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**THE UNIVERSITY OF OKLAHOMA
NORMAN CAMPUS**

June 30, 2011

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011

AUDITED FINANCIAL STATEMENTS

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Independent Auditors' Report

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

We have audited the accompanying statement of net assets of the University of Oklahoma Norman Campus (the "University"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the University as of and for the year ended June 30, 2010 were audited by other auditors whose report, dated October 8, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2011, and the respective changes in net assets and, where applicable, cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the required supplementary information (schedule of funding progress and notes to required supplementary information) as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 11, 2011

UNIVERSITY OF OKLAHOMA - NORMAN CAMPUS

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This report consists of Management's Discussion and Analysis (this part), the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, 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, 2011, with comparative information for the years ended June 30, 2010 and June 30, 2009. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Statements of Net Assets

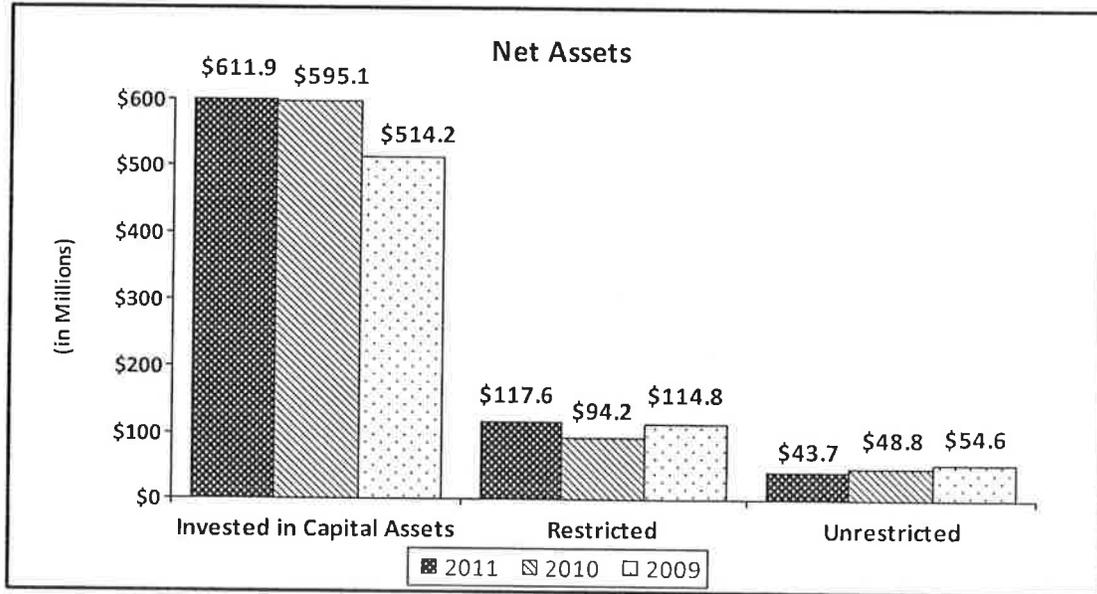
The Statements of Net Assets present the assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities) as of the end of the fiscal years audited. The purpose of the Statements of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the University. The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions.

Net assets - the difference between assets and liabilities - is one way to measure the University's financial health, or position. Over time, changes in the University's net assets 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 assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the University's equity in property, plant, and equipment. The next category, restricted assets, provides the University's assets 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 assets are available to the University for any lawful purpose of the institution.

The University's financial position, as a whole, improved during the fiscal year ended June 30, 2011. Net assets increased approximately \$35.1 million and \$89.6 million from June 30, 2010 and 2009 to June 30, 2011, respectively.

The following graph illustrates the comparative change in net assets by the three major categories mentioned above for fiscal years 2011, 2010, and 2009:



The following table summarizes the University's assets, liabilities, and net assets as of June 30, 2011, 2010, and 2009:

Net Assets, End of Year (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Current Assets	\$ 333.1	\$ 299.8	\$ 270.4
Capital Assets, net	1,315.3	1,236.3	1,125.4
Other Noncurrent Assets	214.6	178.7	148.1
Total Assets	<u>1,863.0</u>	<u>1,714.8</u>	<u>1,543.9</u>
Liabilities:			
Current Liabilities	176.7	172.5	168.6
Noncurrent Liabilities	913.1	804.2	691.7
Total Liabilities	<u>1,089.8</u>	<u>976.7</u>	<u>860.3</u>
Net Assets:			
Invested in capital assets, net of related debts	611.9	595.1	514.2
Restricted	117.6	94.2	114.8
Unrestricted	43.7	48.8	54.6
Total Net Assets	<u>\$ 773.2</u>	<u>\$ 738.1</u>	<u>\$ 683.6</u>
Increase in Net Assets	<u>\$ 35.1</u>	<u>\$ 54.5</u>	<u>\$ 33.6</u>

Total assets of the University increased \$148.2 million from June 30, 2010. The current year increase was primarily due to an increase in capital assets, net of depreciation, of \$79.0 million and an increase in accounts receivable of \$43.0 million as a result of the utilities management agreement. Note 10 discusses the utilities management agreement.

Total assets of the University increased \$170.9 million from June 30, 2009 to June 30, 2010. This increase was primarily due to an increase in capital assets, net of depreciation, of \$110.9 million and an increase in restricted cash and cash equivalents of \$69.2 million due to the timing of the expenditures associated with the 2010 general revenue bonds, partially offset by various decreases in other asset categories.

At June 30, 2011, the University had approximately \$1,315.3 million invested in capital assets, net of accumulated depreciation of \$589.4 million. Depreciation charges for the current year totaled \$54.2 million compared to \$45.8 million and \$40.9 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 \$113.1 million from June 30, 2010. This increase was primarily due to an increase in utilities management agreement liabilities (\$113.7) and other post employment benefits (OPEB) liabilities (\$15.3 million), partially offset by a decrease in capital leases and revenue bond payables (\$20.4). Note 10 discusses the utilities management agreement and Note 13 discusses the OPEB reporting requirements and related information.

Total liabilities of the University increased \$116.4 million from June 30, 2009 to June 30, 2010. This increase was primarily due to increases in revenue bonds payable (\$108.2 million) and OPEB (\$19.0 million).

At June 30, 2011, the University had approximately \$696.3 million in outstanding bonds and capital leases. Additional information related to the University's long-term liabilities is presented in Note 10 to the financial statements.

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the University's revenues, expenses and changes in net assets for the years ended June 30 2011, 2010, and 2009:

Revenues, Expenses, and Changes in Net Assets (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 466.0	\$ 442.3	\$ 413.0
Operating Expenses	<u>(763.1)</u>	<u>(728.7)</u>	<u>(729.5)</u>
Operating Loss	(297.1)	(286.4)	(316.5)
Nonoperating revenues and expenses	<u>292.2</u>	<u>278.7</u>	<u>291.2</u>
Income before other revenues, expenses, gains or losses	(4.9)	(7.7)	(25.3)
Other revenues, expenses, gains or losses	<u>40.0</u>	<u>62.2</u>	<u>58.9</u>
Increase in Net Assets	<u><u>\$ 35.1</u></u>	<u><u>\$ 54.5</u></u>	<u><u>\$ 33.6</u></u>

Trends in the relationship between operating revenues and operating expenses are significant indicators of the University's financial health. Operating revenues increased \$53.0 million (12.8%) from June 30, 2009 to June 30, 2011, while operating expenses increased \$33.6 million (4.6%). 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 is still uncertain.

Operating revenues of \$466.0 million increased \$23.7 million (5.4%) when compared to the prior year. Operating revenues of \$442.3 million for the year ended June 30, 2010 increased \$29.3 million (7.1%) when compared to the year ended June 30, 2009. The following table summarizes the University's operating revenues for the years ended June 30, 2011, 2010, and 2009:

Operating Revenues (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tuition and fees	\$ 211.0	\$ 201.7	\$ 188.5
Grants and contracts	94.3	89.6	80.3
Sales and services of educational activities	12.4	8.5	9.1
Auxiliary enterprises	136.4	128.8	124.1
Other revenues	<u>11.9</u>	<u>13.7</u>	<u>11.0</u>
Total Operating Revenues	<u>\$ 466.0</u>	<u>\$ 442.3</u>	<u>\$ 413.0</u>

For the year ended June 30, 2011 the increase in operating revenues is primarily due to an increase in tuition and fees rates and an increase in Housing revenues due to concession sales in athletic facilities and increased room and board rates. Grants and contracts revenue increased due to increased activity.

The increase in operating revenues from the year ended June 30, 2009 to June 30, 2010 was due to an increase in tuition and fee rates and increased revenue in Housing and Athletic department revenues.

Operating expenses of \$763.1 million increased \$34.4 million (4.7%) when compared to the prior year. Operating expenses of \$728.7 million for the year ended June 30, 2010 decreased \$0.8 million (0.1%) when compared to the year ended June 30, 2009. The following table summarizes the University's operating expenses for the years ended June 30, 2011, 2010, and 2009:

Operating Expenses (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Compensation and benefits	\$ 453.9	\$ 444.6	\$ 455.0
Contractual services	72.4	73.6	77.1
Supplies and materials	17.1	15.3	14.0
Depreciation	54.2	45.8	40.9
Utilities	34.5	26.9	27.6
Communications	6.8	6.7	7.1
Scholarships and fellowships	30.9	34.0	24.6
Other	<u>93.3</u>	<u>81.8</u>	<u>83.2</u>
Total Operating Expenses	<u>\$ 763.1</u>	<u>\$ 728.7</u>	<u>\$ 729.5</u>

For the year ended June 30, 2011 the increase in operating expenses is primarily due to an increase in fringe benefit expense included in compensation and benefits and increased depreciation and utilities as a result of new buildings being placed into service.

The decrease in compensation and benefits from the year ended June 30, 2009 to the year ended June 30, 2010 resulted primarily from a reduction in staff wages due to the loss of a large contract with a federal agency, partially offset by an increase in fringe benefit expense. Depreciation expense increased as a result of new buildings being placed into service.

Non operating revenues (expenses) of \$292.2 million increased \$13.5 million (4.8%) when compared to the prior year. Non operating revenues (expenses) of \$278.7 million for the year ended June 30, 2010 decreased \$12.5 million (4.3%) when compared to the year ended June 30, 2009. The following table summarizes the University's non operating revenues and expenses for the years ended June 30, 2011, 2010, and 2009:

Nonoperating Revenues (Expenses) (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
State appropriations	\$ 145.1	\$ 144.7	\$ 156.0
State payments from federal ARRA revenues	10.0	11.5	-
On-behalf payments for OTRS	13.0	11.5	13.3
Endowment income	7.1	6.9	7.3
Grants and contracts	99.1	91.3	106.8
Private gifts	28.0	26.6	30.7
Student fees for capital projects	5.6	5.6	5.6
Interest on indebtedness	(28.0)	(27.3)	(24.3)
Investment income	<u>12.3</u>	<u>7.9</u>	<u>(4.2)</u>
Net Nonoperating Revenues (Expenses)	<u>\$ 292.2</u>	<u>\$ 278.7</u>	<u>\$ 291.2</u>

Appropriations from the State of Oklahoma remained relatively stable during fiscal year 2011 and federal funds available through the American Recovery and Reinvestment Act (ARRA) decreased \$1.5 million. Grants and contracts increased primarily as a result of increased activity. Investment income increased due to higher rates of return for the current year and improved market conditions.

During fiscal year 2010, appropriations from the State of Oklahoma remained stable as a result of the funds from the federal American Recovery and Reinvestment Act (ARRA). Grants and contracts decreased as a result of the loss of a large contract with a federal agency. Interest on indebtedness increased as a result of new revenue bonds and capital lease obligations. Investment income increased due to improved market conditions.

Additional information related to the University's endowments, the majority of which are held in trust by others, is presented in Note 6 to the financial statements.

Other revenues, expenses, gains or losses of \$40.0 million decreased \$22.2 million (35.7%) when compared to the prior year. Other revenues, expenses, gains or losses of \$62.2 for the year ended June 30, 2010 increased \$3.3 million (5.6%) when compared to the year ended June 30, 2009. The following table summarizes the University's other revenues, expenses, gains or losses for the years ended June 30, 2011, 2010, and 2009:

Other Revenues, Expenses, Gains or (Losses) (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Grants and contracts for capital purposes	\$ 0.2	\$ 0.2	\$ 4.9
Build America Bonds subsidy	1.0	-	-
Private gifts for capital purposes	18.6	44.6	37.3
Federal ARRA funds for capital projects	7.0	-	-
State school land funds	9.8	10.1	6.6
On-behalf payments for OCIA capital leases	2.0	6.7	6.2
Additions to permanent endowments	<u>1.4</u>	<u>0.6</u>	<u>3.9</u>
Total Other Revenues, Expenses, Gains or (Losses)	<u>\$ 40.0</u>	<u>\$ 62.2</u>	<u>\$ 58.9</u>

The decrease from June 30, 2010 to June 30, 2011 is primarily due to a decrease in privately funded capital projects in FY11 and the refunding of OCIA bonds, partially offset by ARRA funds received for capital projects.

The increase from June 30, 2009 to June 30, 2010 is primarily due to continued strong private giving for buildings and other capital projects. During the year ended June 30, 2010, a onetime distribution from the Oklahoma Land Commission was received.

Statements of Cash Flows

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

The University's overall liquidity increased during the current year, with a net increase to cash and cash equivalents of \$5.3 million. Overall liquidity also increased from June 30, 2009 to June 30, 2010, with a net increase to cash and cash equivalents of \$48.7 million. The following table summarizes the University's cash flows for the years ended June 30, 2011, 2010, and 2009:

Cash Flows for the Year (in millions)			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash provided (used) by:			
Operating activities	\$ (214.7)	\$ (216.1)	\$ (230.3)
Noncapital financing activities	287.6	282.3	299.2
Capital and related financing activities	(72.9)	(16.9)	(84.2)
Investing activities	<u>5.3</u>	<u>(0.6)</u>	<u>5.9</u>
Net Change In Cash	5.3	48.7	(9.4)
Cash and equivalents, beginning of the year	<u>296.9</u>	<u>248.2</u>	<u>257.6</u>
Cash and equivalents, end of the year	<u>\$ 302.2</u>	<u>\$ 296.9</u>	<u>\$ 248.2</u>

Cash used by operating activities during fiscal year 2011 of \$214.7 million decreased \$1.4 million (0.6%) when compared to the prior year (\$216.1 million). Major sources of operating funds were tuition and fees (\$210.3 million), grants and contracts (\$94.6 million) and auxiliary enterprises (\$137.0 million), which were offset by the payment of compensation and benefits (\$424.8 million) and other operating expenses (\$261.2 million).

Cash used by operating activities during fiscal year 2010 of \$216.1 million decreased \$14.2 million (6.2%) when compared to fiscal year 2009 (\$230.3 million). Major sources of operating funds were tuition and fees (\$201.6 million), grants and contracts (\$82.4 million) and auxiliary enterprises (\$129.0 million), which were offset by the payment of compensation and benefits (\$432.8 million) and other operating expenses (\$217.3 million).

Cash provided by noncapital financing activities during fiscal year 2011 of \$287.6 million increased \$5.3 million (1.9%) compared to the prior year (\$282.3 million). Major sources of noncapital financing activities were state appropriations (\$145.0 million), state payments from federal ARRA revenues (\$10.0 million), grants and contracts (\$99.1 million), and private gifts (\$28.0 million).

Cash provided by noncapital financing activities during fiscal year 2010 of \$282.3 million decreased \$16.9 million (5.6%) compared to the prior year (\$299.2 million). Major sources of noncapital financing activities were state appropriations (\$144.7 million), state payments from federal ARRA revenues (\$11.5 million), grants and contracts (\$91.3 million), and private gifts (\$28.0 million).

Cash used in capital and related financing activities during fiscal year 2011 of \$72.9 million increased \$56.0 million (331.4%) when compared to the prior year (\$16.9 million) due primarily to the timing of the receipt of bond proceeds and related expenditures and the defeasance of the 2009 series A, B, and C bonds (\$48.6 million). Major sources of capital and related financing activities were proceeds from revenue bonds and capital leases (\$118.3 million) and proceeds from a utilities management agreement, which were offset by purchases of capital assets (\$139.2 million) and principal and interest payments on capital debt and leases (\$170.7 million).

Cash used in capital and related financing activities during fiscal year 2010 of \$16.9 million decreased \$67.3 million (80.0%) when compared to the prior year (\$84.2 million) due primarily to the timing of the receipt of bond proceeds and related expenditures and the repayment of the 1999 Utility System bonds in fiscal year 2009 business. Major sources of capital and related financing activities were proceeds from revenue bonds and capital leases (\$124.7 million), which were offset by purchases of capital assets (\$158.5 million) and principal and interest payments on capital debt and leases (\$44.3 million).

Cash provided by investing activities during fiscal year 2011 of \$5.3 million increased \$5.9 million when compared to the prior year (\$0.6).

Cash used by investing activities during fiscal year 2010 of \$0.6 million decreased \$6.5 million when compared to cash provided in the prior year (\$5.9 million)

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 is dependent upon ongoing financial and political support from State government. Given the state and national economic situation, the availability of new funds from the State of Oklahoma looks to be very limited throughout FY12 and FY13, with the possibility that continuing cuts to higher education funding will be necessary. The University has engaged in budget allocations to better match anticipated revenues and expenses. This effort will continue in the upcoming fiscal years as we focus attention to even greater scrutiny and management of our existing resources.

Another significant factor in the University's economic position relates to its ability to recruit and retain high quality students. While current economic conditions facing our state and nation are challenging, the University's competitive position remains strong. The Fall 2011 freshmen class is the largest in University history and is expected to be highly ranked academically and will maintain our Number 1 national ranking in National Merit Scholars enrolled. Our faculty continues to compete for and win national awards, and our research expenditures continue to grow.

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STATEMENTS OF NET ASSETS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	June 30 (in thousands)	
	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 148,401	\$ 120,050
Restricted cash and cash equivalents	94,469	103,646
Short-term investments	1,991	2,840
Accrued interest receivable	577	680
Accounts receivable, net of allowance for doubtful accounts, current portion	75,257	62,751
Notes receivable current portion	148	142
Inventories and supplies, at cost	5,229	4,995
Loans to students, net of allowance for uncollectible loans	2,404	2,374
Deposits and prepaid expenses	4,645	2,302
TOTAL CURRENT ASSETS	<u>333,121</u>	<u>299,780</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	59,324	73,211
Endowment investments	78,749	70,127
Other long-term investments	11,575	7,500
Investments in real estate	395	395
Accounts receivable, long-term portion	33,000	3,000
Notes receivable net of current portion	193	340
Loans to students, net	16,367	16,649
Deposits and prepaid expenses	15,010	7,512
Capital assets, net of accumulated depreciation	1,315,312	1,236,381
TOTAL NONCURRENT ASSETS	<u>1,529,925</u>	<u>1,415,115</u>
TOTAL ASSETS	<u>\$ 1,863,046</u>	<u>\$ 1,714,895</u>

See notes to financial statements.

STATEMENTS OF NET ASSETS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	June 30 (in thousands)	
	<u>2011</u>	<u>2010</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 42,801	\$ 46,586
Utilities management agreement, current portion	4,720	-
Other postemployment benefits, current portion	5,237	5,123
Accrued compensated absences, current portion	24,850	24,790
Deferred revenue	59,847	56,642
Deferred revenue - long-term contracts, current portion	2,922	2,918
Accrued interest payable	10,530	10,205
Capital leases and revenue bonds payable, current portion	21,641	22,516
Deposits held in custody for others, current portion	4,172	3,739
TOTAL CURRENT LIABILITIES	<u>176,720</u>	<u>172,519</u>
NONCURRENT LIABILITIES, net of current portion		
Utilities management agreement	109,000	-
Other postemployment benefits	66,655	51,455
Accrued compensated absences	4,045	3,380
Deferred revenue - long-term contracts	6,450	7,933
Federal loan program contributions refundable	14,687	14,764
Capital lease obligations	101,359	103,344
Revenue bonds payable	573,330	590,902
Deposits held in custody for others	37,542	32,466
TOTAL NONCURRENT LIABILITIES	<u>913,068</u>	<u>804,244</u>
TOTAL LIABILITIES	<u>\$ 1,089,788</u>	<u>\$ 976,763</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 611,894	\$ 595,114
Restricted for:		
Nonexpendable	22,532	21,101
Expendable:		
Educational, general and auxiliary operations	25,098	16,077
Capital projects	42,609	19,811
Debt service	11,018	10,094
Athletics	16,417	27,093
Unrestricted	43,690	48,842
TOTAL NET ASSETS	<u>\$ 773,258</u>	<u>\$ 738,132</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30 (in thousands)	
	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$51,888 and \$42,870 for 2011 and 2010, respectively)	\$ 211,029	\$ 201,721
Federal grants and contracts (revenues of \$14,951 for 2011 and \$13,850 for 2010 were used as security for the Research Facilities Revenue Bonds Series 2003)	54,123	48,349
State grants and contracts (revenues of \$409 for 2011 and \$489 for 2010 were used as security for the Research Facilities Revenue Bonds Series 2003)	15,510	15,459
Private grants and contracts (revenues of \$1,956 for 2011 and \$2,123 for 2010 were used as security for the Research Facilities Revenue Bonds Series 2003)	24,611	25,758
Interest on student loans receivable	479	429
Sales and services of educational activities	12,448	8,552
Housing revenues (revenues are used as security for the Student Housing Revenue Bonds Series 2002 and 2004)	46,117	41,395
Athletic revenues (net of scholarship allowances of \$4,844 and \$4,014 for 2011 and 2010, respectively; revenues were used as security for the ODFA Public Facilities Revenue Bonds Series 2003B)	61,970	63,745
Parking revenues (revenues are pledged as security for the Parking System Revenue Bonds Series 2004 and 2001)	4,291	4,313
Real estate revenues (revenues are pledged as security for the Research Facility Revenue Bonds Series 2004)	7,469	7,151
Sales and services of auxiliary enterprises--other	16,525	12,175
Other revenues	11,419	13,229
TOTAL OPERATING REVENUES	<u>465,991</u>	<u>442,276</u>
OPERATING EXPENSES		
Compensation and benefits	453,923	444,601
Contractual services	72,395	73,555
Supplies and materials	17,091	15,318
Depreciation	54,224	45,812
Utilities	34,552	26,843
Communications	6,754	6,739
Scholarships and fellowships	30,906	33,992
Other	93,267	81,814
TOTAL OPERATING EXPENSES	<u>763,112</u>	<u>728,674</u>
OPERATING LOSS	<u>(297,121)</u>	<u>(286,398)</u>

(Continued)

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

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30 (in thousands)	
	2011	2010
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 145,041	\$ 144,741
State payments from federal ARRA revenues	9,953	11,451
On-behalf payments for OTRS	13,012	11,482
Endowment income	7,089	6,944
Federal grants and contracts	39,797	38,740
State grants and contracts	45,489	45,407
Private grants and contracts	13,851	7,190
Private gifts	28,014	26,628
Student fees for capital projects (\$3,145 for 2011 and \$3,156 for 2010 revenues were pledged as security for the Student Union Revenue Bond Series 2004 and \$2,496 for 2011 and \$2,473 for 2010 for the Multiple Facility Revenue Bonds Series 2003)	5,641	5,629
Interest on indebtedness	(28,043)	(27,375)
Investment income	12,327	7,895
NET NONOPERATING REVENUES	<u>292,171</u>	<u>278,732</u>
INCOME BEFORE OTHER REVENUES (EXPENSES), GAINS OR (LOSSES)	(4,950)	(7,666)
Federal grants and contracts for capital purposes	204	176
Build America Bonds Subsidy	997	-
Private gifts for capital assets	18,614	44,551
Federal ARRA funds for capital projects	7,000	-
State school land funds (revenues used as security for the ODFA Public Facilities Revenue Bonds Series 2003A)	9,804	10,125
On-behalf payments for OCIA capital leases	2,048	6,740
Additions to permanent endowments	1,409	553
NET INCREASE IN NET ASSETS	35,126	54,479
NET ASSETS AT BEGINNING OF YEAR	<u>738,132</u>	<u>683,653</u>
NET ASSETS AT END OF YEAR	<u>\$ 773,258</u>	<u>\$ 738,132</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30, (in thousands)	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 210,334	\$ 201,624
Sales and services of educational activities	12,954	8,326
Sales and services of auxiliary enterprises	15,860	12,670
Housing revenues	46,066	40,555
Athletic revenues	63,243	64,156
Parking revenues	4,371	4,438
Real estate operations revenues	7,469	7,151
Federal grants and contracts	54,722	47,946
State grants and contracts	14,740	9,176
Private grants and contracts	25,169	25,247
Interest on loans receivable	479	429
Other additions	15,696	11,890
Loans issued to students	(2,681)	(1,969)
Collection of loans	2,858	2,296
Compensation and benefits	(424,765)	(432,769)
Other operating expenses	(261,231)	(217,300)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(214,716)</u>	<u>(216,134)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	145,041	144,741
State payments from federal ARRA revenues	9,953	11,451
Federal grants and contracts	39,797	38,740
State grants and contracts	45,489	45,407
Private grants and contracts	13,851	7,190
Net (decrease) increase in Federal loan advances refundable	(76)	(168)
OSRHE endowment income	5,584	6,944
Private gifts	28,014	28,002
Direct loan/FFEL receipts	109,815	101,430
Direct loan/FFEL disbursements	(109,815)	(101,430)
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>287,653</u>	<u>282,307</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Endowment income	1,409	800
Proceeds from revenue bonds and capital leases	118,287	124,707
Utilities Management Agreement	75,000	-
Federal grants and contracts for capital purposes	204	176
Student fees for capital projects	5,641	5,629
Private gifts for capital assets	18,614	44,551
Federal ARRA funds for capital projects	7,000	-
State school land funds	9,804	10,125
Build America Bonds Subsidy	997	-
Purchases of capital assets	(139,236)	(158,529)
Principal paid on capital debt and leases	(140,928)	(19,456)
Interest paid on capital debt and leases	(29,743)	(24,866)
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(72,951)</u>	<u>(16,863)</u>

(Continued)

STATEMENTS OF CASH FLOWS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

	For the Year Ended June 30, (in thousands)	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	2,008	2,283
Proceeds from sales and maturities of investments	32,305	11,723
Purchase of investments	(29,012)	(14,578)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>5,301</u>	<u>(572)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,287	48,738
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>296,907</u>	<u>248,169</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 302,194</u>	<u>\$ 296,907</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (297,121)	\$ (286,398)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	54,224	45,812
Loss on disposal of capital assets	901	1,686
OTRS On-behalf contributions	13,012	11,482
Change in operating assets and liabilities:		
Accounts receivable	(474)	(2,649)
Inventory	(234)	(783)
Student loans receivable	251	371
Deposits and prepaid expenses	(7,595)	(16)
Accounts payable and accrued expenses	(952)	(6,455)
Other postemployment benefits	15,314	19,008
Deferred revenue	1,725	694
Compensated absences	724	(302)
Deposits held in custody for others	5,509	1,416
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (214,716)</u>	<u>\$ (216,134)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Net capitalized interest	\$ 1,933	\$ 1,226
Deposits and prepaids acquired via issuance of revenue bonds	842	695
Principal on capital debt paid by State Agency on behalf of the University	39	2,863
Deferred cost on OCIA lease restructure	2,247	-
Unfunded utilities management agreement	43,000	-
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Current assets		
Cash and cash equivalents	148,401	120,050
Restricted cash and cash equivalents	94,469	103,646
Noncurrent assets		
Restricted cash and cash equivalents	<u>59,324</u>	<u>73,211</u>
	<u>\$ 302,194</u>	<u>\$ 296,907</u>

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The accompanying financial statements include the accounts of the Norman Campus and Law Center of The University of Oklahoma (hereafter referred to collectively as the "University" or the "Norman Campus"), which are agencies of the State of Oklahoma. The University is governed by the Board of Regents of The University of Oklahoma (the "Board"), and is part of the State of Oklahoma Higher Education System, which is under the governance of the Oklahoma State Regents for Higher Education ("State Regents"). These financial statements do not include the operations of the University of Oklahoma Health Sciences Center (the "Health Sciences Center" or "HSC"), Cameron University, and Rogers State University, which are distinct operational entities that prepare separate financial statements for the Board. Each of these entities receive separate state appropriations, prepare separate budgets, and are managed as separate component units supported in large part by separate systems and management personnel. The University is part of the State of Oklahoma's higher education component unit, and accordingly, is included in the comprehensive annual financial report of the State.

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 resources received and held by the Foundation are not entirely or almost entirely held for the benefit of the Norman Campus. As a result, the OU Foundation is not considered a component unit of the Norman Campus under the definition of GASB Statement No. 39.

Financial Statement Presentation: The University's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Under GASB Statements No. 34 and 35, the University is required to present a statement of net assets classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net assets, with separate presentation for operating and nonoperating revenues and expenses, and a statement of cash flows using the direct method.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. 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.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after the applicable date.

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.

Deposits and Investments: The University accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the University has disclosed its deposit and investment policies related to the risks identified in GASB Statement No. 40. 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 assets.

Accounts Receivable: Accounts receivable consist primarily of tuition and fee charges to students and to 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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

Accounts Receivable--Continued: 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; this established an upfront payment of \$75,000 and a receivable balance of \$43,000 over the next four years.

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.

Noncurrent Cash and Investments: Cash and investments that are externally restricted to make debt service payments or long-term loans to students, maintain sinking or reserve funds, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statements of net assets.

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 2011, total interest incurred was \$29,976 of which \$1,933 was capitalized. In 2010, total interest incurred was \$28,602, of which \$1,226 was capitalized.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

Capital Assets--Continued: 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 assets. For 2011 impairment adjustments totaled \$538. There were no events or changes in conditions requiring recognition of an impairment loss in 2010.

Deferred Revenue: Deferred revenue consists primarily of advance ticket sales for athletic events, summer school tuition not earned during the current year and contract advances. Deferred 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 assets and as a component of compensation and benefit expense in the statements of revenues, expenses and changes in net assets.

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 and other liabilities that will not be paid within the next fiscal year; and (3) amounts due on the utilities management agreement.

Net Assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt - This represents the University's total investment in capital assets, net of outstanding debt obligations 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 assets - expendable - Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

Net Assets--Continued:

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

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

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

Operating revenues - include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of educational activities and auxiliary enterprises, (3) most Federal, state and local grants and contracts and Federal appropriations 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 No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as State appropriations, certain governmental and other pass-through grants, and investment income.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

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 assets. 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.

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; 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).

Reclassifications: Certain reclassifications have been made to the 2010 financial statements to conform with the 2011 financial statement presentation. Such reclassifications have had no effect on changes in net assets as previously reported.

New Accounting Pronouncements: In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Management has not yet determined the effect, if any, of adoption of this statement for the financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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

New Accounting Pronouncements--Continued: In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. Management has not yet determined the effect, if any, of adoption of this statement for the financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. Management has not yet determined the effect, if any, of adoption of this statement for the financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. Management has not yet determined the effect, if any, of adoption of this statement for the financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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 participates in investments, either directly or indirectly, in securities issued by the U.S. Treasury and/or agency and repurchase agreements relating to such securities; (d) investments related to tri-party repurchase agreements which are collateralized at 102% and, whereby, the collateral is held by a third party in the name of the OST; (e) collateralized certificates of deposits; (f) commercial paper; (g) obligations of state and local governments; and (h) State of Israel bonds.

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

Cash and Cash Equivalents: At June 30, 2011 and 2010, the carrying amounts of the University's deposits with the State Treasurer and other financial institutions were \$302,194 and \$296,907, respectively. These amounts consisted of deposits with the OST (\$277,786 and \$275,975), U.S. financial institutions (\$42 and \$70), deposits with trustees (\$20,946 and \$20,305), intermediate investment funds (\$1,165 and \$101), petty cash and change funds (\$140 and \$102), and other cash equivalents (\$2,115 and \$354). Of funds on deposit with the OST, amounts invested in *OK INVEST* total \$229,673 in 2011 and \$223,136 in 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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, 2011		
OK INVEST Portfolio	Cost	Market Value
U.S. agency securities	\$ 83,884	\$ 84,557
Money market mutual funds	25,251	25,251
Certificates of deposit	10,845	10,844
Tri-party repurchase agreements	15,498	15,499
Mortgage backed agency securities	83,314	86,994
Municipal bonds	4,578	4,957
Foreign bonds	854	854
Commercial paper	2,135	2,135
U.S. Treasury obligations	3,314	3,926
	\$ 229,673	\$ 235,017

At June 30, 2010		
OK INVEST Portfolio	Cost	Market Value
U.S. agency securities	\$ 85,496	\$ 86,932
Money market mutual funds	19,531	19,531
Certificates of deposit	12,692	12,692
Tri-party repurchase agreements	14,310	14,310
Mortgage backed agency securities	78,941	82,371
Municipal bonds	4,808	5,155
Foreign bonds	894	884
U.S. Treasury obligations	6,464	6,842
	\$ 223,136	\$ 228,717

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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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.

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

	June 30	
	2011	2010
U.S. equity funds	\$ 43,971	\$ 40,292
International equity funds	14,469	10,372
Fixed income funds and bonds	27,740	25,703
TIAA CREF	6,135	4,100
Real property	183	183
Mineral interests	212	212
	<u>\$ 92,710</u>	<u>\$ 80,862</u>

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

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

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.
- 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. As of June 30, 2011, the University's investment in fixed income securities had typical credit ratings of AAA as rated by Standard & Poors Corporation.

Custodial Credit Risk: 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 fixed income funds and investments guaranteed by the U.S. Government.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 2--DEPOSITS AND INVESTMENTS--Continued

Interest Rate Risk--Continued:

Investment maturities were as follows at June 30, 2011:

Investment Type	Investment Maturities (in Years)					
	Fair Value	Not Applicable	Less Than One	One to Five	Six to Ten	More Than Ten
U.S. equity funds	\$ 43,971	\$ 43,971	-	-	-	-
International equity funds	14,469	14,469	-	-	-	-
Investments TIAA CREF	6,135	6,135	-	-	-	-
Fixed income funds	27,740	16,183	1,991	8,213	1,353	-
Real property	183	183	-	-	-	-
Mineral interests	212	212	-	-	-	-
	<u>\$ 92,710</u>	<u>\$ 81,153</u>	<u>\$ 1,991</u>	<u>\$ 8,213</u>	<u>\$ 1,353</u>	<u>\$ -</u>

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.

The Health Sciences Center has entrusted the Norman Campus with a portion of their funds totaling \$40,583 and \$35,354 for 2011 and 2010, of which \$37,542 and \$32,466 are endowment funds. These funds are held in the Regents' Fund investments on behalf of the Health Sciences Center. These endowment funds are reflected in the financial statements as deposits held in custody for others.

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

	2011	2010
Short-term investments	\$ 1,991	\$ 2,840
Endowment investments	78,749	70,127
Other long-term investments	11,575	7,500
Investments in real estate and mineral interests	395	395
	<u>\$ 92,710</u>	<u>\$ 80,862</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 3--ACCOUNTS RECEIVABLE

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

	<u>2011</u>	<u>2010</u>
Student tuition and fees	\$ 38,673	\$ 38,816
Federal, state and private grants and contracts	41,664	39,790
Utilities management agreement	43,000	-
Contributions and gifts	5,417	6,528
Auxiliary enterprises and other operating activities	4,697	3,980
	<u>133,451</u>	<u>89,114</u>
Less allowance for doubtful accounts	(25,194)	(23,363)
Less long-term accounts receivable	(33,000)	(3,000)
Net current accounts receivable	<u>\$ 75,257</u>	<u>\$ 62,751</u>

Included in the amounts above is approximately \$697 at June 30, 2011, and \$1,731 at June 30, 2010, which is due from the U.S. government.

NOTE 4--INVENTORIES

Inventories consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
University Press	\$ 1,224	\$ 1,441
Other Auxiliaries	727	630
University Printing Services	425	335
Facilities Management (Physical Plant)	382	397
College of Continuing Education operations	338	441
Museum retail operations	239	243
IT Store	1,833	1,466
Other	61	42
	<u>\$ 5,229</u>	<u>\$ 4,995</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 5--LOANS TO STUDENTS

Net student loans made under the Federal Perkins Loan Program (the "Program") comprised approximately 87% of the June 30, 2011 and 2010 loan balances. 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 \$14,687 and \$14,764 at June 30, 2011 and 2010, respectively, are reflected in the accompanying statements of net assets 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 student loans, as the University is not obligated to fund the federal portion of uncollected student loans. 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, 2011 and 2010, the allowance for uncollectible loans, including loans made under the program, was approximately \$892 and \$817, 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 \$9,804 and \$10,125 during the years ended June 30, 2011, and 2010, respectively, which is restricted to acquisition of buildings, equipment, or other capital items. During 2011 and 2010, respectively, the University distributed \$2,159 and \$3,341 of these funds to the Health Sciences Center and \$654 and \$635 to the Tulsa campus. 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 \$147,388 (\$135,631 restricted corpus) and \$127,608 (\$123,985 restricted corpus) at June 30, 2011 and 2010, respectively. Such trust funds, held by the Commissioners of the Land Office, are not included in the financial statements of the University.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

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 \$112,895 and \$98,001 at June 30, 2011 and 2010, respectively, and is invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of earnings on these funds. As legal title of the State match is retained by the State Regents, only the funds available for distribution, or \$5,417 and \$6,528 as of June 30, 2011 and 2010, respectively, have been reflected as assets in the statements of net assets. With regard to the institutional matching funds, approximately \$144,982 and \$121,355 are on deposit with the Foundation for the benefit of the University as of June 30, 2011 and 2010, respectively.

NOTE 7--RELATED PARTY TRANSACTIONS

A summary of related party transactions during the years ended June 30, 2011 and 2010 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, 2011 and 2010, net assets of the Foundation were approximately \$941,933 and \$748,830, respectively. The Foundation expended on behalf of the Norman Campus and Health Sciences Center approximately \$91,764 in 2011 and \$117,867 in 2010 for facilities and equipment, salary supplements, general educational assistance, faculty awards and scholarships, of which approximately \$33,352 in 2011 and \$69,064 in 2010 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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 7--RELATED PARTY TRANSACTIONS--Continued

University of Oklahoma Health Sciences Center

As discussed in Note 1, The University of Oklahoma Health Sciences Center (the "Health Sciences Center" or "the HSC") is an agency of the state of Oklahoma governed by The University of Oklahoma Board of Regents and the Oklahoma State Regents for Higher Education. The HSC is a distinct operational entity from the University of Oklahoma Norman Campus. However, Norman Parking and Transportation/CART had incurred two bond system obligations, each of which a portion was used to benefit HSC Parking and Transportation. Although there is no legal note obligation that the HSC must reimburse Norman Campus for their portion of the principal and interest payments of the related bond obligations, the HSC has agreed to reimburse Norman Campus for their portion of the debt service.

This is reflected in the financial statements as a notes receivable, with current and noncurrent portions separately stated. With respect to the 2004 Parking Refunding bonds, during the years ended 2011 and 2010, the HSC made principal and interest payments of \$169 and \$167 to Norman Campus, leaving a balance due of \$341 and \$482, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 8--CAPITAL ASSETS

	2011				Ending Balance
	Beginning Balance	Additions	Transfers	Deductions	
Capital assets not being depreciated:					
Land	\$ 29,552	\$ 579	\$ -	\$ -	\$ 30,131
Construction in progress	111,125	87,805	(95,684)	-	103,246
Total capital assets not being depreciated	<u>140,677</u>	<u>88,384</u>	<u>(95,684)</u>	<u>-</u>	<u>133,377</u>
Capital assets being depreciated:					
Buildings	1,133,950	7,117	71,987	(709)	1,212,345
Equipment	161,511	12,374	1,267	(4,045)	171,107
Nonstructural improvements	67,874	3,316	19,261	-	90,451
Land improvements	32,205	-	-	-	32,205
Software	32,028	11,098	2,140	-	45,266
Infrastructure	57,897	434	1,029	-	59,360
Library books	149,305	11,333	-	-	160,638
Total capital assets being depreciated	<u>1,634,770</u>	<u>45,672</u>	<u>95,684</u>	<u>(4,754)</u>	<u>1,771,372</u>
Less accumulated depreciation for:					
Buildings	293,218	21,100	-	(74)	314,244
Equipment	98,490	13,372	-	(3,779)	108,083
Nonstructural improvements	8,102	3,870	-	-	11,972
Land improvements	23,199	955	-	-	24,154
Software	15,069	6,955	-	-	22,024
Infrastructure	28,743	2,098	-	-	30,841
Library books	72,245	5,874	-	-	78,119
Total accumulated depreciation	<u>539,066</u>	<u>54,224</u>	<u>-</u>	<u>(3,853)</u>	<u>589,437</u>
Total capital assets being depreciated, net	<u>1,095,704</u>	<u>(8,552)</u>	<u>95,684</u>	<u>(901)</u>	<u>1,181,935</u>
Capital assets, net	<u>\$ 1,236,381</u>	<u>\$ 79,832</u>	<u>\$ -</u>	<u>\$ (901)</u>	<u>\$ 1,315,312</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 8--CAPITAL ASSETS--Continued

	2010				Ending Balance
	Beginning Balance	Additions	Transfers	Deductions	
Capital assets not being depreciated:					
Land	\$ 29,176	\$ 376	\$ -	\$ -	\$ 29,552
Construction in progress	141,524	128,901	(159,300)	-	111,125
Total capital assets not being depreciated	<u>170,700</u>	<u>129,277</u>	<u>(159,300)</u>	<u>-</u>	<u>140,677</u>
Capital assets being depreciated:					
Buildings	1,017,281	1,141	116,368	(840)	1,133,950
Equipment	157,449	10,588	340	(6,866)	161,511
Nonstructural improvements	31,854	3,602	32,418	-	67,874
Land improvements	32,173	31	1	-	32,205
Software	21,807	119	10,102	-	32,028
Infrastructure	55,584	2,242	71	-	57,897
Library books	137,830	11,475	-	-	149,305
Total capital assets being depreciated	<u>1,453,978</u>	<u>29,198</u>	<u>159,300</u>	<u>(7,706)</u>	<u>1,634,770</u>
Less accumulated depreciation for:					
Buildings	274,831	18,711	-	(324)	293,218
Equipment	92,287	11,899	-	(5,696)	98,490
Nonstructural improvements	5,564	2,538	-	-	8,102
Land improvements	22,033	1,166	-	-	23,199
Software	11,093	3,976	-	-	15,069
Infrastructure	26,653	2,090	-	-	28,743
Library books	66,813	5,432	-	-	72,245
Total accumulated depreciation	<u>499,274</u>	<u>45,812</u>	<u>-</u>	<u>(6,020)</u>	<u>539,066</u>
Total capital assets being depreciated, net	<u>954,704</u>	<u>(16,614)</u>	<u>159,300</u>	<u>(1,686)</u>	<u>1,095,704</u>
Capital assets, net	<u>\$ 1,125,404</u>	<u>\$ 112,663</u>	<u>\$ -</u>	<u>\$ (1,686)</u>	<u>\$ 1,236,381</u>

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

NOTE 9--DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	2011	2010
Prepaid tuition and student fees	\$ 9,014	\$ 9,384
Prepaid athletic ticket sales	27,080	25,756
Auxiliary enterprises and other activities	2,698	2,367
Grants and contracts	21,055	19,135
Long-term contracts	9,372	10,851
	<u>\$ 69,219</u>	<u>\$ 67,493</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES

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	2011				
				Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases								
Parking, Series 2001	2001	3.10-6.10	12/01/2026	\$ 21,810	\$ -	\$ (865)	\$ 20,945	\$ 905
Student Housing, Series 2002	2002	2.00-5.04	11/01/2027	6,670	-	(250)	6,420	260
Research Facility, Series 2003	2003	2.50-4.90	03/01/2028	28,060	-	(1,065)	26,995	1,100
ODFA Public Facility, Series 2003A	2003	2.00-4.06	07/01/2016	8,255	-	(1,055)	7,200	1,095
ODFA Public Facility, Series 2003B	2003	2.00-4.06	07/01/2016	5,100	-	(650)	4,450	680
Multiple Facility, Series 2003	2003	2.50-5.00	06/01/2029	30,985	-	(1,085)	29,900	1,120
Student Union, Series 2004	2004	2.00-3.10	12/01/2012	1,375	-	(440)	935	460
Parking, Series 2004	2004	2.00-3.65	03/01/2016	2,915	-	(510)	2,405	530
Student Housing, Series 2004	2004	3.00-5.125	07/01/2034	76,760	-	(1,700)	75,060	1,760
Research Facility, Series 2004	2004	2.50-5.875	11/01/2034	18,595	-	(580)	18,015	605
General Rev. Refunding, Series 2006A	2006	4.00-5.00	07/01/2031	105,950	-	(2,785)	103,165	2,915
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	10,535	-	(690)	9,845	730
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	18,495	-	(885)	17,610	920
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	57,690	-	(20,940)	36,750	620
General Revenue Bonds, Series 2009B	2009	3.00-5.00	07/01/2039	8,555	-	(6,510)	2,045	590
General Revenue Bonds, Series 2009C	2009	2.00-4.00	07/01/2024	21,100	-	(21,100)	-	-
General Revenue Bonds, Series 2010Ban's	2010	1.61	11/01/2011	73,120	-	(73,120)	-	-
General Revenue Bonds, Series 2010A	2010	2.00	07/01/2015	4,644	-	(7)	4,637	7
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	-	8,440	-	8,440	-
General Revenue Bonds, Series 2011B	2011	.75-6.39	07/01/2040	-	34,930	-	34,930	-
General Revenue Bonds, Series 2011C	2011	2.00-4.75	07/01/2036	-	11,270	-	11,270	-
General Revenue Bonds, Series 2011D	2011	.810-5.634	07/01/2041	-	62,620	-	62,620	-
Total revenue bonds payable				604,604	117,260	(134,237)	587,627	14,297
OCIA 1999A/2004A capital lease payable				2,728	-	(39)	2,689	244
OCIA 2005F capital lease payable				47,299	-	(13,077)	34,222	-
OCIA 2006D capital lease payable				26,908	-	(2,730)	24,178	-
OCIA 2010A capital lease payable				-	13,602	-	13,602	-
OCIA 2010B capital lease payable				-	4,773	-	4,773	-
ODFA master leases payable				35,223	1,030	(7,014)	29,239	7,100
Total bonds and capital leases				716,762	136,665	(157,097)	696,330	21,641
Other noncurrent liabilities								
Accounts payable and accrued expenses				5,764	-	(5,764)	-	-
Utilities management agreement				-	118,000	(4,280)	113,720	4,720
Other postemployment benefits				56,578	20,549	(5,235)	71,892	5,237
Accrued compensated absences				28,170	23,768	(23,043)	28,895	24,850
Federal loan program contributions refundable (see also Note 5)				14,764	-	(77)	14,687	-
Deferred revenue (long-term contracts)				10,851	4	(1,483)	9,372	2,922
Deposits held in custody for others				36,205	5,509	-	41,714	4,172
Total other noncurrent liabilities				152,332	167,830	(39,882)	280,280	41,901
Total noncurrent liabilities				\$ 869,094	\$ 304,495	\$ (196,979)	\$ 976,610	\$ 63,542

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

	Issue Dates	Interest Rates (percentages)	Maturity Through	2010				
				Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases								
Parking, Series 2001	2001	3.10-6.10	12/01/2026	\$ 22,635	\$ -	\$ (825)	\$ 21,810	\$ 865
Student Housing, Series 2002	2002	2.00-5.04	11/01/2027	6,910	-	(240)	6,670	250
Research Facility, Series 2003	2003	2.50-4.90	03/01/2028	29,090	-	(1,030)	28,060	1,065
ODFA Public Facility, Series 2003A	2003	2.00-4.06	07/01/2016	9,285	-	(1,030)	8,255	1,000
ODFA Public Facility, Series 2003B	2003	2.00-4.06	07/01/2016	5,735	-	(635)	5,100	705
Multiple Facility, Series 2003	2003	2.50-5.00	06/01/2029	32,035	-	(1,050)	30,985	1,085
Student Union, Series 2004	2004	2.00-3.10	12/01/2012	1,800	-	(425)	1,375	440
Parking, Series 2004	2004	2.00-3.65	03/01/2016	3,410	-	(495)	2,915	510
Student Housing, Series 2004	2004	3.00-5.125	07/01/2034	78,405	-	(1,645)	76,760	1,700
Research Facility, Series 2004	2004	2.50-5.875	11/01/2031	19,155	-	(560)	18,595	580
General Rev. Refunding, Series 2006A	2006	4.00-5.00	07/01/2031	108,620	-	(2,670)	105,950	2,785
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	11,195	-	(660)	10,535	690
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	19,345	-	(850)	18,495	885
General Revenue Bonds, Series 2009A	2009	3.00-5.00	07/01/2039	57,690	-	-	57,690	-
General Revenue Bonds, Series 2009B	2009	3.00-5.00	07/01/2039	8,555	-	-	8,555	-
General Revenue Bonds, Series 2009C	2009	2.00-4.00	07/01/2024	21,100	-	-	21,100	1,135
General Revenue Bonds, Series 2010Ban's	2010	1.61	11/01/2011	-	73,120	-	73,120	-
General Revenue Bonds, Series 2010A	2010	2.00	07/01/2015	-	4,647	(3)	4,644	7
General Revenue Bonds, Series 2010B	2010	3.72-6.27	07/01/2039	-	42,575	-	42,575	-
Total revenue bonds payable				496,380	120,342	(12,118)	604,604	13,702
OCIA 1999/2004A capital lease payable				2,983	-	(255)	2,728	243
OCIA 2005F capital lease payable				49,966	-	(2,667)	47,299	1,557
OCIA 2006D capital lease payable				26,908	-	-	26,908	-
ODFA master leases payable				38,138	4,365	(7,280)	35,223	7,014
Total bonds and capital leases				614,375	124,707	(22,320)	716,762	22,516
Other noncurrent liabilities								
Accounts payable and accrued expenses				6,922	-	(1,158)	5,764	5,764
Other postemployment benefits				37,570	24,133	(5,125)	56,578	5,123
Accrued compensated absences				28,472	24,027	(24,329)	28,170	24,790
Federal loan program contributions refundable (see also Note 5)				14,931	-	(167)	14,764	-
Deferred revenue (long-term contracts)				12,888	-	(2,037)	10,851	2,918
Deposits held in custody for others				34,789	1,416	-	36,205	3,739
Total other noncurrent liabilities				135,572	49,576	(32,816)	152,332	42,334
Total noncurrent liabilities				\$ 749,947	\$ 174,283	\$ (55,136)	\$ 869,094	\$ 64,850

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Maturities of principal and interest requirements on revenue bonds and capital leases are as follows at June 30, 2011:

	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	Total
Parking, Series 2001	\$ 1,839	\$ 1,843	\$ 1,839	\$ 1,837	\$ 1,836	\$ 9,192	\$ 9,231	\$ 1,880	\$ -	\$ -	\$ -	\$ 29,497
Student Housing, Series 2002	557	556	554	557	554	2,772	2,739	1,089	-	-	-	9,378
Research Facilities, Series 2003	2,338	2,341	2,335	2,337	2,335	11,652	11,617	4,638	-	-	-	39,593
ODFA Public Facility, Series 2003	2,159	2,147	2,146	2,133	2,137	2,130	-	-	-	-	-	12,852
Multiple Facility, Series 2003	2,500	2,499	2,501	2,499	2,499	12,473	12,478	7,478	-	-	-	44,927
Student Union, Series 2004	481	481	-	-	-	-	-	-	-	-	-	962
Parking, Series 2004	605	653	445	456	456	-	-	-	-	-	-	2,615
Student Housing, Series 2004	5,394	5,391	5,385	5,378	5,376	26,723	26,548	26,323	20,851	-	-	127,369
Research Facilities, Series 2004	1,565	1,566	1,560	1,561	1,558	7,770	7,710	3,784	2,235	-	-	29,309
General Rev. Refunding, Series 2006A	7,585	7,579	7,573	7,586	7,587	40,084	41,198	33,254	5,605	-	-	158,051
General Revenue Bonds, Series 2007A	1,099	1,099	1,099	1,099	1,099	5,496	11,018	11,490	11,413	2,270	-	47,182
General Revenue Bonds, Series 2007B	1,229	1,224	1,225	1,219	1,216	6,034	525	-	-	-	-	12,672
General Revenue Bonds, Series 2007C	1,630	1,630	1,630	1,630	1,629	8,148	10,783	17,189	17,000	6,771	-	68,040
General Revenue Bonds, Series 2007D	1,867	1,863	1,855	1,852	1,846	9,168	6,435	-	-	-	-	24,886
General Revenue Bonds, Series 2009A	2,231	2,231	2,232	2,226	2,230	11,133	14,226	15,209	10,737	-	-	62,455
General Revenue Bonds, Series 2009B	642	637	635	225	-	-	-	-	-	-	-	2,139
General Revenue Bonds, Series 2010A	99	1,197	1,194	1,195	1,185	-	-	-	-	-	-	4,870
General Revenue Bonds, Series 2010B	2,465	2,465	2,465	2,465	2,465	17,926	17,241	16,279	14,852	10,111	-	88,734
General Revenue Bonds, Series 2011A	377	590	589	587	585	2,924	2,920	2,901	2,884	-	-	14,357
General Revenue Bonds, Series 2011B	1,999	2,570	2,568	2,567	2,565	12,801	12,741	12,678	12,617	12,519	-	75,625
General Revenue Bonds, Series 2011C	430	721	729	732	731	3,625	3,613	3,575	3,537	705	-	18,398
General Revenue Bonds, Series 2011D	3,128	4,169	4,230	4,227	4,220	21,006	20,852	20,688	20,500	20,265	4,020	127,305
Total principal & interest	42,219	45,452	44,789	44,368	44,109	211,057	211,875	178,455	122,231	52,641	4,020	1,001,216
Less: Interest	27,922	27,299	26,627	25,932	25,180	112,940	85,681	52,396	23,895	5,717	-	413,589
Total principal	14,297	18,153	18,162	18,436	18,929	98,117	126,194	126,059	98,336	46,924	4,020	587,627
Capital leases	10,466	13,315	13,843	11,757	10,814	29,818	25,809	28,173	19,061	-	-	163,056
Less: Interest	3,122	4,530	4,173	3,861	3,571	14,093	11,620	7,774	1,609	-	-	54,353
Total principal	7,344	8,785	9,670	7,896	7,243	15,725	14,189	20,399	17,452	-	-	108,703
Total	\$ 21,641	\$ 26,938	\$ 27,832	\$ 26,332	\$ 26,172	\$ 113,842	\$ 140,383	\$ 146,458	\$ 115,788	\$ 46,924	\$ 4,020	\$ 696,330

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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Revenue bonds issued prior to the Resolution (Prior Encumbered Obligations) are payable both as to principal and interest solely from the net revenues arising from operations of parking and transportation, the athletics department, the physical plant utilities system, student housing, real estate operations, indirect cost recoveries associated with sponsored research activities, state school land funds and certain fees all of which are pledged under the various bond indentures. At June 30, 2011 and 2010, the University had \$21,678 and \$21,594, respectively, of cash and investments held in trust for the bond indentures, restricted to the payment of principal and interest.

Capital Lease Obligations

OCIA Capital Lease Obligations

In September 1999, the University entered into a 20 year lease agreement with the Oklahoma Capital Improvement Authority ("OCIA") and the Oklahoma State Regents for Higher Education as beneficiary of a portion of the proceeds from the Oklahoma Capital Improvement Authority State Facilities Revenue Bonds, Series 1999A (the "OCIA Bonds"). The University received \$5,850 of the proceeds for capital improvement projects on the Norman Campus as approved by the Regents. Assets under this capital lease totaled \$4,729, net of accumulated depreciation of \$1,121 at June 30, 2011, and \$4,846, net of accumulated depreciation of \$1,004, at June 30, 2010.

In the fall of 2005, the University entered into a lease agreement with varying terms of repayment with the OCIA and the Oklahoma State Regents as beneficiary of a portion of the proceeds from the OCIA State Facilities Revenue Bonds, Series 2005F, 2005G and 2006D. The University received \$82,706 of the proceeds in addition to total investment earnings of \$8,507 for capital improvement projects on the Norman Campus as approved by the Regents. Assets and construction in progress under these capital leases totaled \$87,549, net of accumulated depreciation of \$3,664 on the completed projects, at June 30, 2011, and \$89,448, net of accumulated depreciation of \$1,765 on the completed projects, at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

OCIA Capital Lease Obligations--Continued

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 prepaid expense of \$2,247 has been recorded as a deferred cost that will be amortized over a period of six 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.

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

ODFA Master Lease Obligations

In August 2003, the University entered into a lease agreement with terms ranging from 5 to 10 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2003B (the "Master Lease 2003B"). The University received a net amount of \$4,021 of the proceeds to fund the purchase and construction of capital items. These items include upgrades to the Mesonet system, an offset press, stadium and lounge improvements and furniture, and a facilities management system. Assets under this capital lease are fully depreciated.

In December 2004, the University entered into a 5 year lease agreement with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2004C (the "Master Lease 2004C"). The University received a net amount of \$461 of the proceeds to partially fund the purchase of an instructional aircraft. Assets under this capital lease were fully depreciated as of June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

ODFA Master Lease Obligations--Continued

In May 2005, the University entered into a lease agreement with terms ranging from 7 to 10 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2005A (the "Master Lease 2005A"). The University received a net amount of \$2,173 of the proceeds to fund the purchase of various capital items, including three aircraft, a stitching machine for printing services, network equipment, and research equipment. Assets purchased under this capital lease totaled \$58, net of accumulated depreciation of \$2,115 at June 30, 2011, and \$72, net of accumulated depreciation of \$2,101 at June 30, 2010.

In August 2005, the University entered into a lease agreement with terms ranging from 3 to 10 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2005B (the "Master Lease 2005B"). The University received a net amount of \$3,421 of the proceeds to fund the purchase of a supercomputer and housing furniture and equipment for Traditions Square. Assets under this capital lease were fully depreciated as of June 30, 2010.

In December 2005, the University entered into a 10 year lease agreement, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2005C (the "Master Lease 2005C"). The University received a net amount of \$1,466 of the proceeds to fund the purchase of housing furniture. These funds were fully expended as of June 30, 2007. None of these purchased items met the University's capitalization threshold to be capitalized.

In May 2006, the University entered into a lease agreement with terms ranging from 5 to 10 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2006A (the "Master Lease 2006A"). The University received a net amount of \$3,332 of the proceeds to fund the purchase of research equipment, housing furniture and a new door security system for the residence halls. Assets under this capital lease totaled \$913, net of accumulated depreciation of \$2,419 at June 30, 2011, and \$1,421, net of accumulated depreciation of \$1,911 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

ODFA Master Lease Obligations--Continued

In December 2006, the University entered into a lease agreement with terms ranging from 5 to 10 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2006C (the "Master Lease 2006C"). The University received a net amount of \$3,136 of the proceeds to fund the purchase of housing furniture, housing renovations, and a satellite system. Assets under this capital lease totaled \$2,555, net of accumulated depreciation of \$581 at June 30, 2011, and \$2,701, net of accumulated depreciation of \$435 at June 30, 2010.

In May 2007, the University entered into a lease agreement with terms ranging from 3 to 7 years, with the ODFA and the State Regents as beneficiary of a portion of the proceeds from the Oklahoma Development Finance Authority Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2007A (the "Master Lease 2007A"). The University received a net amount of \$1,434 of the proceeds to fund the purchase of wireless equipment for Information Technology, radar lab equipment, and research furniture. Assets under this capital lease totaled \$717, net of accumulated depreciation of \$717 at June 30, 2011 and \$897, net of accumulated depreciation of \$537 at June 30, 2010.

In July 2007, the University entered into a lease agreement with terms ranging from 5 to 20 years, with the Oklahoma Development Finance Authority ("ODFA") and the State Regents as beneficiary of a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2007B (the "Master Lease 2007B" series). The University received a net amount of \$4,605 of the proceeds to fund the purchase of furniture for the residence halls, network connectivity equipment to support the campus-wide network refresh project, an offset press for Printing Services, scoreboard replacement for athletic venues, and renovations of the North Campus Building 600 project, which will house a radar operations center. Assets under this capital lease totaled \$3,166, net of accumulated depreciation of \$1,439 at June 30, 2011 and \$3,526, net of accumulated depreciation of \$1,079 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

ODFA Master Lease Obligations--Continued

In November 2007, the University entered into a lease agreement with terms ranging from 5 to 10 years with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2007C (the "Master Lease 2007C" series). The University received a net amount of \$11,364 of the proceeds to fund the purchase of furniture for the residence halls, scoreboard replacement for athletic venues, licensing, implementation, and technical staffing costs for a new student information system, a storage system for the new student e-mail system, installation of a web content management system, and maintenance equipment for the Jimmie Austin Golf Course. Assets under this capital lease totaled \$5,744, net of accumulated depreciation of \$5,620 at June 30, 2011 and \$7,442, net of accumulated depreciation of \$3,922 at June 30, 2010.

In September 2008, the University entered into a lease agreement with terms ranging from 3 to 10 years with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2008A (the "Master Lease 2008A" series). The University received a net amount of \$15,468 of the proceeds to fund the purchase of furniture and a camera security system for the residence halls, scoreboard replacement for athletic venues, museum exhibits, geology equipment, golf course vehicles and ground equipment, network fiber cable, a weather radar system, a mass spectrometer for research, a GCIRM spectrometer for geology and maintenance equipment and upgrades for core network services. Assets under this capital lease totaled \$9,390, net of accumulated depreciation of \$6,078 at June 30, 2011 and \$11,189, net of accumulated depreciation of \$4,279 at June 30, 2010.

In December 2008, the University entered into a lease agreement with terms ranging from 5 to 10 years with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2008B (the "Master Lease 2008B" series). The University received a net amount of \$1,724 of the proceeds to fund the purchase of furniture for the residence halls, kitchen equipment for Couch Cafeteria, research equipment for applied social sciences, and research equipment for genomics. Assets under this capital lease totaled \$1,365, net of accumulated depreciation of \$359 at June 30, 2011 and \$1,485 net of accumulated depreciation of \$239 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

Capital Lease Obligations--Continued

ODFA Master Lease Obligations--Continued

In July, 2009, the University entered into a lease agreement with terms ranging from 5 to 20 years with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2009A (the "Master Lease 2009A" series). The University received a net amount of \$2,759 of the proceeds to fund the purchase of cafeteria equipment, residence hall heating equipment and furniture, sponsored programs furniture and information technology hardware and software. Assets under this capital lease totaled \$2,383, net of accumulated depreciation of \$376 at June 30, 2011 and \$2,571 net of accumulated depreciation of \$188 at June 30, 2010.

In December, 2009, the University entered into a lease agreement with terms ranging from 5 to 10 years with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2009B (the "Master Lease 2009B" series). The University received a net amount of \$1,576 of the proceeds to fund the purchase of core network equipment, facilities management equipment, and redundant fiber cable. Assets under this capital lease totaled \$1,307, net of accumulated depreciation of \$269 at June 30, 2011 and \$1,442 net of accumulated depreciation of \$134 at June 30, 2010.

In December, 2010, the University entered into a 5 year lease agreement with the State Regents to receive a portion of the proceeds from the ODFA Oklahoma State Regents for Higher Education Master Lease Revenue Bonds, Series 2010B (the "Master Lease 2010B" series). The University received a net amount of \$1,029 of the proceeds to fund the purchase of furniture and equipment for psychology and food services concessions equipment. Assets under this capital lease totaled \$973, net of accumulated depreciation of \$56 at June 30, 2011.

Lease payments made by the University are forwarded to the trustee bank by the State Regents for future principal and interest payments on the Master Lease bonds. The ODFA deposits the lease payments into an interest-bearing fund and may use the interest earnings to reduce the University's future lease payments.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 10--LONG-TERM LIABILITIES--Continued

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 will be received through fiscal year 2014, 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 principal balance of the defeased bonds at June 30, 2011, was \$47,415. The escrow balance at June 30, 2011, was \$54,520.

NOTE 11--OPERATING LEASES

The University has entered into certain operating leases for equipment (including copiers and other office furniture and equipment), bus charters, vehicle rentals and other miscellaneous items. All operating leases are for a one-year term with an option to renew based on available funding. Rental expenditures from operating leases were approximately \$2,622 and \$3,026, respectively, for the years ended June 30, 2011 and 2010.

NOTE 12--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 the Oklahoma Teachers' Retirement System ("OTRS" or "the System"), and the following defined contribution plans: Optional Retirement Plan ("ORP"), the University of Oklahoma Defined Contribution Plan ("Plan 1"), and the University of Oklahoma Defined Contribution Plan for Hourly Employees who are Non-OTRS Participants ("Plan 2"). If the previously mentioned plans do not provide a computed minimum amount of retirement benefits, the University provides the difference under the Supplemental Benefits Plan for those employees hired on or before June 30, 1991.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 12--RETIREMENT PLANS--Continued

A summary of significant data for each of the retirement plans follows:

Defined Benefit Plan – Oklahoma Teachers Retirement System

Plan Description: The University contributes to 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 Statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the Plan to the Board of Trustees of the System.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information. That annual report may be obtained by writing to the OTRS, P.O. 53524, Oklahoma City, OK 73152, by calling (405) 521-2387, or at the OTRS website at www.trrs.state.ok.us.

Funding Policy: System members and the University are required to contribute at a rate set by statute. The contribution requirements of system members and the University are established and may be amended by the legislature of the state of Oklahoma. For the years ended June 30, 2011 and 2010, the contribution rate for System members of 7% is applied to their total compensation.

For all of FY11 the local employer contribution rate was 8.55% while in 2010, the local employer contribution rate due from the University was 8.05% for Jul-Dec 2009 and 8.55% for Jan-Jun 2010. For the years ended June 30, 2011 and 2010, the State contributed 5% of State revenues from sales and use taxes and individual income taxes. Contributions made by the State from dedicated taxes are considered on-behalf payments for the University's employees. The amount benefiting the University's employees is estimated at \$13,012 and \$11,482 for the years ended June 30, 2011 and 2010, respectively, based on an allocation of the University's covered payroll to the total covered payroll for the OTRS. These on-behalf payments have been recorded as both revenues and expenses in the statements of revenues, expenses and changes in net assets.

The University's contributions to OTRS, for the years ended June 30, 2011, 2010, and 2009 were approximately \$18,974, \$18,296, and \$17,130, respectively, equal to the required contributions each year.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 12--RETIREMENT PLANS--Continued

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 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. Under the ORP, the University contributes, at the direction of the participating employee, to four separate retirement investment firms. The four firms are 1) the Teachers Insurance Annuity Association - College Retirement Equities Fund, 2) Fidelity Investments, 3) ING (Aetna), and 4) The Vanguard Group of Investment Companies. The ORP is a non-contributory defined contribution plan and the four participating retirement investment firms are separately managed.

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

Funding Policy: The ORP provisions and contribution requirements are established and may be amended by the University. The University's contribution rate is 9% of covered payroll and is determined by the previously mentioned plan document. The University's contributions to the ORP for the years ended June 30, 2011, 2010, and 2009 were approximately \$6,115, \$5,761, and \$5,323, 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, at the direction of the participating employee, to four separate retirement investment firms. The four firms are 1) the Teachers Insurance Annuity Association - College Retirement Equities Fund, 2) Fidelity Investments, 3) ING (Aetna), and 4) The Vanguard Group of Investment Companies. Plans 1 and 2 are non-contributory defined contribution plans and the four participating retirement investment firms are separately managed. 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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 12--RETIREMENT PLANS--Continued

Defined Contribution Plan – Plan 1 and Plan 2--Continued

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 \$17,985 and \$2,881, respectively, for the year ended June 30, 2011. Total contributions to Plans 1 and 2 were \$17,138 and \$2,709, respectively, for the year ended June 30, 2010. Employees do not contribute to Plans 1 and 2. The vesting period for both Plan 1 and Plan 2 is three years.

Supplemental Benefits Plan

The University has a Supplemental Benefits Plan (the "Plan"), which provides for supplemental retirement benefits to employees who do not receive a calculated minimum amount from other Benefits Plans and Social Security. Eligibility for this Supplemental Plan is limited to employees hired on or before June 30, 1991.

Under the current provisions of the Plan, it is management's opinion that no current employee will qualify for the Plan. Benefits paid under this Plan during the years ended June 30, 2011, 2010 and 2009 to retired employees were \$28, \$30 and \$35, respectively. The Plan is an unfunded plan and management's estimates of the remaining pension benefit obligation under the Plan at June 30, 2011, 2010 and 2009 were approximately \$67, \$134 and \$135. The pension benefit obligation was determined as a part of an actuarial valuation at year end. Significant actuarial assumptions used include (a) a discount rate of 8.0% per year compounded annually, (b) projected post retirement benefit increases of 3.5% per year compounded annually, attributable to inflation and (c) the Internal Revenue Code "Ordinary Life Annuities" tables.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 13--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. Retirees hired after January 1, 2008 may participate in the University's retiree insurance plan. At their own expense, retirees may also elect the University's health and dental coverage for eligible dependents. The University has the authority to establish and amend the benefit provisions offered to retirees. 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 standalone financial report.

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. At their own expense, retirees may also elect health or dental coverage for eligible dependents. For the years ended June 30, 2011 and 2010, the University contributed \$5,235 and \$5,125 respectively for current retirees.

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

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

	2011	2010
Annual Required Contribution (ARC)	\$ 20,180	\$ 23,721
Interest on Net OPEB Obligation	2,829	2,254
Adjustment to ARC	<u>(2,460)</u>	<u>(1,842)</u>
Annual OPEB Cost	20,549	24,133
Contributions paid during year	<u>(5,235)</u>	<u>(5,125)</u>
Increase in net OPEB Obligation	15,314	19,008
Net OPEB obligation-beginning of year	<u>56,578</u>	<u>37,570</u>
Net OPEB obligation-end of year	<u>\$ 71,892</u>	<u>\$ 56,578</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 13--OTHER POSTEMPLOYMENT BENEFITS--Continued

Funded Status and Funding Progress: The unfunded actuarial accrued liability (UAAL), totaled \$222,920 as of the January 1, 2011 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 \$292,015 and \$291,957 for 2011 and 2010, and the ratio of the UAAL to the covered payroll was 76 percent.

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

Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
2011	\$ 20,549	25%	\$ 71,892
2010	24,133	21%	56,578
2009	22,750	19%	37,570

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 January 1, 2011 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include the following: a 5 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 9.0 percent initially, reduced by decrements to 4.5 percent after seven years, and a payroll annual inflation rate of 3 percent.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 14--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 Department of Central Services Risk Management Division ("DCSRMD"). 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 DCSRMD. These coverages are as follows:

- The buildings and contents are insured for replacement value. Each loss incident is subject to a \$750 deductible.
- General liability and tort claim coverages (including comprehensive general liability, auto liability, personal injury liability, aircraft liability, watercraft liability, leased vehicles and equipment) are purchased by the University from DCSRMD. 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, 2011 and 2010, were \$-0- and \$30 respectively.

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, 2011 and 2010, the accrued workers' compensation liability totaled approximately \$3,265 and \$3,322, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 14--RISK MANAGEMENT--Continued

Self-Funded Programs--Continued

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, 2011 and June 30, 2010, the required reserves were \$498 and \$341, respectively. The minimum cash balance is considered each year during the fringe benefit rate-setting process.

NOTE 15--COMMITMENTS AND CONTINGENCIES

At June 30, 2011 and 2010, the University had outstanding commitments under construction contracts totaling \$99,898 and \$72,054, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 and 2010 (in thousands)

NOTE 16--SUBSEQUENT EVENTS

On October 5, 2011 the University refunded the series 2001 and 2004 Parking Revenue Bonds with the General Revenue Refunding Bonds Series 2011E and 2011F generating a savings of approximately \$2,800.

NOTE 17--FUNCTIONAL CLASSIFICATIONS

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

	<u>2011</u>	<u>2010</u>
Instruction	\$ 215,003	\$ 200,836
Research	93,763	85,975
Public Service	54,005	56,454
Academic Support	63,339	62,542
Student Services	21,224	19,736
Institutional Support	36,857	58,659
Operation & Maintenance of Plant	105,283	84,794
Student Aid	30,906	33,992
Other	6,290	6,893
Auxiliary	136,442	118,793
Total Operating Expenses	<u>\$ 763,112</u>	<u>\$ 728,674</u>

REQUIRED SUPPLEMENTARY
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2011 (in thousands)

University of Oklahoma Norman Campus Retiree Health/Dental Insurance

SCHEDULE OF FUNDING PROGRESS

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 Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 206,383	\$ 206,383	-	\$ 258,729	80%
1/1/2010	-	226,881	226,881	-	291,957	78%
1/1/2011	-	222,920	222,920	-	292,015	76%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Annual Required Contributions: See Note 13 for actuarial assumptions and other information used to determine the annual required contributions (ARC) for the plan.

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Independent Auditors' Report on Supplementary Information

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the University of Oklahoma Norman Campus for the year ended June 30, 2011, taken as a whole. The supplementary schedule of revenue bond systems outstanding-schedule of revenues, expenditures and changes in fund balances-year ended June 30, 2011 with comparative totals for the year ended June 30, 2010 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule provides information that is required pursuant to the trust indentures governing each outstanding bond issue listed on the accompanying schedule, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The trust indentures do not require the University to record a provision for depreciation on its capital assets. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The supplementary information presented for the year ended June 30, 2010, was audited by other auditors, whose report, dated October 8, 2010, expressed an unqualified opinion on such information in relation to the basic financial statements taken as a whole.

Cole + Reed P.C.

Oklahoma City, Oklahoma
October 11, 2011

REVENUE BOND SYSTEMS OUTSTANDING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)
(in thousands)

	Student Union 2004	ODFA Public Facilities 2003A	Parking System 2001 & 2004	Athletics ODFA 2003B	Student Housing 2002 & 2004	Research Facilities 2003	Multiple Facilities Rev Bonds 2003	Research Facilities 2004	Totals (Memorandum Only)	
									2011	2010
REVENUES AND OTHER ADDITIONS										
Room rentals, food, and utility sales	\$ -	\$ -	\$ -	\$ -	\$ 52,203	\$ -	\$ -	\$ 11,020	\$ 63,223	\$ 57,493
Student fees	3,145	-	-	-	-	2,496	-	-	5,641	5,629
State school land funds	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	24	-	1	-	5	-	30	48
Parking permits and fines	-	-	5,200	-	-	-	-	-	5,200	5,202
Other sources	-	9,804	790	85,743	18,807	6,420	-	841	122,405	107,972
TOTAL REVENUES AND OTHER ADDITIONS	3,145	9,804	6,014	85,743	71,011	6,420	2,501	11,861	196,499	176,344
EXPENDITURES										
Salaries, wages and employee benefits	-	-	833	35,657	11,923	-	-	-	48,413	42,104
Repairs and maintenance	-	-	301	3,398	4,584	-	-	684	8,967	9,243
Utilities	-	-	141	2,255	4,222	-	-	1,572	8,190	7,071
Contractual services and equipment rentals	-	-	16	11,461	10,093	-	-	2,206	23,776	21,064
General and administrative	(25)	-	678	27,720	7,571	-	-	1,276	37,220	34,490
Interest on indebtedness	33	276	1,065	489	4,286	1,278	1,416	1,013	9,856	10,272
Closing costs and discount	5	89	-	16	38	23	15	9	195	196
Trustee fees	2	8	5	5	5	2	2	3	32	29
Retirement of equipment	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	15	373	3,039	81,001	42,722	1,303	1,433	6,763	136,649	124,469
TRANSFERS AMONG FUNDS										
From (To) other funds	-	-	-	-	-	-	-	-	-	-
From (To) general university	(2,747)	(8,425)	(454)	(2,912)	(2,155)	(2,643)	-	(1,803)	(21,139)	(17,771)
TOTAL TRANSFERS	(2,747)	(8,425)	(454)	(2,912)	(2,155)	(2,643)	-	(1,803)	(21,139)	(17,771)
NET INCREASE FOR THE YEAR	383	1,006	2,521	1,830	26,134	2,474	1,068	3,295	38,711	34,104
FUND BALANCES AT BEGINNING OF YEAR	8,547	11,370	17,379	189,269	112,810	40,598	8,505	32,118	420,596	386,492
FUND BALANCES AT END OF YEAR	\$ 8,930	\$ 12,376	\$ 19,900	\$ 191,099	\$ 138,944	\$ 43,072	\$ 9,573	\$ 35,413	\$ 459,307	\$ 420,596

Note: The Revenue Bond Systems Outstanding Schedule of Revenues, Expenditures and Changes in Fund Balance is prepared on a different basis of accounting than the basic financial statements. These statements are prepared on a comprehensive basis of accounting with the trust indentures which do not require the University to record a provision for depreciation.

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REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

We have audited the financial statements of University of Oklahoma Norman Campus (the "University"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, 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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of the Board of Regents, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 11, 2011

REPORTS REQUIRED BY
OMB CIRCULAR A-133

Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and
on Internal Control Over Compliance in Accordance With OMB Circular
A-133 and on the Schedule of Expenditures of Federal Awards

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

Compliance

We have audited the compliance of University of Oklahoma Norman Campus (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance of based on our audit.

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. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the University as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Regents, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 11, 2011

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THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
RESEARCH-DIRECT PROGRAMS				
Department of Agriculture				
Agricultural Research Service	10.001			27,789
Cooperative State Research Services	10.206		89,232	203,986
Forestry Service	10.XXX			25,881
National Institute of Food and Agriculture	10.310			8,334
			89,232	265,991
Department of Commerce				
National Oceanic and Atmospheric Administration	11.432		441,651	11,137,710
National Oceanic and Atmospheric Administration	11.468			115,862
			441,651	11,253,572
Department of Defense				
Air Force	12.630			210,697
Air Force	12.800			434,750
Air Force	12.XXX			199,346
Army Medical Research Acquisition Activity	12.420			52,259
Army Medical Research Acquisition Activity	12.XXX			156,946
Army	12.420			23,902
Army	12.431		14,583	219,505
Army Research Office	12.431		66,325	361,175
Army Research Office	12.XXX		20,108	252,407
Advanced Research Projects Agency	12.910		61,424	224,903
Corps. of Engineers	12.XXX			(7,119)
Medical Research Acquisition Activity	12.420		8,264	131,472
Medical Research Acquisition Activity	12.XXX		5,478	95,722
Naval Research Laboratory	12.XXX			8,143
National Security Agency	12.900			1,023
National Security Agency	12.901			59,015
Office of Naval Research	12.300		222,749	1,774,986
			398,931	4,199,133
Department of Interior				
Bureau of Land Management	15.238			17,374
Fish and Wildlife	15.615			2,715
Fish and Wildlife	15.649			14,433
Fish and Wildlife - ARRA	15.656			23,403
National Park Service	15.923			1,850
National Park Service	15.XXX			8,674
Office of Surface Mining	15.255			29,377
Geological Survey	15.807			42,875
Geological Survey	15.808			340,371
Geological Survey	15.810			133,521
Geological Survey	15.819			15,001
			-	629,593
Department of Transportation				
Federal Aviation Administration	20.XXX		46,273	453,305
Federal Transit Administration	20.514		113,081	356,547
			159,355	809,852
Environmental Protection Agency				
Environmental Protection Agency	66.436			199,666
Environmental Protection Agency	66.509			8,527
			-	208,194
Department of Health and Human Services				
Health Resources & Services Admin	93.887			24,667
National Cancer Institute	93.394		136,301	195,799
National Institutes of Health	93.173		35,870	198,619
National Institutes of Health	93.242			305
National Institutes of Health	93.286		21,171	590,912
National Institutes of Health	93.310			576,567
National Institutes of Health	93.361			(26)
National Institutes of Health - ARRA	93.701		422,008	1,565,537
National Institutes of Health	93.853		39,520	485,956
National Institutes of Health	93.855			655,747
National Institutes of Health	93.859		2,276	587,158
National Institutes of Health	93.865		37,319	189,456
National Institutes of Health	93.866			69,206
National Institutes of Health	93.879			134,284
National Institutes of Health	93.989		250,465	706,628
			944,930	5,980,816
National Aeronautics and Space Administration				
Goddard Space Flight Center	43.001		371,763	701,056
Goddard Space Flight Center	43.XXX		434,859	978,146
Marshall Space Flight Center	43.001			7,487
Shared Services Center	43.001		14,237	113,655
Shared Services Center	43.008		119,768	283,594
Shared Services Center	43.XXX		49,569	447,829
			990,197	2,531,767

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
National Science Foundation				
National Science Foundation	47.041		362,453	1,987,777
National Science Foundation	47.047			77,804
National Science Foundation	47.049		957,866	3,364,226
National Science Foundation	47.050		7,446	2,944,193
National Science Foundation	47.070		37,772	560,088
National Science Foundation	47.074		59,596	2,920,084
National Science Foundation	47.075		4,714	303,645
National Science Foundation	47.076			725,575
National Science Foundation	47.078			34,667
National Science Foundation	47.079			16,733
National Science Foundation	47.080			904,862
National Science Foundation	47.081		69,168	1,049,683
National Science Foundation - ARRA	47.082		66,852	1,805,811
National Science Foundation	47.XXX			258,119
			1,565,868	16,953,267
Other Federal Agencies				
Institute of Museum Services	45.301			40,764
Institute of Museum Services	45.313			116,108
Library of Congress	42.XXX			1,222
National Endowment for the Humanities	45.160			85,859
National Endowment for the Humanities	47.075			35,499
Department of State	19.009			53,843
Department of State	19.415			65,904
Department of Justice	16.560			156,724
			-	535,922
Department of Energy				
Department of Energy	81.049		132,516	2,336,797
Department of Energy - ARRA	81.049			20,000
Department of Energy	81.086		100,000	922,125
Department of Energy	81.089			188,605
Department of Energy	81.XXX			672,172
			232,516	4,139,699
Department of Education				
Department of Education	84.184			106,433
Department of Education	84.200			139,836
Department of Education	84.324			374,045
Department of Education	84.326			108,875
Department of Education	84.334			2,959,360
			-	3,688,549
TOTAL RESEARCH DIRECT PROGRAMS			4,822,680	51,196,353

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
RESEARCH-FLOW THROUGH PROGRAMS				
Commercial and Commercial Related				
ADDx Corporation	81.XXX	ADDXOK100001		66,502
Advanced Dynamics, Inc.	43.001	FY11ORA145		19,842
Advanced Dynamics, Inc.	43.001	FY11ORA146		9,109
Advanced Dynamics, Inc.	43.XXX	FY10ORA118		7,697
Anautics, Incorporated	12.XXX	FY07ORA334		630
Anautics, Incorporated	12.XXX	FY09ORA228		55,731
APTIMA, INC.	12.XXX	05751505		11,175
ARCADIS US, Inc.	12.XXX	LA03000900003		(3,582)
ARCADIS US, Inc.	12.XXX	NL500005UNIVOK		1,279
ARCADIS US, Inc.	12.XXX	NL9900560000		78
Atmospheric Technology Services Company, LLC	12.XXX	FY10ORA316		125,062
AWSTruePower	81.064	SRA050911		5,421
Battelle	81.064	US0010000261968		12,169
Battelle	81.117	138292		40,649
Battelle	81.XXX	109479		612,435
Battelle	81.XXX	4000057553		43,624
Battelle	81.XXX	52377		14,531
Bijern Scientific Inc. - ARRA	47.XXX	FY09ORA243		(5,532)
Chugach Company	12.901	201150071002		7,839
Eyak Development Corporation	12.XXX	FY10ORA309		595,779
Glomics, Inc.	81.049	FY10ORA233		47,423
Glomics, Inc.	81.049	FY10ORA234		48,071
Intelligent Automation, Inc.	12.XXX	6591		65,102
Intelligent Automation, Inc.	12.XXX	7901		10,000
Intelligent Automation, Inc.	43.XXX	7061		10,400
International Business Machines	12.XXX	49100075130		49,089
Impact Technologies, LLC	12.116	S1420		12,654
ITT Industries, Inc.	12.XXX	334344J		250,994
Nanolight, Inc.	12.XXX	FY08ORA315		18,297
Ontar Corporation	12.XXX	FY09ORA217		(712)
Phononic Devices, Inc. - ARRA	81.135	FY10ORA219		286,186
Research Partnership to Secure Energy for America	81.089	0912211		231,647
Science Applications International Corporation	12.XXX	P010005482		22,598
Sandia National Laboratories	81.064	974632		35,678
Sandia National Laboratories	81.XXX	731216		79
Sandia National Laboratories	81.XXX	756584		70,000
Sandia National Laboratories	81.XXX	995519		314,845
SI International	12.XXX	S2LG8SC389		183,012
SurfPlasma, Inc.	12.XXX	091		4,357
Tec-Masters, Inc.	12.XXX	25645		176
TSM Corporation	12.XXX	044148066		18,528
University Corporation for Atmospheric Research	11.467	S0975796		37,758
Vista Partners, LLC	12.XXX	FY10ORA308		271
Wyle Integrated Science and Engineering	43.XXX	T71774		10,876
			-	3,347,765
Foundations				
H.M. Jackson Foundation for Advancement of Military Medicine	12.420	681244		5,628
Samuel Roberts Noble Foundation	47.074	EF0627108		41,081
			-	46,709
Not for Profit Organizations				
American Association of Physics Teachers	47.XXX	MOU111505		239
Argonne National Laboratory	81.036	0F34901		23,190
Argonne National Laboratory	81.049	1F31403		5,592
Argonne National Laboratory	81.XXX	9F31201		12,280
Argonne National Laboratory	81.XXX	9F32302		6,220
Beggs Public Schools	84.374	FY11ORA102		37,323
Brookhaven National Laboratory	81.049	177166		48,649
Brookhaven National Laboratory	81.049	181673		63,017
Brookhaven National Laboratory	81.XXX	116723		1,821
Central Oklahoma Workforce Investment Board	17.004	AGMT122210		13,759
Central Oklahoma Workforce Investment Board	17.XXX	AGMT111909		52,767
U.S. Civilian Research and Development Foundation	47.079	UGK12967KV09		7,699
Educational Development Center, Inc	47.076	5550		6,975
Institute of International Education	12.XXX	NSEPU631023OUARA08D1		386,184
Institute for Neurodegenerative Disorders	12.XXX	AGMT092407		33,359
KISS Institute for Practical Robotics	47.080	FY11ORA419		4,500
National Academy of Sciences	19.501	PGAP210874		10,893
National Association of State Directors of Special Education	84.XXX	FY08ORA236		4,207
National Writing Project Corporation	84.928	92OK02		17,517
Ohio Aerospace Institute	12.800	AGMT051311		8,595
Ohio Aerospace Institute	12.XXX	AGMT060210		24,094
Oklahoma Humanities Council	45.129	Y09085		15,000
Oklahoma Humanities Council	45.129	Y11500		2,856
Putnam City Public Schools	84.336	FY11ORA253		35,042
Putnam City Public Schools	84.336	FY11ORA354		18,948

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Putnam City Public Schools	84.366	FY11ORA253		14,431
Smithsonian Astrophysical Observatory	43.001	GO011121B		40,819
Smithsonian Astrophysical Observatory	43.001	GO011147B		25,000
Smithsonian Astrophysical Observatory	43.001	GO112130X		673
Smithsonian Astrophysical Observatory	43.001	GO112139B		1,502
Tulsa County Community Action Project	84.XXX	FY08ORA266		38,021
				961,171
State of Oklahoma				
Oklahoma Aeronautics Commission	12.XXX	0609000567		(4)
Department of Commerce	81.041	13862SEP09	701	2,375
Department of Commerce	81.041	14021SEP09		21,985
Department of Commerce	81.041	14275SEP10	3,644	37,326
Department of Commerce - ARRA	81.041	13939SSEP09		15,715
Department of Commerce	14.XXX	1609007396		5
Oklahoma Conservation Commission	66.XXX	AGMT012210		29,958
Oklahoma Conservation Commission	66.XXX	AGMT061009	14,786	101,129
Oklahoma Conservation Commission - ARRA	66.XXX	AGMT102609		22,279
Oklahoma Corporation Commission - ARRA	81.XXX	1859009032		92,737
Oklahoma Developmental Disabilities Council	93.630	10035837		29,491
Department of Mental Health	93.243	4529029969		(446)
Department of Mental Health	93.243	4529033838		421
Department of Rehabilitation Services	84.027	8059011727		33,569
Department of Education	84.027	AGMT082410		28,515
Department of Education	84.367	AGMT093010		62,666
Department of Education	84.XXX	2659011432		13,170
Department of Education	84.XXX	AGMT080709		23,043
Department of Health	93.991	3409014580		27,410
Oklahoma Historical Society	15.904	10101		84,631
Oklahoma Historical Society	15.XXX	09101		8,147
Oklahoma Historical Society	15.XXX	09201		14,263
Oklahoma Historical Society	15.XXX	09202		10,056
Oklahoma Historical Society	15.XXX	09404		7,721
Health Sciences Center	10.565	TS2009233801		88,523
Health Sciences Center	47.080	RS2009077606		6,485
Health Sciences Center	93.110	TS2002053809		12,262
Health Sciences Center	93.389	RS2008187004		1,506
Health Sciences Center	93.393	RS2009143601		793
Health Sciences Center - ARRA	93.701	RS2009204202		8,265
Health Sciences Center - ARRA	93.701	RS2009204206		540
Health Sciences Center - ARRA	93.701	RS2009204207		3,631
Health Sciences Center - ARRA	93.701	RS2009204208		1,972
Health Sciences Center	93.865	RS2010008702		40,507
OK Commission for Teacher Preparation	84.215	2699000468		300,805
OK Commission for Teacher Preparation	84.XXX	2699000244		46,674
Office of State Finance - ARRA	11.558	FY10ORA325		77,362
Oklahoma State University	10.001	AB566690OU		116,070
Oklahoma State University	10.200	AB56649001OU		(312)
Oklahoma State University	10.200	AB566990OU		55,554
Oklahoma State University	10.200	AB567370OU		15,693
Oklahoma State University	15.805	2010OK181BOU1		25,000
Oklahoma State University	20.701	AA52241802		91
Oklahoma State University	20.701	AA52241803		566
Oklahoma State University	20.701	AA53004901		39,250
Oklahoma State University	20.701	AA53334001		57,985
Oklahoma State University	20.701	OTCEOS102002		53,904
Oklahoma State University	20.701	OTCEOS10211	55,801	79,804
Oklahoma State University	20.701	OTCREOS10111		85,045
Oklahoma State University	20.701	OTCREOS10118		41,893
Oklahoma State University	20.701	OTCREOS10121		96,472
Oklahoma State University	20.701	OTCREOS10132		93,634
Oklahoma State University	20.701	OTCREOS10134	50,000	137,190
Oklahoma State University	20.701	OTCREOS10135		94,948
Oklahoma State University	20.701	OTCREOS10145	8,718	96,787
Oklahoma State University	20.701	OTCREOS7105		373
Oklahoma State University	20.701	OTCREOS7110		6,014
Oklahoma State University	20.701	OTCREOS7116		18,045
Oklahoma State University	20.701	OTCREOS7125		72,139
Oklahoma State University	20.701	OTCREOS7136		4,419
Oklahoma State University	20.701	OTCREOS7137		64,270
Oklahoma State University	20.701	OTCREOS7152		41,876
Oklahoma State University	20.701	OTCREOS9113		49,977
Oklahoma State University	20.701	OTCREOS9116		18,012
Oklahoma State University	20.701	OTCREOS9121		38,736
Oklahoma State University	20.701	OTCREOS9123		100,496
Oklahoma State University	20.701	OTCREOS9127		100,121
Oklahoma State University	20.701	OTCREOS9134		97,723
Oklahoma State University	20.701	OTCREOS9136	8,035	80,517

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Oklahoma State University	20.701	OTCREOS9142		52,093
Oklahoma State University	47.076	AA529769OUBD		401,878
Oklahoma State University	47.076	AA529849OU		47,316
Oklahoma State University	47.076	AA531470OU		27,997
Oklahoma State University	47.080	EPSCOR20081		5,000
Oklahoma State University	47.080	EPSCOR20085		1,135,150
Oklahoma State University	47.080	EPSCOR20091		1,485
Oklahoma State University	47.080	EPSCOR20093		2,948
Oklahoma State University	47.080	EPSCOR201010		3,619
Oklahoma State University	47.080	EPSCOR201011		1,688
Oklahoma State University	47.080	EPSCOR201013		2,500
Oklahoma State University	47.080	EPSCOR20109		4,570
Oklahoma State University	47.081	EPSCOR201113		800
Oklahoma State University	47.081	EPSCOR201116		1,650
Oklahoma State University	47.081	EPSCOR201119		9,367
Oklahoma State University	47.081	EPSCOR20112		30,000
Oklahoma State University	47.081	EPSCOR20113		3,953
Oklahoma State University	81.087	AA531220		44,517
Oklahoma State University	81.XXX	AA582174		85,915
State Regents for Higher Education	84.267	2010NCLB		63,138
State Regents for Higher Education	84.267	AGMT012710	4,438	139,062
State Regents for Higher Education	84.336	AGMT032111		21,005
Oklahoma Highway Safety Office	20.600	5859013719		158,710
Oklahoma Highway Safety Office	20.614	K910060407		31,457
Oklahoma Highway Safety Office	20.614	K911060408		38,616
Oklahoma Highway Safety Office	20.XXX	K910060504		40,633
Southwestern OK State University	47.041	FY10004		8,757
Department of Transportation	20.200	AGMT092910		385,538
Department of Transportation	20.223	AGMT101810		191,371
Department of Transportation	20.514	3459029349	83,250	171,911
Department of Transportation	20.XXX	AGMT092809		48,501
Department of Transportation	20.XXX	AGMT092908		(204)
Department of Transportation	20.XXX	AGMT092909		141,736
Department of Transportation	20.XXX	AGMT100107		(763)
Department of Transportation	20.XXX	HPP155E527HP	401,644	723,153
Department of Transportation	20.XXX	HWY05		23,467
Department of Transportation	20.XXX	HWY0512		1,334
Wildlife and Conservation Commission	15.605	3209002687		382,400
Wildlife and Conservation Commission	15.605	F43D25		12,460
Wildlife and Conservation Commission	15.608	3209000747		33,433
Wildlife and Conservation Commission	15.615	3209003675		18,349
Wildlife and Conservation Commission	15.615	E73R1		8,588
Wildlife and Conservation Commission	15.XXX	3209001710		1,954
			631,017	7,544,844
Other States				
Arizona - ARRA	81.087	OKEE0002850		115,602
North Dakota Game & Fish Department	15.634	T30R1		45
			-	115,647
Universities and Colleges				
University of Alabama	12.420	001		32,481
University of Alabama	93.394	000354248001		60,625
University of Arizona	47.041	Y552101	6,364	27,345
Brown University	45.XXX	OGC09839		(5,436)
California Institute of Technology	43.XXX	RSA1364730		9,051
University of Colorado	93.279	FY09150001		14,210
University of Colorado	93.600	FY09494006		137,816
University of Connecticut	43.001	PSA6912		16,824
Cornell University	47.074	0901		1,411,322
Colorado School of Mines	81.XXX	44291516770		66,396
Desert Research Institute	66.509	DAS663718301		45,941
Duke University	12.910	10DARPA1093		4,417
University of Georgia	45.024	RE0211464785246		858
Grinnell College	47.XXX	AGMT040408		15,491
Georgia Institute of Technology	47.050	RA965G1		19,963
University of Illinois at Urbana-Champaign	10.310	20090680103		14,541
University of Kansas - ARRA	81.087	FY2011050		56,175
Langston University	20.701	200900001		28,772
Langston University	20.701	OTCREOS9108		60,246
University of Maryland	11.417	CA0905		1,074
University of Maryland	11.417	CA1016		1,687
University of Maryland	11.440	Z763704		25,658
University of Massachusetts	47.041	04002341A00		644,104
University of Minnesota	93.855	H000708301		110,279
Mississippi State University	81.XXX	19100136306601		40,593
Massachusetts Institute of Technology	47.049	5710002802		11,134
University of Missouri	47.079	C000148273		123,399
Michigan State University	81.049	613257A		358,585

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Michigan Technological University	81.049	MTU050516Z22		161,018
University of Nebraska	11.431	2562380409003		(90)
Northwestern University	93.853	0600370S5161087		(192)
Northwestern University	93.853	60026338UO		178,574
University of Pittsburgh	93.837	0011797		19,007
University of Pittsburgh	93.853	0005308		61,263
Purdue University - ARRA	93.701	410232653		101,151
State University of New York at Binghamton	12.431	51263SUB		8,937
Texas A&M University	10.025	57710		19,505
University of Tulsa	66.606	142120135594831		8,345
University of Tulsa	66.606	142120135994814		1,615
Univ of California, Berkley	81.049	00006285		58,024
Univ of California, Berkley	81.049	00007342		41,606
Univ of California, Berkley	81.XXX	6847566		712,697
Univ of California, Berkley	81.XXX	6847877		(48,022)
University of California, Davis	10.310	0900234301		20,541
University of Central Florida	47.XXX	16266056		10,910
University of California, Los Angeles	66.509	2155GKB025		45,114
University of California, Los Angeles	81.049	2301GKE643		238,628
University of California at Santa Cruz	47.049	S0183171		25,069
University of California, San Diego	47.050	10290204		16,529
University of North Carolina Chapel Hill	11.473	536398		68,835
University of North Carolina Chapel Hill	97.061	536341		8,000
University of North Carolina Chapel Hill	97.061	536437		213,806
University of Southern California	12.420	5308228030		9,992
University of Texas, Austin	12.XXX	UTA09000454		33
University of Texas at Arlington	47.049	2639036861		112,342
University of Texas Dallas	93.173	100980		44,691
University of Texas Dallas - ARRA	93.701	100841		50,243
University of Vermont	20.205	25483		24,251
			6,364	5,545,968
TOTAL RESEARCH FLOW-THROUGH PROGRAMS			637,380	17,562,104
TOTAL RESEARCH			5,460,061	68,758,458

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
STUDENT FINANCIAL ASSISTANCE				
Department of Education				
ACG	84.375			640,108
Pell	84.063			19,666,082
SEOG	84.007			468,756
SMART	84.376			1,104,623
TEACH	84.379			51,500
College Work-Study	84.033			1,630,151
Federal Direct Student Loans	84.268			110,366,897
Perkins	84.038			15,694,879
TOTAL STUDENT FINANCIAL ASSISTANCE				149,622,996
TRIO				
Department of Education - TRIO				
	84.042			451,701
Department of Education - TRIO				
	84.047			222,610
Department of Education - TRIO				
	84.217			261,341
TOTAL TRIO				935,652
OTHER FEDERAL PROGRAMS				
Department of Education				
State Fiscal Stabilization Fund (SFSF)	84.394			9,973,299
State Fiscal Stabilization Fund (SFSF) - Government Svcs.	84.397			5,726,663
Department of Transportation				
Federal Transit Administration - ARRA	20.507			1,881,530
Federal Transit Administration	20.507			2,142,385
Federal Aviation Administration	20.XXX			203,574
TOTAL OTHER FEDERAL PROGRAMS				19,927,451

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

	FEDERAL CFDA	FLOW-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
UNIVERSITY OUTREACH (CCE and CLS) DIRECT PROGRAMS				
Department of Commerce				
National Institute for Standards and Technology	11,550			260,580
				260,580
Department of Transportation				
Federal Transit Administration	20,514			1,031
				1,031
Department of Health and Human Services				
Administration for Children and Families	93,600			439,046
Administration for Children and Families	93,623			1,586,326
Administration for Children and Families	93,631			18,753
Administration for Children and Families	93,652			1,238,388
Administration for Children and Families - ARRA	93,708			16,599
Substance Abuse and Mental Health Services Administration	93,230			(28)
				3,299,084
Other Federal Agencies				
Social Security Administration	96,008			239,779
Department of Labor	17,720			42,292
				282,070
Department of Education				
Department of Education	84,235			55,661
Department of Education	84,283			1,785,110
				1,840,771
				5,683,536
TOTAL UNIVERSITY OUTREACH (CCE and CLS) DIRECT PROGRAMS				
UNIVERSITY OUTREACH (CCE and CLS) FLOW-THROUGH PROGRAMS				
Not for Profit Organizations				
Beggs Public Schools	84,374	AGR7/31/09		1,624
Eagle Ridge Institute	84,310	AGR11/16/09		60,687
Educational Development Center, Inc	93,230	01112100U		394,926
Educational Development Center, Inc	93,230	01112620U		11,449
Educational Development Center, Inc	93,230	11210UOK_004		607,839
Oklahoma Regional Community Policing Institute	16,200	AGR22210		16,763
				1,183,288
State of Oklahoma				
Department of Commerce				
Oklahoma Developmental Disabilities Council	17,258	PO1609009723		-
Oklahoma Developmental Disabilities Council	93,630	AGR31610		4,361
Oklahoma Developmental Disabilities Council	93,630	PO0542829		1,216
Department of Human Services	93,674	PO0316680		90,215
Department of Human Services	93,674	PO0700617		1,584,044
Department of Mental Health	93,104	PO4529034118		915
Department of Mental Health	93,104	PO4529037762		59,350
Department of Mental Health	93,104	PO4529037839		230,693
Department of Mental Health	93,243	PO4529034118		1,411
Department of Mental Health	93,243	PO4529037565		138,555
Department of Mental Health	93,243	PO4529037840		32,605
Department of Mental Health	93,260	PO4529037761		66,473
Department of Mental Health	93,959	PO452903557		1,233
Department of Mental Health	93,959	PO4529037470		2,674
Department of Education	10,588	63-105		31,561
Employment Security Commission	17,260	93480OUFY10RRDLW		40,946
Employment Security Commission	17,260	93481OUFY11RRDLW		108,598
Employment Security Commission	17,260	93489OUPY09RRDLW		15,230
Department of Health	20,614	PO3409013915		814
Oklahoma State University	20,701	OTCREOS10102		601
Oklahoma State University	47,076	AA529849OUEVALUATOR		36,575
Oklahoma Highway Safety Office	16,727	K810020201		11,081
Oklahoma Highway Safety Office	16,727	K811020102		35,777
Oklahoma Highway Safety Office	20,600	PO5859012042		2,592
Oklahoma Highway Safety Office	20,600	PO5859013219		52,262
Department of Transportation	20,205	2212604		(4,069)
Department of Transportation	20,205	SB2000OK4		1,953
Department of Transportation	20,205	SB2008OK55096		1,786
Department of Transportation	20,205	SBOK200552655		33
Department of Transportation	20,205	STPY155E751EH		41,193
				2,590,678
TOTAL UNIVERSITY OUTREACH (CCE and CLS) FLOW-THROUGH PROGRAMS				
TOTAL UNIVERSITY OUTREACH PROGRAMS				
TOTAL FEDERAL FINANCIAL ASSISTANCE				
			\$ 5,460,061	\$ 248,702,059

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, 2011

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, 2011, 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.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2011

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, 2011, has been included as federal expenditures in the schedule.

5. 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2011

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Identification of major programs:

Program

CFDA Number

Student Financial Aid Cluster

*

Research and Development Cluster

*

ARRA-State Fiscal Stabilization Fund Cluster

*

Federal Transit Administration

20.507

* 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? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

Year Ended June 30, 2011

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

None to report for the June 30, 2011 period.

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

None to report for the June 30, 2011 period.

Summary of Prior Audit Findings

There were no prior year findings or questioned costs.

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