University of Oklahoma
Norman Campus

As of and for the Years Ended
JUNE 30, 2015 AND 2014

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

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2015

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McGladrey

Independent Auditor's Report

Board of Regents
The University of Oklahoma
Norman, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of 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, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Member of the RSM International network of independent accounting, tax and consulting firms.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Oklahoma Norman Campus as of June 30, 2015, and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

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

Other Matters
The financial statements of the University, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 10, 2014, expressed an unmodified opinion on those statements.

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

Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

UNIVERSITY OF OKLAHOMA - NORMAN CAMPUS

Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements and Financial Analysis

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

The objective of the Management's Discussion and Analysis is to help readers of the University's financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2015, with comparative information for the years ended June 30, 2014, and June 30, 2013. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

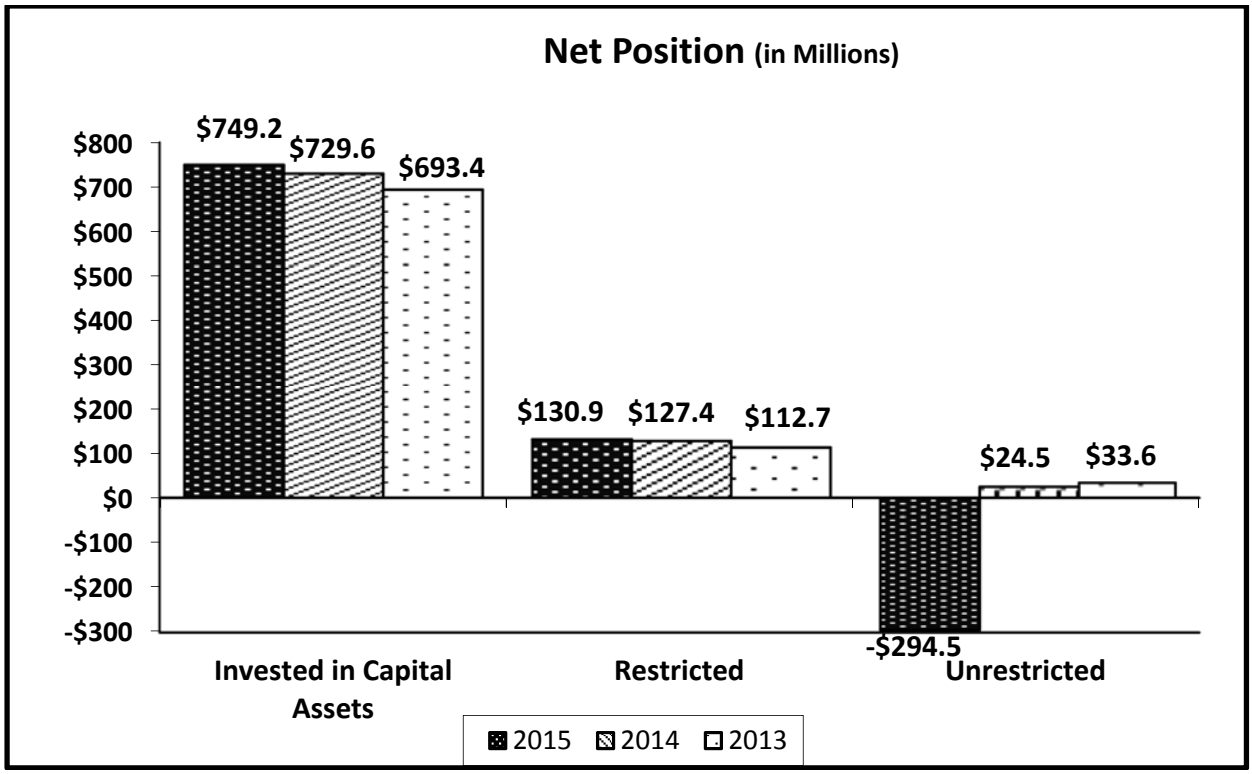
Statements of Net Position

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

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

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

The following graph illustrates the comparative change in net position by the three major categories mentioned above for fiscal years 2015, 2014, and 2013:



Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. This new accounting pronouncement was adopted during the year ended June 30, 2015. The cumulative impact of this new pronouncement was $303 million and is the primary reason the University's Unrestricted Net Position decreased from $24.5 million at June 30, 2014 to -$294.5 million at June 30, 2015.

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

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

	2015	2014	2013
Assets:			
Current Assets	$ 312.9	$ 426.0	$ 387.7
Capital Assets, net	1,532.6	1,496.8	1,449.3
Other Noncurrent Assets	174.9	141.8	194.5
Total Assets	$ 2,020.4	$ 2,064.6	$ 2,031.5
Deferred Outflows	$ 32.1	$ 12.2	$ 12.2
Liabilities:			
Current Liabilities	$ 192.1	$ 228.0	$ 205.4
Noncurrent Liabilities	1,210.9	965.9	998.6
Total Liabilities	$ 1,403.0	$ 1,193.9	$ 1,204.0
Deferred Inflows	$ 63.9	$ 1.4	$ -
Net Position:			
Invested in capital assets, net of related debts	749.2	729.6	693.4
Restricted	130.9	127.4	112.7
Unrestricted	(294.5)	24.5	33.6
Total Net Position	$ 585.6	$ 881.5	$ 839.7
Change in Net Position	$ (295.9)	$ 41.8	$ 33.4

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

At June 30, 2015, the University had approximately $1,532.6 million invested in capital assets, net of accumulated depreciation of $825.1 million. Depreciation charges for the current year totaled $67.9 million compared to $66.5 million and $64.3 million in the two prior years. Note 8 to the financial statements provides additional information on capital asset activities and balances.

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

At June 30, 2015, the University had approximately $782.1 million in outstanding bonds and capital leases. Additional information related to the University's long-term liabilities is presented in Note 11 to the financial statements.

Total assets of the University increased $33.1 million from June 30, 2013, to June 30, 2014. This increase was primarily due to an increase in capital assets, net of depreciation, of $47.5 million, partially offset by a decrease in accounts receivable of $17.9 million. Cash and cash equivalents increased $91.4 million and investments decreased $88.0 million due primarily to the timing of the transition of investment managers for the University's endowments.

Total liabilities of the University decreased $10.1 million from June 30, 2013, to June 30, 2014. This decrease resulted primarily from a decrease in accounts payable and accrued expenses of $12.2 million due to the timing of FY14 benefit payments.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2015, 2014, and 2013:

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

	2015	2014	2013
Operating Revenues	$ 583.7	$ 553.8	$ 524.7
Operating Expenses	(871.6)	(830.2)	(800.6)
Operating Loss	(287.9)	(276.4)	(275.9)
Nonoperating revenues and expenses	266.0	273.7	273.1
Loss before other revenues, expenses, gains or losses	(21.9)	(2.7)	(2.8)
Other revenues, expenses, gains or losses	29.1	44.5	36.2
Increase in Net Position before GASB 68	7.2	41.8	33.4
Cumulative effect of adopting GASB 68	(303.1)	-	-
Change in Net Position	$ (295.9)	$ 41.8	$ 33.4

Trends in the relationship between operating revenues and operating expenses are significant indicators of the University's financial health. Operating revenues increased $59.0 million (11.2%) from June 30, 2013 to June 30, 2015, while operating expenses increased $71.0 million (8.9%). The slower growth in operating expenses is a reflection of the University's efforts to reduce expenses to better match anticipated revenues. These efforts will continue in the upcoming fiscal years as the State's economic outlook and funds available for higher education remain uncertain.

Operating revenues of $583.7 million increased $29.9 million (5.4%) in 2015 when compared to the prior year. Operating revenues of $553.8 million for the year ended June 30, 2014, increased $29.1 million (5.5%) when compared to the year ended June 30, 2013. The following table summarizes the University's operating revenues for the years ended June 30, 2015, 2014, and 2013:

Operating Revenues (in millions)

	2015	2014	2013
Tuition and fees	$ 278.1	$ 263.4	$ 239.6
Grants and contracts	94.2	97.1	97.5
Sales and sevices of educational activities	12.9	14.9	11.7
Auxiliary enterprises	181.1	164.9	154.5
Other revenues	17.4	13.5	21.4
Total Operating Revenues	$ 583.7	$ 553.8	$ 524.7

For the year ended June 30, 2015, the increase in operating revenues from 2014 is primarily due to an increase in tuition and fee rates, an increase in Athletic revenues due to increased conference distributions and sponsorships, and an increase in Housing and Food Services due to increased room and board revenue.

The increase in operating revenues from the year ended June 30, 2013 to June 30, 2014 was due to an increase in tuition and fees revenue and an increase in Athletic revenues due to increased contributions and conference distributions.

Operating expenses of $871.6 million increased $41.4 million (5.0%) in 2015 when compared to the prior year. Operating expenses of $830.2 million for the year ended June 30, 2014 increased $29.6 million (3.7%) when compared to the year ended June 30, 2013. The following table summarizes the University's operating expenses for the years ended June 30, 2015, 2014, and 2013:

Operating Expenses (in millions)

	2015	2014	2013
Compensation and benefits	$ 491.5	$ 481.5	$ 470.3
Contractual services	83.9	79.2	80.0
Supplies and materials	28.1	27.2	25.5
Depreciation	67.9	66.5	64.3
Utilities	46.6	44.6	41.1
Communications	6.6	7.7	6.6
Scholarships and fellowships	36.3	34.6	34.5
Other	110.7	88.9	78.3
Total Operating Expenses	$ 871.6	$ 830.2	$ 800.6

For the year ended June 30, 2015, the increase in operating expenses from 2014 is primarily due to an increase in compensation and benefits, an increase in contractual services, an increase in utilities from increased usage and rates, an increase in scholarships and fellowships, and an increase in other expenses.

The increase in operating expenses from the year ended June 30, 2013 to June 30, 2014, was primarily due to an increase in compensation and benefits, increased depreciation as a result of new buildings placed into service, an increase in utilities from increased usage and rates, and an increase in other expenses.

Nonoperating revenues of $266.0 million decreased $7.7 million (2.8%) in 2015 when compared to the prior year. Nonoperating revenues of $273.7 million for the year ended June 30, 2014 increased $600,000 (0.2%) when compared to the year ended June 30, 2013. The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2015, 2014, and 2013:

Nonoperating Revenues (Expenses) (in millions)

	2015	2014	2013
State appropriations	$ 147.1	$ 148.4	$ 145.8
On-behalf payments for OTRS	12.6	15.2	15.4
Endowment income	6.4	8.1	7.9
Grants and contracts	88.7	87.9	87.0
Private gifts	39.9	39.4	37.7
Student fees for capital projects	-	-	5.9
Loss on transfer of asset	(0.4)	-	-
Interest on indebtedness	(34.0)	(34.9)	(35.3)
Investment income	5.7	9.6	8.7
Total Nonoperating Revenues	$ 266.0	$ 273.7	$ 273.1

Appropriations from the State of Oklahoma decreased $1.3 million (0.9%) during fiscal year 2015. Investment and endowment income decreased $5.6 million (31.6%) from June 30, 2014.

During fiscal year 2014, appropriations from the State of Oklahoma increased $2.6 million and private gifts increased $1.7 million. Student fees for capital projects decreased $5.9 million as a result of the fees no longer being pledged for bond payments.

Other revenues, expenses, gains, or losses of $29.1 million decreased $15.4 million (34.6%) in 2015 when compared to the prior year. Other revenues, expenses, gains, or losses of $44.5 million for the year ended June 30, 2014 increased $8.3 million (22.9%) when compared to the year ended June 30, 2013. The following table summarizes the University's other revenues, expenses, gains, or losses for the years ended June 30, 2015, 2014, and 2013:

Other Revenues, Expenses, Gains (Losses)

	2015	2014	2013
Build America Bonds subsidy	$ 0.8	$ 0.8	$ 0.8
Federal grants and contracts for capital purposes	1.8	-	-
Private gifts for capital purposes	8.7	23.2	18.2
State school land funds	9.4	10.6	9.8
On-behalf payments for OCIA capital leases	8.0	7.8	5.3
Additions to permanent endowments	0.4	2.1	2.1
Total Other Revenues, Expenses, Gains (Losses)	$ 29.1	$ 44.5	$ 36.2

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

The increase from June 30, 2013 to June 30, 2014 is primarily due to an increase in private gifts for various capital projects.

Statements of Cash Flows

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

The University's overall liquidity decreased during the current year, with a net decrease to cash and cash equivalents of $169.2 million. Overall liquidity increased from June 30, 2013 to June 30, 2014, with a net increase to cash and cash equivalents of $91.4 million.

The following table summarizes the University's cash flows for the years ended June 30, 2015, 2014, and 2013:

Condensed Statement of Cash Flows (in millions)

	2015	2014	2013
Cash provided (used) by:			
Operating activities	$ (215.3)	$ (182.6)	$ (174.9)
Noncapital financing activities	281.7	283.3	277.6
Capital and related financing activities	(110.7)	(108.0)	(69.5)
Investing activities	(124.9)	98.7	1.7
Net Change in Cash	(169.2)	91.4	34.9
Cash and cash equivalents, beginning of year	466.1	374.7	339.8
Cash and cash equivalents, end of year	$ 296.9	$ 466.1	$ 374.7

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

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

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

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

Cash used by operating activities during fiscal year 2014 of $182.6 million increased $7.7 million (4.4%) compared to the prior year ($174.9 million). Major sources of operating funds were tuition and fees ($264.5 million), grants and contracts ($106.1 million), and auxiliary enterprises ($168.5 million), which were offset by the payment of compensation and benefits ($458.4 million) and other operating expenses ($286.6 million).

Cash provided by noncapital financing activities during fiscal year 2014 of $283.3 million increased $5.7 million (2.1%) compared to the prior year ($277.6 million). Major sources of noncapital financing activities were state appropriations ($148.4 million), grants and contracts ($87.9 million), and private gifts ($39.2 million).

Cash used in capital and related financing activities during fiscal year 2014 of $108.0 million increased $38.5 million (55.4%) when compared to the prior year ($69.5 million) due primarily to the timing of the receipt of bond proceeds and related expenditures . Major sources of capital and related financing activities were proceeds from revenue bonds and capital leases ($144.1 million) and private gifts ($23.2 million), which were offset by purchases of capital assets ($117.3 million) and principal and interest payments on capital debt and leases ($176.8 million).

Cash provided by investing activities during fiscal year 2014 of $98.7 million increased $97.0 million (570.6%) when compared to the prior year ($1.7 million). The change between the years is due to the timing of the transition of investment managers for the University's endowments.

Economic Outlook

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

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

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

STATEMENTS OF NET POSITION

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	June 30 (in thousands) 2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 105,721	$ 188,630
Restricted cash and cash equivalents	134,096	162,840
Accrued interest receivable	347	455
Accounts receivable, net of allowance for doubtful accounts	64,110	65,837
Inventories and supplies, at cost	4,259	3,892
Loans to students, net of allowance for uncollectible loans	2,274	2,320
Deposits and prepaid expenses	2,054	2,074
TOTAL CURRENT ASSETS	312,861	426,048
NONCURRENT ASSETS		
Restricted cash and cash equivalents	57,054	114,669
Endowment investments	54,564	-
Other long-term investments	45,854	9,671
Investments in real estate	220	395
Loans to students, net	16,799	16,722
Deposits and prepaid expenses	386	407
Capital assets, net of accumulated depreciation	1,532,624	1,496,752
TOTAL NONCURRENT ASSETS	1,707,501	1,638,616
TOTAL ASSETS	$ 2,020,362	$ 2,064,664
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on OCIA lease restructure	$ 963	$ 1,284
Deferred charge on advance refunding of bonds	3,767	4,015
Deferred charge on defeasance of bonds	6,470	6,918
Deferred contributions on pension plan	20,947	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 32,147	$ 12,217

(Continued)

STATEMENTS OF NET POSITION--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	June 30 (in thousands) 2015	2014
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 34,841	$ 35,842
Utilities management agreement, current portion	4,720	4,720
Other postemployment benefits, current portion	5,250	4,912
Accrued compensated absences, current portion	28,905	27,121
Unearned revenues	66,756	65,026
Unearned revenues - long-term contracts, current portion	2,305	2,624
Accrued interest payable	15,144	13,468
Capital leases and revenue bonds payable, current portion	32,459	31,819
Deposits held in custody for others, current portion	1,755	42,506
TOTAL CURRENT LIABILITIES	192,135	228,038
NONCURRENT LIABILITIES, net of current portion		
Utilities management agreement	90,120	94,840
Other postemployment benefits	96,967	88,543
Net pension liability	243,680	-
Retirement plan liability	9,560	8,572
Accrued compensated absences	5,506	5,555
Unearned revenues - long-term contracts	1,045	2,256
Federal loan program contributions refundable	14,440	14,404
Capital lease obligations	60,801	72,322
Revenue bonds payable	688,808	679,426
TOTAL NONCURRENT LIABILITIES	1,210,927	965,918
TOTAL LIABILITIES	$ 1,403,062	$ 1,193,956
DEFERRED INFLOWS OF RESOURCES		
Deferred credit on OCIA lease restructure	$ 3,742	$ 1,440
Deferred credit on pension plan	60,108	-
	$ 63,850	$ 1,440
NET POSITION		
Net investment in capital assets	$ 749,179	$ 729,621
Restricted for:		
Nonexpendable	29,827	27,064
Expendable:		
Educational, general and auxiliary operations	22,607	24,350
Capital projects	30,619	26,278
Debt service	24,068	23,693
Athletics	23,842	26,008
Unrestricted	(294,545)	24,471
TOTAL NET POSITION	$ 585,597	$ 881,485

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30 (in thousands)	
	2015	2014
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $72,300 and $60,218 for 2015 and 2014, respectively)	$ 278,121	$ 263,409
Federal grants and contracts	59,925	61,388
State grants and contracts	10,314	10,904
Private grants and contracts	23,917	24,797
Interest on student loans receivable	459	463
Sales and services of educational activities	12,908	14,924
Housing and food service revenues	60,462	56,131
Athletic revenues (net of scholarship allowances of $8,312 and $7,506 for 2015 and 2014, respectively)	91,093	79,832
Sales and services of auxiliary enterprises--other	29,591	28,896
Other revenues	16,865	13,086
TOTAL OPERATING REVENUES	583,655	553,830
OPERATING EXPENSES		
Compensation and benefits	491,489	481,551
Contractual services	83,930	79,156
Supplies and materials	28,115	27,167
Depreciation	67,905	66,530
Utilities	46,568	44,564
Communications	6,569	7,691
Scholarships and fellowships	36,305	34,617
Other	110,702	88,957
TOTAL OPERATING EXPENSES	871,583	830,233
OPERATING LOSS	(287,928)	(276,403)

(Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30 (in thousands)	
	2015	2014
NONOPERATING REVENUES (EXPENSES)		
State appropriations	147,149	148,370
On-behalf payments for OTRS	12,631	15,167
Federal grants and contracts	34,019	35,840
State grants and contracts	50,067	46,673
Private grants and contracts	4,636	5,388
Private gifts	39,856	39,417
Loss on transfer of asset	(419)	-
Interest on indebtedness	(34,033)	(34,859)
Investment income	5,696	9,602
Endowment income	6,446	8,062
NET NONOPERATING REVENUES	266,048	273,660
LOSS BEFORE OTHER REVENUES (EXPENSES), GAINS OR (LOSSES)	(21,880)	(2,743)
OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)		
Federal grants and contracts for capital purposes	1,790	-
Build America Bonds subsidy	800	801
Private gifts for capital projects	8,711	23,165
State school land funds	9,384	10,608
On-behalf payments for OCIA capital leases	7,952	7,806
Additions to permanent endowments	427	2,130
INCREASE IN NET POSITION	7,184	41,767
NET POSITION AT BEGINNING OF YEAR	881,485	839,718
Restatement - Adoption of GASB 68 and 71	(303,072)	-
Net Position, Beginning of Year - *Restated*	578,413	839,718
NET POSITION AT END OF YEAR	$ 585,597	$ 881,485

See notes to financial statements.

STATEMENTS OF CASH FLOWS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30, (in thousands)	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 278,390	$ 264,523
Sales and services of educational activities	15,281	14,606
Sales and services of auxiliary enterprises	29,828	28,940
Housing and food service revenues	60,257	56,055
Athletic revenues	86,894	83,535
Federal grants and contracts	56,101	65,133
State grants and contracts	11,247	14,502
Private grants and contracts	23,725	26,456
Interest on loans receivable	459	463
Other additions	13,576	8,374
Loans issued to students	(2,851)	(2,767)
Collection of loans	2,779	2,586
Compensation and benefits	(484,605)	(458,394)
Other operating expenses	(306,437)	(286,627)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(215,356)	(182,615)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	147,149	148,370
Federal grants and contracts	34,019	35,840
State grants and contracts	50,067	46,673
Private grants and contracts	4,636	5,388
Net decrease in Federal loan program contributions refundable	36	(74)
Endowment income	5,920	7,888
Private gifts	39,856	39,203
Direct loan receipts	108,030	107,836
Direct loan disbursements	(108,030)	(107,836)
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	281,683	283,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to permanent endowment	427	2,130
Proceeds from revenue bonds and capital leases	38,609	144,123
Proceeds from utilities management agreement	10,000	10,000
Payments under utilities management agreement	(4,720)	(4,720)
Federal grants and contracts for capital purposes	1,790	-
Private gifts for capital projects	8,711	23,165
State school land funds	9,384	10,608
Build America Bonds Subsidy	800	801
Purchases of capital assets	(112,914)	(117,320)
Principal paid on capital debt and leases	(27,289)	(25,829)
Refunded or defeased capital debt	(5,115)	(116,270)
Interest paid on capital debt and leases	(30,367)	(34,684)
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(110,684)	(107,996)

(Continued)

STATEMENTS OF CASH FLOWS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30, (in thousands) 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	4,751	4,809
Proceeds from sales and maturities of investments	175	179,524
Purchase of investments	(129,837)	(85,583)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(124,911)	98,750
NET CHANGE IN CASH AND CASH EQUIVALENTS	(169,268)	91,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	466,139	374,712
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 296,871	$ 466,139
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (287,928)	$ (276,403)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	67,905	66,530
Loss on disposal of capital assets	7,055	1,135
OTRS On-behalf contributions	12,631	15,167
Change in operating assets and liabilities:		
Accounts receivable	(7,746)	8,266
Inventory	(367)	81
Student loans receivable	(30)	(187)
Deposits and prepaid expenses	41	1,705
Deferred outflows of resources	(1,338)	-
Accounts payable, accrued expenses, and other liabilities	2,609	(9,068)
Other postemployment benefits	8,762	6,926
Unearned revenue	199	1,555
Compensated absences	1,734	1,338
Deposits held in custody for others	9	340
Net pension liability	(79,000)	-
Deferred inflows of resources	60,108	-
NET CASH USED IN OPERATING ACTIVITIES	$ (215,356)	$ (182,615)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Net capitalized interest	$ 956	$ 861
Principal on capital debt paid by State Agency on behalf of the University	5,310	5,791
Interest on capital debt paid by State Agency on behalf of the University	2,642	2,015
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Current assets:		
Cash and cash equivalents	$ 105,721	$ 188,630
Restricted cash and cash equivalents	134,096	162,840
Noncurrent assets:		
Restricted cash and cash equivalents	57,054	114,669
	$ 296,871	$ 466,139

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2015 and 2014 (in thousands)

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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.

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.

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

Restricted Cash and Investments: Cash and investments that are externally restricted for grant expenditures, debt service payments, loans to students, maintainenance 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 fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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

Cost incurred during construction of long-lived assets is recorded as construction in progress and are not depreciated until placed in service. The University capitalizes interest as a component of capital assets constructed for its own use. In 2015, total interest incurred was $34,989 of which $956 was capitalized. In 2014, total interest incurred was $35,720, of which $861 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 2015 impairment losses totaled $124, and for 2014 they totaled $111.

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

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

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

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

Bond premiums and discounts are amortized over the life of the bonds using the straight line method, which is not significantly different from the effective interest method. Bond issuance costs are expensed as incurred regardless of whether they are included in bond proceeds.

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

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

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

Restricted net position - expendable - The restricted expendable component of net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

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

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

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

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

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

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

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

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2015 and 2014, the University's deferred outflows of resources were comprised of deferred charges related to a lease restructuring and advance refundings (defeasance) of bonds, and deferred outflows related to pensions.

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. At June 30, 2015 and 2014, the University's deferred inflows of resources were comprised of a deferred credit related to a lease restructuring and deferred inflows related to pensions.

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

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

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

Reclassifications: Certain reclassifications have been made to the 2014 financial statements to conform with the 2015 financial statement presentation. Such reclassifications have had no effect on changes in net position as previously reported.

New Accounting Pronouncements Adopted in Fiscal Year 2015: The University adopted new accounting pronouncements during the year ended June 30, 2015 as follows:

- Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

  GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance was issued in November 2013. The adoption of GASB No. 68 resulted in a decrease in Net Position of $303.1 million.

- Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*

  GASB No. 71 was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement were required to be adopted simultaneously with the adoption of GASB Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of $19.6 million for contributions after the measurement date of the beginning net pension liability.

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

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

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 2016 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. 72, *Fair Value Measurement and Application*
  GASB No. 72 was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. The statement defines fair value as that price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement also provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for financial statements for periods beginning after June 15, 2015.
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
  GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not with the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 68 for pension plans and pensions that are within their respective scopes. It is effective for fiscal years beginning after June 15, 2015, except for provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
  GASB No. 75 was issued in June 2015 and replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The provisions of Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

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

- Statement No. 76, *The Hierarchy of Generally Accepted accounting Principles for State and Local Governments*

  GASB No. 76 was issued in June 2015 and supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

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

NOTE 2--DEPOSITS AND INVESTMENTS

Deposits: *Custodial credit risk* 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, 2015 and 2014, the carrying amounts of the University's deposits with the State Treasurer and other financial institutions were $296,871 and $466,139, respectively. These amounts consisted of deposits with the OST ($256,518 and $328,086), U.S. and foreign financial institutions ($1,005 and $333), deposits with trustees ($39,212 and $37,160), intermediate investment funds ($0 and $7,105), expendable investment funds ($0 and $9,722), municipal money market funds ($0 and $83,603), and petty cash and change funds ($136 and $130). Of funds on deposit with the OST, amounts invested in OK INVEST total $213,964 in 2015 and $259,397 in 2014.

For financial reporting purposes, deposits with the OST that are invested in OK INVEST are classified as cash equivalents. The distribution of deposits in OK INVEST are as follows:

At June 30, 2015

OK INVEST Portfolio	Cost	Market Value
U.S. agency securities	$ 85,902	$ 85,809
Money market mutual funds	26,861	26,861
Certificates of deposit	5,842	5,842
Mortgage backed agency securities	83,939	85,012
Municipal bonds	2,967	3,217
Foreign bonds	1,648	1,648
Commercial paper	4,328	4,328
U.S. Treasury obligations	2,477	2,973
	$ 213,964	$ 215,690

At June 30, 2014

OK INVEST Portfolio	Cost	Market Value
U.S. agency securities	$ 119,012	$ 118,781
Money market mutual funds	12,524	12,524
Certificates of deposit	6,733	6,733
Mortgage backed agency securities	106,563	108,762
Municipal bonds	3,980	4,407
Foreign bonds	2,038	2,038
Commercial paper	5,459	5,459
U.S. Treasury obligations	3,088	3,823
	$ 259,397	$ 262,527

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

Agencies and funds that are considered to be part of the State's reporting entity in the State's comprehensive annual financial report are allowed to participate in *OK INVEST*. Oklahoma statutes and the 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 and its funds' and agencies' daily cash flow requirements.

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

Investments: At June 30, the fair value of the University's investments consisted of the following:

	June 30	
	2015	2014
Foundation investment pools	$ 90,261	$ -
Mutual funds	10,157	9,671
Real property	8	183
Mineral interests	212	212
	100,638	10,066
OK Invest internal investment pool (classified as cash equivalents in statement of net position)	215,690	262,527
	$ 316,328	$ 272,593

Foundation investment pools include various cash equivalents, fixed income securities, equity securities, and alternative investments.

Information regarding the various risk categories for the University's investments and the policies for managing that risk are included below.

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.
- 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.

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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. The University's investments are categorized by maturity dates to reflect the fair values that are sensitive to changes in interest rates.

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.

In prior years, funds held in the Regents' Fund investments on behalf of the Health Sciences Center were reflected in the financial statements as deposits held in custody for others. Beginning in fiscal year 2015, these funds are no longer reflected on the Norman Campus financial statements.

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

	2015	2014
Endowment investments	$ 54,564	$ -
Other long-term investments	45,854	9,671
Investments in real estate and mineral interests	220	395
	$ 100,638	$ 10,066

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:

	2015	2014
Student tuition and fees	$ 42,547	$ 41,227
Federal, state and private grants and contracts	31,038	28,546
Utilities management agreement	-	10,000
Contributions and gifts	6,826	6,300
Auxiliary enterprises and other operating activities	12,462	7,615
	92,873	93,688
Less allowance for doubtful accounts	(28,763)	(27,851)
Net current accounts receivable	$ 64,110	$ 65,837

Included in the amounts above is approximately $8,341 at June 30, 2015, and $8,045 at June 30, 2014, which is due from the U.S. government.

NOTE 4--INVENTORIES

Inventories consisted of the following at June 30:

	2015	2014
University Press	$ 847	$ 765
Other Auxiliaries	863	715
University Printing Services	386	374
Facilities Management	292	294
College of Continuing Education operations	131	133
Museum retail operations	310	282
IT Store	1,326	1,249
Other	104	80
	$ 4,259	$ 3,892

NOTE 5--LOANS TO STUDENTS

Net student loans made under the Federal Perkins Loan Program (the "Program") comprised approximately 81% of the June 30, 2015 loan balance and 82% of the 2014 loan balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University to the extent of 10% of the amounts forgiven for loans originated prior to July 1, 1993 under the Program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. government upon cessation of the Program of approximately $14,440 and $14,404 at June 30, 2015 and 2014, respectively, are reflected in the accompanying statements of net position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the 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, 2015 and 2014, the allowance for uncollectible loans, including loans made under the program, was approximately $973 and $931, respectively.

NOTE 6--FUNDS HELD IN TRUST BY OTHERS

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

The University received approximately $9,384 and $10,608 during the years ended June 30, 2015, and 2014, respectively, which is restricted to acquisition of buildings, equipment, or other capital items. During 2015 and 2014, respectively, the University distributed $3,113 and $2,499 of these funds to the Health Sciences Center. Present state law prohibits the distribution of any corpus of these funds. The estimated fair value of the total trust fund for the University, held in trust by the Commissioners of the Land Office, was approximately $183,330 ($172,328 restricted corpus) and $180,984 ($160,791 restricted corpus) at June 30, 2015 and 2014, 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 $103,985 and $115,522 at June 30, 2015 and 2014, 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 $6,826 and $6,300 as of June 30, 2015 and 2014, respectively, have been reflected in the statements of net position as accounts receivable. With regard to the institutional matching funds, approximately $164,002 and $158,394 are on deposit with the Foundation for the benefit of the University as of June 30, 2015 and 2014, respectively.

NOTE 7--RELATED PARTY TRANSACTIONS

A summary of related party transactions during the years ended June 30, 2015 and 2014 including a description of the relationship, is as follows:

The University of Oklahoma Foundation

As discussed in Note 1, the Foundation is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the University, including the Health Sciences Center. The Foundation is governed by an independent Board of Directors. Based on the audited financial statements of the Foundation for the years ended June 30, 2015 and 2014, net assets of the Foundation were approximately $1,354,034 (unaudited) and $1,227,143 (audited) respectively. The Foundation expended on behalf of the Norman Campus and Health Sciences Center approximately $88,189 in 2015 and $112,377 in 2014 for facilities and equipment, salary supplements, general educational assistance, faculty awards and scholarships, of which approximately $41,237 in 2015 and $59,206 in 2014 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

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

NOTE 8--CAPITAL ASSETS--Continued

	2014				
	Beginning Balance	Additions	Transfers	Deductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 32,950	$ 1,039	$ -	$ -	$ 33,989
Construction in progress	98,976	73,302	(108,281)	-	63,997
Total capital assets not being depreciated	131,926	74,341	(108,281)	-	97,986
Capital assets being depreciated:					
Buildings	1,379,556	4,069	91,863	(443)	1,475,045
Equipment	195,476	17,331	1,760	(6,878)	207,689
Nonstructural improvements	105,106	6,322	6,135	-	117,563
Land improvements	33,113	-	-	-	33,113
Software	63,427	210	-	-	63,637
Infrastructure	61,327	1,810	8,523	-	71,660
Library books	182,047	11,007	-	-	193,054
Total capital assets being depreciated	2,020,052	40,749	108,281	(7,321)	2,161,761
Less accumulated depreciation for:					
Buildings	357,403	26,907	-	(41)	384,269
Equipment	129,797	14,323	-	(6,145)	137,975
Nonstructural improvements	21,386	5,490	-	-	26,876
Land improvements	26,017	882	-	-	26,899
Software	41,937	8,941	-	-	50,878
Infrastructure	35,010	2,934	-	-	37,944
Library books	91,101	7,053	-	-	98,154
Total accumulated depreciation	702,651	66,530	-	(6,186)	762,995
Total capital assets being depreciated, net	1,317,401	(25,781)	108,281	(1,135)	1,398,766
Capital assets, net	$ 1,449,327	$ 48,560	$ -	$ (1,135)	$ 1,496,752

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:

	2015	2014
Accounts payable	$ 21,624	$ 26,613
Accrued payroll	7,540	6,773
Self insurance reserves	5,677	2,456
	$ 34,841	$ 35,842

NOTE 10--UNEARNED REVENUES

Unearned revenues consist of the following at June 30:

	2015	2014
Prepaid tuition and student fees	$ 12,748	$ 11,884
Prepaid athletic ticket sales	28,712	29,422
Auxiliary enterprises and other activities	9,802	7,558
Grants and contracts	15,494	16,162
Long-term contracts	3,350	4,880
	$ 70,106	$ 69,906

NOTE 11--LONG-TERM LIABILITIES

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

				2015				
	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:		(percentages)						
ODFA Public Facility, Series 2003AB	2003	2.00-4.06	07/01/2016	-	-	-	-	-
Multiple Facility, Series 2003	2003	2.50-5.00	06/01/2029	-	-	-	-	-
Student Housing, Series 2004	2004	3.00-5.125	07/01/2034	1,975	-	(1,975)	-	-
Research Facility, Series 2004	2004	2.50-5.875	11/01/2034	-	-	-	-	-
General Rev. Refunding, Series 2006A	2006	4.00-5.00	07/01/2031	94,070	-	(3,295)	90,775	3,450
General Revenue Bonds, Series 2007A	2007	4.00-4.125	07/01/2036	26,790	-	-	26,790	-
General Revenue Bonds, Series 2007B	2007	5.30-5.60	07/01/2021	7,540	-	(850)	6,690	895
General Revenue Bonds, Series 2007C	2008	4.15-5.90	07/01/2037	34,625	-	-	34,625	-
General Revenue Bonds, Series 2007D	2008	4.15-5.90	07/01/2024	14,725	-	(1,060)	13,665	1,115
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	34,830	-	(675)	34,155	700
General Revenue Bonds, Series 2009B	2009	3.00-5.00	07/01/2039	225	-	(225)	-	-
General Revenue Bonds, Series 2009C	2009	2.00-4.00	07/01/2024	-	-	-	-	-
General Revenue Bonds, Series 2010Ban's	2010	1.61	11/01/2011	-	-	-	-	-
General Revenue Bonds, Series 2010A	2010	2.00	07/01/2015	2,350	-	(1,165)	1,185	1,185
General Revenue Bonds, Series 2010B	2010	3.72-6.27	07/01/2039	42,575	-	-	42,575	-
General Revenue Bonds, Series 2011A	2011	.70-5.00	07/01/2035	8,005	-	(225)	7,780	230
General Revenue Bonds, Series 2011B	2011	.75-6.39	07/01/2040	33,770	-	(595)	33,175	610
General Revenue Bonds, Series 2011C	2011	2.00-4.75	07/01/2036	10,665	-	(320)	10,345	325
General Revenue Bonds, Series 2011D	2011	.810-5.634	07/01/2041	60,445	-	(1,140)	59,305	1,160
General Rev. Refunding, Series 2011E	2012	.400-5.00	07/01/2026	18,345	-	(1,260)	17,085	1,290
General Rev. Refunding, Series 2011F	2012	.630-1.960	07/01/2016	1,155	-	(380)	775	385
General Revenue Bonds, Series 2012A	2012	2.00-5.00	07/01/2041	65,655	-	-	65,655	-
General Revenue Bonds, Series 2012B	2012	.950-1.450	07/01/2016	5,560	-	(1,835)	3,725	1,850
General Rev. Refunding, Series 2012C	2013	.300-3.00	07/01/2027	5,450	-	(5,450)	-	-
General Rev. Refunding, Series 2012D	2013	.396-3.123	07/01/2027	25,130	-	(1,600)	23,530	1,610
General Revenue Bonds, Series 2013A	2013	2.00-3.775	07/01/2042	11,200	-	-	11,200	285
General Revenue Bonds, Series 2013B	2013	.520-4.29	07/01/2042	48,945	-	-	48,945	1,190
General Rev. Refunding, Series 2013C	2014	2.00-3.00	07/01/2016	6,100	-	(2,000)	4,100	2,040
General Rev. Refunding, Series 2013D	2014	.540-5.115	07/01/2034	17,195	-	(935)	16,260	940
General Revenue Bonds, Series 2014A	2014	2.00-4.50	07/01/2043	12,380	-	-	12,380	250
General Revenue Bonds, Series 2014B	2014	.583-5.173	07/01/2043	11,980	-	-	11,980	230
General Rev. Refunding, Series 2014C	2014	1.00-5.00	07/01/2034	89,185	-	(2,710)	86,475	3,400
General Revenue Bonds, Series 2015A	2015	3.00-5.00	07/01/2044	-	29,550	-	29,550	-
General Revenue Bonds, Series 2015B	2015	.680-2.68	07/01/2024	-	5,075	-	5,075	-
Subtotal revenue bonds payable				690,870	34,625	(27,695)	697,800	23,140
Premium/(Discount)				11,798	3,984	(856)	14,926	778
Total revenue bonds payable				702,668	38,609	(28,551)	712,726	23,918

NOTE 11--LONG-TERM LIABILITIES--Continued

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

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

	Issue Dates	Interest Rates	Maturity Through	2014 Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:		(percentages)						
ODFA Public Facility, Series 2003AB	2003	2.00-4.06	07/01/2016	8,045	-	(8,045)	-	-
Multiple Facility, Series 2003	2003	2.50-5.00	06/01/2029	27,620	-	(27,620)	-	-
Student Housing, Series 2004	2004	3.00-5.125	07/01/2034	71,470	-	(69,495)	1,975	1,975
Research Facility, Series 2004	2004	2.50-5.875	11/01/2034	16,775	-	(16,775)	-	-
General Rev. Refunding, Series 2006A	2006	4.00-5.00	07/01/2031	97,220	-	(3,150)	94,070	3,295
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	8,350	-	(810)	7,540	850
General Revenue Bonds, Series 2007C	2008	4.15-5.90	07/01/2037	34,625	-	-	34,625	-
General Revenue Bonds, Series 2007D	2008	4.15-5.90	07/01/2024	15,730	-	(1,005)	14,725	1,060
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	35,490	-	(660)	34,830	675
General Revenue Bonds, Series 2009B	2009	3.00-5.00	07/01/2039	850	-	(625)	225	225
General Revenue Bonds, Series 2010A	2010	2.00	07/01/2015	3,490	-	(1,140)	2,350	1,165
General Revenue Bonds, Series 2010B	2010	3.72-6.27	07/01/2039	42,575	-	-	42,575	-
General Revenue Bonds, Series 2011A	2011	.70-5.00	07/01/2035	8,225	-	(220)	8,005	225
General Revenue Bonds, Series 2011B	2011	.75-6.39	07/01/2040	34,355	-	(585)	33,770	595
General Revenue Bonds, Series 2011C	2011	2.00-4.75	07/01/2036	10,975	-	(310)	10,665	320
General Revenue Bonds, Series 2011D	2011	.810-5.634	07/01/2041	61,570	-	(1,125)	60,445	1,140

NOTE 11--LONG-TERM LIABILITIES--Continued

				2014				
	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases--Continued:		(percentages)						
General Rev. Refunding, Series 2011E	2012	.400-5.00	07/01/2026	19,570	-	(1,225)	18,345	1,260
General Rev. Refunding, Series 2011F	2012	.630-1.960	07/01/2016	1,530	-	(375)	1,155	380
General Revenue Bonds, Series 2012A	2012	2.00-5.00	07/01/2041	65,655	-	-	65,655	-
General Revenue Bonds, Series 2012B	2012	.950-1.450	07/01/2016	5,560	-	-	5,560	1,835
General Rev. Refunding, Series 2012C	2013	.300-3.00	07/01/2027	5,770	-	(320)	5,450	335
General Rev. Refunding, Series 2012D	2013	.396-3.123	07/01/2027	26,705	-	(1,575)	25,130	1,600
General Revenue Bonds, Series 2013A	2013	2.00-3.775	07/01/2042	11,200	-	-	11,200	-
General Revenue Bonds, Series 2013B	2013	.520-4.29	07/01/2042	48,945	-	-	48,945	-
General Rev. Refunding, Series 2013C	2014	2.00-3.00	07/01/2016	-	6,100	-	6,100	2,000
General Rev. Refunding, Series 2013D	2014	.540-5.115	07/01/2034	-	17,195	-	17,195	935
General Revenue Bonds, Series 2014A	2014	2.00-4.50	07/01/2043	-	12,380	-	12,380	-
General Revenue Bonds, Series 2014B	2014	.583-5.173	07/01/2043	-	11,980	-	11,980	-
General Rev. Refunding, Series 2014C	2014	1.00-5.00	07/01/2034	-	89,185	-	89,185	2,710
Subtotal revenue bonds payable				689,090	136,840	(135,060)	690,870	22,580
Premium/(Discount)				4,911	7,284	(397)	11,798	662
Total revenue bonds payable				694,001	144,124	(135,457)	702,668	23,242
OCIA 1999A/2004A capital lease payable				2,188	-	(270)	1,918	283
OCIA 2005F capital lease payable				32,593	-	(30,805)	1,788	1,788
OCIA 2006D capital lease payable				22,003	-	(1,031)	20,972	-
OCIA 2010A capital lease payable				13,602	-	-	13,602	848
OCIA 2010B capital lease payable				4,773	-	(2,782)	1,991	1,991
OCIA 2014A capital lease payable				-	27,568	-	27,568	-
ODFA master leases payable				18,192	-	(5,428)	12,764	3,579
Subtotal capital leases payable				93,351	27,568	(40,316)	80,603	8,489
Premium/(Discount)				439	-	(143)	296	88
Total capital leases payable				93,790	27,568	(40,459)	80,899	8,577
Total bonds and capital leases				787,791	171,692	(175,916)	783,567	31,819
Other noncurrent liabilities:								
Utilities management agreement				104,280	-	(4,720)	99,560	4,720
Other postemployment benefits				86,529	11,838	(4,912)	93,455	4,912
Accrued compensated absences				31,338	28,117	(26,779)	32,676	27,121
Federal loan program contributions refundable (see also Note 5)				14,478	-	(74)	14,404	-
Retirement plan liability				8,099	473	-	8,572	-
Unearned revenue (long-term contracts)				6,411	-	(1,531)	4,880	2,624
Deposits held in custody for others				40,354	2,152	-	42,506	42,506
Total other noncurrent liabilities				291,489	42,580	(38,016)	296,053	81,883
Total noncurrent liabilities				$ 1,079,280	$ 214,272	$ (213,932)	$ 1,079,620	$ 113,702

NOTE 11--LONG-TERM LIABILITIES--Continued

Maturities of principal and interest requirements on revenue bonds and capital leases are as follows at June 30, 2015:

	2016	2017	2018	2019	2020	2025	2030	2035	2040	2045	Total
General Rev. Refunding, Series 2006A	7,587	7,588	7,592	8,315	8,296	41,290	35,846	11,214	-	-	127,728
General Revenue Bonds, Series 2007A	1,099	1,099	1,099	1,099	1,099	11,268	11,829	11,829	2,364	-	42,785
General Revenue Bonds, Series 2007B	1,216	1,214	1,209	1,207	1,205	1,724	-	-	-	-	7,775
General Revenue Bonds, Series 2007C	1,629	1,629	1,630	1,630	1,630	8,960	17,215	17,032	10,167	-	61,522
General Revenue Bonds, Series 2007D	1,846	1,846	1,842	1,830	1,828	8,257	-	-	-	-	17,449
General Revenue Bonds, Series 2009A	2,230	2,229	2,227	2,228	2,227	13,309	15,650	13,435	-	-	53,535
General Revenue Bonds, Series 2010A	1,185	-	-	-	-	-	-	-	-	-	1,185
General Revenue Bonds, Series 2010B	2,465	3,630	3,614	3,582	3,562	17,401	16,489	15,357	12,774	-	78,874
General Revenue Bonds, Series 2011A	585	585	586	585	584	2,921	2,903	2,890	575	-	12,214
General Revenue Bonds, Series 2011B	2,565	2,566	2,564	2,558	2,558	12,750	12,694	12,631	12,538	2,495	65,919
General Revenue Bonds, Series 2011C	731	729	724	724	724	3,618	3,581	3,546	1,409	-	15,786
General Revenue Bonds, Series 2011D	4,220	4,212	4,206	4,201	4,196	20,882	20,726	20,539	20,318	8,052	111,552
General Rev. Refunding, Series 2011E	1,783	1,321	1,740	1,739	1,738	8,647	3,527	-	-	-	20,495
General Rev. Refunding, Series 2011F	393	390	-	-	-	-	-	-	-	-	783
General Revenue Bonds, Series 2012A	2,753	2,753	4,303	4,299	4,277	21,362	21,217	21,084	20,957	8,325	111,330
General Revenue Bonds, Series 2012B	1,877	1,875	-	-	-	-	-	-	-	-	3,752
General Rev. Refunding, Series 2012D	2,134	2,137	2,131	2,129	2,128	10,598	6,340	-	-	-	27,597
General Revenue Bonds, Series 2013A	588	587	586	586	589	2,940	2,929	2,921	2,912	1,743	16,381
General Revenue Bonds, Series 2013B	2,870	2,865	2,863	2,861	2,860	14,278	14,227	14,169	14,109	8,436	79,538
General Rev. Refunding, Series 2013C	2,102	2,060	-	-	-	-	-	-	-	-	4,162
General Rev. Refunding, Series 2013D	1,500	1,497	1,494	1,486	1,482	7,361	4,406	2,457			21,683
General Revenue Bonds, Series 2014A	732	729	731	728	730	3,639	3,628	3,617	3,604	2,868	21,006
General Revenue Bonds, Series 2014B	773	775	771	771	769	3,855	3,834	3,821	3,804	3,022	22,195
General Rev. Refunding, Series 2014C	6,994	6,974	6,958	6,914	6,938	34,434	32,124	23,164	-	-	124,500
General Revenue Bonds, Series 2015A	1,345	1,863	1,866	1,864	1,866	7,357	10,046	10,027	9,995	9,934	56,163
General Rev. Refunding, Series 2015B	109	446	443	442	441	3,886	-	-	-	-	5,767
Total principal & interest	53,311	53,599	51,179	51,778	51,727	260,737	239,211	189,733	115,526	44,875	1,111,676
Less: Interest	30,171	29,504	28,815	27,916	26,978	117,347	82,842	48,343	19,816	2,144	413,876
Subtotal principal	23,140	24,095	22,364	23,862	24,749	143,390	156,369	141,390	95,710	42,731	697,800
Plus: Premium/Discount	778	731	719	719	720	3,631	3,489	2,278	1,241	620	14,926
Total principal	23,918	24,826	23,083	24,581	25,469	147,021	159,858	143,668	96,951	43,351	712,726
Capital leases	11,465	10,851	10,583	3,585	2,972	23,631	25,333	5,792	-	-	94,212
Less: Interest	2,993	2,704	2,360	2,022	1,952	8,400	4,119	528	-	-	25,078
Subtotal principal	8,472	8,147	8,223	1,563	1,020	15,231	21,214	5,264	-	-	69,134
Plus: Premium/Discount	69	62	55	26	(1)	(2)	(1)	-	-	-	208
Total principal	8,541	8,209	8,278	1,589	1,019	15,229	21,213	5,264	-	-	69,342
Total	$32,459	$33,035	$31,361	$26,170	$26,488	$162,250	$181,071	$148,932	$96,951	$43,351	$ 782,068

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 $1,111,676 as of June 30, 2015. The total pledged revenue received in 2015 was $548,917. Debt service payments, including both principal and interest, of $50,016 were 9.1% of pledged revenue in 2015.

At June 30, 2015 and 2014, the University had $39,212 and $37,160, respectively, of cash and investments held in trust for the bond indentures, restricted to the payment of principal and interest.

NOTE 11--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations

OCIA Capital Lease Obligations

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

In September 1999, the University entered into a 20 year lease agreement with the OCIA and the State Regents 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 State Regents. Assets under this capital lease totaled $4,261, net of accumulated depreciation of $1,589 at June 30, 2015, and $4,378, net of accumulated depreciation of $1,472, at June 30, 2014.

In the fall of 2005, the University entered into a lease agreement with varying terms of repayment with the OCIA and the 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 State Regents. Assets and construction in progress under these capital leases totaled $80,251, net of accumulated depreciation of $10,962 on the completed projects, at June 30, 2015, and $82,076, net of accumulated depreciation of $9,137 on the completed projects, at June 30, 2014.

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

NOTE 11--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

OCIA Capital Lease Obligations--Continued

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

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

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

NOTE 11--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

ODFA Master Lease Obligations

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

				2015			2014		
ODFA Master Leases	Issued	Term	Amount Financed	Not Capitalized*	Accumulated Depreciation	Net Book Value	Not Capitalized*	Accumulated Depreciation	Net Book Value
ODFA 2005A	May 2005	7 - 10 years	$ 2,173	$ -	$ 2,173	$ -	$ -	$ 2,159	$ 14
ODFA 2005B	August 2005	3 - 10 years	3,421	1,530	1,891	-	1,530	1,891	-
ODFA 2005C	December 2005	10 years	1,466	1,466	-	-	1,466	-	-
ODFA 2006A	May 2006	5 - 10 years	3,332	-	3,074	258	-	2,910	422
ODFA 2006C	December 2006	5 - 10 years	3,136	1,684	1,161	291	1,684	1,016	436
ODFA 2007A	May 2007	3 - 7 years	1,434	538	896	-	538	896	-
ODFA 2007B	July 2007	5 - 20 years	4,605	1,305	2,695	605	1,305	2,427	873
ODFA 2007C	November 2007	5 - 10 years	11,364	605	9,888	871	605	9,452	1,307
ODFA 2008A	September 2008	3 - 10 years	15,468	877	11,746	2,845	877	10,654	3,937
ODFA 2008B	December 2008	5 - 10 years	1,724	529	836	359	529	717	478
ODFA 2009A	July 2009	5 - 20 years	2,759	1,326	1,128	305	1,326	940	493
ODFA 2009B	December 2009	5 - 10 years	1,576	-	805	771	-	671	905
ODFA 2010B	December 2010	5 years	1,029	470	279	280	470	224	335
ODFA 2011C	November 2011	5 - 10 years	4,261	523	1,474	2,264	523	1,101	2,637
			$ 57,748	$ 10,853	$ 38,046	$ 8,849	$ 10,853	$ 35,058	$ 11,837

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

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

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

Of the advance received, $55,387 was transferred to trustees to purchase escrow securities for the defeasement of the portion of the General Revenue Bonds Series 2009A (36.29%), General Revenue Bonds Series 2009B (76.05%), and General Revenue Bonds, Refunding Series 2009C (100%). These bonds were used for utility system acquisitions and improvements. Total principal defeased was $47,415. The funds transferred for defeasance will remain in escrow until the final call date of July 1, 2024. The escrow balance at June 30, 2015 and 2014, was $45,403 and $48,018. Total principal outstanding on the defeased debt was $42,085 and $43,790 as of June 30, 2015 and 2014.

NOTE 11--LONG-TERM LIABILITIES--Continued

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

In June 2015, General Revenue Refunding Bonds 2012C, with a total principal balance of $5,115, were defeased. Funds of $4,953 were transferred to trustees to purchase escrow securities for the defeasement. The funds transferred will remain in escrow until the final call date of July 1, 2020. The escrow balance at June 30, 2015 was $4,953. The total principal outstanding on the General Revenue Refunding Bonds 2012C was $5,115 at June 30, 2015. There was no principal outstanding on the Housing 2002 and Research Faciities 2003 Bonds as of June 30, 2015 or June 30, 2014.

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 and $16,115 at June 30, 2015 and 2014.

In May 2014, General Revenue Refunding Bonds 2014C were issued to refund the Multiple Facilities 2003 Revenue Bonds and the Housing 2004 Revenue Bonds having a total principal balance outstanding of $97,190. This resulted in cash flow savings of $17,742 and net present value benefit of $12,440. Total principal outstanding on the refunded 2004 Student Housing Revenue Bond was $0 at June 30, 2015 and $69,570 at June 30, 2014.

NOTE 12--OPERATING LEASES

The University has entered into certain operating leases for equipment (including copiers and other office furniture and equipment), bus charters, vehicle rentals and other miscellaneous items. All operating leases are for a one-year term with an option to renew based on available funding. Rental expenditures from operating leases were approximately $6,103 and $6,923, respectively, for the years ended June 30, 2015 and 2014.

NOTE 13--RETIREMENT PLANS

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

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

Oklahoma Teachers' Retirement System

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

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

NOTE 13--RETIREMENT PLANS--Continued

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, OTRS will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

NOTE 13--RETIREMENT PLANS--Continued

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7% of their annual compensation. The University's contribution rate is 8.55% for the years ended June 30, 2015 and 2014. In addition, the University is required to contribute 2.5% as a result of the adoption of ORP, Plan 1 and Plan 2 (the Alternate Retirement Plans, or ARP) for certain employees that have elected not to participate in OTRS due to a one-time irrevocable election provision which became effective July 1, 2004. The University's contributions to OTRS in 2015 and 2014, which include the 8.55% regular employer contribution and the 2.5% ARP contribution, were $20,947 and $20,217, 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 2015 and 2014 were $12,631 and $15,167, 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, 2015, the University reported a liability of $243,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2014. Based upon this information, the University's proportion was 4.27%.

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

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

NOTE 13--RETIREMENT PLANS--Continued

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

2016	$ (14,611)
2017	(14,611)
2018	(14,611)
2019	(14,611)
2020	(712)
Thereafter	(228)
	$ (59,384)

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

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

NOTE 13--RETIREMENT PLANS--Continued

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

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

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

* The Domestic All Cap Equity total expected return is a combination of 3 rates - US Large cap, US Mid Cap and US Small cap

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

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

NOTE 13--RETIREMENT PLANS--Continued

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	$ 336,889	$ 243,235	$ 164,189

Oklahoma Law Enforcement Retirement System

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

Net Pension Liability	$445
Deferred outflows related to pensions	$ 0
Deferred inflows related to pensions	$724
Pension expense	$103

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

Defined Contribution Plan - Optional Retirement Plan

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

NOTE 13--RETIREMENT PLANS--Continued

Defined Contribution Plan - Optional Retirement Plan--Continued

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, 2015 and 2014 were approximately $8,839 and $7,851, 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 $17,564 and $3,387, respectively, for the year ended June 30, 2015. Total contributions to Plans 1 and 2 were $17,182 and $2,984, respectively, for the year ended June 30, 2014. Employees do not contribute to Plans 1 and 2. The vesting period for both Plan 1 and Plan 2 is three years.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS

Plan Description: Health and dental insurance is provided by the University of Oklahoma for all University retirees meeting specified ages and service requirements hired prior to January 1, 2008, with varying premium subsidies based on retirement age and years of service as described below. Retirees hired after January 1, 2008 may participate in the University's retiree insurance plan and, at their own expense, retirees may also elect the University's health and dental coverage for eligible dependents. The University's retiree insurance plan is considered a single-employer defined benefit plan. As a secondary insurance plan, retirees participating in OTRS (see Note 12) are covered by the Oklahoma State and Education Employees Group Insurance Fund. For retirees not participating in OTRS, University insurance continues. After retirees become eligible for Medicare, the OTRS' Oklahoma State and Education Employees Group Insurance Fund and the University insurance plans become secondary plans. The University's plan does not issue a stand alone financial report. The University has the authority to establish and amend the benefit provisions offered to retirees.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

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

1. As part of these changes, two eligibility groups were established for future subsidized University retiree medical benefits:

   Group 1- Current retirees, employees currently eligible to retire, and those who will meet eligibility for University retirement on or before December 31, 2015.

   Group 2- Current employees hired on or before January 1, 2008 who will meet eligibility requirements on or after January 1, 2016.

2. The University will continue to provide a 100% premium subsidy for Group 1 retirees.

3. An insurance premium subsidy for Group 2 was established as follows:

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

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

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

Funding Policy: For the University's plan, the contribution requirement is based on a projected pay-as-you-go basis. The funding policy may be amended by the Regents of the University of Oklahoma. The University pays the premiums for the retirees hired prior to January 1, 2008, with varying premium subsidies based on retirement age and years of service. At their own expense, retirees may also elect health or dental coverage for eligible dependents. For the years ended June 30, 2015 and 2014, the University contributed $5,250 and $4,912 respectively for current retirees.

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

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

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

	2015	2014
Annual Required Contribution (ARC)	$ 13,339	$ 11,089
Interest on Net OPEB Obligation	4,672	4,326
Adjustment to ARC	(3,999)	(3,577)
Annual OPEB Cost	14,012	11,838
Contributions paid during year	(5,250)	(4,912)
Increase in net OPEB Obligation	8,762	6,926
Net OPEB obligation, beginning of year	93,455	86,529
Net OPEB obligation, end of year	$ 102,217	$ 93,455

Funded Status and Funding Progress: The unfunded actuarial accrued liability (UAAL), totaled $192,813 as of the July 1, 2015 actuarial valuation date. The UAAL is being amortized over an open period of thirty years using the level percentage of projected covered payroll amortization method. The covered payroll (annual payroll of active employees covered by the plan) was $320,363 and $305,897 for 2015 and 2014, and the ratio of the UAAL to the covered payroll was 60.2 percent for 2015.

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

NOTE 14--OTHER POSTEMPLOYMENT BENEFITS--Continued

Trend Information:

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the Retirement Policy document, amended as of July 1, 2002. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in reported amounts and reflect a long-term perspective of the calculations. In the July 1, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include the following: a 5.0 percent investment rate of return, which is based on the expected long-term investment returns of the University's own investments, an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to 4.5 percent after seven years, and a payroll annual inflation rate of 3.5 percent.

NOTE 15--RISK MANAGEMENT

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

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.

NOTE 15--RISK MANAGEMENT--Continued

- General liability and tort claim coverages (including comprehensive general liability, auto liability, personal injury liability, aircraft liability, watercraft liability, leased vehicles and equipment) are purchased by the University from DCAMRMD. To complement coverage provided by State Statute, additional coverage is purchased based on specific departmental and institutional needs and risks, but the related risks are not considered material to the University as a whole.
- Aircraft claims filed as of June 30, 2015 and 2014 were $17 and $0 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, 2015 and 2014, the accrued workers' compensation liability totaled approximately $2,189 and $2,010, 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, 2015 and June 30, 2014, the required reserves were $376 and $446, 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 Blue Cross Blue Shield. The premiums for the insurance are collected and recorded in a self-insurance fund at the University. The claims and administrative expenses are paid as incurred directly from the fund. The University records the cash balance of the fund in its financial statements, as well as an actuarially determined liability for incurred but not reported claims. As of June 30, 2015, the cash balance for the plan was $5,178 and the accrued liability for claims not yet reported totaled $3,112.

NOTE 15--RISK MANAGEMENT--Continued

Changes in the claims liability for the University from July 1, 2013 to June 30, 2015 are as follows:

	Workers' Compensations	Healthcare	Total
Claims liability and related payables, June 30, 2013	$ 2,474	$ -	$ 2,474
Claims incurred and changes in estimates	2,782	-	2,782
Claims paid	(3,246)	-	(3,246)
Claims liability and related payables, June 30, 2014	2,010	-	2,010
Claims incurred and changes in estimates	2,599	19,833	22,432
Claims paid	(2,420)	(16,721)	(19,141)
Claims liability and related payables, June 30, 2015	$ 2,189	$ 3,112	$ 5,301

NOTE 16--COMMITMENTS AND CONTINGENCIES

At June 30, 2015 and 2014, the University had outstanding commitments under construction contracts totaling $9,992 and $20,642, respectively.

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

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

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

NOTE 17--FUNCTIONAL CLASSIFICATIONS

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

	2015	2014
Instruction	$ 228,464	$ 228,689
Research	91,474	94,526
Public Service	51,307	51,522
Academic Support	78,957	74,802
Student Services	25,828	25,228
Institutional Support	51,196	37,034
Operation & Maintenance of Plant	119,555	117,647
Student Aid	36,305	34,617
Other	16,677	5,773
Auxiliary	171,820	160,395
Total Operating Expenses	$ 871,583	$ 830,233

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2015 (in thousands)

University of Oklahoma Norman Campus Retiree Health/Dental Insurance

SCHEDULE OF FUNDING PROGRESS (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2013	-	167,878	167,878	-	275,053	61.0%
1/1/2014	-	168,897	168,897	-	305,897	55.2%
7/1/2015	-	192,813	192,813	-	320,363	60.2%

The University obtains an actuarial valuation annually.

NOTES TO SCHEDULE

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

Benefit Provisions: During the year ended June 30, 2012, the University's Board of Regents approved significant changes to the University's retiree health/dental insurance plans. A more complete description of changes is included in Note 14 to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2015 (in thousands)

University of Oklahoma Norman Campus Pension Plan (OTRS)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (Last 10 Fiscal Years*)
(Unaudited)

Fiscal Year	Proportion of Net Pension Liability	Share of Net Pension Liability (a)	Covered Payroll (b)	NPL as a % of Covered Payroll	Plan Net Position as a % of Total NPL
2015	4.27%	$ 243,235	$ 213,329	114.02%	72.43%

NOTES TO SCHEDULE

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

REQUIRED SUPPLEMENTARY INFORMATION--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2015 (in thousands)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (Last 10 Fiscal Years) (Unaudited)

Fiscal Year	Required Contributions (a)	Actual Contributions (b)	Difference in Required and Actual Contributions (a)-(b)	Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 20,947	$ 20,947	$ -	$ 213,329	9.82%
2014	20,217	20,217	-	207,859	9.73%
2013	19,856	19,856	-	204,538	9.71%
2012	19,548	19,548	-	206,366	9.47%
2011	18,974	18,974	-	199,835	9.49%
2010	18,296	18,296	-	201,312	9.09%
2009	17,130	17,130	-	200,878	8.53%
2008	15,656	15,656	-	198,096	7.90%
2007	15,489	15,489	-	205,733	7.53%
2006	12,509	12,509	-	169,999	7.36%

McGladrey

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

Independent Auditor's Report

Board of Regents
The University of Oklahoma
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Oklahoma Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2015. Our report includes emphasis of matter paragraphs describing the adoption of new accounting standards in the fiscal year ended June 30, 2015 and the acknowledgement that the University is an organizational unit of the Regents and these financial statements reflect only the assets, liabilities and revenues and expenses of the University and not the Regents as a whole.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

McGladrey

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

Independent Auditor's Report

Board of Regents
The University of Oklahoma
Norman, Oklahoma

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

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

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

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

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

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-01. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

McGladrey LLP

Oklahoma City, Oklahoma
October 21, 2015

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Department of Agriculture				
Agricultural Research Service	10.001			30,394
National Institute of Food and Agriculture	10.310			137,363
Agricultural Research Service	10.312			47,579
Forestry Service	10.652			157
			-	215,494
Department of Commerce				
National Oceanic and Atmospheric Administration	11.431		225,263	702,014
National Oceanic and Atmospheric Administration	11.432		79,108	11,915,200
National Oceanic and Atmospheric Administration	11.459			115,133
National Oceanic and Atmospheric Administration	11.468			180,832
National Oceanic and Atmospheric Administration	11.483			1,508,365
National Institute for Standards and Technology	11.609			3,496
			304,371	14,425,039
Department of Defense				
Army	12.300			47,195
Navy	12.300		37,391	80,323
Office of Naval Research	12.300		674,026	2,039,965
Defense Threat Reduction Agency	12.351		193,752	929,562
Army Medical Research Acquisition Activity	12.420			87,545
Army	12.431			14,169
Army Research Office	12.431			125,859
Advanced Research Projects Agency	12.431		(40)	157,497
Air Force	12.800		34,032	246,663
National Security Agency	12.901			30,015
Advanced Research Projects Agency	12.910		66,125	444,928
			1,005,286	4,203,721
Department of Interior				
Bureau of Land Management	15.224			1,439
Bureau of Land Management	15.238			758
Bureau of Reclamation	15.511			86,177
Fish and Wildlife	15.615			6,930
Fish and Wildlife	15.650			31,302
Geological Survey	15.807			44,627
Geological Survey	15.808			39,966
Geological Survey	15.810			16,459
Geological Survey	15.811			3,438
Geological Survey	15.814			4,700
Geological Survey	15.819			13,766
Geological Survey	15.820		908,570	1,384,822
			908,570	1,634,385
Department of Transportation				
Federal Aviation Administration	20.108			127,567
Federal Transit Administration	20.514		39,187	39,187
Office of Assistant Secretary for Research & Technology	20.701		309,861	742,855
			349,048	909,609
Environmental Protection Agency				
Environmental Protection Agency	66.509		1,443	99,674
Environmental Protection Agency	66.514			6,998
Environmental Protection Agency	66.516			2,646
			1,443	109,318

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Department of Health and Human Services				
National Institutes of Health	93.085			100,848
National Institutes of Health	93.113			21,934
National Institutes of Health	93.173		120,610	478,129
National Institutes of Health	93.286			185,204
National Institutes of Health	93.393		57,490	263,878
National Institutes of Health	93.394			11,757
National Institutes of Health	93.855		44,634	1,466,667
National Institutes of Health	93.859		952,616	3,911,102
National Institutes of Health	93.865			160,665
National Institutes of Health	93.866			99,674
			1,175,350	6,699,859
National Aeronautics and Space Administration				
Goddard Space Flight Center	43.001			(20,872)
Langley Research Center	43.001			110,473
Shared Services Center	43.001		104,286	1,223,407
Shared Services Center	43.008		234,834	655,314
Shared Services Center	43.009			40,634
			339,120	2,008,956
National Science Foundation				
National Science Foundation	47.041		163,700	1,733,913
National Science Foundation	47.047			33,838
National Science Foundation	47.049			1,628,723
National Science Foundation	47.050		89,005	3,113,017
National Science Foundation	47.070		68,270	909,998
National Science Foundation	47.074			2,454,329
National Science Foundation	47.075		10,304	328,222
National Science Foundation	47.076			351,073
National Science Foundation	47.078			44,019
National Science Foundation	47.080			2,961
			331,279	10,600,092
Other Federal Agencies				
Institute of Museum and Library Services	45.301			45,647
Institute of Museum and Library Services	45.313			109,081
Department of State	19.009			31,463
Department of State	19.415			201,420
			-	387,611
Department of Energy				
Department of Energy	81.049		911,551	3,866,271
Department of Energy	81.087		160,194	1,550,404
Department of Energy	81.129			3,245
			1,071,745	5,419,919
Department of Education				
Department of Education	84.200			148,166
Department of Education	84.325			241,595
Department of Education	84.326			138,725
Department of Education	84.334		899,273	4,772,192
			899,273	5,300,678
TOTAL RESEARCH DIRECT PROGRAMS			6,385,484	51,914,682

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
RESEARCH-FLOW THROUGH PROGRAMS				
Commercial and Commercial Related				
ABT Associates Inc	93.009	40140		3,460
Amethyst Research Inc.	43.001	FY15ORA325		26,863
Applied Quantum Enovation, LLC	47.041	FY14ORA329		88,842
Atmospheric Technology Services Company, LLC	12.XXX	FY10ORA316		4,187
Glomics, Inc.	81.049	FY12ORA320		5,407
Glomics, Inc.	81.049	FY12ORA321		5,808
MicroChem Solutions	81.049	FY13ORA216		88,733
MicroChem Solutions	81.049	FY15ORA219		8,804
Optronics Systems, Inc.	47.041	FY15ORA308		38,888
Sandia National Laboratories	81.087	1506592		249,528
VADovations, Inc.	93.837	AGMT040813		2,716
VADovations, Inc.	93.837	AGMT070714		216,803
			-	740,039
Cities and Counties				
Tulsa City-County Health Department	93.110	51013141118		5,000
			-	5,000
Foundations				
H.M. Jackson Foundation for Advancement of Military Medicine	12.420	681244		22,270
Research Foundation for the State University of New York	47.049	R868654		14,887
Research Foundation for the State University of New York	97.039	AGMT061214		134,216
			-	171,372
Not for Profit Organizations				
AmericaView	15.815	AV14OK01		15,000
Biodiversity Research Institute	81.087	FY13ORA124		463
Brookhaven National Laboratory	81.049	181673		36,723
Integris Baptist Medical Center	93.837	AGMT120512		1,727
National Writing Project Corporation	84.367	92OK02SEED2012		8,232
Oklahoma Humanities Council	45.129	Y14017		500
Research Partnership to Secure Energy for America	81.089	10121450401		55,271
Research Partnership to Secure Energy for America	81.089	1112324		(10,066)
Research Partnership to Secure Energy for America	81.089	1212291		665,569
Smithsonian Astrophysical Observatory	43.001	AR213003X		2,743
Smithsonian Astrophysical Observatory	43.001	G0314027X		5,785
Smithsonian Astrophysical Observatory	43.001	GO314110C		22,106
Smithsonian Astrophysical Observatory	43.001	GO516022X		2,759
Smithsonian Astrophysical Observatory	43.001	GO516104X		20,448
Universities Space Research Association	43.001	03576002		10,000
			-	837,260
State of Oklahoma				
Health Sciences Center	93.110	TS2011149110		14,163
Health Sciences Center	93.113	RS2013049409		347
Health Sciences Center	93.113	RS2013049410		(3,305)
Health Sciences Center	93.247	TS2012241101		6,334
Health Sciences Center	93.247	TS2012241101A2		6,400
Health Sciences Center	93.273	MOU		17,252
Health Sciences Center	93.859	RS2013049417		95,698
Health Sciences Center	93.859	RS2013049419		12,200
Health Sciences Center	93.859	RS2013222517		30,400
Health Sciences Center	93.859	RS2013222543		1,251
Health Sciences Center	93.866	RS2014089203		17,637
OK Department of Education	84.329	2659014380		19,295
OK Department of Transportation	20.200	2160	32,758	131,742
OK Department of Transportation	20.200	2200		18,308

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
OK Department of Transportation	20.200	2228		49,089
OK Department of Transportation	20.200	2243		217,458
OK Department of Transportation	20.200	2245		55,244
OK Department of Transportation	20.200	2246		41,921
OK Department of Transportation	20.200	2248		54,542
OK Department of Transportation	20.200	2250		35,153
OK Department of Transportation	20.200	2252		130,929
OK Department of Transportation	20.200	2256		128,083
OK Department of Transportation	20.200	2257	26,709	30,972
OK Department of Transportation	20.200	2258		106,188
OK Department of Transportation	20.200	2262		118,163
OK Department of Transportation	20.200	AGMT092314		554,215
OK Department of Transportation	20.200	AGMT100114		5,680
OK Department of Transportation	20.200	SPR2160B	37,318	312,241
OK Department of Transportation	20.200	SPRY0010056PL	320,846	320,846
OK Department of Transportation	20.223	AGMT011413	(6,652)	9,395
OK Department of Transportation	20.223	AGMT100813	42,221	171,500
OK Department of Transportation	20.223	FFY1501162015	50,227	216,214
OK Department of Transportation	20.509	2809710	185,500	271,973
OK Department of Transportation	20.509	2809711	27,500	30,438
OK Department of Transportation	20.509	RT201521	160,000	432,158
OK Department of Transportation	20.XXX	HPP155E527HP		48,232
OK Wildlife and Conservation Commission	15.605	AGMT102714		10,954
OK Wildlife and Conservation Commission	15.605	F13AF00188		727
OK Wildlife and Conservation Commission	15.611	F12AF00945		6,500
OK Wildlife and Conservation Commission	15.615	F13AP00223		16,439
OK Wildlife and Conservation Commission	15.634	F13AF01188		27,084
OK Wildlife and Conservation Commission	15.634	F13AF01213		49,649
OK Wildlife and Conservation Commission	15.634	F14AF01224		9,553
OK Wildlife and Conservation Commission	15.634	F14AF01225		12,030
OK Wildlife and Conservation Commission	15.634	F14AF01227		865
OK Wildlife and Conservation Commission	15.634	F14AF01355		23,435
Oklahoma Highway Safety Office	20.616	5859019953		263,954
Oklahoma Highway Safety Office	20.616	M3DA14060208		100,742
Oklahoma Highway Safety Office	20.616	M3DA14060311		61,696
Oklahoma Highway Safety Office	20.616	OHSOFFY2015OU00117		38,455
Oklahoma Historical Society	15.904	13101		8,992
Oklahoma Historical Society	15.904	13404		10,526
Oklahoma Historical Society	15.904	13405		6,155
Oklahoma Historical Society	15.904	14101		77,129
Oklahoma Historical Society	15.904	14401		22,989
Oklahoma Historical Society	15.904	14402		19,595
Oklahoma Historical Society	15.904	14403		20,875
Oklahoma State University	10.310	AC581910OU		71,637
Oklahoma State University	10.320	AB568110OU1	18,351	78,349
Oklahoma State University	15.805	2013OK292BOU1	208	236
Oklahoma State University	47.041	AGMT061713		9,635
Oklahoma State University	47.076	AA529849OU		9,055
Oklahoma State University	47.076	AA531470OU		2,877
Oklahoma State University	47.076	AA546363		465,282
Oklahoma State University	47.076	AA556595OU		4,250
Oklahoma State University	47.079	EPSCOR201313		2,000
Oklahoma State University	47.079	EPSCOR201317		90,380
Oklahoma State University	47.079	EPSCOR201318		534,747
Oklahoma State University	47.079	EPSCOR201319		344,532
Oklahoma State University	47.079	EPSCOR201320		412,179

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Oklahoma State University	47.079	EPSCOR201324		7,184
Oklahoma State University	47.079	EPSCOR201415		4,035
Oklahoma State University	47.080	EPSCOR20133		22,996
Oklahoma State University	47.080	EPSCOR20138		8,527
Oklahoma State University	47.080	EPSCOR201412		4,474
Oklahoma State University	93.859	AE551670		403
			894,987	6,569,478
Other States				
State of Missouri, Department of Transportation	20.205	TR201516		35,570
			-	35,570
Universities and Colleges				
Colorado School of Mines	43.001	400489		88,912
Colorado State University	11.619	G007453		62,271
Colorado State University	47.074	G25763		27,368
Duke University	12.910	10DARPA1093		24,201
Duke University	93.172	12NIH1105		87,030
Kansas State University	10.310	S15197		230,192
Missouri University of Science and Technology	20.701	0004213405		124,764
New Mexico Institute of Mining and Technology	81.089	P0011839		28,582
North Carolina State University	47.074	2014045201		18,634
Northwestern University	93.853	60026338UO		68,560
South Dakota State University	43.001	3TB330		122,074
South Dakota State University	43.001	3TB509		19,671
Texas A&M University	81.049	06S150620		51,518
Texas State University	43.001	14010820911		14,489
Univ of California, Berkley	81.049	00007342		1,014
Univ of California, Berkley	81.049	00008322		172,314
Univ of California, Berkley	81.XXX	6847566		776,722
Univ. of Texas San Antonio	93.395	157251		127,349
University of Alabama	93.394	000354248001		108,571
University of Arizona	12.910	34107		128,696
University of California at Santa Cruz	47.049	S0183171		38,969
University of California, Davis	47.074	20111806201		134,939
University of California, Los Angeles	45.313	0285GPA028		15,034
University of California, Los Angeles	47.074	2301GRC928		4,661
University of Delaware	47.041	33792		66,131
University of Florida	81.049	UFDSP00010420		38,637
University of Florida	93.085	UF13228		12,195
University of Florida	93.085	UFDSP00010324		13,773
University of Georgia	47.074	RC3712514353838		117,510
University of Maryland	43.001	Z676901		(16,808)
University of Massachusetts	47.041	13007358D00		60,675
University of North Carolina Chapel Hill	97.061	536437		(466)
University of Notre Dame	47.XXX	LTR070107		10,692
University of Texas at Arlington	47.049	2639062361		115,461
University of Tulsa	43.008	142120763894802		45,229
University of Washington	47.049	744824		175,188
University of Wisconsin	43.001	397K703		5,306
			-	3,120,058
TOTAL RESEARCH FLOW-THROUGH PROGRAMS			894,987	11,478,778
TOTAL RESEARCH PROGRAMS			7,280,470	63,393,461

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
OTHER SPONSORED ACTIVITY - DIRECT PROGRAMS				
National Science Foundation				
National Science Foundation	47.041			12,220
National Science Foundation	47.049			19,687
National Science Foundation	47.076			357,767
			-	389,674
Department of Interior				
Bureau of Reclamation	15.511			19,589
Fish and Wildlife	15.669			4,130
Geological Survey	15.820			47,649
			-	71,368
Department of Defense				
National Security Agency	12.900			22,257
			-	22,257
National Aeronautics and Space Administration				
Shared Services Center	43.001			52,687
Shared Services Center	43.008		273,148	659,889
			273,148	712,575
Department of Education				
Department of Education	84.324			340,226
Department of Education	84.326			62,752
Department of Education	84.334			464,291
			-	867,269
Other Federal Agencies				
National Endowment for the Humanities	45.160			46,200
National Endowment for the Humanities	45.163			34,279
Institute of Museum and Library Services	45.301			19,309
Institute of Museum and Library Services	45.312			1,229
Department of State	19.415			202,699
Department of State	19.501			150,888
Department of Justice	16.560			13,225
			-	467,829
TOTAL OTHER SPONSORED ACTIVITY DIRECT PROGRAMS			273,148	2,530,973
OTHER SPONSORED ACTIVITY-FLOW THROUGH PROGRAMS				
Not for Profit Organizations				
Institute of International Education	12.550	2340OU8AM093PO1		102,971
Institute of International Education	19.400	AGMT071614		21,676
National Writing Project Corporation	84.367	92OK02SEED2012		8,877
Oklahoma City Public Schools	84.013	FY12ORA114		57,287
Oklahoma Humanities Council	45.129	Y14104		9,000
Oklahoma Humanities Council	45.129	Y15037		1,000
Putnam City Public Schools	84.336	FY12ORA240		650
Putnam City Public Schools	84.336	FY12ORA241		718
Putnam City Public Schools	84.366	317120721		868
Putnam City Public Schools	84.366	FY11ORA253		1,306
			-	204,352
State of Oklahoma				
Health Sciences Center	12.598	TS2014152602		44,978
OK Department of Transportation	20.200	AGMT091013		202,866
OK Department of Transportation	20.200	SPR2160	5,344	33,411
OK Department of Transportation	20.200	2160C	10,075	83,711
OK Office of State Finance	11.558	FY10ORA325		4,704
Oklahoma Conservation Commission	66.474	AGMT061009	1,678	98,200
Oklahoma State University	10.001	AB568330OU		106,975
			17,097	574,846

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Universities and Colleges				
Northwestern University	93.647	SP0024623PROJ0006757		13,363
Presbyterian College	47.076	20111204		11,590
University of Georgia	45.024	RE0211464785246		449
			-	25,402
TOTAL OTHER SPONSORED ACTIVITY FLOW-THROUGH PROGRAMS			17,097	804,599
TOTAL OTHER SPONSORED ACTIVITY PROGRAMS			290,246	3,335,572
STUDENT FINANCIAL ASSISTANCE				
Department of Education				
ACG	84.375			-
Pell	84.063			20,376,614
SEOG	84.007			467,657
SMART	84.376			-
TEACH	84.379			178,658
College Work-Study	84.033			1,339,217
Job Location and Development Program	84.033			47,000
Federal Perkins Loan Program	84.038			15,617,645
Federal Direct Student Loans	84.268			108,030,126
TOTAL STUDENT FINANCIAL ASSISTANCE				146,056,917
TRIO				
Department of Education - TRIO	84.042			428,770
Department of Education - TRIO	84.047			260,107
Department of Education - TRIO	84.217			219,043
TOTAL TRIO				907,920
OTHER FEDERAL PROGRAMS				
Department of Interior				
Bureau of Reclamation	15.511			18,473
TOTAL DEPARTMENT OF INTERIOR				18,473
Department of Transportation				
Federal Transit Administration	20.507			1,604,509
Federal Aviation Administration	20.XXX			2,016,870
TOTAL DEPARTMENT OF TRANSPORTATION				3,621,379
TOTAL OTHER FEDERAL PROGRAMS				3,639,853
UNIVERSITY OUTREACH DIRECT PROGRAMS				
Department of Health and Human Services				
Administration for Children and Families	93.652			645,312
Centers for Disease Control	93.954			17,713
			-	663,025
Other Federal Agencies				
Social Security Adminstration	96.008			254,366
Department of Labor	17.720			390,602
			-	644,969
Department of Education				
Department of Education	84.283			**3,613,920**
			-	3,613,920
TOTAL UNIVERSITY OUTREACH DIRECT PROGRAMS			-	4,921,913

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

RESEARCH DIRECT PROGRAMS	FEDERAl CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
UNIVERSITY OUTREACH FLOW-THROUGH PROGRAMS				
Not for Profit Organizations				
Chapel Hill Training Outreach Project	93.590	AGR4/1/15		39,291
Cherokee Nation of Oklahoma	10.557	AGR7/22/14		26,129
				65,421
Commercial and Commercial Related				
Miko Group	84.371	AGR1/4/12		125,842
Miko Group	84.371	AGR11/15/12		(247)
Miko Group	84.371	AGR9/25/13		95,980
			-	221,576
Foundations				
Oklahoma Partnership for School Readiness Foundation, Inc.	93.708	90SC000824OUELQA		4,064
			-	4,064
State of Oklahoma				
OK Department of Health	10.557	PO3409016349		299,411
OK Department of Health	93.110	ATP		415
OK Department of Health	93.110	PO3409018829		10,582
OK Department of Health	93.516	AGR4/4/14		26,120
OK Department of Health	93.516	PO3409016349		3,446
OK Department of Health	93.777	AGR5/13/15		867
OK Department of Health	93.777	PO3409016349		23,629
OK Department of Human Services	10.580	AGR6/2/15		754
OK Department of Human Services	93.658	PO0018483		656,178
OK Department of Human Services	93.674	PO0700617		1,597,208
OK Department of Mental Health	93.104	PO4529046010		906
OK Department of Mental Health	93.104	PO4529046011		28,847
OK Department of Mental Health	93.104	PO4529049111		71,785
OK Department of Mental Health	93.243	AGR12/22/14		(27,750)
OK Department of Mental Health	93.243	PO4529039841		140,442
OK Department of Mental Health	93.243	PO4529045830		4,947
OK Department of Mental Health	93.243	PO4529046008		13,252
OK Department of Mental Health	93.243	PO4529048673		78,727
OK Department of Mental Health	93.243	PO4529049112		135,671
OK Department of Mental Health	93.243	PO4529049113		163,815
OK Department of Mental Health	93.243	PO4529049114		40,032
OK Department of Mental Health	93.243	PO4529049376		77,639
OK Department of Mental Health	93.959	PO4529039841		206,178
Oklahoma State University	47.076	AA52984906OUEVALUATO		17,545
Oklahoma State University	47.076	AGR4/15/15		8,438
			-	3,579,080
TOTAL UNIVERSITY OUTREACH FLOW-THROUGH PROGRAMS			-	3,870,140
TOTAL UNIVERSITY OUTREACH PROGRAMS			-	8,792,054
TOTAL FEDERAL FINANCIAL ASSISTANCE			7,570,716	226,125,776

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2015

1. The purpose of the Schedule of Expenditures of Federal Awards (the "schedule") is to present a summary of the activities of The University of Oklahoma Norman Campus (the "University") for the year ended June 30, 2015, which have been financed by the U.S. Government.

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

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

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

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

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

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

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

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

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

   The Federal Perkins Loan Program is administered directly by the University. The balance of loans outstanding as of June 30, 2015, has been included as federal expenditures in the schedule.

6. Federal Contracts that do not meet the definition of Federal Domestic Assistance (i.e.: the United States Postal Service, the Oklahoma State Department of Human Services' Satellite Training Network ("SATTRN") and IV-E Social Work programs) have been excluded from the schedule as it was determined, based upon discussions with the University's federal cognizant agency or by the nature of the contract, that such contracts do not represent auditable federal awards under the provisions of OMB Circular A-133. Also, fixed price and fixed rate programs have been excluded.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2015

Finding 2014-01

Comment:
The University inappropriately labeled a Federal program with an incorrect CFDA number on the fiscal year 2013 SEFA and on the preliminary 2014 SEFA. The identification and correction of this error resulted in this program being a major Federal program for 2014 as defined by *OMB Circular A-133*. The expenditures from fiscal year 2013 did not qualify as a major program.

Corrective Action:
This finding has been fully corrected in the current year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2015

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? __X__ yes ____ no

Identification of major programs:

Program	CFDA Number
Student Financial Aid Cluster	*
Research and Development Cluster	*
Central Comprehensive Center	84.283

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

Dollar threshold used to distinguish between type A and type B programs: $3,000,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

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

None to report for the June 30, 2015 period.

Section III--Finding Required to be Reported in Accordance with OMB Circular A-133:

See Finding 2015-001.

Finding 2015-001

Program CFDA No:
Title IV Programs - General

CFDA Program Title:
84.063 Pell Grant
84.268 Federal Direct Student Loans
84.038 Federal Perkins Loan
84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study
84.379 Teacher Education Assistance for College and Higher Education Grants

Federal Award Year:
June 30, 2015

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

Condition:
In our testing of student status reporting to the National Student Loan Data System (NSLDS) we noted that there were instances in which withdrawn and graduated students did not have their enrollment status change reported to the NSLDS via National Student Clearinghouse (NSC) within 60 days from either the date of withdrawal determination or date of graduation as required by federal regulations for NSLDS reporting.

Context:
The Student Financial Aid Office did not report enrollment status (including withdrawals, changes in enrollment, or graduation) for students within the 60 day time frame required by federal regulations. There is no known or projected monetary error as this is a compliance reporting issue.

Finding 2015-01--Continued

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

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

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

Institution Response:
The University of Oklahoma is transitioning the Clearinghouse reporting from the Financial Aid Office to the Academic Records office at this time. We have set up Scheduled Transmissions Dates on the Clearinghouse website that will comply with the 60 day reporting time frame. Financial Aid Services will assist Academic Records with the transition process to ensure compliance.