the following:

2018

Total operating expenses increased $14.0 million or 1.5 percent during FY18. Depreciation increased $6.4 million (9.7%) due to new buildings being put into service. Scholarships and fellowships increased $4.7 million (11.5%) due to an increase in refunds to students.

2017

Total operating expenses increased $39.2 million or 4.2 percent during FY17. Compensation and benefits were up $33.9 million due to an increase in pension expense resulting from the reporting requirements of GASB 68 for the Oklahoma Teachers Retirement System (OTRS) pension plan. Contractual services and Supplies and Materials increased while Other decreased due to a refinement in the process of categorizing Other expense.

The following summarizes the University's non-operating revenues and expenses for the years ended June 30:

Non-operating Revenues (Expenses) (in millions)

	2018	2017	2016
State appropriations	$ 112.0	$ 120.4	$ 128.0
On-behalf payments for OTRS	13.0	13.8	15.0
Endowment income	6.0	6.8	6.0
Grants and contracts	80.7	79.6	87.7
Private gifts	110.6	53.7	44.7
Interest on indebtedness	(41.0)	(38.5)	(34.9)
Investment income	8.1	9.6	1.2
Net Non-operating Revenues	$ 289.4	$ 245.4	$ 247.7

Changes in non-operating revenues and expenses were the result of the following:

2018

State appropriations decreased $8.4 million or 7.0 percent due to reduced funding from the State of Oklahoma.

Private gifts increased $56.9 million or 106.0 percent due to gifts to the Athletic Department and the Regents' Fund.

Interest on indebtedness increased $2.5 million or 6.5 percent due to interest on new debt.

2017

State appropriations decreased $7.6 million or 5.9 percent due to reduced funding from the State of Oklahoma.

Grants and contracts decreased $8.1 million or 9.2 percent due to the loss of a major federal grant.

Interest on indebtedness increased $3.6 million or 10.3% due to interest on new debt.

An increase in Private gifts and Investment income offset most of the decreases above.

The following summarizes the University's other revenues, expenses, gains, or losses for the years ended June 30:

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

	2018	2017	2016
Build America Bonds subsidy	$ 0.8	$ 0.8	$ 0.8
Federal grants and contracts for capital purposes	0.2	-	0.7
Private gifts for capital purposes	44.5	26.9	18.8
State school land funds	10.1	9.9	9.2
On-behalf payments for OCIA capital leases	8.2	8.3	8.2
Gain on sale of fixed assets	1.0	-	-
Additions to permanent endowments	0.8	1.0	2.4
Total Other Revenues, Expenses, Gains or (Losses)	$ 65.6	$ 46.9	$ 40.1

Changes in other revenues, expenses, gains, or losses were the result of the following:

2018

Private gifts for capital purposes increased $17.6 million or 65.4 percent as a result of gifts for Physics and Astronomy Facilities, Lloyd Noble Center Performance Center, and Engineering Academic Building.

2017

Private gifts for capital purposes increased $8.1 million or 43.1 percent as a result of 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 a period. This statement 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 following table summarizes the University's cash flows for the years ended June 30:

Condensed Statement of Cash Flows for the Year (in millions)	**2018**	**2017**	**2016**
Cash provided (used) by:			
Operating activities	$ (205.4)	$ (184.2)	$ (225.3)
Noncapital financing activities	309.7	260.0	269.9
Capital and related financing activities	(117.5)	(235.0)	36.6
Investing activities	(20.3)	2.9	18.4
Net Change In Cash	(33.5)	(156.3)	99.6
Cash and equivalents, beginning of the year	240.2	396.5	296.9
Cash and equivalents, end of the year	$ 206.7	$ 240.2	$ 396.5

2018

The University's overall liquidity declined during the year, with a net decrease to cash of $33.5 million. Cash used in operating activities totaled $205.4 million, an increase of $21.2 million over the prior year. The use of cash was due to overall revenues not being sufficient to offset increased compensation and benefits and other operating expenses. Major sources of operating funds were tuition and fees ($340.1 million), grants and contracts ($105.9 million), and auxiliary enterprises ($197.0 million), which were offset by the payment of compensation and benefits ($519.4 million) and other operating expenses ($358.3 million).

Cash flows provided by noncapital financing activities totaled $309.7 million, an increase of $49.7 million over the prior year. Major sources of noncapital financing activities were state appropriations ($112.0 million), grants and contracts ($80.7 million), and private gifts ($110.6 million).

Cash flows used in connection with capital and related financing activities totaled $117.5 million, a decrease of $117.4 million compared to the prior year. This was 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 ($49.9 million) and private gifts ($44.5 million), which were offset by purchases of capital assets ($122.9 million) and principal and interest payments on capital debt and leases ($97.3 million).

Cash flows used in investing activities totaled $20.3 million, a decrease of $23.2 from the prior year. This decrease was primarily the result of an increase in the purchase of investments ($21.3 million).

2017

The University's overall liquidity declined during the year, with a net decrease to cash of $156.3 million. Cash used in operating activities totaled $184.2 million, a decrease of $41.1 million over the prior year. The use of cash was due to overall revenues not being sufficient to offset increased compensation and benefits and other operating expenses. Major sources of operating funds were tuition and fees ($310.9 million), grants and contracts ($103.7 million), and auxiliary enterprises ($192.2 million), which were offset by the payment of compensation and benefits ($507.2 million) and other operating expenses ($316.5 million).

Cash provided by noncapital financing activities during the year was $260.0 million, a decrease of $9.9 million over the prior year. Major sources of noncapital financing activities were state appropriations ($120.4 million), grants and contracts ($79.6 million), and private gifts ($53.4 million).

Cash used in connection with capital and related financing activities totaled $235.0 million, an increase of $271.6 million compared to the prior year. This was 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 ($94.6 million) and private gifts ($26.9 million), which were offset by purchases of capital assets ($217.9 million) and principal and interest payments on capital debt and leases ($145.6 million).

Cash provided by investing activities totaled $2.9 million.

Capital Asset and Debt Administration

The following summarizes the University's Capital Assets at June 30:

Capital Assets, Net, at Year-End (in millions)

	2018	2017	2016
Land and land improvements	$ 48.6	$ 49.7	$ 48.5
Buildings	1,346.8	1,256.7	1,105.6
Construction in progress	83.0	139.3	199.8
Furniture, fixtures, and equipment	229.9	225.1	188.3
Infrastructure	44.7	46.0	38.0
Library books & periodicals	104.9	102.7	100.5
Totals	$ 1,857.9	$ 1,819.5	$ 1,680.7

2018

At June 30, 2018, the University had approximately $1,857.9 million invested in capital assets, net of accumulated depreciation of $957.5 million. Depreciation expense for the current year totaled $72.5 million compared to $66.2 million in the prior year. More detailed information related to the University's capital assets is presented in Note 8 to the financial statements

2017

At June 30, 2017, the University had approximately $1,819.5 million invested in capital assets, net of accumulated depreciation of $917.7 million. Depreciation expense for the current year totaled $66.2 million compared to $67.2 million in the prior year.

Debt

The following summarizes outstanding debt by types as of June 30:

Outstanding Debt, at Year End (in millions)

	2018	2017	2016
General revenue bonds	$ 937.9	$ 943.0	$ 950.6
Lease obligations	44.3	52.6	60.8
Totals	$ 982.2	$ 995.6	$ 1,011.4

2018

At fiscal year-end 2018, the University had approximately $982.2 million in outstanding debt, a decrease of approximately $13.4 million over the prior year.

The University incurred $49.9 million in new debt during fiscal year 2018. Debt repayments of $63.3 million were made during the year. More detailed information related to the University's long-term liabilities is presented in Note 11 to the financial statements.

2017

At fiscal year-end 2017, the University had approximately $995.6 million in outstanding debt, a decrease of approximately $24.3 million over the prior year.

The University incurred $94.6 million in new debt during fiscal year 2017. Debt repayments of $110.4 million were made during the year.

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. Enrollment continues to grow 1-2% annually and retention rates reached record levels last year.

	2018	2017
	($ in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 101,451	$ 105,155
Restricted cash and cash equivalents	89,109	122,804
Accrued interest receivable	201	229
Accounts receivable, net of allowance for doubtful accounts	66,648	58,825
Inventories and supplies, at cost	3,442	4,407
Loans to students, net of allowance for uncollectible loans	1,964	2,183
Deposits and prepaid expenses	3,347	3,399
TOTAL CURRENT ASSETS	266,162	297,002
NONCURRENT ASSETS		
Restricted cash and cash equivalents	16,108	12,205
Endowment investments	63,916	59,430
Other long-term investments	58,788	34,838
Investments in real estate	220	220
Net other postemployment benefits asset	2,070	-
Loans to students, net	16,574	17,301
Deposits and prepaid expenses	300	400
Capital assets, net of accumulated depreciation	1,857,904	1,819,468
TOTAL NONCURRENT ASSETS	2,015,880	1,943,862
TOTAL ASSETS	2,282,042	2,240,864
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on OCIA lease restructure	-	321
Deferred charge on advance refunding of bonds	7,349	2,651
Deferred charge on defeasance of bonds	1,324	5,575
Deferred contributions on pension plans and OPEB	83,348	142,570
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,021	151,117

	2018	2017
	($ in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 61,391	$ 66,298
Utilities management agreement, current portion	4,720	4,720
Other postemployment benefits, current portion	-	6,035
Accrued compensated absences	31,269	30,106
Unearned revenues	70,971	68,554
Unearned revenues - long-term contracts, current portion	132	319
Accrued interest payable	19,305	19,427
Capital leases and revenue bonds payable--current portion	33,145	32,423
Deposits held in custody for others	418	939
TOTAL CURRENT LIABILITIES	221,351	228,821
NONCURRENT LIABILITIES, net of current portion		
Utilities management agreement	75,960	80,680
Other postemployment benefits	270,950	112,704
Net pension liability	313,749	411,706
Retirement plan liability	11,392	10,588
Accrued compensated absences	5,518	5,313
Unearned revenues - long-term contracts	-	132
Federal loan program contributions refundable	14,210	14,243
Capital lease obligations	42,726	44,315
Revenue bonds payable	906,339	918,829
TOTAL LIABILITIES	1,862,195	1,827,331
DEFERRED INFLOWS OF RESOURCES		
Deferred credit on OCIA lease restructure	2,912	3,188
Deferred credit related to OPEB	11,360	-
Deferred credit on pension plan	48,450	11,932
Deferred credit on ground lease	19,493	19,884
TOTAL DEFERRED INFLOWS OF RESOURCES	82,215	35,004
NET POSITION		
Net investment in capital assets	839,730	803,257
Restricted for:		
Nonexpendable	44,824	33,993
Expendable:		
Educational, general and auxiliary operations	16,806	22,249
Capital projects	31,225	14,596
Debt service	29,667	23,015
Athletics	25,042	10,581
Unrestricted	(557,642)	(378,045)
TOTAL NET POSITION	$ 429,652	$ 529,646

	2018	2017
	($ in thousands)	
OPERATING REVENUES		
Student tuition & fees (net of scholarship allowances of $107,697 and $94,862 for 2018 and 2017, respectively)	$ 337,476	$ 313,571
Federal grants and contracts	80,625	65,885
State grants and contracts	12,195	12,832
Private grants and contracts	23,234	25,190
Interest on student loans receivable	420	399
Sales and services of educational activities	12,250	13,418
Housing and Food Service revenues	67,029	61,606
Athletic revenues (net of scholarship allowances of $10,878 and $10,097 for 2018 and 2017, respectively)	94,900	95,161
Sales and services of auxiliary enterprises--other	34,712	32,495
Other revenues	17,599	19,121
TOTAL OPERATING REVENUES	680,440	639,678
OPERATING EXPENSES		
Compensation and benefits	535,410	547,350
Contractual services	110,697	106,747
Supplies and materials	50,022	46,264
Depreciation	72,513	66,238
Utilities	47,424	45,626
Communications	7,351	6,794
Scholarships and fellowships	45,444	40,664
Other	108,219	103,464
TOTAL OPERATING EXPENSES	977,080	963,147
OPERATING LOSS	(296,640)	(323,469)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	112,046	120,427
On-behalf payments for OTRS	12,946	13,808
Federal grants and contracts	29,206	26,677
State grants and contracts	47,983	48,627
Private grants and contracts	3,539	4,249
Private gifts	110,622	53,731
Interest on indebtedness	(41,025)	(38,484)
Investment income	8,080	9,589
Endowment income	6,010	6,754
NET NONOPERATING REVENUES	289,407	245,378
LOSS BEFORE OTHER REVENUES (EXPENSES), GAINS OR (LOSSES)	(7,233)	(78,091)
OTHER REVENUES, EXPENSES, GAINS OR LOSSES		
Federal grants and contracts for capital purposes	215	4
Build America Bonds Subsidy	774	789
Private gifts for capital assets	44,508	26,876
State school land funds	10,167	9,924
On-behalf payments for OCIA capital leases	8,214	8,270
Gain on sale of fixed assets	996	47
Additions to permanent endowments	743	967
CHANGE IN NET POSITION	58,384	(31,214)
NET POSITION AT BEGINNING OF YEAR	529,646	560,860
Restatement - Adoption of GASB 75	(158,378)	-
Net Position, Beginning of Year, *Restated* (See Note 14)	371,268	560,860
NET POSITION AT END OF YEAR	$ 429,652	$ 529,646

	2018	2017
	($ in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	$ 340,073	$ 310,885
Sales and services of educational activities	12,143	14,417
Sales and services of auxiliary enterprises	33,325	34,014
Housing and Food Service revenues	66,952	61,218
Athletic revenues	96,719	96,929
Federal grants and contracts	71,684	65,760
State grants and contracts	12,566	12,135
Private grants and contracts	21,696	25,854
Interest on loans receivable	420	399
Other additions	16,975	17,919
Loans issued to students	(2,730)	(2,871)
Collection of loans	2,432	2,783
Compensation & benefits	(519,364)	(507,164)
Other operating expenses	(358,293)	(316,526)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(205,402)	(184,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	112,045	120,426
Federal grants and contracts	29,206	26,677
State grants and contracts	47,983	48,627
Private grants and contracts	3,539	4,249
Net (decrease) increase in Federal loan program contributions refundable	(33)	(108)
Endowment income	6,394	6,743
Private gifts	110,634	53,383
Federal Family Education loan receipts	127,067	117,190
Federal Family Education loan disbursements	(127,067)	(117,190)
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	309,768	259,997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to permanent endowment	743	967
Proceeds from revenue bonds and capital leases	49,928	94,617
Payments under utilities management agreement	(4,720)	(4,720)
Federal grants and contracts for capital purposes	215	4
Private gifts for capital assets	44,508	26,876
Proceeds from sale of capital assets	996	-
State school land funds	10,167	9,924
Build America Bonds Subsidy	774	789
Purchases of capital assets	(122,885)	(217,852)
Principal paid on capital debt and leases	(30,930)	(29,979)
Refunded or defeased capital debt	(31,230)	(76,390)
Interest paid on capital debt and leases	(35,115)	(39,198)
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(117,549)	(234,962)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	5,130	7,453
Proceeds from sales and maturities of investments	2,631	2,273
Purchase of investments	(28,074)	(6,819)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(20,313)	2,907
NET CHANGE IN CASH AND CASH EQUIVALENTS	(33,496)	(156,306)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	240,164	396,470
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 206,668	$ 240,164

	2018	2017
	($ in thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (296,640)	$ (323,422)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	72,513	66,238
Gain (Loss) on disposal of assets	1,349	10,288
OTRS On-behalf contributions	12,946	13,808
Change in operating assets and liabilities:		
Accounts receivable	(8,219)	973
Inventory	965	(50)
Student loans receivable	945	(131)
Deposits and prepaid expenses	152	(610)
Deferred outflows of resources	59,220	(74,294)
Accounts payable, accrued expenses, and other liabilities	7,125	8,305
Other postemployment benefits	(8,237)	7,708
Unearned revenue	2,098	(1,791)
Compensated absences	1,369	(1,052)
Deposits held in custody for others	(520)	317
Net pension liability	(97,956)	107,930
Deferred inflows of resources	47,488	1,534
NET CASH USED IN OPERATING ACTIVITIES	$ (205,402)	$ (184,248)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Net capitalized interest	$ 640	$ 3,311
Principal on capital debt paid by State Agency on behalf of the University	5,987	5,792
Interest on capital debt paid by State Agency on behalf of the University	2,227	2,479
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Current assets:		
Cash and cash equivalents	$ 101,451	$ 105,155
Restricted cash and cash equivalents	89,109	122,804
Noncurrent assets:		
Restricted cash and cash equivalents	16,108	12,205
	$ 206,668	$ 240,164

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 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.

Although the University is a beneficiary of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary or affiliate of the University and is not directly or indirectly controlled by the University or the Board of Regents. Assets that the University places with the Foundation for investment, together with investment income, are held, administered and distributed to the University under the direction and supervision of the Foundation based upon the University's policies and instructions. With the exception of assets that the University and others have placed with the Foundation for investment (and the investment income from such assets), the assets of the Foundation are the exclusive property of the Foundation and do not belong to the University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. Neither the Norman Campus nor the Board of Regents has the power or authority to mortgage, pledge or encumber the assets of the Foundation. The trustees of the Foundation are entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University. Under state law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of state-appropriated funds allocated to the University.

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

Reporting Entity – Continued: Third parties dealing with the University, Board of Regents, the Oklahoma State Regents for Higher Education and the State of Oklahoma (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all of the foregoing conditions and limitations.

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.

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.

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

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.

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

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The University capitalizes interest as a component of capital assets constructed for its own use. In 2018, total interest incurred was $41,665 of which $640 was capitalized. In 2017, total interest incurred was $41,795, of which $3,311 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 2018 impairment losses totaled $766, and for 2017 they totaled $20.

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.

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

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.

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) other post-employment benefits liability (6) federal loan program contributions refundable related to Perkins student loans, and (7) 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.

Other Post-Employment Benefits (OPEB): Other Post-Employment Benefits (OPEB): For purposes of measuring the cost-sharing employer plan's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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.

For purposes of measuring the single employer plan total OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University uses an independent actuarial valuation based on the University's year-end. Benefit payments are made on a pay-as-you go basis as there are no assets accumulated in a trust for purposes of this plan.

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.

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

Net Position--Continued:

Restricted net position - expendable - The restricted expendable component of net position includes resources which the University is legally or contractually obligated to spend 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.

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.

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

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2018 and 2017, 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 and OPEB.

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, 2018 and 2017, the University's deferred inflows of resources were comprised of a deferred credit related to a lease restructuring, a deferred credit for a ground lease and deferred inflows related to pensions and OPEB.

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 2017 financial statements to conform with the 2018 financial statement presentation. Such reclassifications have had no effect on changes in net position as previously reported.

New Accounting Pronouncements Adopted in Fiscal Year 2018: The University adopted new accounting pronouncements during the year ended June 30, 2018 as follows:

- 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 GASB No. 75 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB No. 75 resulted in a net decrease in net position of $158,378 as of July 1, 2017.

- Statement No. 85, *Omnibus 2017*
  GASB No. 85 was issued in March 2017 and addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The provisions of GASB No. 85 are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged. The adoption of GASB No. 85 did not have a significant impact on the University's financial statements.

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

New Accounting Pronouncements Adopted in Fiscal Year 2018 – Continued:

- Statement No. 86, *Certain Debt Extinguishment Issues*
  GASB No. 86 was issued in May 2017 and provides guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also includes guidance related to prepaid insurance on debt that is extinguished and on notes to the financial statements for debt that is defeased in substance. The provisions of GASB No. 86 are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged. The adoption of GASB No. 86 did not have a significant impact on the University's financial statements.

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 2019 or after. A description of the new accounting pronouncements and the University's consideration of the impact of these pronouncements are described below:

- Statement No. 84, *Fiduciary Activities*
  GASB No. 84 was issued in January 2017 and establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The provisions of GASB No. 84 are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

- Statement No. 87, *Leases*
  GASB No. 87 was issued in June 2017. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of GASB No. 87 are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
  GASB No. 88 was issued in March 2018. It defines debt for purposes of disclosure in notes to the financial statements and requires that additional essential information related to debt be disclosed in notes to financial statements. It also requires that existing and additional information be provide for direct borrowings and direct placements of debt separately from other debt.

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

New Accounting Pronouncements Issued Not Yet Adopted – Continued:

The provisions of GASB No. 88 are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
  GASB No. 89 was issued in June 2018 and establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resource measurement focus. The provisions of GASB No. 89 are effective for reporting periods beginning after December 15, 2019, with earlier application 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.

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 participate in investments, either directly or indirectly, in securities issued by the U.S. Treasury and/or agency and repurchase agreements relating to such securities; (d) investments related to tri-party repurchase agreements which are collateralized at 102% 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.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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, 2018 and 2017, the carrying amounts of the University's deposits with the State Treasurer and other financial institutions were $206,668 and $240,164, respectively. These amounts consisted of deposits with the OST ($157,322 and $197,159), U.S. and foreign financial institutions ($253 and $441), deposits with trustees ($48,971 and $42,442), and petty cash and change funds ($122 and $122).

Of funds on deposit with the OST, amounts invested in OK INVEST total $95,478 in 2018 and $133,750 in 2017. 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.

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.ok.gov/treasurer/. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. OK INVEST includes 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.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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, 2018 and 2017 are as follows:

OK INVEST Portfolio	2018	2017
U.S. agency securities	45.4%	42.0%
Money market mutual funds	9.8%	10.3%
Certificates of deposit	3.8%	4.5%
Mortgage backed agency securities	39.5%	40.0%
Municipal bonds	0.6%	1.6%
Foreign bonds	0.4%	1.0%
U.S. Treasury obligations	0.5%	0.6%
	100.0%	100.0%

As of June 30, 2018 and 2017, the University held approximately 1.7% and 2.6% of the OK INVEST fund. The market value of OK INVEST as of June 30, 2018 and 2017 was $5,516,945 and $5,222,328, respectively, and the amortized cost was $5,530,864 and $5,218,812.

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 broad 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.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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.

Investments measured at fair value as of June 30, 2018 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	$ 388	$ 388	$ -	$ -
InvesTrust retirement plan investments	11,526	11,526	-	-
Mineral interests	212	-	-	212
Real property	8	-	-	8
Total investments by fair value level	12,134	11,914	-	220
Investments measured at net asset value				
CIF - OU Foundation	65,584			
EIP II - OU Foundation	45,206			
Total investments at net asset value	110,790			
Total investments measured at fair value	$ 122,924			

NOTE 2--DEPOSITS AND INVESTMENTS—Continued

Investments measured at fair value as of June 30, 2017 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	$ 635	$ 635	$ -	$ -
InvesTrust retirement plan investments	10,782	10,782	-	-
Mineral interests	212	-	-	212
Real property	8	-	-	8
Total investments by fair value level	11,637	11,417	-	220
Investments measured at net asset value				
CIF - OU Foundation	61,245			
EIP II - OU Foundation	21,606			
Total investments at net asset value	82,851			
Total investments measured at fair value	$ 94,488			

Fidelity revenue sharing investments (Level 1): These investments include bonds, stable value investments and 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 are:

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 5.1% and 5.2% of the fund as of June 30, 2018 and 2017.

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 76.8% and 16.0% of the fund as of June 30, 2018 and 2017.

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, 2018 totaled $1,299,811. Unfunded commitments within this fund totaled $202,571. 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 $206,135.

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:

	2018	2017
Endowment investments	$ 63,916	$ 59,430
Other long-term investments	58,788	34,838
Investments in real estate and mineral interests	220	220
	$ 122,924	$ 94,488

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:

	2018	2017
Student tuition and fees	$ 56,506	$ 48,372
Federal, state and private grants and contracts	35,534	28,437
Contributions and gifts	5,461	5,845
Auxiliary enterprises and other operating activities	6,112	8,020
	103,613	90,674
Less allowance for doubtful accounts	(36,965)	(31,849)
Net accounts receivable	$ 66,648	$ 58,825

Included in the amounts above is approximately $12,537 at June 30, 2018, and $7,336 at June 30, 2017, which is due from the U.S. government.

NOTE 4--INVENTORIES

Inventories consisted of the following at June 30:

	2018	2017
University Press	$ 791	$ 875
Other Auxiliaries	900	835
University Printing Services	268	482
Facilities Management	269	256
College of Continuing Education operations	115	120
Museum retail operations	350	336
IT Store	719	1,431
Other	30	72
	$ 3,442	$ 4,407

NOTE 5--LOANS TO STUDENTS

Net student loans made under the Federal Perkins Loan Program (the "Program") comprised approximately 84.2% of the June 30, 2018 loan balance and 79.2% of the June 30, 2017 loan balance. Under certain conditions such loans can be forgiven at annual rates of 10.0% to 30.0% of the original balance up to maximums of 50.0% to 100.0% of the original loan. The federal government reimburses the University to the extent of 10.0% 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 $14,210 and $14,243 at June 30, 2018 and 2017, 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, 2018 and 2017, the allowance for uncollectible loans, including loans made under the program, was approximately $626 and $939, 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 $10,167 and $9,924 during the years ended June 30, 2018, and 2017, respectively, which is restricted to acquisition of buildings, equipment, or other capital items. During 2018 and 2017, respectively, the University distributed $3,541 and $4,611 of these funds to the Health Sciences Center. Current 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 $177,930 ($182,347 restricted corpus) and $181,975 ($176,027 restricted corpus) at June 30, 2018 and 2017, 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 $116,932 and $108,614 at June 30, 2018 and 2017, 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 $5,461 and $5,845 as of June 30, 2018 and 2017, respectively, have been reflected in the statements of net position as accounts receivable. Institutional matching funds are on deposit with the Foundation for the benefit of the University.

NOTE 7—THE UNIVERSITY OF OKLAHOMA FOUNDATION, INC.

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. The Foundation expended on behalf of the Norman Campus and Health Sciences Center approximately $199,826 (unaudited) in 2018 and $129,707 (audited) in 2017 for facilities and equipment, salary supplements, general educational assistance, faculty awards and scholarships, of which approximately $150,472 in 2018 and $75,720 in 2017 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:

	2018				
	Beginning Balance	Additions	Transfers	Deductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 45,413	$ -	$ -	$ (614)	$ 44,799
Construction in progress	139,308	72,720	(129,068)	-	82,960
Total capital assets not being depreciated	184,721	72,720	(129,068)	(614)	127,759
Capital assets being depreciated:					
Buildings	1,696,949	644	122,099	-	1,819,692
Equipment	237,346	16,894	4,563	(6,209)	252,594
Nonstructural improvements	203,459	8,906	2,050	-	214,415
Land improvements	33,228	76	-	-	33,304
Software	64,043	63	22	(27,267)	36,861
Infrastructure	93,125	2,214	334	-	95,673
Library books	224,330	10,780	-	-	235,110
Total capital assets being depreciated	2,552,480	39,577	129,068	(33,476)	2,687,649
Less accumulated depreciation for:					
Buildings	440,327	32,588	-	-	472,915
Equipment	167,431	16,335	-	(5,626)	178,140
Nonstructural improvements	49,137	10,318	-	-	59,455
Land improvements	28,960	525	-	-	29,485
Software	63,105	389	-	(27,116)	36,378
Infrastructure	47,142	3,806	-	-	50,948
Library books	121,631	8,552	-	-	130,183
Total accumulated depreciation	917,733	72,513	-	(32,742)	957,504
Total capital assets being depreciated, net	1,634,747	(32,936)	129,068	(734)	1,730,145
Capital assets, net	$ 1,819,468	$ 39,784	$ -	$ (1,348)	$ 1,857,904

NOTE 8--CAPITAL ASSETS--Continued

	2017				
	Beginning Balance	Additions	Transfers	Deductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 43,711	$ 1,702	$ -	$ -	$ 45,413
Construction in progress	199,827	165,096	(225,615)	-	139,308
Total capital assets not being depreciated	243,538	166,798	(225,615)	-	184,721
Capital assets being depreciated:					
Buildings	1,522,936	1,155	187,457	(14,599)	1,696,949
Equipment	227,185	17,556	596	(7,991)	237,346
Nonstructural improvements	158,137	15,448	29,874	-	203,459
Land improvements	33,228	-	-	-	33,228
Software	63,879	164	-	-	64,043
Infrastructure	81,696	3,741	7,688	-	93,125
Library books	213,913	10,417	-	-	224,330
Total capital assets being depreciated	2,300,974	48,481	225,615	(22,590)	2,552,480
Less accumulated depreciation for:					
Buildings	417,347	29,180	-	(6,200)	440,327
Equipment	158,016	15,517	-	(6,102)	167,431
Nonstructural improvements	40,375	8,762	-	-	49,137
Land improvements	28,418	542	-	-	28,960
Software	62,482	623	-	-	63,105
Infrastructure	43,736	3,406	-	-	47,142
Library books	113,423	8,208	-	-	121,631
Total accumulated depreciation	863,797	66,238	-	(12,302)	917,733
Total capital assets being depreciated, net	1,437,177	(17,757)	225,615	(10,288)	1,634,747
Capital assets, net	$ 1,680,715	$ 149,041	$ -	$ (10,288)	$ 1,819,468

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:

	2018	2017
Accounts payable	$ 43,866	$ 49,046
Accrued payroll	9,641	10,059
Self insurance reserves	7,884	7,193
	$ 61,391	$ 66,298

NOTE 10--UNEARNED REVENUES

Unearned revenues consist of the following at June 30:

	2018	2017
Prepaid tuition and student fees	$ 19,132	$ 14,401
Prepaid athletic ticket sales	30,298	28,386
Auxiliary enterprises and other activities	11,779	12,945
Grants and contracts	9,762	12,822
Long-term contracts	132	451
	$ 71,103	$ 69,005

NOTE 11--LONG-TERM LIABILITIES

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

				2018				
	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:		(percentages)						
General Revenue Bonds, Series 2007C	2008	4.50-5.50	07/01/2037	$ 824	$ -	$ (824)	$ -	$ -
General Revenue Bonds, Series 2007D	2008	4.15-5.90	07/01/2024	421	-	(421)	-	-
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	32,735	-	(31,970)	765	765
General Revenue Bonds, Series 2010B	2010	3.72-6.27	07/01/2039	41,365	-	(1,245)	40,120	1,270
General Revenue Bonds, Series 2011A	2011	.70-5.00	07/01/2035	7,310	-	(250)	7,060	260
General Revenue Bonds, Series 2011B	2011	.75-6.39	07/01/2040	31,935	-	(650)	31,285	670
General Revenue Bonds, Series 2011C	2011	2.00-4.75	07/01/2036	9,690	-	(335)	9,355	345
General Revenue Bonds, Series 2011D	2011	.810-5.634	07/01/2041	56,960	-	(1,220)	55,740	1,260
General Rev. Refunding, Series 2011E	2012	.400-5.00	07/01/2026	14,950	-	(1,290)	13,660	1,315
General Revenue Bonds, Series 2012A	2012	2.00-5.00	07/01/2041	65,655	-	(1,590)	64,065	1,630
General Rev. Refunding, Series 2012D	2013	.396-3.123	07/01/2027	20,290	-	(1,645)	18,645	1,670
General Revenue Bonds, Series 2013A	2013	2.00-3.375	07/01/2042	10,625	-	(295)	10,330	300
General Revenue Bonds, Series 2013B	2013	.520-4.29	07/01/2042	46,560	-	(1,205)	45,355	1,220
General Rev. Refunding, Series 2013D	2014	.540-5.115	07/01/2034	14,370	-	(965)	13,405	980
General Revenue Bonds, Series 2014A	2014	2.00-4.50	07/01/2043	11,875	-	(265)	11,610	270
General Revenue Bonds, Series 2014B	2014	.583-5.173	07/01/2043	11,515	-	(235)	11,280	240
General Rev. Refunding, Series 2014C	2014	1.00-5.00	07/01/2034	79,625	-	(3,540)	76,085	3,680
General Revenue Bonds, Series 2015A	2015	3.00-5.00	07/01/2044	29,015	-	(555)	28,460	570
General Revenue Bonds, Series 2015B	2015	.680-2.68	07/01/2024	4,735	-	(340)	4,395	345
General Rev. Refunding, Series 2015C	2016	3.00-5.00	07/01/2045	213,705	-	-	213,705	-
General Revenue Bonds, Series 2015D	2016	1.561-3.372	07/01/2025	42,055	-	-	42,055	5,375
General Revenue Bonds, Series 2016A	2016	2.00-5.00	07/01/2031	74,270	-	(3,455)	70,815	4,355
General Revenue Bonds, Series 2016B	2017	2.00-5.00	07/01/2046	65,970	-	-	65,970	-
General Revenue Bonds, Series 2016C	2017	1.00-3.375	07/01/2032	21,910	-	(1,350)	20,560	3,015
General Revenue Bonds, Series 2017A	2018	3.00-5.00	07/01/2047	-	14,360	-	14,360	-
General Revenue Bonds, Series 2017B	2018	1.85-3.00	07/01/2025	-	2,555	-	2,555	-
General Rev. Refunding, Series 2017C	2018	2.00-4.00	07/01/2034	-	28,465	-	28,465	-
Subtotal revenue bonds payable				908,365	45,380	(53,645)	900,100	29,535
Premium/(Discount)				34,609	4,548	(1,362)	37,795	2,021
Total revenue bonds payable				942,974	49,928	(55,007)	937,895	31,556

NOTE 11--LONG-TERM LIABILITIES—Continued

Bonds and capital leases--Continued:	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
OCIA 2010A capital lease payable	$ 5,005	$ -	$ (5,005)	$ -	$ -
OCIA 2014A capital lease payable	25,720	-	(57)	25,663	31
OCIA 2014B capital lease payable	654	-	(321)	333	334
OCIA 2014C capital lease payable	17,202	-	(604)	16,598	731
ODFA master leases payable	3,935	-	(2,236)	1,699	467
Subtotal capital leases payable	52,516	-	(8,223)	44,293	1,563
Premium/(Discount)	77	-	(55)	22	26
Total capital leases payable	52,593	-	(8,278)	44,315	1,589
Total bonds and capital leases	995,567	49,928	(63,285)	982,210	33,145
Other noncurrent liabilities					
Utilities management agreement	85,400	-	(4,720)	80,680	4,720
Other postemployment benefits	118,739	270,950	(118,739)	270,950	-
Accrued compensated absences	35,419	30,596	(29,228)	36,787	31,269
Federal loan program contributions refundable (see also Note 5)	14,243	-	(33)	14,210	-
Net pension liability	411,706	-	(97,957)	313,749	-
Retirement plan liability	10,588	804	-	11,392	-
Unearned revenue (long-term contracts)	451	-	(319)	132	132
Deposits held in custody for others	939	-	(521)	418	418
Total other noncurrent liabilities	677,485	302,350	(251,517)	728,318	36,539
Total noncurrent liabilities	$ 1,673,052	$ 352,278	$ (314,802)	$ 1,710,528	$ 69,684

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:

				2017				
	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:		(percentages)						
General Rev. Refunding, Series 2006A	2006	4.00-5.00	07/01/2031	$ 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	5,795	-	(5,795)	-	-
General Revenue Bonds, Series 2007C	2008	4.50-5.50	07/01/2037	34,625	-	(33,801)	824	824
General Revenue Bonds, Series 2007D	2008	4.15-5.90	07/01/2024	12,550	-	(12,129)	421	421
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	33,455	-	(720)	32,735	740
General Revenue Bonds, Series 2010B	2010	3.72-6.27	07/01/2039	42,575	-	(1,210)	41,365	1,245
General Revenue Bonds, Series 2011A	2011	.70-5.00	07/01/2035	7,550	-	(240)	7,310	250
General Revenue Bonds, Series 2011B	2011	.75-6.39	07/01/2040	32,565	-	(630)	31,935	650
General Revenue Bonds, Series 2011C	2011	2.00-4.75	07/01/2036	10,020	-	(330)	9,690	335
General Revenue Bonds, Series 2011D	2011	.810-5.634	07/01/2041	58,145	-	(1,185)	56,960	1,220
General Rev. Refunding, Series 2011E	2012	.400-5.00	07/01/2026	15,795	-	(845)	14,950	1,290
General Rev. Refunding, Series 2011F	2012	.630-1.960	07/01/2016	390	-	(390)	-	-
General Revenue Bonds, Series 2012A	2012	2.00-5.00	07/01/2041	65,655	-	-	65,655	1,590
General Revenue Bonds, Series 2012B	2012	.950-1.450	07/01/2016	1,875	-	(1,875)	-	-
General Rev. Refunding, Series 2012D	2013	.396-3.123	07/01/2027	21,920	-	(1,630)	20,290	1,645
General Revenue Bonds, Series 2013A	2013	2.00-3.375	07/01/2042	10,915	-	(290)	10,625	295
General Revenue Bonds, Series 2013B	2013	.520-4.29	07/01/2042	47,755	-	(1,195)	46,560	1,205
General Rev. Refunding, Series 2013C	2014	2.00-3.00	07/01/2016	2,060	-	(2,060)	-	-
General Rev. Refunding, Series 2013D	2014	.540-5.115	07/01/2034	15,320	-	(950)	14,370	965
General Revenue Bonds, Series 2014A	2014	2.00-4.50	07/01/2043	12,130	-	(255)	11,875	265
General Revenue Bonds, Series 2014B	2014	.583-5.173	07/01/2043	11,750	-	(235)	11,515	235
General Rev. Refunding, Series 2014C	2014	1.00-5.00	07/01/2034	83,075	-	(3,450)	79,625	3,540
General Revenue Bonds, Series 2015A	2015	3.00-5.00	07/01/2044	29,550	-	(535)	29,015	555
General Revenue Bonds, Series 2015B	2015	.680-2.68	07/01/2024	5,075	-	(340)	4,735	340
General Rev. Refunding, Series 2015C	2016	3.00-5.00	07/01/2045	213,705	-	-	213,705	-
General Revenue Bonds, Series 2015D	2016	1.561-3.372	07/01/2025	42,055	-	-	42,055	-
General Revenue Bonds, Series 2016A	2016	2.00-5.00	07/01/2031	75,080	-	(810)	74,270	3,455
General Revenue Bonds, Series 2016B	2017	2.00-5.00	07/01/2046	-	65,970	-	65,970	-
General Revenue Bonds, Series 2016C	2017	1.00-3.375	07/01/2032	-	21,910	-	21,910	1,350
Subtotal revenue bonds payable				921,780	87,880	(101,295)	908,365	22,415
Premium/(Discount)				28,801	6,737	(929)	34,609	1,730
Total revenue bonds payable				950,581	94,617	(102,224)	942,974	24,145

NOTE 11--LONG-TERM LIABILITIES--Continued

Bonds and capital leases--Continued:	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
OCIA 2010A capital lease payable	$ 9,902	$ -	$ (4,897)	$ 5,005	$ 5,005
OCIA 2014A capital lease payable	25,720	-	-	25,720	57
OCIA 2014B capital lease payable	963	-	(309)	654	321
OCIA 2014C capital lease payable	17,789	-	(587)	17,202	604
ODFA master leases payable	6,289	-	(2,354)	3,935	2,236
Subtotal capital leases payable	60,663	-	(8,147)	52,516	8,223
Premium/(Discount)	139	-	(62)	77	55
Total capital leases payable	60,802	-	(8,209)	52,593	8,278
Total bonds and capital leases	1,011,383	94,617	(110,433)	995,567	32,423
Other noncurrent liabilities					
Utilities management agreement	90,120	-	(4,720)	85,400	4,720
Other postemployment benefits	111,031	-	7,708	118,739	6,035
Accrued compensated absences	36,471	28,252	(29,304)	35,419	30,106
Federal loan program contributions refundable (see also Note 5)	14,351	-	(108)	14,243	-
Net pension liability	303,775	107,931	-	411,706	-
Retirement plan liability	10,039	549	-	10,588	-
Unearned revenue (long-term contracts)	1,815	-	(1,364)	451	319
Deposits held in custody for others	621	-	318	939	939
Total other noncurrent liabilities	568,223	136,732	(27,470)	677,485	42,119
Total noncurrent liabilities	$ 1,579,606	$ 231,349	$ (137,903)	$ 1,673,052	$ 74,542

NOTE 11--LONG-TERM LIABILITIES--Continued

Maturities of principal and interest requirements on revenue bonds and capital leases are as follows at June 30, 2018:

	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	Total
General Revenue Bonds, Series 2009A	$ 765	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 765
General Revenue Bonds, Series 2010B	3,582	3,562	3,538	3,509	3,481	16,887	15,838	13,820	4,948	-	69,165
General Revenue Bonds, Series 2011A	585	584	584	586	583	2,914	2,892	1,730	-	-	10,458
General Revenue Bonds, Series 2011B	2,558	2,558	2,555	2,551	2,549	12,722	12,655	12,579	7,498	-	58,225
General Revenue Bonds, Series 2011C	724	724	724	727	724	3,596	3,562	2,820	-	-	13,601
General Revenue Bonds, Series 2011D	4,201	4,196	4,191	4,187	4,172	20,793	20,614	20,414	16,146	-	98,914
General Rev. Refunding, Series 2011E	1,739	1,739	1,728	1,711	1,726	7,008	-	-	-	-	15,651
General Revenue Bonds, Series 2012A	4,299	4,277	4,278	4,275	4,273	21,269	21,141	21,029	16,680	-	101,521
General Rev. Refunding, Series 2012D	2,129	2,128	2,124	2,121	2,123	10,570	-	-	-	-	21,195
General Revenue Bonds, Series 2013A	586	589	588	586	590	2,933	2,923	2,914	2,910	-	14,619
General Revenue Bonds, Series 2013B	2,861	2,860	2,860	2,856	2,854	14,255	14,185	14,139	14,071	-	70,941
General Rev. Refunding, Series 2013D	1,486	1,482	1,480	1,479	1,473	6,341	2,477	974	-		17,192
General Revenue Bonds, Series 2014A	728	730	731	727	725	3,636	3,618	3,609	3,594	715	18,813
General Revenue Bonds, Series 2014B	771	769	771	772	772	3,840	3,831	3,807	3,787	755	19,875
General Rev. Refunding, Series 2014C	6,914	6,938	6,903	6,905	6,880	34,337	25,438	9,260	-	-	103,575
General Revenue Bonds, Series 2015A	1,864	1,867	1,863	1,258	1,258	9,004	10,038	10,014	9,955	3,969	51,090
General Rev. Refunding, Series 2015B	442	441	438	1,050	1,050	1,348	-	-	-	-	4,769
General Rev. Refunding, Series 2015C	9,098	9,099	9,099	9,099	9,099	62,822	76,877	76,453	76,393	45,734	383,773
General Rev. Refunding, Series 2015D	6,400	6,386	6,374	6,361	6,351	14,300	-	-	-	-	46,172
General Rev. Refunding, Series 2016A	7,318	7,307	7,299	7,258	7,252	34,781	19,769	-	-	-	90,984
General Rev. & Refunding, Series 2016B	2,684	2,684	2,684	3,282	3,812	24,954	27,447	27,775	4,089	3,262	102,673
General Rev. & Refunding, Series 2016C	3,414	3,404	3,390	2,705	2,214	5,108	2,513	-	-	-	22,748
General Rev. Refunding, Series 2017A	522	522	522	522	522	3,517	4,626	4,635	4,622	4,593	24,603
General Rev. & Refunding, Series 2017B	62	411	409	410	411	1,120	-	-	-	-	2,823
General Rev. & Refunding, Series 2017C	1,262	1,914	1,904	1,900	2,242	14,111	12,761	4,750	-	-	40,844
Total principal & interest	66,994	67,171	67,037	66,837	67,136	332,166	283,205	230,722	164,693	59,028	1,404,989
Less: Interest	37,459	36,579	35,535	34,347	33,052	142,186	100,986	59,383	22,953	2,409	504,889
Subtotal principal	29,535	30,592	31,502	32,490	34,084	189,980	182,219	171,339	141,740	56,619	900,100
Plus: Premium/Discount	2,021	2,021	2,021	2,021	2,022	10,173	8,635	4,047	3,470	1,364	37,795
Total principal	31,556	32,613	33,523	34,511	36,106	200,153	190,854	175,386	145,210	57,983	937,895
Capital leases	3,585	2,973	2,881	5,254	5,203	25,585	14,385	1,448	-	-	61,314
Less: Interest	2,022	1,952	1,906	1,859	1,704	5,958	1,572	48	-	-	17,021
Subtotal principal	1,563	1,021	975	3,395	3,499	19,627	12,813	1,400	-	-	44,293
Plus: Premium/Discount	26	-	-	-	(1)	(3)	-	-	-	-	22
Total principal	1,589	1,021	975	3,395	3,498	19,624	12,813	1,400	-	-	44,315
Total	$ 33,145	$ 33,634	$ 34,498	$ 37,906	$ 39,604	$ 219,777	$ 203,667	$ 176,786	$ 145,210	$ 57,983	$ 982,210

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 $1,404,989 as of June 30, 2018. The total pledged revenue received in 2018 was $724,566. Debt service payments, including both principal and interest, of $60,488 were 8.3% of pledged revenue in 2018.

NOTE 11--LONG-TERM LIABILITIES--Continued

At June 30, 2018 and 2017, the University had $48,971 and $42,442, 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 $3,910, net of accumulated depreciation of $1,940 at June 30, 2018, and $4,027, net of accumulated depreciation of $1,823, at June 30, 2017.

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 $74,779, net of accumulated depreciation of $16,434 on the completed projects, at June 30, 2017, and $76,603, net of accumulated depreciation of $14,610 on the completed projects, at June 30, 2017.

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 was recorded and 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 original lease agreement.

NOTE 11--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

OCIA Capital Lease Obligations – Continued
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 is being amortized over a period of 17 years.

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 is being amortized over a period of 20 years.

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.

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:

				2018			2017		
ODFA Master Leases	Issued	Term	Amount Financed	Not Capitalized*	Accumulated Depreciation	Net Book Value	Not Capitalized*	Accumulated Depreciation	Net Book Value
ODFA 2007B	July 2007	5 - 20 years	$ 4,605	$ 1,305	$ 3,300	$ -	$ 1,305	$ 3,232	$ 68
ODFA 2008B	December 2008	5 - 10 years	1,724	529	1,195	-	529	1,076	119
ODFA 2009A	July 2009	5 - 20 years	2,759	1,326	1,243	190	1,326	1,226	207
ODFA 2009B	December 2009	5 - 10 years	1,576	-	1,208	368	-	1,074	502
ODFA 2011C	November 2011	5 - 10 years	4,261	523	2,596	1,142	523	2,222	1,516
			$ 14,925	$ 3,683	$ 9,542	$ 1,700	$ 3,683	$ 8,830	$ 2,412

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

NOTE 11--LONG-TERM LIABILITIES--Continued

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 a 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, 2018 and 2017, was $36,661 and $39,620. Total principal outstanding on the defeased debt was $35,925 and $38,050 as of June 30, 2018 and 2017.

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, 2018 and 2017 was $4,122 and $4,579. The total principal outstanding on the General Revenue Refunding Bonds 2012C was $4,080 at June 30, 2018 and $4,435 at June 30, 2017.

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, 2018 and 2017.

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

NOTE 11--LONG-TERM LIABILITIES—Continued

savings of $16,328 and net present value benefit of $13,744. The total principal outstanding on the refunded 2006A General Revenue Refunding Bonds was $79,960 at June 30, 2018 and $83,720 at June 30, 2017.

In December 2016, General Revenue Refunding Bonds 2016B were issued to refund the General Revenue Bonds 2007A having a total principal balance outstanding of $26,790 and General Revenue Bonds 2007C having a total principal balance outstanding of $34,625. This resulted in cash flow savings of $3,986 and net present value benefit of $3,036 for 2007A and cash flow savings of $7,482 and net present value benefit of $5,549 for 2007C. The total principal outstanding was $0 on the refunded 2007A General Revenue Bonds at June 30, 2018 and 2017, and $0 and $34,625 on the refunded 2007C General Revenue Bonds at June 30, 2018 and 2017. Funds of $36,149 were transferred to trustees to purchase escrow securities for the defeasement of 2007C. The escrow balance at June 30, 2018 and 2017 was $0 and $35,440.

In December 2016, General Revenue Refunding Bonds 2016C were issued to refund the General Revenue Bonds 2007B having a total principal balance outstanding of $4,850 and General Revenue Bonds 2007D having a total principal balance outstanding of $10,125. This resulted in cash flow savings of $415 and net present value benefit of $399 for 2007B and cash flow savings of $1,341 and net present value benefit of $1,241 for 2007D. The total principal outstanding was $0 on the refunded 2007B General Revenue Bonds at June 30, 2018 and 2017, and $0 and $10,125 on the refunded 2007D General Revenue Bonds at June 30, 2018 and 2017. Funds of $10,690 were transferred to trustees to purchase escrow securities for the defeasement of 2007D. The escrow balance at June 30, 2018 and 2017 was $0 and $10,424.

In November 2017, General Revenue Refunding Bonds 2017C were issued to refund the General Revenue Bonds 2009A having a total principal balance outstanding of $31,230. This resulted in cash flow savings and net present value benefit of $4,733. The total principal outstanding was $31,230 on the refunded 2009A General Revenue Bonds at June 30, 2018. Funds of $32,431 were transferred to trustees to purchase escrow securities for the defeasement of 2009A. The escrow balance at June 30, 2018 was $31,588.

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 $2,501 and $2,586, respectively, for the years ended June 30, 2018 and 2017.

NOTE 12--OPERATING LEASES--Continued

Ground Lease

In March of 2017, the University entered into an agreement (the "ground lease") to lease two parcels of land within the boundaries of the University's campus to a non-profit corporation (the "Lessee"). The Lessee has also entered into a loan agreement with the Oklahoma Development Finance Authority ("ODFA"), whereby the Lessee will utilize proceeds from bonds issued by ODFA (the "ODFA bonds") to develop and construct a student housing facility on the land leased from the University. The term of the lease began on March 14, 2017, and ends on June 30, 2068, unless renewed or terminated earlier in accordance with the terms of the lease. The term of the lease expires upon the repayment or defeasance of the ODFA bonds, which mature in August of 2057. During the term of the lease, the University may purchase the student housing facility at a purchase price equal to or greater than the project's fair market value but not less than the amount necessary to pay or defease the outstanding ODFA bonds. Upon expiration of the lease agreement, the land and any remaining facilities on the land revert to the University.

In accordance with the terms of the ground lease, the University received a nonrefundable payment of $20 million from the Lessee in March of 2017. The payment was recorded as a deferred inflow of resources and will be recognized as revenue over the term of the lease. The amount recognized as revenue was $390 in 2018 and $116 in 2017. The remaining balance to be amortized was $19,493 and $19,884 as of June 30, 2018 and 2017, respectively. Under the terms of the trust indenture for the ODFA bonds, the University will also receive payments from the surplus cash flow fund to the extent that project revenues exceed funding requirements for various bond funds, operating accounts, and reserve accounts, provided that the debt service coverage ratio for the bonds is adequate and no events of default have occurred.

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. Those who become members on or after November 1, 2017 will require seven years of service to vest. Members who joined OTRS prior to July 1, 1992 are eligible to retire with an unreduced benefit at age 62 or when age and years of creditable service total 80. Members joining OTRS July 1, 1992 or after, and before November 1, 2011 may retire with unreduced benefits at age 62 or 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. Members who joined the system after November 1, 2011 may retire with an unreduced benefit at age 65, or when the member's age is at least 60 and age and years of creditable service total at least 90. A reduced annuity is available at the minimum age of 60. 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, 2018 and 2017. 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. There is also a federal match required on all compensation paid from federal funds, which had a contribution rate of 7.8% for 2018 and 7.7% for 2017. The University's contributions to OTRS in 2018 and 2017, which include the 8.55% regular employer contribution, the 2.5% ARP contribution, and the federal match, were $21,991 and $21,834, 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 2018 and 2017 were $12,946 and $13,808, 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, 2018, the University reported a liability of $312,042 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2017. Based upon this information, the University's proportion was 4.64%.

For the year ended June 30, 2018, the University recognized pension expense of $28,692. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 20,982
Changes of assumptions	36,471	18,372
Change in proportion	18,817	8,374
Net difference between projected and actual investment earnings on pension plan investments	4,368	-
University contributions made subsequent to the measurement date	21,991	-
Total	$ 81,647	$ 47,728

NOTE 13--RETIREMENT PLANS--Continued

Deferred pension outflows totaling $21,991 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, 2019. Deferred outflows of $36,471 resulting from the change in assumptions used by the actuary, and deferred outflows of $18,817 resulting from a change in proportion, will be recognized in pension expense using the average expected remaining life of the plan. Deferred outflows of $4,368, resulting from the difference between projected and actual investment earnings, will be recognized in pension expense over a period of five years.

Deferred pension inflows totaling $20,982 resulting from differences between expected and actual experience, deferred inflows of $8,374 resulting from a change in proportion, and deferred inflows of $18,372 resulting from changes in assumptions used by the actuary, 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 5.59 years at June 30, 2017 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
2019	$ 13,242	$ (8,959)
2020	13,242	(8,959)
2021	13,242	(8,959)
2022	8,684	(8,816)
2023	7,398	(7,882)
Thereafter	3,848	(4,153)
	$ 59,656	$ (47,728)

At June 30, 2017, the University reported a liability of $409,362 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the University's proportion was 4.76%.

For the year ended June 30, 2017, the University recognized pension expense of $45,652. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 13--RETIREMENT PLANS--Continued

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 9,228
Changes of assumptions	47,866	-
Change in proportion	24,660	2,314
Net difference between projected and actual investment earnings on pension plan investments	46,404	-
University contributions made subsequent to the measurement date	21,834	-
Total	$ 140,764	$ 11,542

Deferred pension outflows totaling $21,834 resulting from the University's contributions subsequent to the measurement date, were recognized as a reduction of the net pension liability in the year ended June 30, 2018. Deferred outflows of $47,866 resulting from the change in assumptions used by the actuary, and deferred outflows of $24,660 resulting from a change in proportion, will be recognized in pension expense using the average expected remaining life of the plan. Deferred outflows of $46,404, resulting from the difference between projected and actual investment earnings, will be recognized in pension expense over a period of five years.

Deferred pension inflows totaling $9,228 resulting from differences between expected and actual experience, and deferred inflows of $2,314 resulting from a change in proportion, 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 5.71 years at June 30, 2016 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, 2018 was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- 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.

NOTE 13--RETIREMENT PLANS--Continued

- 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, 2017 was determined based on an actuarial valuation prepared as of June 30, 2016 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.00% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- 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 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, 2017 and June 30, 2016, are summarized in the following table:

		2017	2016
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%	6.3%
International Large Cap Equity	19.0%	8.5%	6.6%
Core Plus Fixed Income	23.5%	2.5%	3.3%
Real Estate *	9.0%	4.5%	4.5%
Alternative Assets	10.0%	6.1%	8.0%
	100.0%		

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

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. 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 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	As of June 30, 2018		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$ 442,173	$ 312,042	$ 214,764

	As of June 30, 2017		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$ 532,750	$ 409,362	$ 306,088

Oklahoma Law Enforcement Retirement System

Certain University employees are members of the OLERS. The University has recorded the following amounts at June 30, 2018 and June 30, 2017, related to these employee's participation in OLERS:

	2018	2017
Net Pension Liability	$ 1,707	$ 2,344
Deferred outflows related to pensions	1,391	1,806
Deferred inflows related to pensions	722	390
Pension expense	473	538

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 have the option to elect either OTRS (along with Plans 1 or 2 described below) or the Optional Retirement Plan (ORP) within the first 30 days of employment. This was a change effective January 1, 2017 from the previous election period of 90 days. This is a one-time irrevocable election, and if the employee does not make an election, the employee

NOTE 13--RETIREMENT PLANS--Continued

Defined Contribution Plan - Optional Retirement Plan—Continued

defaults into OTRS and will also participate in Plan 1 or Plan 2 of the Defined Contribution Plan noted below. Beginning July 1, 2016, all new employees eligible for either of the defined contribution plans must complete a 12-month waiting period before entering the plan and receiving contributions from the University. The changes were approved by the OU Board of Regents at their June 2016 meeting.

Fidelity Investments currently provides record-keeping 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, 2018 and 2017 were approximately $8,378 and $8,960, 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 $5,379 and $8,640, respectively, for the year ended June 30, 2018. Total contributions to Plans 1 and 2 were $6,100 and $8,885, respectively, for the year ended June 30, 2017. 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 (OPEB)

As a result of the adoption of GASB Statement No. 75, the beginning net position of the University was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The University did not restate its 2017 financial statements because information concerning the total OPEB liability at July 1, 2016 was not available.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

The effect on the beginning net position is as follows:

Net position July 1, 2017, as previously reported	$	529,646
Addition of total OPEB liability under GASB No. 75		(277,117)
Removal of net OPEB obligation under GASB No.45		118,739
Net position June 30, 2017, as restated	$	371,268

Plan Description
The University's retiree insurance plan is considered a single-employer defined benefit plan and does not issue a stand-alone financial report. The University has the authority to establish and amend the benefit provisions offered to retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Benefits Provided: Employees who qualify for University retirement and have been enrolled in the University's medical insurance for 5 years immediately prior to retirement are eligible to participate in the group medical insurance as a retiree. Employees who have been enrolled in the University's dental insurance for 5 years immediately prior to retirement are eligible to participate in the group dental plan for retirees. At their own expense, retirees may also elect the University's health and dental coverage for eligible dependents.

For employees hired prior to January 1, 2008:

- If they retire or are eligible to retire prior to January 1, 2016, the University will pay the member's medical and dental premiums (Basic plan only) for the member's lifetime.
- If they retire or are eligible to retire on or after January 1, 2016, the University will pay the member's medical premiums based on the schedule shown below. Dental premiums for the member will be fully subsidized by the University for the Basic plan only.

Age at Retirement	Years of Service at Retirement			
	10-14	15-19	20-24	25+
Under 55	No university subsidy until age 55.			
55 to 61	No subsidy	55%-must meet rule of 80	65%-must meet rule of 80	75%
62 to 64	55%	65%	75%	85%
65+	65%	75%	85%	100%

There is no University subsidy for employees hired on or after January 1, 2008.

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 (OPEB)--Continued

Contributions: For the University's plan is funded on a pay-as-you-go cash basis. The funding policy may be amended by the Regents of the University of Oklahoma. For the years ended June 30, 2018 and 2017, the University made benefit payments in the amount of $6,795 and $6,035 respectively for current retirees.

Summary of Plan Participants: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	1,632
Inactive employees entitled to but not yet receiving benefit	244
Active employees with subsidized benefit	1,825
	3,701

All active employees who are eligible for subsidized retiree health benefits are assumed to elect coverage at retirement. Active employees without subsidized benefit, who are required to pay the full cost of coverage, are not included in the calculation of OPEB liability.

Total OPEB Liability
The University's total OPEB liability of $270,950 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial methods and assumptions:
The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 3.58% as of July 1, 2017 and 3.87% as of June 30, 2018. Based on yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa (or equivalent quality).
- Payroll Growth: Payroll growth rates include general wage inflation of 3.25% (includes 2.5% inflation assumption and 0.75% real wage inflation), plus merit/productivity increases per the Teachers' Retirement System of Oklahoma (OTRS) actuarial valuation as of June 30, 2016.
- Inflation Rate: 2.50% per year
- Employer Funding Policy: Pay-as-you-go cash basis
- Cost Method: Allocation of Actuarial Present Value of Future Benefits for services prior and after the measurement date was determined using Entry Age Normal Level Percent of Salary method where Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement, and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)--Continued

- Mortality: RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.
- Turnover Rate: Assumption used to project terminations prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months, and are based on the standard actuarial termination table.
- Retirement Rate: Experience-based table based on age and employee group.
- Disability: Experience-based table based on age and gender.
- Health Care Trend Rates: Annual trend of 8.5% decreasing annually to an ultimate rate of 4.5%.
- Retiree Contributions: Assumed to increase according to health care trend rates.
- OTRS Election: Based on actual coverage by participant for retirees. All active employees who participate in Oklahoma Teachers Retirement System are assumed to receive OTRS subsidy at retirement.

The discount rate was based on a range of indices, including the Bond Buyer Go 20-Bond Municipal Bond Index, the S & P Municipal Bond 20-year High Grade Rate Index, and the Fidelity 20-year Go Municipal Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of July 1, 2017	$ 277,117
Changes for the year:	
Service cost	3,592
Interest	9,929
Changes in assumptions or other inputs	(6,806)
Differences between expected and actual experience	(6,087)
Contributions and payments made	(6,795)
Net changes	(6,167)
Balance as of June 30, 2018	$ 270,950

Changes in assumptions or other inputs reflects a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)--Continued

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the University at the discount rate of 3.87%, as well as what the University's approximate total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	Current	
1% Decrease	Discount Rate	1% Increase
2.87%	3.87%	4.87%
$ 319,041	$ 270,950	$ 232,847

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the University at the healthcare cost trend rate of 8.5%, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.5%) or 1 percentage point higher (9.5%) than the current healthcare cost trend rates:

	Health Care Cost Trend Rates	
(7.50% Decreasing to 3.50%)	(8.50% Decreasing to 4.50%)	(9.50% Decreasing to 5.50%)
$ 229,703	$ 270,950	$ 322,654

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the University recognized OPEB expense of $10,297. At June 30, 2018, the University reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (4,565)
Changes of assumptions or other inputs	-	(5,104)
	$ -	$ (9,669)

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)--Continued

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending June 30:	
2019	$ (3,224)
2020	(3,224)
2021	(3,221)
2022	-
2023	-
Thereafter	-
	$ (9,669)

Teachers Retirement System of Oklahoma

Plan Description:
See Note 13 for a description of the plan.

Health Insurance Benefits Provided:
Members who have at least 10 years of creditable service and retire or terminate employment may elect to continue coverage in the insurance program the employer provides to active employees. Once a member begins receiving a monthly annuity, OTRS will pay for the first $100 to $105 of monthly premiums for the member. The amount paid by the system is determined by the member's total service and average salary at retirement. The authority to establish and amend benefits rests with the state legislature.

Contributions:
Of the total contributions to OTRS for the University, contributions of $310 were allocated to OPEB for 2018. See note 13 for further information on contributions.

Total OPEB Asset or Liability:
At June 30, 2018, the University reported an asset of $2,070 for its proportionate share of the OPEB asset, which was measured as of June 30, 2017. The total OPEB asset was determined by an actuarial valuation as of June 30, 2017. The University's proportion of the net OPEB asset was based on the University's contributions to OTRS relative to total contributions to OTRS for all participating employers for the year ended June 30, 2017. Based upon this information, the University's proportion was 4.64%.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)--Continued

Actuarial assumptions: The total OPEB asset as of June 30, 2018 was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.25% wage inflation, including 2.50% price inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service, and gender.
- 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.
- Health care trend rate – not applicable as the benefit provided is a set dollar amount not impacted by health care costs.

Sensitivity of the Net OPEB Asset or Liability to Changes in the Discount Rate: The following table presents the net OPEB asset of the University calculated using the discount rate of 7.5%, as well as what the University's net OPEB asset would be if OTRS calculated the total OPEB asset using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	As of June 30, 2018		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net OPEB asset	$ 87	$ 2,070	$ 3,765

See note 13 for additional information regarding the discount rate.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS (OPEB)--Continued

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the University recognized an OPEB expense offset of $77. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 556
Net difference between projected and actual investment earnings on pension plan investments	-	1,135
University contributions made subsequent to the measurement date	310	-
Total	$ 310	$ 1,691

$310 reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ -	$ (314)
2020	-	(314)
2021	-	(314)
2022	-	(314)
2023	-	(314)
Thereafter	-	(121)
	$ -	$ (1,691)

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OTRS financial report.

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.

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.
- The aircraft claims filed as of June 30, 2018 and 2017 were $28 and $49, 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, 2018 and 2017, the accrued workers' compensation liability totaled approximately $1,948 and $2,433, 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, 2018 and

NOTE 15--RISK MANAGEMENT--Continued

2017, the required reserves were $284 and $302, respectively. The minimum cash balance is considered each year during the fringe benefit rate-setting process.

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 Cigna. 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, 2018, the cash balance for the plan was $9,083 and the accrued liability for claims not yet reported totaled $5,652.

Changes in the claims liability for the University from July 1, 2016 to June 30, 2018 are as follows:

	Workers' Compensations	Healthcare	Total
Claims liability and related payables, June 30, 2016	$ 1,692	$ 2,820	$ 4,512
Claims incurred and changes in estimates	2,502	41,186	43,688
Claims paid	(1,761)	(39,548)	(41,309)
Claims liability and related payables, June 30, 2017	2,433	4,458	6,891
Claims incurred and changes in estimates	1,544	53,129	54,673
Claims paid	(2,029)	(51,935)	(53,964)
Claims liability and related payables, June 30, 2018	$ 1,948	$ 5,652	$ 7,600

NOTE 16--COMMITMENTS AND CONTINGENCIES

At June 30, 2018 and 2017, the University had outstanding commitments under construction contracts totaling $29,122 and $82,410, respectively.

In March 2017, the University executed a Lease of Property with Provident Oklahoma Education Resources for the development, construction, financing and management of Cross Development Housing Project (the "Project"). Under this lease, the University was given the first and priority right to lease all commercial, civic, common spaces and related parking facilities. During the development phases of the Project, the University exercised its right under the Lease of Property and agreed to lease commercial, civic, and common spaces for a twelve-month period. Due to the language of the Parking License and its inclusion in the Lease of Property, the University is obligated to license all Project parking spaces for a twelve-month period. The Commercial Space Lease and Parking License agreements are expected to be presented to the Board of Regents for approval at the October 2018 meeting.

NOTE 16--COMMITMENTS AND CONTINGENCIES--Continued

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.

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 and investigation by agents of the funding authority, the purpose of which may include ensuring or reviewing compliance with conditions precedent to providing such funds. The University is currently under investigation regarding allegations of improper grant charges. The cumulative impact of any finding necessitating reimbursement of funds to the federal government cannot be determined at this time. Management believes that the liability, if any, for any reimbursement that may arise as the result of such audits or investigations would not be material.

Required Supplementary Information
June 30, 2018 and 2017

The University of Oklahoma - Norman Campus

University of Oklahoma Norman Campus OPEB Plan
SCHEDULE OF TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Fiscal Years*

	2018
Total OPEB liability	
Service cost	$ 3,592
Interest	9,929
Changes of benefit terms	-
Differences between expected and actual experience	(6,087)
Changes of assumptions or other inputs	(6,806)
Benefit payments	(6,795)
Net change in total OPEB liability	(6,167)
Total OPEB liability—beginning	277,117
Total OPEB liability—ending	$ 270,950
Covered payroll	338,110
Total OPEB liability as a percentage of covered payroll	80.1%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.87%

* 10-year data is not yet available.

University of Oklahoma Norman Campus OPEB Plan (OTRS)
SCHEDULE OF NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS
Last 10 Fiscal Years*

	2018
Total OPEB expense (offset)	$ (77)
Change in deferred inflows of resources inputs	(1,691)
OPEB employer contributions	(302)
Net change in total OPEB liability (asset)	(2,070)
Total OPEB liability (asset)—beginning	-
Total OPEB liability (asset)—ending	$ (2,070)
Covered payroll	212,561
Total OPEB liability (asset) as a percentage of covered payroll	-1.0%

Notes to schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	7.50%

* 10-year data is not yet available.

University of Oklahoma Norman Campus Pension Plan (OTRS)
SCHEDULE OF NET PENSION LIABILITY
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
2018	4.64%	$ 312,042	$ 212,561	146.80%	69.32%
2017	4.76%	409,362	208,855	196.00%	62.24%
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:

* 10-year data is not yet available.

University of Oklahoma Norman Campus Pension Plan (OTRS)
SCHEDULE OF PENSION EMPLOYER CONTRIBUTIONS
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
2018	$ 22,301	$ 22,301	$ -	$ 212,561	10.49%
2017	21,834	21,834	-	208,855	10.45%
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%

Reports Required by *Government Auditing Standards* and Uniform Guidance
June 30, 2018

The University of Oklahoma - Norman Campus

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CPAs & BUSINESS ADVISORS

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*

To the Board of Regents
The University of Oklahoma - Norman Campus
Norman, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The University of Oklahoma - Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 19, 2018.

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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 been identified. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-A, that we consider to be a significant deficiency.

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*.

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

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.



Oklahoma City, Oklahoma
October 19, 2018

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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

To the Board of Regents
The University of Oklahoma - Norman Campus
Norman, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited The University of Oklahoma - Norman Campus's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The University of Oklahoma - Norman Campus's major federal programs for the year ended June 30, 2018. The University of Oklahoma - Norman Campus'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 of Oklahoma - Norman Campus'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 of Oklahoma - Norman Campus'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 of Oklahoma - Norman Campus's compliance.

Opinion on Each Major Federal Program
In our opinion, The University of Oklahoma - Norman Campus (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, 2018.

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 a 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 have not been identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003, and 2018-004 that we consider to be material weaknesses.

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, 2018

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
RESEARCH AND DEVELOPMENT PROGRAMS				
Department of Agriculture - Direct				
Agricultural Research Service	10.001		-	$ 120,288
National Institute of Food and Agriculture	10.310**		186,503	742,036
			186,503	862,324
Department of Agriculture - Pass Through				
Kansas State University	10.310**	S15197		295,987
Oklahoma State University	10.320	2560690OU1		32,272
Community Services Council of Greater Tulsa	10.331	FY17ORA213		16,110
OK Department of Health	10.557	3409021467		1,122
			-	345,491
Department of Agriculture - Total			**186,503**	**1,207,815**
Department of Commerce - Direct				
National Oceanic and Atmospheric Administration	11.431		558,703	966,273
National Oceanic and Atmospheric Administration	11.432		2,790,886	19,555,221
National Oceanic and Atmospheric Administration	11.459			1,882,324
National Oceanic and Atmospheric Administration	11.468		29,371	936,065
			3,378,960	23,339,883
Department of Commerce - Pass Through				
University of Wisconsin	11.459	797K834		17,596
Colorado State University	11.619	G007453		556,065
			-	573,661
Department of Commerce - Total			**3,378,960**	**23,913,544**
Department of Defense - Direct				
Army	12.300			67,694
Navy	12.300		9,330	73,193
Office of Naval Research	12.300		21,571	901,872
Subtotal	12.300			1,042,759
Defense Threat Reduction Agency	12.351			843,176
Medical Research Acquisition Activity	12.420			13,511
Army Research Office	12.431			78,856
Air Force	12.800			422,201
Air Force Office of Scientific Research	12.800			297,907
Subtotal	12.800			720,108
National Security Agency	12.901			30,783
Advanced Research Projects Agency	12.910			39,981
			30,901	2,769,174
Department of Defense - Pass Through				
Oklahoma State University	12.320	2568930OU1		4,456
Binghamton University	12.431	79697		76,291
			-	80,747
Department of Defense - Total			**30,901**	**2,849,921**
Department of Interior - Direct				
Bureau of Indian Affairs	15.156			56,432
Fish and Wildlife	15.615			2,146
Geological Survey	15.807			18,927
Geological Survey	15.808			12,841
Geological Survey	15.810			78,509
Geological Survey	15.819			-
Geological Survey	15.820		889,299	1,556,623
National Park Service	15.945			5,904
			889,299	1,731,382

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Department of Interior - Pass Through					
OK Wildlife and Conservation Commission	15.605	3209006577			1,817
OK Wildlife and Conservation Commission	15.611	F17AF01294			26,206
OK Wildlife and Conservation Commission	15.615	3209006971		21,034	
OK Wildlife and Conservation Commission	15.615	F17AP00204		8,401	
OK Wildlife and Conservation Commission	15.615	F17AP00208		19,149	
Subtotal	15.615				48,584
OK Wildlife and Conservation Commission	15.634	3209006301		2,806	
OK Wildlife and Conservation Commission	15.634	3209006377		10,669	
OK Wildlife and Conservation Commission	15.634	3209006399		38,039	
OK Wildlife and Conservation Commission	15.634	3209006623		29,093	
OK Wildlife and Conservation Commission	15.634	3209006854		23,063	
OK Wildlife and Conservation Commission	15.634	3209006966		8,742	
OK Wildlife and Conservation Commission	15.634	F14AF01224		15,335	
OK Wildlife and Conservation Commission	15.634	F14AF01225		3,473	
OK Wildlife and Conservation Commission	15.634	F14AF01227		4,785	
OK Wildlife and Conservation Commission	15.634	F15AF01149		7,356	
OK Wildlife and Conservation Commission	15.634	F16AF01213		1,692	
OK Wildlife and Conservation Commission	15.634	F16AF01297		30,344	
Southwestern OK State University	15.634	FY17089		7,656	
University of Arkansas	15.634	SA1703165		2,195	
Subtotal	15.634				185,248
University of Wisconsin	15.669	632K133		1,508	
Wildlife Management Institute	15.669	GPLCC201601		103,592	
Subtotal	15.669				105,100
University of Wisconsin	15.678	772K063			12,502
University of Southern California	15.808	94315253			19,785
AmericaView	15.815	AV14OK01			8,237
Oklahoma Historical Society	15.904	16101		11,135	
Oklahoma Historical Society	15.904	16202		7,387	
Oklahoma Historical Society	15.904	17101		82,682	
Oklahoma Historical Society	15.904	17401		21,140	
Oklahoma Historical Society	15.904	17402		17,340	
Subtotal	15.904				139,684
			-		547,163
Department of Interior - Total			**889,299**		**2,278,545**
Department of Justice - Direct					
Department of Justice National Institute of Justice	16.560				67,240
			-		67,240
Department of Justice - Pass Through					
Tulsa Family Safety Center	16.582	FY17ORA227			40,011
OK Department of Corrections	16.601	FY18ORA49			26,065
			-		66,076
Department of Justice - Total			-		**133,316**
Department of Transportation - Direct					
Federal Aviation Administration	20.109				364,568
Office of Assistant Secretary for Research and Technology	20.701		759,312		1,166,635
			759,312		1,531,203

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Department of Transportation - Pass Through					
OK Department of Transportation	20.106	2161			82,098
OK Department of Transportation	20.200	1308		56,973	
OK Department of Transportation	20.200	1915		141,299	
OK Department of Transportation	20.200	2228		11,567	
OK Department of Transportation	20.200	2262		44,909	
OK Department of Transportation	20.200	2273		38,962	
OK Department of Transportation	20.200	2276		108,626	
OK Department of Transportation	20.200	2280		47,175	
OK Department of Transportation	20.200	2282		32,700	
OK Department of Transportation	20.200	2300		59,690	
OK Department of Transportation	20.200	2301		41,406	
OK Department of Transportation	20.200	2303		33,901	
OK Department of Transportation	20.200	AGMT100114		(95)	
OK Department of Transportation	20.200	SPR1916		225,061	
OK Department of Transportation	20.200	SPR2160B	143,354	539,046	
Purdue University	20.200	17078157		13,466	
Oklahoma State University	20.200	156323601		26,089	
Oklahoma State University	20.200	156619701		21,854	
Oklahoma State University	20.200	AA55947501		135	
Subtotal	20.200				1,442,764
OK Department of Transportation	20.205	FFY2017	164,789		607,619
OK Department of Transportation	20.509	FTA5311TP18350	247,500	518,336	
OK Department of Transportation	20.509	TRAMS2017	160,000	332,230	
Subtotal	20.509				850,566
Oklahoma Highway Safety Office	20.600	5859023240			979
Oklahoma Highway Safety Office	20.616	M3DA17060114		59,069	
Oklahoma Highway Safety Office	20.616	M3DA18060115		54,924	
Oklahoma Highway Safety Office	20.616	M3DA18060212		144,231	
Oklahoma Highway Safety Office	20.616	M3DA18060302		23,298	
Oklahoma Highway Safety Office	20.616	OHSOFFY2017OU00105		71,762	
Oklahoma Highway Safety Office	20.616	OHSOFFY2017OU00123		17,915	
Subtotal	20.616				371,199
Florida International University	20.701	80000734901UG		45,986	
Missouri University of Science and Technology	20.701	0004213405		15,059	
Subtotal	20.701				61,045
			715,643		3,416,270
Department of Transportation - Total			**1,474,955**		**4,947,473**
National Aeronautics and Space Administration - Direct					
Langley Research Center	43.001			36,994	
Shared Services Center	43.001		193,429	1,303,603	
Subtotal	43.001				1,340,597
Shared Services Center	43.008		505,647		871,609
			699,076		2,212,206

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
National Aeronautics and Space Administration - Pass Through					
Jet Propulsion Laboratory	43.001	1594880		3,346	
Kansas State University	43.001	S17105		7,140	
Pennsylvania State University	43.001	5477UONASAB50G		37,075	
Radiometrics Corporation	43.001	FY18ORA113		37,487	
Smithsonian Astrophysical Observatory	43.001	AR718007X		23,847	
Smithsonian Astrophysical Observatory	43.001	GO617051X		24,105	
Smithsonian Astrophysical Observatory	43.001	GO718102B		17,992	
Space Telescope Science Institute	43.001	HSTAR13898001A		9,078	
Space Telescope Science Institute	43.001	HSTAR15035001A		7,517	
Space Telescope Science Institute	43.001	HSTGO13857003A		14,583	
Space Telescope Science Institute	43.001	HSTGO14058001A		7,112	
Space Telescope Science Institute	43.001	HSTGO14082002A		29,839	
Space Telescope Science Institute	43.001	HSTGO14232002A		996	
Space Telescope Science Institute	43.001	HSTGO14693001A		11,028	
Space Telescope Science Institute	43.001	HSTGO14736001A		6,917	
Space Telescope Science Institute	43.001	HSTGO15141005A		3,048	
South Dakota State University	43.001	3TB509		99,902	
University of Florida	43.001	UFDSP00011401		5,953	
Subtotal	43.001				346,965
University of Tulsa	43.008	142120532494802			38,185
			-		385,150
National Aeronautics and Space Administration - Total			**699,076**		**2,597,356**
National Endowment for the Humanities - Direct					
National Endowment for the Humanities	45.149				30,606
National Endowment for the Humanities - Total			**-**		**30,606**
Institute of Museum and Library Services - Direct					
Institute of Museum and Library Services	45.313				45,850
			-		45,850
Institute of Museum and Library Services - Pass Through					
Norman Public Schools	45.312	1800488800		26,377	
Norman Public Schools	45.312	1700802500		44,256	
Subtotal	45.312				70,633
			-		70,633
Institute of Museum and Library Services - Total			**-**		**116,483**
National Science Foundation - Direct					
National Science Foundation	47.041		162,949		1,215,611
National Science Foundation	47.047				86,717
National Science Foundation	47.049		36,940		1,752,709
National Science Foundation	47.050		42,711		2,894,429
National Science Foundation	47.070		56,655		712,604
National Science Foundation	47.074		49,945		2,292,752
National Science Foundation	47.075		39,474		449,660
National Science Foundation	47.076		187,457		1,119,695
National Science Foundation	47.079				93,647
			576,131		10,617,824

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
National Science Foundation - Pass Through					
Azumuth1, LLC	47.041	FY18ORA222		24,000	
George Washington Univeristy	47.041	15S11		7,796	
Oklahoma State University	47.041	AGMT061713		13,884	
Purdue University	47.041	410181104		5,674	
University of Delaware	47.041	33792		147,699	
XPEED Turbine Technology, LLC	47.041	FY17ORA544		33,587	
Subtotal					232,640
Clark University	47.049	2A3117531		6,874	
National Radio Astronomy Observatory	47.049	SOSPA4008		14,927	
National Radio Astronomy Observatory	47.049	SOSPA5011		15,551	
University of Notre Dame	47.049	LTR101415		14,766	
University of Texas, Austin	47.049	126510013061		112,699	
Subtotal					164,817
University Corporation for Atmospheric Research	47.050	Z1725728		5,000	
University of Alaska-Fairbanks	47.050	UAF170103		20,554	
University of Michigan	47.050	3003980653		25,024	
Subtotal					50,578
Southern Nazarene University	47.070	FY17ORA512		10,927	
University of California, Santa Barbara	47.070	KK1617		49,528	
University of Illinois at Urbana-Champaign	47.070	02001616461		43,667	
University of Illinois at Urbana-Champaign	47.070	08384216121		55,500	
Subtotal					159,622
Colorado State University	47.074	G25763		20,088	
Michigan State University	47.074	RC107432B		14,964	
Purdue University	47.074	410279745		24,550	
Tulane University	47.074	TULHSC4321213		5,802	
University of California, Davis	47.074	201503777001		63,758	
University of California, Los Angeles	47.074	2301GTB266		55,101	
University of Georgia	47.074	RC3712514353838		63,392	
Subtotal					247,655
University of CA, Merced	47.075	E315GTA021		15,728	
University of South Florida	47.075	2104125800A		6,391	
University of Texas Dallas	47.075	1503120		198,961	
Subtotal					221,080
American Educational Research Association	47.076	LTR013015		5,574	
Oklahoma State University	47.076	1567787		10,389	
Oklahoma State University	47.076	1567797		15,035	
Oklahoma State University	47.076	1569178		30,793	
Oklahoma State University	47.076	AA556595OU		89,288	
Subtotal					151,079
Oklahoma State University	47.079	1560686OU		366,958	
Oklahoma State University	47.079	20172		5,000	
Oklahoma State University	47.079	20173		3,535	
Oklahoma State University	47.079	EPSCOR20171		461	
Oklahoma State University	47.079	EPSCOR201711		56,281	
University of Rhode Island	47.079	4978113015		489,657	
Subtotal					921,892
Oklahoma State University	47.083	EPSCOR201313		2,000	
Oklahoma State University	47.083	EPSCOR201317		79,535	
Oklahoma State University	47.083	EPSCOR201318		488,381	
Oklahoma State University	47.083	EPSCOR201319		508,219	
Oklahoma State University	47.083	EPSCOR201320		50,281	
Oklahoma State University	47.083	EPSCOR20133		15,903	
Oklahoma State University	47.083	EPSCOR20138		2,240	
Oklahoma State University	47.083	EPSCOR201415		3,452	
Oklahoma State University	47.083	EPSCOR201715		211,897	
South Dakota School of Mines and Technology	47.083	SDSMTUOK1805		143,008	
University of Connecticut	47.083	115706		86,979	
Subtotal					1,591,895
			-		3,741,258
National Science Foundation - Total			**576,131**		**14,359,082**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS		TOTAL CASH BASIS EXPENDITURES
Environmental Protection Agency - Direct					
Environmental Protection Agency	66.509		85		136,532
Environmental Protection Agency	66.516				11,661
			85		148,193
Environmental Protection Agency - Total			**85**		**148,193**
Department of Energy - Direct					
US Department of Energy	81.049		335,730		1,684,034
US Department of Energy	81.087				737
US Department of Energy	81.121		55,958		97,564
US Department of Energy	81.138				51,554
			391,688		1,833,889
Department of Energy - Pass Through					
Univ of California, Berkley	81.003	6847566			721,941
Brookhaven National Laboratory	81.049	181673		(2)	
Glomics, Inc.	81.049	FY17ORA543		66,399	
Helios Remote Sensing Systems	81.049	FY18ORA138		26,752	
MicroChem Solutions	81.049	FY13ORA216		153	
Northern Arizona University	81.049	100279201		10,640	
Texas A&M University	81.049	06S150620		30,144	
Univ of California, Berkley	81.049	00008322		10,827	
Univ of California, Berkley	81.049	00009014		371,407	
Univ of California, Berkley	81.049	00009292		116,699	
University Corporation for Atmospheric Research	81.049	P0004585		10,990	
University of Texas, Austin	81.049	UTA15001188		112,440	
Subtotal	81.049				756,449
Biodiversity Research Institute	81.087	FY13ORA124			3,920
			-		1,482,310
Department of Energy - Total			**391,688**		**3,316,199**
Department of Education - Direct					
US Department of Education	84.324		187,644		382,617
US Department of Education	84.325				111,657
US Department of Education	84.326				138,973
US Department of Education	84.334		644,774		3,081,948
			832,418		3,715,195
Department of Education - Pass Through					
Indiana University & Purdue University at Indianapolis	84.004	1939993			13,567
OK Department of Education	84.329	2659014380			17,668
National Writing Project Corporation	84.367	92OK02SEED2016ILI			3,683
			-		34,918
Department of Education - Total			**832,418**		**3,750,113**
Department of Health and Human Services - Direct					
National Institutes of Health	93.077		2,278		56,455
National Institutes of Health	93.172		509,729		922,719
National Institutes of Health	93.173				268,513
National Institutes of Health	93.286				421,959
National Cancer Institute	93.394		5,385	285,103	
National Institutes of Health	93.394		485,474	1,150,297	
Subtotal	93.394				1,435,400
National Institutes of Health	93.395				127,852
National Institutes of Health	93.397		149,873		301,191
National Institutes of Health	93.855		136,909		1,162,775
National Institutes of Health	93.856				153,721
National Institutes of Health	93.859		728,996		2,900,423
National Institutes of Health	93.867				150,602
			2,018,644		7,901,610

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Department of Health and Human Services - Pass Through					
Health Sciences Center	93.110	TM2016133902		10,307	
Health Sciences Center	93.110	TS2016133901		10,147	
Subtotal	93.110				20,454
University of Kansas Medical Center	93.121	ZAA00000			29,909
OK Department of Health	93.136	3409021712			20,875
Health Sciences Center	93.273	RS2013194308			17,825
University of Texas Health Science Ctr	93.395	159236/153201		23,334	
University of Texas Health Science Ctr	93.395	160754/160664		49,474	
University of Texas Health Science Ctr	93.395	162576162378		170,901	
Subtotal	93.395				243,709
Nanofiber Solutions	93.838	FY18ORA142			21,939
Colorado State University	93.855	G641112		111,030	
University of Central Florida	93.855	22206079		137,241	
Subtotal	93.855				248,271
Health Sciences Center	93.859	ATP042517		325,924	
Health Sciences Center	93.859	RM2013049462		59,525	
Health Sciences Center	93.859	RM2013049463		18,740	
Health Sciences Center	93.859	RM2013049464		18,882	
Health Sciences Center	93.859	RM2016225705		23,578	
Health Sciences Center	93.859	RS2012058951		7,938	
Health Sciences Center	93.859	RS2013049440		15,895	
Indiana University & Purdue University at Indianapolis	93.859	IN4698014OK		45,177	
Laureate Institute for Brain Research	93.859	FY18ORA545		1,094	
University of Arkansas	93.859	SA1701154		60,654	
University of Arkansas	93.859	9663SC		3,715	
Subtotal	93.859				581,122
Oklahoma State University	93.865	1568327OU			41,097
Health Sciences Center	93.866	RS2014089203			18,366
Johns Hopkins University	93.989	2003124170			15,314
			-		1,258,881
Department of Health and Human Services - Total			**2,018,644**		**9,160,491**
TOTAL RESEARCH AND DEVELOPMENT PROGRAMS *			**10,478,660**		**68,809,137**
OTHER PROGRAMS					
Department of Agriculture - Pass Through					
Oklahoma State University	10.001	AB568330OU			225,579
OK Department of Human Services	10.580	PO0210422			3,102
			-		228,681
Department of Agriculture - Total			**-**		**228,681**
Department of Commerce - Direct					
Economic Development Administration	11.303				72,373
National Oceanic and Atmospheric Administration	11.432				120,900
			-		193,273
Department of Commerce - Total			**-**		**193,273**
Department of Defense - Direct					
Dept of Defense, Defense Intelligence Agancy	12.598				240,496
			-		240,496
Department of Defense - Pass Through					
Institute of International Education	12.550	0054OU6ARA280PO1		261,307	
Institute of International Education	12.550	0054OU6SSA280PO3		73,746	
Subtotal	12.550				335,053
Health Sciences Center	12.598	ATP090817		7,633	
Health Sciences Center	12.598	TS2014152604		11,878	
Subtotal	12.598				19,511
			-		354,564
Department of Defense - Total			**-**		**595,060**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS		TOTAL CASH BASIS EXPENDITURES
Department of Interior - Direct					
Bureau of Reclamation	15.511				32,690
Fish and Wildlife	15.669				8,001
Geological Survey	15.820		655		75,796
National Park Service	15.922				83,862
			655		200,349
Department of Interior - Total			**655**		**200,349**
Department of State - Direct					
Department of State	19.022				71,766
Department of State	19.415				805,726
Department of State	19.501				66,718
			-		944,210
Department of State - Total			-		**944,210**
Department of Transportation - Direct					
Federal Aviation Administration	20.106				215,447
Federal Aviation Administration	20.109				322,939
Federal Highway Administration	20.215				4,000
Federal Transit Administration	20.507				1,675,087
			-		2,217,473
Department of Transportation - Pass Through					
OK Department of Transportation	20.200	2161			46,523
			-		46,523
Department of Transportation - Total			**-**		**2,263,996**
National Aeronautics and Space Administration - Direct					
Shared Services Center	43.008		785,955		1,003,242
			785,955		1,003,242
National Aeronautics and Space Administration - Pass Through					
Langston University	43.008	LU5-58015-3		13,751	
Langston University	43.008	PO0105684		5,831	
Subtotal	43.008				19,582
			-		19,582
National Aeronautics and Space Administration - Total			**785,955**		**1,022,824**
National Endowment for the Humanities - Direct					
National Endowment for the Humanities	45.160				(10,615)
National Endowment for the Humanities	45.162				16,626
National Endowment for the Humanities - Total			**-**		**6,011**
Institute of Museum and Library Services - Direct					
Institute of Museum and Library Services	45.301				26,061
			-		26,061
Institute of Museum and Library Services - Pass Through					
University of Wisconsin	45.312	787K124			13,915
			-		13,915
Institute of Museum and Library Services - Total			**-**		**39,976**
National Science Foundation - Direct					
National Science Foundation	47.041				14,636
National Science Foundation	47.049				7,040
National Science Foundation	47.074				53,091
National Science Foundation	47.075				6,417
National Science Foundation	47.076				11,028
			-		92,212

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
National Science Foundation - Pass Through					
Oklahoma State University	47.076	AGR110317		8,591	
Oklahoma State University	47.076	AGR121416		15,369	
Subtotal	47.076				23,960
			-		23,960
National Science Foundation - Total			**-**		**116,172**
Small Business Administration - Direct					
Small Business Administration	59.058				82,851
Small Business Administration - Total			**-**		**82,851**
Department of Energy - Direct					
Department of Energy	81.089				4,846
Department of Energy - Total			**-**		**4,846**
Department of Education - Direct					
STUDENT FINANCIAL ASSISTANCE CLUSTER					
Pell	84.063		894,472		23,631,039
SEOG	84.007		49,000		495,877
TEACH	84.379				476,735
College Work-Study	84.033			1,779,384	
Job Location and Development Program	84.033			47,000	
Subtotal	84.033				1,826,384
Federal Perkins Loan Program	84.038		405,350		15,549,712
Federal Direct Student Loans	84.268				127,066,622
TOTAL STUDENT FINANCIAL ASSISTANCE			**1,348,822**		169,046,369
TRIO CLUSTER					
Department of Education - TRIO	84.042				92,623
Department of Education - TRIO	84.047				258,494
Department of Education - TRIO	84.217				196,914
TOTAL TRIO					548,031
US Department of Education	84.283				3,006,447
US Department of Education	84.325				472,506
					3,478,953
Department of Education - Pass Through					
OK Department of Education	84.206	2659017146			11,104
OK Department of Education	84.305	2659016675			69,938
Putnam City Public Schools	84.366	317120721			(656)
OK State Regents for Higher Education	84.367	201718ESEA		7,289	
		92OK02SEED2018C3			
National Writing Project Corporation	84.367	WPPD		4,361	
OK State Regents for Higher Education	84.367	201718ESEA		106,901	
OK State Regents for Higher Education	84.367	ESEA		122,202	
OK State Regents for Higher Education	84.367	ESEA2018		29,674	
Subtotal	84.367				270,428
Miko Group	84.371	AGR92513			45,422
National Writing Project Corporation	84.411	92OK022017I3AI			20,052
					416,288
Department of Education - Total			**1,348,822**		**173,489,641**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Department of Health and Human Services - Direct				
Substance Abuse and Mental Health Services Administration	93.276			130,369
Substance Abuse and Mental Health Services Administration	93.243			345,183
			-	475,552
Department of Health and Human Services - Pass Through				
OK Department of Mental Health	93.243	PO4529049840		207,163
OK Department of Mental Health	93.959	PO4529050213		147,916
			-	355,079
Department of Health and Human Services - Total			**-**	**830,631**
Social Security Adminstration - Direct				
Social Security Adminstration	96.008			249,388
			-	249,388
Social Security Adminstration - Total			**-**	**249,388**
Department of Homeland Security - Pass Through				
			-	-
Department of Homeland Security - Total			**-**	**-**
TOTAL OTHER PROGRAMS			**2,135,432**	**180,267,909**
TOTAL FEDERAL FINANCIAL ASSISTANCE			**$ 12,614,092**	**$ 249,077,046**

*Denotes Research and Development Cluster major program.
**Subtotal of CFDA 10.310 is $1,038,023.

Note 1 -- Basis of Presentation and Significant Accounting Policies

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, 2018, which have been financed by the 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.

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.

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.

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.

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.

Note 2 -- Federal Direct Student Loan Program

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

Note 3 -- Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University. The beginning balance of loans outstanding (as of July 1, 2017) plus disbursements made to students during the year ended June 30, 2018, has been included as federal expenditures in the schedule. As of June 30, 2018, the ending balance of the loans receivable under the Federal Perkins Loan Program was approximately $15.9 million.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	No
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:	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Student Financial Aid Cluster	84.063; 84.007; 84.379 84.003; 84.038; 84.268
Research and Development Cluster	*
Comprehensive Centers	84.283B

* 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:	$	2,401,038
Auditee qualified as low-risk auditee?	No	

Section II – Financial Statement Findings

2018-A **Splitting Procurement Card Transactions to Below Procurement Levels**
Significant Deficiency in Internal Control over Financial Reporting

Criteria: Per the Regents' Policy Manual:
Unless otherwise exempt, purchases above $5,000 and not exceeding $50,000 must be processed through the Purchasing Department. If competition is required, it must be conducted formally. Splitting orders to avoid this dollar limit is prohibited.

Condition: We selected procurement card (P-card) transactions that appeared to occur on the same date with the same vendor that could indicate a violation of University policy. We selected 10 transactions under the $5,000 threshold that occurred on 5 dates and found that purchase date and time, vendor and amount spent appeared to be in excess of the $5,000 limit for each date selected that requires procurement policies to be followed. Our procedures indicate that this was a violation in one department of the University.

Cause: P-card transactions with certain vendors were split into more than one transactions that kept such transactions under the $5,000 threshold that would require formal procurement policies.

Effect: The policies of the Regents' Policy Manual were not followed and a formal bid process may have resulted in a more economical transactions had those policies been followed.

Recommendation:
We recommend that management evaluate controls around P-card use and review of such use to ensure formal University policies are followed and proper bid procedures take place

Views of Responsible Officials:
Management acknowledges the finding and have already implemented procedures for proper controls to be put in place.

Section III – Federal Award Findings and Questioned Costs

2018-001 **Suspension and Debarment Control**
Research and Development Cluster
Compliance Requirement: Suspension and Debarment
Material Weakness in Internal Control over Compliance

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition: During the fiscal year ended June 30, 2018, it appears that controls in place to check all vendors for potential suspension and/or debarment for covered transactions needed to be more complete and more consistent.

We inspected several University-level policies to indicate that more complete and consistent controls over suspension and debarment have been put in place as of July 1, 2018 in compliance with the new procurement policies required under the Uniform Guidance, which became effective for the University on that date. However, such policies have not yet been subject to formal audit procedures.

Cause: While the University-level policies referenced above were developed in direct response to the similar finding (2017-001) for the fiscal year ended June 30, 2017, their effective date came after the fiscal year ended June 30, 2018. It should be noted that controls over suspension and debarment appear to be in place with regards to subrecipients and equipment purchases.

Effect: The University was not in total compliance with federal requirements regarding suspension and debarment controls.

Context/Sampling:	Sixteen of the 20 covered transactions in our nonstatistical sample did not appear to have a control in place to identify the vendor as suspended or debarred prior to transacting with that vendor. No vendors selected in our test work for the fiscal year ended June 30, 2018 were listed as suspended or debarred.
Repeat Finding From Prior Year:	Yes, 2017-001
Questioned costs:	None, no vendors in our samples were listed as suspended or debarred.
Recommendation:	Control procedures should be implemented to ensure that all vendors under covered transactions are checked against the federal website for vendors that could be suspended or debarred prior to transacting with such vendors or another process as allowed by the federal regulations discussed above.
Views of Responsible Officials:	We agree with the condition and cause noted. In response to last year's finding we immediately began development of policies to implement a more complete and consistent system of controls to check for debarred and/or suspended vendors. Those policies have been in effect since July 1, 2018, the University's effective date for complying with the Procurement Standards within the Uniform Guidance. We greatly appreciate the auditors' recommendations relative to these efforts. With purchase orders, we will check for debarment and/or suspension on all covered transactions, regardless of funding source, prior to release. We have incorporated the required clauses into our solicitation documents.

2018-002 **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: Enrollment Reporting
Material Weakness 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.

Condition: In our student testing, there were students that had a change in enrollment status (i.e. withdrawal, graduation, reduction from fulltime to part-time). We identified instances where status changes that were not reported to the Department of Education's National Student Loan Data System (NSLDS) within the 60 day time requirement, status changes that had not been reported to NSLDS as of testwork, and instances where the status change date per the institution's records did not agree to the NSLDS records.

Questioned Costs: None reported.

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

Cause: Internal controls do not appear to be in place to accurately and timely identify the relevant dates for reporting to NSLDS.

Repeat finding From Prior Year: Yes, 2017-003, 2016-002, 2015-001

Context: Out of the 74 sample of enrollment status changes, 15 status changes had one or a combination of exceptions. These include 10 of the status change dates did not agree with NSLDS, 5 of the status changes had not been reported to NSLDS as of our testwork, and 2 status changes were not reported to NSLDS within the time required by the federal regulations. Non-statistical sampling was used.

Recommendation:

We recommend that management update their control processes to ensure that the proper status date changes are being reported to NSLDS.

Views of Responsible Officials:

Management has started corrective actions to address these issues for Fall 2018 submission of files.

2018-003 **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: Return of Funds
Material Weakness in Internal Control over Compliance

Criteria: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined by the regulations. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR section 668.22(a)(1) through (a)(5)).

Condition: We identified instances where the incorrect date was used to calculate the return of funds that resulted in an incorrect calculation of funds to be returned. Three of these instances resulted in funds due back to the students and one instance was an over-awarded amount to the student.

Cause: Internal controls do not appear to be in place to accurately and timely identify the relevant dates for return of fund calculation purposes.

Effect: Use of improper dates in the return of funds calculation will likely result in incorrect calculations and inaccurate return of funds.

Question Costs: None reported.

Context/Sampling:
Five withdrawals in our sample of 60 withdrawals had an incorrect calculation of the return of funds due to an improper date being used for the calculation. Non-statistical sampling was used.

Repeat Finding from Prior Year:
Yes, 2017-004

Recommendation:
We recommend that management update their control processes to ensure that the proper status date changes are being used for return of funds calculations.

Views of Responsible Officials:
Management agrees with the finding and will implement corrective measures.

2018-004 **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: Verification
Material Weakness in Internal Control over Compliance

Criteria: An institution not participating under an ED-approved Quality Assurance Program (QAP) is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. Such an institution shall require each applicant whose application is selected by ED to verify the information required for the Verification Tracking Group to which the applicant is assigned.

Condition: We noted instances in our sample of students selected for verification where the Institution either did not obtain the correct verification documents or the verified student information that differed for the original information was not accurately updated to the student's information.

Questioned Costs: None reported.

Effect: Inadequate controls over obtaining, reviewing and updating student verification information will likely result in incorrect award calculations.

Cause: Internal controls do not appear to be effective in ensuring proper verification documentation is obtained and student data is updated accordingly.

Context: There were exceptions in four of the 60 verifications sampled. There were three instances where the proper verification was received by the Institution and differed from the original student information but the student's information was not properly updated. There was one instance where proper verification documentation was not obtained by the Institution. Non-statistical sampling was used.

Repeat Finding from Prior Year: No

Recommendation:

We recommend that management update their control processes to ensure that proper documentation is received, and information is updated accurately.

Views of Responsible Officials:

Management agrees with the finding and has implemented procedures to assure we accurately submit the correct students in our future files.