Financial Statements and Reports
Required by Uniform Guidance
June 30, 2019 and 2018

The University of Oklahoma - Norman Campus

The University of Oklahoma - Norman Campus

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Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of The University of Oklahoma - Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Errors
As discussed in Note 17 to the financial statements, errors resulting in the overstatement of accrued compensated absences and the overstatement of the liability related to the supplemental retirement plans as of June 30, 2017, were discovered by management of the University during the current year. Accordingly, adjustments have been made to net position and previously reported financial statements to correct the errors. Additionally, certain reclassifications were made to the 2018 balances to conform to the 2019 presentation. Our opinion is not modified with respect to these matters.

Emphasis of Matter

Relationship with the Regents of the University of Oklahoma
As discussed in Note 1, the financial statements of the University reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2019 and 2018, and the changes in its financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Ende Bailly LLP

Oklahoma City, Oklahoma
October 17, 2019

UNIVERSITY OF OKLAHOMA - NORMAN CAMPUS

Management's Discussion and Analysis

The discussion and analysis of The University of Oklahoma Norman Campus and Law Center (University) financial statements provides an overview of the University's financial activities for the years ended June 30, 2019 and 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Certain amounts presented in 2018 have been restated to conform to the 2019 presentation.

Financial Highlights

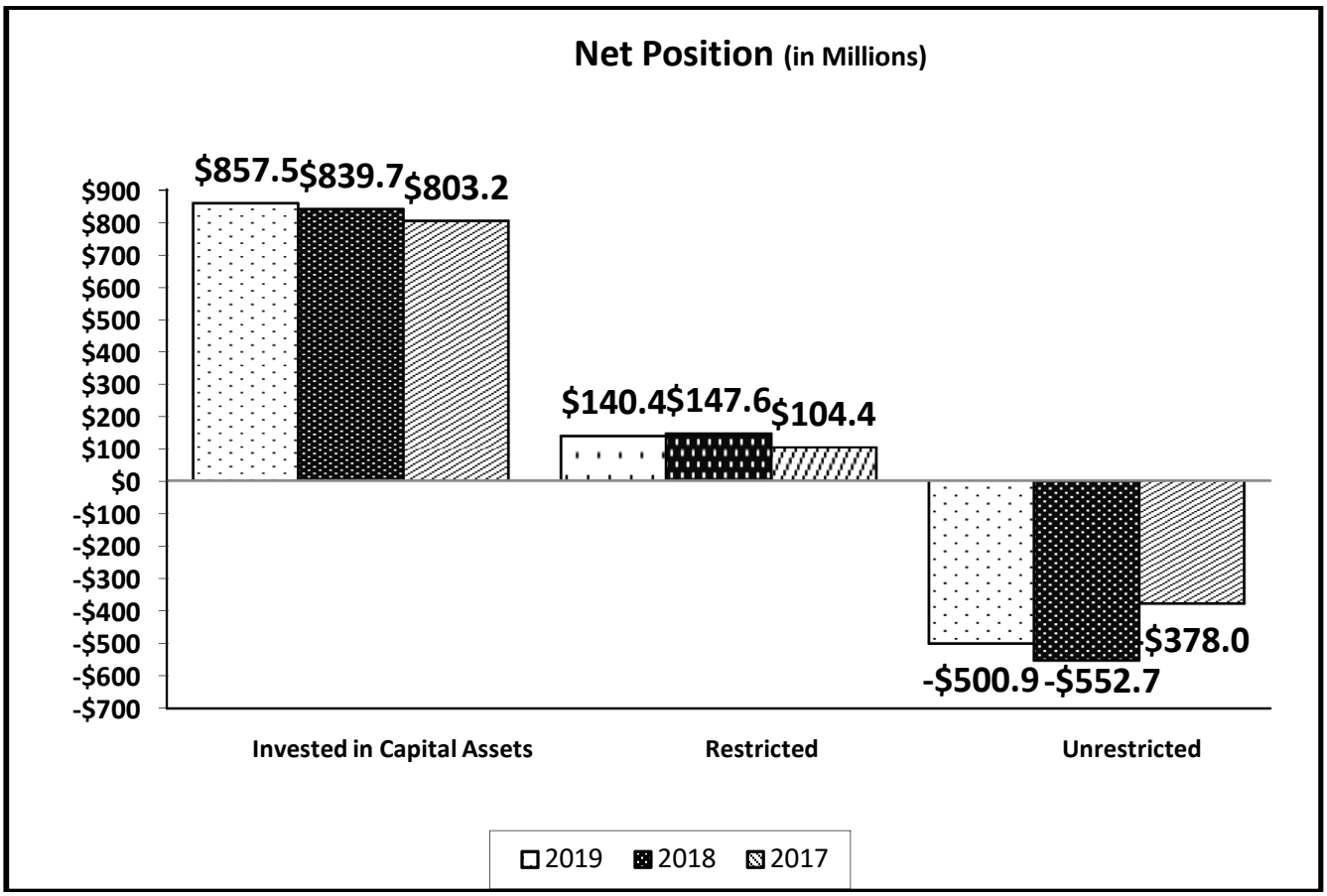
2019

The University's financial position, as a whole, improved during the fiscal year ended June 30, 2019. Net position increased approximately $62.5 million or 14.4 percent over the previous year. Net investment in capital assets increased $17.8 million. Restricted net position decreased $7.2 million and unrestricted net position increased by $51.8 million.

2018

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

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



Overview of the Financial Statements and Financial Analysis

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

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

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

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

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

Condensed Statements of Net Position
June 30 (in millions)

	2019	2018	2017
Assets:			
Current Assets	$ 274.3	$ 244.1	$ 297.0
Capital Assets, net	1,851.1	1,857.9	1,819.5
Other Noncurrent Assets	155.3	174.3	124.4
Total Assets	$ 2,280.7	$ 2,276.3	$ 2,240.9
Deferred Outflows of Resources	$ 88.7	$ 92.0	$ 151.1
Liabilities:			
Current Liabilities	$ 206.1	$ 217.8	$ 228.8
Noncurrent Liabilities	1,567.6	1,633.7	1,598.5
Total Liabilities	$ 1,773.7	$ 1,851.5	$ 1,827.3
Deferred Inflows of Resources	$ 98.6	$ 82.2	$ 35.0
Net Position:			
Net Investment in Capital Assets	857.6	839.7	803.2
Restricted	140.4	147.6	104.4
Unrestricted	(500.9)	(552.7)	(378.0)
Total Net Position	$ 497.1	$ 434.6	$ 529.6
Change in Net Position	$ 62.5	$ (95.0)	

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

	2019	2018	2017
Operating Revenues	$ 754.6	$ 720.7	$ 639.7
Operating Expenses	(945.1)	(974.9)	(963.1)
Operating Loss	(190.5)	(254.2)	(323.4)
Net nonoperating revenues	226.2	248.8	245.4
Other revenues, expenses, gains or losses	26.8	64.2	46.8
Change in Net Position	$ 62.5	$ 58.8	$ (31.2)

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

Operating Revenues (in millions)

	2019	2018	2017
Tuition and fees	$ 358.5	$ 337.5	$ 313.6
Grants and contracts	172.1	156.3	103.9
Sales and services of educational activities	11.4	12.3	13.4
Auxiliary enterprises	195.6	196.6	189.3
Other revenues	17.0	18.0	19.5
Total Operating Revenues	$ 754.6	$ 720.7	$ 639.7

Changes in operating revenues included the following:

2019

Tuition and fees revenue increased $21.0 million or 6.2 percent in fiscal year 2019 due to a slight increase in enrollment.

Grants and contracts increased $15.8 million or 10.1 percent due to increases in the National Academy of Science GEOCARB grant, NOAA TASK grants, National Institutes of Health Antibiotic Development, and Office of Naval Research Next Gen Radar System grant.

2018

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

Grants and contracts increased $52.4 million or 50.5 percent over the past year primarily due to a new grant.

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

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

Operating Expenses (in millions)

	2019	2018	2017
Compensation and benefits	$ 524.8	$ 534.6	$ 547.4
Contractual services	131.9	110.7	106.7
Supplies and materials	39.3	50.0	46.3
Depreciation	75.0	72.6	66.2
Utilities	48.1	47.4	45.6
Communications	6.3	7.4	6.8
Scholarships and fellowships	47.2	45.4	40.7
Other	72.6	106.9	103.4
Total Operating Expenses	$ 945.2	$ 975.0	$ 963.1

Changes in operating expenses were the result of the following:

2019

Total operating expenses decreased $29.8 million or 3.1 percent in fiscal year 2019. Compensation decreased $9.8 million (1.8%) due to a decrease in pension expense and a decrease in accrued leave. Contractual services increased $21.2 million (19.1%) resulting from an increase in expenses for the GEOCARB grant as well as expenses for Auxiliaries related to Cross. Other expenses decreased $34.3 million (32.1%) due to decreases in bad debt expense, travel expense and advertising/promotional expense. The decrease in Other Expense and increase in Contractual Expense is also partially due to ongoing efforts to better categorize expenses.

2018

Total operating expenses increased $11.9 million or 1.2 percent during FY18. Depreciation increased $6.4 million (9.7%) due to new buildings being put into service. Scholarships and fellowships increased $4.7 million (11.5%) due to an increase in refunds to students.

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

Non-operating Revenues (Expenses) (in millions)

	2019	2018	2017
State Appropriations	$ 111.8	$ 112.0	$ 120.4
On-behalf payments for OTRS	14.5	13.0	13.8
Endowment Income	8.1	8.3	6.8
Grants and contracts	44.4	40.5	79.6
Private gifts	78.2	106.2	53.7
Interest on indebtedness	(40.5)	(41.0)	(38.5)
Investment income	9.7	9.8	9.6
	$ 226.2	$ 248.8	$ 245.4

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

2019

Private gifts decreased $28.0 million or 26.4% due to a decrease in gifts to the Athletic Department and the Regents' Fund.

2018

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

Private gifts increased $52.5 million or 97.8 percent due to gifts to the Athletic Department and the Regents' Fund.

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

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

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

	2019	2018	2017
Build America Bonds subsidy	$ 0.8	$ 0.8	$ 0.8
Federal grants and contracts for capital purposes	-	0.2	-
Private gifts for capital purposes	14.9	44.5	26.9
State school land funds	9.5	10.1	9.9
On-behalf payments for OCIA capital leases	3.1	8.2	8.3
Gain (loss) on sale of fixed assets	(2.5)	(0.4)	-
Additions to permanent endowments	1.1	0.8	1.0
Total Other Revenues, Expenses, Gains or (Losses)	$ 26.9	$ 64.2	$ 46.9

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

2019

Other revenues, expenses, gains or losses decreased $37.3 million or 58.1 percent. This category tends to fluctuate due to the timing of private gifts for capital projects and the payments received for OCIA capital leases.

2018

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

Statements of Cash Flows

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

The following table summarizes the University's cash flows for the years ended June 30:

Condensed Statement of Cash Flows for the Year (in millions)	**2019**	**2018**	**2017**
Cash provided (used) by:			
Operating activities	$ (118.9)	$ (165.2)	$ (184.2)
Noncapital financing activities	240.2	267.4	260.0
Capital and related financing activities	(120.5)	(117.5)	(235.0)
Investing activities	7.4	(18.2)	2.9
Net Change In Cash	8.2	(33.5)	(156.3)
Cash and equivalents, beginning of the year	206.7	240.2	396.5
Cash and equivalents, end of the year	$ 214.9	$ 206.7	$ 240.2

2019

The University's overall liquidity improved during the year, with a net increase to cash of $8.2 million. Cash used in operating activities totaled $118.9 million, a decrease of $46.3 million compared to cash used in the prior year. The decrease in the use of cash was due to an increase of cash received from operating revenues which out-paced the cash outlay for compensation and benefits and other operating expenses. Major sources of operating funds were tuition and fees ($357.1 million), grants and contracts ($171.2 million), and auxiliary enterprises ($191.9 million), which were offset by the payment of compensation and benefits ($522.9 million) and other operating expenses ($350.6 million).

Cash flows provided by noncapital financing activities totaled $240.2 million, a decrease of $27.2 million compared to the prior year. Major sources of noncapital financing activities were state appropriations ($111.8 million), grants and contracts ($44.4 million), and private gifts ($76.6 million).

Cash flows used in connection with capital and related financing activities totaled $120.5 million, an increase of $3.0 million compared to the prior year. This was due the receipt of bond proceeds in the prior year, as well as a current year decrease in private gifts for capital assets, and offset by a decrease in the purchase of capital assets in the current year. Major sources of capital and related financing activities were private gifts ($14.9 million), which were offset by purchases of capital assets ($71.9 million) and principal and interest payments on capital debt and leases ($70.7 million).

Cash flows provided by investing activities totaled $7.4 million, an improvement of $25.7 million compared to the prior year. This improvement was primarily the result of a decrease in the purchase of investments ($26.3 million).

2018

The University's overall liquidity declined during the year, with a net decrease to cash of $33.5 million. Cash used in operating activities totaled $165.2 million, an increase of $19.0 million over the prior year. The use of cash was due to overall revenues not being sufficient to offset increased compensation and benefits and other operating expenses. Major sources of operating funds were tuition and fees ($340.1 million), grants and contracts ($146.2 million), and auxiliary enterprises ($197.0 million), which were offset by the payment of compensation and benefits ($519.4 million) and other operating expenses ($358.3 million).

Cash flows provided by noncapital financing activities totaled $267.4 million, an increase of $7.4 million over the prior year. Major sources of noncapital financing activities were state appropriations ($112.0 million), grants and contracts ($40.5 million), and private gifts ($106.2 million).

Cash flows used in connection with capital and related financing activities totaled $117.5 million, a decrease of $117.5 million compared to the prior year. This was due primarily to the timing of the receipt of bond proceeds and related expenditures. Major sources of capital and related financing activities were proceeds from revenue bonds ($49.9 million) and private gifts ($44.5 million), which were offset by purchases of capital assets ($122.9 million) and principal and interest payments on capital debt and leases ($97.3 million).

Cash flows used in investing activities totaled $18.2 million, a decrease of $21.1 from the prior year. This decrease was primarily the result of an increase in the purchase of investments ($21.3 million).

Capital Asset and Debt Administration

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

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

	2018	2018	2017
Land and land improvements	$ 48.1	$ 48.6	$ 49.7
Buildings	1,356.8	1,346.8	1,256.7
Construction in progress	68.5	83.0	139.3
Furniture, fixtures, and equipment	228.8	229.9	225.1
Infrastructure	44.7	44.7	46.0
Library books & periodicals	104.2	104.9	102.7
Totals	$ 1,851.1	$ 1,857.9	$ 1,819.5

2019

At June 30, 2019, the University had approximately $1,851.1 million invested in capital assets, net of accumulated depreciation of $1,008.0 million. Depreciation expense for the current year totaled $75.0 million compared to $72.5 million in the prior year. More detailed information related to the University's capital assets is presented in Note 6 to the financial statements.

2018

At June 30, 2018, the University had approximately $1,857.9 million invested in capital assets, net of accumulated depreciation of $957.5 million. Depreciation expense for the current year totaled $72.5 million compared to $66.2 million in the prior year.

Debt

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

Outstanding Debt, at Year End (in millions)

	2019	2018	2017
General revenue bonds	$ 906.3	$ 937.9	$ 943.0
Lease obligations	42.7	44.3	52.6
Totals	$ 949.0	$ 982.2	$ 995.6

2019

At fiscal year-end 2019, the University had approximately $949.0 million in outstanding debt, a decrease of approximately $33.2 million over the prior year.

The University incurred no new debt during fiscal year 2019. Debt repayments of $33.2 million were made during the year. More detailed information related to the University's long-term liabilities is presented in Note 11 to the financial statements.

2018

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

The University incurred $49.9 million in new debt during fiscal year 2018. Debt repayments of $63.3 million were made during the year.

Economic Outlook

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

Another significant factor in the University's economic position relates to its ability to recruit and retain high quality students. The University continues to attract top students from across the nation and more than 100 countries around the world. Enrollment continues to grow slightly each year and retention rates remained strong. In the Fall 2019, the University admitted its largest freshman class in history.

	2019	Restated 2018
	($ in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 140,695	$ 118,205
Restricted cash and cash equivalents	56,158	50,273
Accrued interest receivable	288	201
Accounts receivable, net of allowance for doubtful accounts	69,367	66,648
Inventories and supplies, at cost	2,184	3,442
Loans to students, net of allowance for uncollectible loans	1,981	1,964
Deposits and prepaid expenses	3,620	3,347
TOTAL CURRENT ASSETS	274,293	244,080
NONCURRENT ASSETS		
Restricted cash and cash equivalents	18,030	38,190
Endowment investments	65,730	63,916
Other long-term investments	53,128	52,778
Investments in real estate	220	220
Net other postemployment benefits asset	3,231	2,331
Loans to students, net	14,677	16,574
Deposits and prepaid expenses	250	300
Capital assets, net of accumulated depreciation	1,851,118	1,857,904
TOTAL NONCURRENT ASSETS	2,006,384	2,032,213
TOTAL ASSETS	2,280,677	2,276,293
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on advance refunding of bonds	6,880	7,349
Deferred charge on defeasance of bonds	1,058	1,324
Deferred outflows - pension plans and OPEB	80,755	83,348
TOTAL DEFERRED OUTFLOWS OF RESOURCES	88,693	92,021

	2019	Restated 2018
	($ in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 53,879	$ 61,391
Utilities management agreement, current portion	4,720	4,720
Accrued compensated absences	25,820	27,686
Unearned revenues	67,385	70,971
Unearned revenues - long-term contracts	657	132
Accrued interest payable	18,734	19,305
Capital leases and revenue bonds payable--current portion	33,632	33,145
Deposits held in custody for others	1,261	418
TOTAL CURRENT LIABILITIES	206,088	217,768
NONCURRENT LIABILITIES, net of current portion		
Utilities management agreement	71,240	75,960
Other postemployment benefits	277,747	270,950
Net pension liability	279,112	313,749
Retirement plan liability	6,324	4,943
Accrued compensated absences	3,521	4,886
Federal loan program contributions refundable	14,270	14,210
Capital lease obligations	41,706	42,726
Revenue bonds payable	873,727	906,339
TOTAL LIABILITIES	1,773,735	1,851,531
DEFERRED INFLOWS OF RESOURCES		
Deferred credit on OCIA lease restructure	2,635	2,912
Deferred credit related to OPEB	26,957	11,360
Deferred credit on pension plan	49,843	48,450
Deferred credit on ground lease	19,104	19,493
TOTAL DEFERRED INFLOWS OF RESOURCES	98,539	82,215
NET POSITION		
Net investment in capital assets	857,545	839,730
Restricted for:		
Nonexpendable	45,158	44,824
Expendable:		
Educational, general and auxiliary operations	20,232	16,806
Capital projects	19,314	31,225
Debt service	30,661	29,667
Athletics	25,042	25,042
Unrestricted	(500,856)	(552,727)
TOTAL NET POSITION	$ 497,096	$ 434,567

The University of Oklahoma - Norman Campus
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	Restated 2018
	($ in thousands)	
OPERATING REVENUES		
Student tuition & fees (net of scholarship allowances of $107,403 and $107,697 for 2019 and 2018, respectively)	$ 358,553	$ 337,476
Federal grants and contracts	98,255	84,410
State grants and contracts	47,147	45,115
Private grants and contracts	26,658	26,773
Interest on student loans receivable	434	420
Sales and services of educational activities	11,436	12,250
Housing and Food Service revenues	63,804	67,029
Athletic revenues (net of scholarship allowances of $11,407 and $10,878 for 2019 and 2018, respectively)	102,302	94,900
Sales and services of auxiliary enterprises--other	29,449	34,712
Other revenues	16,593	17,599
TOTAL OPERATING REVENUES	754,631	720,684
OPERATING EXPENSES		
Compensation and benefits	524,792	534,610
Contractual services	131,867	110,697
Supplies and materials	39,278	50,022
Depreciation	74,981	72,513
Utilities	48,131	47,424
Communications	6,266	7,351
Scholarships and fellowships	47,219	45,444
Other	72,637	106,870
TOTAL OPERATING EXPENSES	945,171	974,931
OPERATING LOSS	(190,540)	(254,247)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	111,757	112,046
On-behalf payments for OTRS	14,481	12,946
Federal grants and contracts	26,968	25,421
State grants and contracts	17,390	15,063
Private gifts	78,203	106,205
Interest on indebtedness	(40,473)	(41,025)
Investment income	9,730	9,792
Endowment income	8,130	8,336
NET NONOPERATING REVENUES	226,186	248,784
GAIN (LOSS) BEFORE OTHER REVENUES (EXPENSES), GAINS OR (LOSSES)	35,646	(5,463)
OTHER REVENUES, EXPENSES, GAINS OR LOSSES		
Federal grants and contracts for capital purposes	-	215
Build America Bonds Subsidy	759	774
Private gifts for capital assets	14,904	44,508
State school land funds	9,546	10,167
On-behalf payments for OCIA capital leases	3,050	8,214
Gain (loss) on sale of fixed assets	(2,431)	(353)
Additions to permanent endowments	1,055	743
CHANGE IN NET POSITION	62,529	58,805
NET POSITION AT BEGINNING OF YEAR	434,567	371,268
Restatement - See Note 17	-	4,494
Net Position, Beginning of Year, *Restated*	434,567	375,762
NET POSITION AT END OF YEAR	$ 497,096	$ 434,567

	2019	Restated 2018
	($ in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	$ 357,113	$ 340,073
Sales and services of educational activities	11,204	12,143
Sales and services of auxiliary enterprises	29,054	33,325
Housing and Food Service revenues	63,925	66,952
Athletic revenues	98,954	96,719
Federal grants and contracts	101,161	75,469
State grants and contracts	43,325	45,486
Private grants and contracts	26,745	25,235
Interest on loans receivable	434	420
Other additions	20,702	16,975
Loans issued to students	(616)	(2,730)
Collection of loans	2,563	2,432
Compensation & benefits	(522,940)	(519,364)
Other operating expenses	(350,594)	(358,293)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(118,970)	(165,158)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	111,756	112,045
Federal grants and contracts	26,968	25,421
State grants and contracts	17,390	15,063
Net (decrease) increase in Federal loan program contributions refundable	60	(33)
Endowment income	7,418	8,721
Private gifts	76,621	106,216
Federal Family Education loan receipts	133,683	127,067
Federal Family Education loan disbursements	(133,683)	(127,067)
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	240,213	267,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to permanent endowment	1,056	743
Proceeds from revenue bonds and capital leases	-	49,928
Payments under utilities management agreement	(4,720)	(4,720)
Federal grants and contracts for capital purposes	-	215
Private gifts for capital assets	14,904	44,508
Proceeds from sale of capital assets	590	996
State school land funds	9,546	10,167
Build America Bonds Subsidy	759	774
Purchases of capital assets	(71,958)	(122,885)
Principal paid on capital debt and leases	(32,050)	(30,930)
Refunded or defeased capital debt	-	(31,230)
Interest paid on capital debt and leases	(38,633)	(35,115)
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(120,506)	(117,549)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	8,980	7,221
Proceeds from sales and maturities of investments	227	2,631
Purchase of investments	(1,729)	(28,074)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	7,478	(18,222)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,215	(33,496)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	206,668	240,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 214,883	$ 206,668

	2019	Restated 2018
	($ in thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (190,540)	$ (254,247)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	74,981	72,513
OTRS On-behalf contributions	14,481	12,946
Change in operating assets and liabilities:		
Accounts receivable	(424)	(8,219)
Inventory	1,258	965
Student loans receivable	1,880	945
Deposits and prepaid expenses	(222)	152
Deferred outflows of resources	2,593	59,220
Accounts payable, accrued expenses, and other liabilities	(5,386)	7,125
Other postemployment benefits	5,897	(8,237)
Unearned revenue	(3,061)	2,098
Compensated absences	(3,231)	569
Deposits held in custody for others	842	(520)
Net pension liability	(34,638)	(97,956)
Deferred inflows of resources	16,600	47,488
NET CASH USED IN OPERATING ACTIVITIES	$ (118,970)	$ (165,158)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Net capitalized interest	$ -	$ 640
Principal on capital debt paid by State Agency on behalf of the University	1,096	5,987
Interest on capital debt paid by State Agency on behalf of the University	1,954	2,227
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Current assets:		
Cash and cash equivalents	$ 140,695	$ 118,205
Restricted cash and cash equivalents	56,158	50,273
Noncurrent assets:		
Restricted cash and cash equivalents	18,030	38,190
	$ 214,883	$ 206,668

Note 1 - Organization and Summary of Significant Accounting Policies

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

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

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

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

For financial reporting purposes, the University has included all funds, organizations, agencies, boards, commissions and authorities within the reporting entity defined above. The University has also considered all potential component units for which it is financially accountable and other organizations for which the nature of significance of their relationship with the University are such that the exclusion would cause the University's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the University to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the University. The University does not have a component unit which meets the GASB criteria.

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

Note 1 - Organization and summary of Significant Accounting Policies – Continued

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

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

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

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

Restricted Cash and Cash Equivalents: Cash and cash equivalents that are externally restricted for grant expenditures, debt service payments, loans to students, maintenance of sinking or reserve funds, or purchase of capital or other noncurrent assets, are classified as restricted cash and cash equivalents in the statements of net position. Restricted cash and cash equivalents available to be used for operating expenses, the repayment of liabilities classified as current or other expenditures within a year are classified as current assets.

Investments: The University accounts for its investments at fair value. GASB No. 72 specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

Level 1 – Unadjusted quoted prices for identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

Level 2 –Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions may be used in pricing the asset or liability.

Note 1 - Organization and summary of Significant Accounting Policies – Continued

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the University defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the University performed a detailed analysis of the assets and liabilities that are subject to GASB No. 72. The University establishes the fair value of certain investments that do not have a readily determinable fair value by using net asset value (NAV) per unit. Investments measured at NAV per unit are not categorized within the fair value hierarchy.

Investments held by the Foundation are pooled investments (Note 2). Ownership interests in those pools are unitized. The Foundation calculates the net asset value per unit monthly based on the value of the underlying assets in each pool. New investments and withdrawals from these pools for the benefit of the unit holders are transmitted at the net asset value per unit on the monthly valuation dates. With the exception of alternative investments, the pooled funds are held in the custody of the Bank of New York-Mellon. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

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

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

Inventories and Supplies: Inventories, consisting mainly of supplies, are stated at the lower of aggregate cost or aggregate market. Cost is determined for the various types of inventory using the first-in, first-out; last-in, first-out; and average cost methods, as deemed appropriate.

Contributions: From time to time, the University receives contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted for a specific operating purpose are reported as non- operating revenues. Amounts restricted to capital acquisitions are reported as capital grants, gifts, and donations.

Endowments are provided to the University on a voluntary basis by individuals and private organizations. Permanent endowments require that the principal or corpus of the endowment be retained in perpetuity. If a donor has not provided specific instructions, the net appreciation of the investments of endowment funds are recorded with investment income in non-operating revenue.

Note 1 - Organization and summary of Significant Accounting Policies – Continued

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

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

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. In 2018, the University capitalized interest as a component of capital assets constructed for its own use. Total interest incurred in 2018 was $41,665, of which $640 was capitalized. In 2019, the University implemented GASB No.89 and did not capitalize any interest.

Intangible assets are reported with capital assets. Intangible assets subject to amortization are amortized over their respective estimated useful lives ranging from 5 to 17 years. Intangible assets with indefinite useful lives are not material to the financial statements.

Capital assets are subject to an evaluation of possible impairment when events or circumstances indicate that the related changes in carrying amounts may not be recoverable. If required, impairment losses are reported in the statement of revenues, expenses, and changes in net position. For 2019 impairment losses totaled $9, and for 2018 they totaled $766.

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

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

Estimated Self Insurance Reserves: The University provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan, workers' compensation program, unemployment compensation insurance program, and student health insurance. These reserves, which are included in accounts payable and accrued expenses on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Note 1 - Organization and summary of Significant Accounting Policies – Continued

Noncurrent Liabilities: Noncurrent liabilities include principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year, federal loans liability, amounts for accrued compensated absences, amounts due on the utilities management agreement, total other postemployment benefits (OPEB) liability, net pension liability, and other liabilities that will not be paid within the next fiscal year. Bond issuance costs are expensed as incurred regardless of whether they are included in the bond proceeds.

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

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

Other Postemployment Benefits: For purposes of measuring the cost-sharing employer plan's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OTRS and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by OTRS are reported at fair value by OTRS.

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

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. The University has deferred outflows of resources related to pensions, OPEB, and advance refundings (defeasance) of bonds. The deferred outflows related to pensions and OPEB for contributions subsequent to the measurement date are recognized as a reduction of net pension The University of Oklahoma - Norman Campus liability in the following year. The deferred outflows related to pensions and OPEB resulting from changes of assumptions and changes in proportion are recognized as a component of compensation expense using the average expected remaining service life of the plan. The deferred outflows related to pensions and OPEB resulting from the difference between projected and actual earnings on plan investments are recognized as a component of compensation expense over five years. The deferred outflows related to the refunding of bonds are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Note 1 - Organization and summary of Significant Accounting Policies – Continued

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. The University has deferred inflows of resources related to an OCIA lease restructuring, a ground lease, pensions and OPEB. The OCIA deferred inflows are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred inflow related to the ground lease is recognized as revenue over the term of the lease. The deferred inflows related to pensions and OPEB resulting from changes of assumptions and changes in proportion are recognized as a component of compensation expense using the average expected remaining service life of the plan. The deferred inflows related to pensions and OPEB resulting from the difference between projected and actual earnings on plan investments are recognized as a component of compensation expense over five years.

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

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

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

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

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense 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 student tuition and fees, net of scholarship allowances; sales and services of educational activities; sales and services of auxiliary enterprises; certain Federal, state and local grants and contracts that have the characteristics of exchange transactions; and interest on student loans.

Note 1 - Organization and summary of Significant Accounting Policies – Continued

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

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

Tax Status: As a state institution of higher education, the income of the University is exempt from federal and state income taxes; however, income generated from activities unrelated to the University's exempt purpose is subject to income tax under Internal Revenue Code Section 511(a)(2)(B). These amounts are immaterial to the financial statements of the University.

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

New Accounting Pronouncements Adopted in Fiscal Year 2019: The University adopted new accounting pronouncements during the year ended June 30, 2019 as follows:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued in March 2018. It defines debt for purposes of disclosure in notes to the financial statements and requires that additional essential information related to debt be disclosed in the notes to financial statements. It also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of GASB Statement No. 88 did not have a significant impact on the University's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* was issued in June 2018 and establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resource measurement focus. The provisions of GASB Statement No. 89 are effective for reporting periods beginning after December 15, 2019. The University early implemented GASB State No. 89 in the year ended June 30, 2019. As a result, the University did not capitalize any interest expense in the year ended June 30, 2019.

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

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

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

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

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. It clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The provisions of GASB No. 91 are effective for reporting periods beginning after December 15, 2020, with earlier application encouraged.

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

Note 2 - Deposits and Investments

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned, or the University will not be able to recover collateral securities in the possession of an outside party. Generally, the University deposits its funds with the Office of the State Treasurer (OST) and those funds are pooled with funds of other state agencies and then, in accordance with statutory limitations, are placed in financial institutions or invested as the OST may determine, in the state's name.

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

Note 2 - Deposits and Investments - Continued

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

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, 2019 and 2018, the carrying amounts of the University's deposits with the OST and other financial institutions were $214,883 and $206,668, respectively. These amounts consisted of deposits with the OST ($165,159 and $157,322), U.S. and foreign financial institutions ($221 and $253), deposits with trustees ($49,396 and $48,971), and petty cash and change funds ($107 and $122).

Of funds on deposit with the OST, amounts invested in OK INVEST total $110,453 and $95,478 at June 30, 2019 and 2018, respectively, and are reported as cash equivalents. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the OST establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's and its funds' and agencies' daily cash flow requirements.

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

Note 2 - Deposits and Investments - Continued

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

Unless significant or unusual losses are incurred by OK INVEST, the University's interest in OK INVEST is stated at cost, plus accrued interest. OK INVEST provides the University with a stated rate of return rather than an equivalent share of investment gains or losses. Amounts invested in OK INVEST are available for unrestricted withdrawal.

The distribution of investments in OK INVEST at June 30, 2019 and 2018 are as follows:

	2019	2018
U.S. agency securities	30.8%	45.4%
Money market mutual funds	9.8%	9.8%
Certificates of deposit	2.2%	3.8%
Mortgage backed agency securities	40.5%	39.5%
Municipal bonds	0.2%	0.6%
Foreign bonds	0.4%	0.4%
U.S. Treasury obligations	16.1%	0.5%
	100.0%	100.0%

As of June 30, 2019 and 2018, the University held approximately 1.5% and 1.7%, respectively, of the OK INVEST fund. The market value of OK INVEST as of June 30, 2019 and 2018 was $7,332,286 and $5,516,945, respectively, and the amortized cost was $7,242,397 and $5,530,864, respectively.

Note 2 - Deposits and Investments - Continued

Investments

Investments measured at fair value as of June 30, 2019 are summarized as follows:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fidelity revenue sharing investments	$ 185	$ 185	$ -	$ -
InvesTrust retirement plan investments	6,784	6,784	-	-
Mineral interests	212	-	-	212
Real property	8	-	-	8
Total investments by fair value level	7,189	6,969	-	220
Investments measured at net asset value				
CIF - OU Foundation	68,157			
EIP II - OU Foundation	43,732			
Total investments at net asset value	111,889			
Total investments measured at fair value	$ 119,078			

Note 2 - Deposits and Investments - Continued

Investments measured at fair value as of June 30, 2018 (restated) are summarized as follows:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fidelity revenue sharing investments	$ 388	$ 388	$ -	$ -
InvesTrust retirement plan investments	5,516	5,516	-	-
Mineral interests	212	-	-	212
Real property	8	-	-	8
Total investments by fair value level	6,124	5,904	-	220
Investments measured at net asset value				
CIF - OU Foundation	65,584			
EIP II - OU Foundation	45,206			
Total investments at net asset value	110,790			
Total investments measured at fair value	$ 116,914			

Fidelity revenue sharing investments (Level 1): These investments include bonds, stable value investments and short-term money market mutual funds.

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

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

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

Note 2 - Deposits and Investments - Continued

Investments measured at NAV per unit: 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 University has entrusted the Foundation with a portion of their funds totaling $111,889 and $110,790 as of June 30, 2019 and 2018, respectively. The investments held at the Foundation on behalf of the University within two separate investment pools are as follows:

Consolidated Investment Fund (CIF) – Investments in this pool consist primarily of domestic and international equity securities, U.S. government securities, derivative financial instruments and alternative holdings. The Foundation considers the underlying investments within this pool to include Level 1, 2, 3, and NAV inputs. The University owned approximately 4.9% and 5.1% of the fund as of June 30, 2019 and 2018.

Expendable Investment Pool II (EIP II) – Investments in this pool primarily consist of liquid money market funds, mutual funds, equities and separate accounts holding U.S. government and corporate fixed income securities. The Foundation considers the underlying investments within this pool to include Level 1, 2, and NAV inputs. The University owned approximately 71.0% and 76.8% of the fund as of June 30, 2019 and 2018.

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

The University's investments have no unfunded commitments and funds may be redeemed daily with no redemption notice. Within the CIF pool, certain investments held do have unfunded commitments and limitations on redemption frequency, including redemption notice periods. The total market value of the CIF fund as of June 30, 2019 totaled $1,366,948. Unfunded commitments within this fund totaled $188,749. There were redemption limitations that ranged from quarterly to 3 years with a 30 to 90-day redemption notice period on investments with a total market value of $263,399. Investments held in real estate funds and private equity funds with a total market value at June 30, 2019 of $361,546 and at June 30, 2018 of $310,848 cannot be redeemed and are subject to the terms of the individual funds. These funds typically have lives up to ten years (with the potential for extensions if necessary), and distributions at the discretion of the general partners.

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.

Note 2 - Deposits and Investments - Continued

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

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

- Investment securities held in bond debt service reserve funds are held by the respective bond trustee for the benefit of the University and bondholders.
- Endowment investments are pooled with the Health Sciences Center in the CIF and EIP II with the Foundation and held in the Regents' name.
- Long term investments are held in the CIF and EIP II with the Foundation.

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 has adopted the Foundation's "Statement of Investment Policy" for the CIF and EIP II investments with the Foundation. Within the CIF, investments consist of domestic and international equity securities, U.S. government securities, derivative financial instruments and alternative holdings. Within the EIP II, investments consist of liquid money market funds, mutual funds, equities and separate accounts holding U.S. government and corporate fixed income securities. Due to the diversification within these investments, the University believes it does not have any significant concentrations of credit risk. For investments not held by the Foundation, the University places no limit on the amount the University may invest in any one issuer. However, the majority of the investments are in pooled investments and mutual funds.

Interest Rate Risk*:* Interest rate risk is the risk that an unexpected change in interest rates will negatively affect the value of an investment. The University has a short term investment strategy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The University has adopted the Foundation's "Statement of Investment Policy" for funds invested at the Foundation. The University is responsible for determining its operating cash flow requirements and ensuring 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.

Note 2 - Deposits and Investments - Continued

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

	2019	2018 Restated
Endowment investments	$ 65,729	$ 63,916
Other long-term investments	53,129	52,778
Investments in real estate and mineral interests	220	220
	$ 119,078	$ 116,914

Note 3 - Accounts Receivable

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

	2019	2018
Student tuition and fees	$ 54,460	$ 56,506
Federal, state and private grants and contracts	35,537	35,534
Contributions and gifts	6,173	5,461
Auxiliary enterprises and other operating activities	7,759	6,112
	103,929	103,613
Less allowance for doubtful accounts	(34,562)	(36,965)
Net accounts receivable	$ 69,367	$ 66,648

Included in the amounts above is approximately $13,301 at June 30, 2019, and $12,537 at June 30, 2018, which is due from the U.S. government.

Note 4 - Inventories and Supplies

Inventories and supplies consisted of the following at June 30:

	2019	2018
University Press	$ 419	$ 791
Other Auxiliaries	828	900
University Printing Services	442	268
Facilities Management	252	269
College of Continuing Education operations	97	115
Museum retail operations	91	350
IT Store	-	719
Other	55	30
	$ 2,184	$ 3,442

Note 5 - Loans to Students

Net student loans made under the Federal Perkins Loan Program (the "Program") comprised approximately 80.2% of the June 30, 2019 loan balance and 84.2% of the June 30, 2018 loan balance. Under certain conditions such loans can be forgiven at annual rates of 10.0% to 30.0% of the original balance up to maximums of 50.0% to 100.0% of the original loan. The federal government reimburses the University to the extent of 10.0% of the amounts forgiven for loans originated prior to July 1, 1993 under the Program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. government upon cessation of the Program of approximately $14,270 and $14,210 at June 30, 2019 and 2018, respectively, are reflected in the accompanying statements of net position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of federal Perkins student loans, as the University is not obligated to fund the federal portion of uncollected student loans as long as the University has performed the required due diligence. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2019 and 2018, the allowance for uncollectible loans, including loans made under the program, was approximately $560 and $626, respectively.

Note 6 - Capital Assets

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

	2019				
	Beginning Balance	Additions	Transfers	Deductions	Ending Balance
Capital assets not being depreciated:					
Land	$ 44,799	$ -	$ -	$ -	$ 44,799
Construction in progress	82,960	41,692	(56,125)	-	68,527
Total capital assets not being depreciated	127,759	41,692	(56,125)	-	113,326
Capital assets being depreciated:					
Buildings	1,819,692	457	44,302	(47)	1,864,404
Equipment	252,594	12,339	57	(18,565)	246,425
Nonstructural improvements	214,415	4,987	9,723	-	229,125
Land improvements	33,304	-	-	-	33,304
Software	36,861	253	1,174	(32)	38,256
Infrastructure	95,673	3,130	869	-	99,672
Library books	235,110	8,379	-	(8,878)	234,611
Total capital assets being depreciated	2,687,649	29,545	56,125	(27,522)	2,745,797
Less accumulated depreciation for:					
Buildings	472,915	34,749	-	(47)	507,617
Equipment	178,140	15,015	-	(15,544)	177,611
Nonstructural improvements	59,455	11,246	-	-	70,701
Land improvements	29,485	512	-	-	29,997
Software	36,378	319	-	(11)	36,686
Infrastructure	50,948	3,991	-	-	54,939
Library books	130,183	9,149	-	(8,878)	130,454
Total accumulated depreciation	957,504	74,981	-	(24,480)	1,008,005
Total capital assets being depreciated, net	1,730,145	(45,436)	56,125	(3,042)	1,737,792
Capital assets, net	$ 1,857,904	$ (3,744)	$ -	$ (3,042)	$ 1,851,118

Note 6 - Capital Assets - Continued

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

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

Note 7 - Accounts Payable and Accrued Expenses

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

	2019	2018
Accounts payable	$ 37,424	$ 43,866
Accrued payroll	9,678	9,641
Self insurance reserves	6,777	7,884
	$ 53,879	$ 61,391

Note 8 - Unearned Revenues

Unearned revenues consist of the following at June 30:

	2019	2018
Prepaid tuition and student fees	$ 19,020	$ 19,132
Prepaid athletic ticket sales	27,983	30,298
Auxiliary enterprises and other activities	11,491	11,779
Grants and contracts	8,891	9,762
	$ 67,385	$ 70,971

Note 9 - 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 $9,546 and $10,167 during the years ended June 30, 2019, and 2018, respectively, which is restricted to acquisition of buildings, equipment, or other capital items. During 2019 and 2018, respectively, the University distributed $3,924 and $3,541 of these funds to the Health Sciences Center. Current state law prohibits the distribution of any corpus of these funds. The estimated fair value of the total trust fund for the University, held in trust by the Commissioners of the Land Office, was approximately $190,531 ($185,271 restricted corpus) and $177,930 ($182,347 restricted corpus) at June 30, 2019 and 2018, respectively, and have not been reflected in the accompanying financial statements.

Note 9 - 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 $138,534 and $116,932 at June 30, 2019 and 2018, respectively, and is invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of earnings on these funds. As legal title of the State match is retained by the State Regents, only the funds available for distribution, or $6,173 and $5,461 as of June 30, 2019 and 2018, respectively, have been reflected in the statements of net position as accounts receivable. Institutional matching funds are on deposit with the Foundation for the benefit of the University.

Note 10 - Operating Leases

Lease Commitments: 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 $3,680 and $2,501, respectively, for the years ended June 30, 2019 and 2018.

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

In accordance with the terms of the ground lease, the University received a nonrefundable payment of $20 million from the Lessee in March of 2017. The payment was recorded as a deferred inflow of resources and will be recognized as revenue over the term of the lease. The amount recognized as revenue was $389 in 2019 and 2018. The remaining balance to be amortized was $19,104 and $19,493 as of June 30, 2019 and 2018, respectively. Under the terms of the trust indenture for the ODFA bonds, the University will also receive payments from the surplus cash flow fund to the extent that project revenues exceed funding requirements for various bond funds, operating accounts, and reserve accounts, provided that the debt service coverage ratio for the bonds is adequate and no events of default have occurred.

Note 11 - Long-Term Liabilities

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

	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:					
General Revenue Bonds, Series 2009A	$ 765	$ -	$ (765)	$ -	$ -
General Revenue Bonds, Series 2010B	40,120	-	(1,270)	38,850	1,310
General Revenue Bonds, Series 2011A	7,060	-	(260)	6,800	270
General Revenue Bonds, Series 2011B	31,285	-	(670)	30,615	700
General Revenue Bonds, Series 2011C	9,355	-	(345)	9,010	360
General Revenue Bonds, Series 2011D	55,740	-	(1,260)	54,480	1,305
General Rev. Refunding, Series 2011E	13,660	-	(1,315)	12,345	1,350
General Revenue Bonds, Series 2012A	64,065	-	(1,630)	62,435	1,675
General Rev. Refunding, Series 2012D	18,645	-	(1,670)	16,975	1,700
General Revenue Bonds, Series 2013A	10,330	-	(300)	10,030	310
General Revenue Bonds, Series 2013B	45,355	-	(1,220)	44,135	1,240
General Rev. Refunding, Series 2013D	13,405	-	(980)	12,425	1,005
General Revenue Bonds, Series 2014A	11,610	-	(270)	11,340	280
General Revenue Bonds, Series 2014B	11,280	-	(240)	11,040	245
General Rev. Refunding, Series 2014C	76,085	-	(3,680)	72,405	3,835
General Revenue Bonds, Series 2015A	28,460	-	(570)	27,890	590
General Revenue Bonds, Series 2015B	4,395	-	(345)	4,050	350
General Rev. Refunding, Series 2015C	213,705	-	-	213,705	-
General Revenue Bonds, Series 2015D	42,055	-	(5,375)	36,680	5,470
General Revenue Bonds, Series 2016A	70,815	-	(4,355)	66,460	4,525
General Revenue Bonds, Series 2016B	65,970	-	-	65,970	-
General Revenue Bonds, Series 2016C	20,560	-	(3,015)	17,545	3,050
General Revenue Bonds, Series 2017A	14,360	-	-	14,360	-
General Revenue Bonds, Series 2017B	2,554	-	-	2,554	355
General Rev. Refunding, Series 2017C	28,465	-	-	28,465	665
Subtotal revenue bonds payable	900,099	-	(29,535)	870,564	30,590
Premium/(Discount)	37,795	-	(2,021)	35,774	2,022
Total revenue bonds payable	937,894	-	(31,556)	906,338	32,612
OCIA 2014A capital lease payable	25,663	-	(32)	25,631	-
OCIA 2014B capital lease payable	333	-	(333)	-	-
OCIA 2014C capital lease payable	16,598	-	(730)	15,868	768
ODFA master leases payable	1,699	-	(468)	1,231	252
Subtotal capital leases payable	44,293	-	(1,563)	42,730	1,020
Premium/(Discount)	22	-	(25)	(3)	1
Total capital leases payable	44,315	-	(1,588)	42,727	1,021
Total bonds and capital leases	982,209	-	(33,144)	949,065	33,633
Other noncurrent liabilities					
Utilities management agreement	80,680	-	(4,720)	75,960	4,720
Accrued compensated absences	32,572	29,048	(32,279)	29,341	25,820
Total other noncurrent liabilities	113,252	29,048	(36,999)	105,301	30,540

Note 11 - Long-Term Liabilities - Continued

	2018				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases:					
General Revenue Bonds, Series 2007C	$ 824	$ -	$ (824)	$ -	$ -
General Revenue Bonds, Series 2007D	421	-	(421)	-	-
General Revenue Bonds, Series 2009A	32,735	-	(31,970)	765	765
General Revenue Bonds, Series 2010B	41,365	-	(1,245)	40,120	1,270
General Revenue Bonds, Series 2011A	7,310	-	(250)	7,060	260
General Revenue Bonds, Series 2011B	31,935	-	(650)	31,285	670
General Revenue Bonds, Series 2011C	9,690	-	(335)	9,355	345
General Revenue Bonds, Series 2011D	56,960	-	(1,220)	55,740	1,260
General Rev. Refunding, Series 2011E	14,950	-	(1,290)	13,660	1,315
General Revenue Bonds, Series 2012A	65,655	-	(1,590)	64,065	1,630
General Rev. Refunding, Series 2012D	20,290	-	(1,645)	18,645	1,670
General Revenue Bonds, Series 2013A	10,625	-	(295)	10,330	300
General Revenue Bonds, Series 2013B	46,560	-	(1,205)	45,355	1,220
General Rev. Refunding, Series 2013D	14,370	-	(965)	13,405	980
General Revenue Bonds, Series 2014A	11,875	-	(265)	11,610	270
General Revenue Bonds, Series 2014B	11,515	-	(235)	11,280	240
General Rev. Refunding, Series 2014C	79,625	-	(3,540)	76,085	3,680
General Revenue Bonds, Series 2015A	29,015	-	(555)	28,460	570
General Revenue Bonds, Series 2015B	4,735	-	(340)	4,395	345
General Rev. Refunding, Series 2015C	213,705	-	-	213,705	-
General Revenue Bonds, Series 2015D	42,055	-	-	42,055	5,375
General Revenue Bonds, Series 2016A	74,270	-	(3,455)	70,815	4,355
General Revenue Bonds, Series 2016B	65,970	-	-	65,970	-
General Revenue Bonds, Series 2016C	21,910	-	(1,350)	20,560	3,015
General Revenue Bonds, Series 2017A	-	14,360	-	14,360	-
General Revenue Bonds, Series 2017B	-	2,555	-	2,555	-
General Rev. Refunding, Series 2017C	-	28,465	-	28,465	-
Subtotal revenue bonds payable	908,365	45,380	(53,645)	900,100	29,535
Premium/(Discount)	34,609	4,548	(1,362)	37,795	2,021
Total revenue bonds payable	942,974	49,928	(55,007)	937,895	31,556
OCIA 2010A capital lease payable	$ 5,005	$ -	$ (5,005)	$ -	$ -
OCIA 2014A capital lease payable	25,720	-	(57)	25,663	31
OCIA 2014B capital lease payable	654	-	(321)	333	334
OCIA 2014C capital lease payable	17,202	-	(604)	16,598	731
ODFA master leases payable	3,935	-	(2,236)	1,699	467
Subtotal capital leases payable	52,516	-	(8,223)	44,293	1,563
Premium/(Discount)	77	-	(55)	22	26
Total capital leases payable	52,593	-	(8,278)	44,315	1,589
Total bonds and capital leases	995,567	49,928	(63,285)	982,210	33,145
Other noncurrent liabilities					
Utilities management agreement	85,400	-	(4,720)	80,680	4,720
Accrued compensated absences (restated)	31,418	30,382	(29,228)	32,572	27,686
Total other noncurrent liabilities	116,818	30,382	(33,948)	113,252	32,406
Total noncurrent liabilities	$ 1,112,385	$ 80,310	$ (97,233)	$ 1,095,462	$ 65,551

Note 11 - Long-Term Liabilities - Continued

Debt service requirements on revenue bonds are as follows at June 30, 2019:

Year Ending June 30	Principal	Interest
2020	$ 32,611	$ 36,579
2021	33,521	35,535
2022	34,511	34,347
2023	36,106	33,052
2024	38,017	31,648
2025-2029	201,514	134,062
2030-2034	189,182	92,630
2035-2039	168,302	51,476
2040-2044	134,122	17,195
2045-2048	38,452	906
Total	$ 906,338	$ 467,430

Revenue bonds payable: Beginning in fiscal year 2007 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. At June 30, 2019 and 2018, total principal and interest remaining to be paid on these bonds was $1,373,767 and $1,404,989, respectively, and the total pledged revenue received was $748,046 and $724,566, respectively. Debt service payments, including both principal and interest, of $66,994 and $60,488 were 9% and 8.3% of pledged revenues at June 30, 2019 and 2018, respectively.

At June 30, 2019 and 2018, the University had $49,396 and $48,971, respectively, of cash and investments held in trust for the bond indentures, restricted to the payment of principal and interest.

Refunding Bonds: In June 2015, General Revenue Refunding Bonds 2012C, with a total principal balance of $5,115, were defeased. Funds of $4,953 were transferred to trustees to purchase escrow securities for the defeasement. The funds transferred will remain in escrow until the final call date of July 1, 2020. The total principal outstanding on the General Revenue Refunding Bonds 2012C was $3,715 at June 30, 2019 and $4,080 at June 30, 2018.

In November 2013, General Revenue Refunding Bonds 2013C and 2013D were issued to refund the ODFA A and B and Research 2004 Revenue Bonds having a total principal balance outstanding of $22,260. Total principal outstanding on the refunded 2004 Research Facilities Revenue Bond was $15,420 at June 30, 2019 and 2018.

In May 2016, General Revenue Refunding Bonds 2016A were issued to refund the General Revenue Refunding Bonds 2006A having a total principal balance outstanding of $83,720. The total principal outstanding on the refunded 2006A General Revenue Refunding Bonds was $72,250 at June 30, 2019 and $79,960 at June 30, 2018.

Note 11 - Long-Term Liabilities - Continued

In November 2017, General Revenue Refunding Bonds 2017C were issued to refund the General Revenue Bonds 2009A having a total principal balance outstanding of $31,230. This resulted in cash flow savings and net present value benefit of $4,733. The total principal outstanding was $0 on the refunded 2009A General Revenue Bonds at June 30, 2019 and $31,230 at June 30, 2018. Funds of $32,431 were transferred to trustees to purchase escrow securities for the defeasement of 2009A. The escrow balance at June 30, 2019 and 2018 was $0 and $31,588, respectively.

Capital Lease Obligations

OCIA Capital Lease Obligations

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

In September 1999, the University entered into a 20-year lease agreement with the OCIA and the Oklahoma State Regents as beneficiary of a portion of the proceeds from the OCIA State Facilities Revenue Bonds, Series 1999A. The University received $5,850 of the proceeds for capital improvement projects on the Norman Campus as approved by the Regents.

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 under these capital leases with OCIA as of June 30 have been recorded as follows:

		2019		2018	
OCIA State Facilities Revenue Bonds	Amount Financed	Accumulated Depreciation*	Net Book Value	Accumulated Depreciation*	Net Book Value
1999A/2004A/2014B	$ 5,850	$ 2,057	$ 3,793	$ 1,940	$ 3,910
2005F/2005G/2006D/2010A/2010B/2014A/2014B/2014C	91,213	18,259	72,954	16,434	74,779
	$ 97,063	$ 20,316	$ 76,747	$ 18,374	$ 78,689

* Depreciation expense on these assets is included on the statements of revenues, expenses, and changes in net position.

Note 11 - Long-Term Liabilities - Continued

Debt service requirements on capital leases with OCIA are as follows:

Year Ending June 30	Principal	Interest
2020	$ 768	$ 1,901
2021	803	1,863
2022	3,235	1,823
2023	3,390	1,675
2024	3,486	1,521
2025-2029	19,988	5,015
2030-2034	9,829	973
Total	$ 41,499	$ 14,771

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. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the lease agreement with OCIA automatically restructured to secure the new bond issues. This lease restructuring has extended certain principal payments into the future, resulting in a charge or cost on restructuring. A deferred outflow of resources of $2,247 was recorded and amortized over a period of eight years.

In the spring of 2014, the remaining 2005 lease agreement with OCIA was restructured through a refunding of the Series 2005F bond debt. OCIA issued a new bond, Series 2014A. OCIA issued this new debt to provide budgetary relief by restructuring debt service. Consequently, the University's lease agreement with OCIA automatically restructured to secure the new bond issues. A deferred inflow of resources of $1,530, which is the difference between the reacquisition price and the net carrying amount of the old debt, has been recorded by the University and is being amortized over a period of 17 years.

During fiscal year 2015, OCIA issued two new bonds. The University's lease agreements with OCIA automatically restructured to secure these new bond issues. Series 2014B was issued by OCIA to refund series 2004A. A deferred inflow of resources of $386, which is the difference between the reacquisition price and the net carrying amount of the old debt, has been recorded and is being amortized over a period of five years. Series 2014C was issued by OCIA to refund series 2006D. A deferred inflow of resources of $2,193, which is the difference between the reacquisition price and the net carrying amount of the old debt, has been recorded and is being amortized over a period of 20 years.

During the years ended June 30, 2019 and 2018, the State Regents made lease principal and interest payments totaling $3,050 and $8,214, respectively, on behalf of the University. These on-behalf payments have been recorded in the University's statement of revenues, expenses, and changes in net position. As stated above, the on-behalf payments are subject to annual appropriations by the State Legislature.

Note 11 - Long-Term Liabilities - Continued

ODFA Master Lease Obligations

The University has entered into various master lease agreements with ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds. These proceeds have been used by the University to fund the acquisition of major personal and real property that provide cost efficiencies in finance and administration. The lease terms vary by the useful life of the equipment purchased, but the useful life must not exceed 20 years for personal property and 30 years for real property projects. Terms of leases outstanding as of June 30, are as follows:

				2019			2018		
ODFA Master Leases	Issued	Term	Amount Financed	Not Capitalized*	Accumulated Depreciation**	Net Book Value	Not Capitalized*	Accumulated Depreciation**	Net Book Value
ODFA 2007B	July 2007	5 - 20 years	$ 4,605	$ 1,305	$ 3,300	$ -	$ 1,305	$ 3,300	$ -
ODFA 2008B	December 2008	5 - 10 years	1,724	529	1,195	-	529	1,195	-
ODFA 2009A	July 2009	5 - 20 years	2,759	1,326	1,261	172	1,326	1,243	190
ODFA 2009B	December 2009	5 - 10 years	1,576	-	1,342	234	-	1,208	368
ODFA 2011C	November 2011	5 - 10 years	4,261	523	2,970	768	523	2,596	1,142
			$ 14,925	$ 3,683	$ 10,068	$ 1,174	$ 3,683	$ 9,542	$ 1,700

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

** Depreciation expense on these assets is included on the statements of revenues, expenses, and changes in net position.

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

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

Of the advance received, $55,387 was transferred to trustees to purchase escrow securities for the defeasement of a portion of the General Revenue Bonds Series 2009A (36.29%), General Revenue Bonds Series 2009B (76.05%), and General Revenue Bonds, Refunding Series 2009C (100%). These bonds were used for utility system acquisitions and improvements. Total principal defeased was $47,415. The funds transferred for defeasance will remain in escrow until the final call date of July 1, 2024. Total principal outstanding on the defeased debt was $12,785 and $35,925 as of June 30, 2019 and 2018.

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:

Name of Plan / System	Type of Plan
Oklahoma Teachers' Retirement System (OTRS)	Cost Sharing Multiple Employer Defined Benefit Plan
Oklahoma Law Enforcement Retirement System (OLERS) - certain University employees	Cost-Sharing Multiple Employer Defined Benefit Plan
University of Oklahoma Defined Contribution Retirement Plan (DCP)	Single Employer Defined Contribution Plan
Optional Retirement Plan (ORP)	Single Employer Defined Contribution Plan

Oklahoma Teachers' Retirement System

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

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

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Those who become members on or after November 1, 2017 will require seven years of service to vest. Members who joined OTRS prior to July 1, 1992 are eligible to retire with an unreduced benefit at age 62 or when their age and years of creditable service total 80. Members who joined OTRS July 1, 1992 or after, and before November 1, 2011 may retire with an unreduced benefit at age 62 or when their age and years of creditable service total 90. Members who joined on or after November 1, 2011 may retire with an unreduced benefit at age 65, or when the member's age is at least 60 and age and years of creditable service total at least 90. A reduced annuity is available at the minimum age of 60. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

Note 12 - Retirement Plans - Continued

- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40 or $25, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.

- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, OTRS will pay $5 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7% of their annual compensation. The University's contribution rate is 8.55% for the years ended June 30, 2019 and 2018. In addition, the University is required to contribute 2.5% as a result of the adoption of the ORP for certain employees that have elected not to participate in OTRS due to a one-time irrevocable election provision which became effective July 1, 2004. There is also a federal match required on all compensation paid from federal funds, which had a contribution rate of 7.8% for 2019 and 7.8% for 2018. The University's contributions to OTRS in 2019 and 2018, which include the 8.55% regular employer contribution, the 2.5% ORP contribution, and the federal match, were $22,106 and $21,991, respectively, equal to the required contributions each year. In addition, the State of Oklahoma contributed 5% of State revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University's statement of revenues, expenses and changes in net position as both revenues and compensation and benefits expense in 2019 and 2018 were $14,481 and $12,946, respectively. These on-behalf payments do not meet the definition of a special funding situation.

Note 12 - Retirement Plans - Continued

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2019 and 2018, the University reported a liability of $277,494 and $312,042, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions of OTRS for all participating employers for the years ended June 30, 2018 and 2017. Based upon this information, the University's proportion was 4.55% and 4.64% as of June 30, 2018 and 2017, respectively.

For the years ended June 30, 2019 and 2018, the University recognized pension expense of $21,455 and $28,692, respectively. At June 30, 2019 and 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred Outflows of Resources		
Changes of assumptions	$ 25,788	$ 36,471
Change in proportion	12,973	18,817
Net difference between projected and actual investment earnings on pension plan investments	-	4,368
University contributions subsequent to the measurement date	22,106	21,991
Total	$ 60,867	$ 81,647
Deferred Inflows of Resources		
Differences between expected and actual experience	$ 19,015	$ 20,982
Changes of assumptions	14,090	18,372
Change in proportion	11,296	8,374
Net difference between projected and actual investment earnings on pension plan investments	4,782	-
Total	$ 49,183	$ 47,728

Note 12 - Retirement Plans - Continued

The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. The average expected service life of the Plan equals 5.38 and 5.59 years at June 30, 2018 and 2017, respectively, as of the valuation date

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Deferred Outflows of Resources	Deferred Inflows of Resources
$ 10,637	$ (10,133)
10,637	(10,133)
6,079	(9,991)
4,793	(9,057)
4,793	(7,530)
1,822	(2,339)
$ 38,761	$ (49,183)

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined based on an actuarial valuation prepared as of June 30, 2018 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases - Composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement- Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members - RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

Note 12 - Retirement Plans - Continued

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

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases - Composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement- Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members - RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

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

Note 12 - Retirement Plans - Continued

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2018 and June 30, 2017, are summarized in the following table:

Asset Class	Target Asset Allocation	2018 Long-Term Expected Real Rate of Return	2017 Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%	7.5%
International Large Cap Equity	19.0%	8.5%	8.5%
Core Plus Fixed Income	23.5%	2.5%	2.5%
Real Estate *	9.0%	4.5%	4.5%
Alternative Assets	10.0%	6.1%	6.1%
	100.0%		

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

Discount Rate: The discount rate used to measure the total pension liability at June 30, 2018 and 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5% of sales, use and individual income taxes, as established by statute. Based on these assumptions, OTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

June 30, 2019	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
University's net pension liability	$ 393,703	$ 277,494	$ 180,208

June 30, 2018	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
University's net pension liability	$ 442,173	$ 312,042	$ 214,764

Note 12 - Retirement Plans - Continued

Oklahoma Law Enforcement Retirement System

Certain University employees are members of the OLERS. The University has recorded the following amounts at June 30, 2019 and June 30, 2018, related to these employee's participation in OLERS:

	2019	2018
Net Pension Liability	$ 1,618	$ 1,707
Deferred outflows related to pensions	1,189	1,391
Deferred inflows related to pensions	659	722
Pension expense	407	473

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

Defined Contribution Plans

The University offers two 401(a) defined contribution plans which are administered by Fidelity Investments Inc., the DCP and the ORP. All contributions to these plans are made by the University and directed by the plan participants to a variety of different fund options and companies within the plans. Employees do not contribute to these plans. All new employees eligible for either of the plans must complete a 12-month waiting period before receiving contributions from the University. There is a three year vesting period for both plans.

Participation: Eligible salaried employees hired prior to July 1, 2004 are automatically enrolled in OTRS, which includes participation in the DCP. Eligible salaried employees hired on or after July 1, 2004 have the option to elect either OTRS, which includes participation in the DCP, or the ORP within the first 30 days of employment. This is a one-time irrevocable election. If an employee does not make an election, the employee defaults into OTRS and will also participate in the DCP. Eligible hourly employees are automatically enrolled in the DCP but can elect to participate in OTRS at any time.

Contributions: Contributions to the DCP are based on the hire date of the plan participants. For participants hired prior to July 1, 1995, and enrolled in OTRS, the rate is 15% of regular salary, supplemental salary and wages paid during the plan year in excess of $9. For participants hired on or after July 1, 1995, and enrolled in OTRS, the University's contribution rate is 8% of regular salary, supplemental salary and wages paid during the plan year in excess of $9. The University's contributions to the DCP for the years ended June 30, 2019 and 2018 were $13,625 and $14,019 respectively. The authority for contributing to this plan is contained in the following policy document, "University of Oklahoma Defined Contribution Retirement Plan," amended and restated November 1, 2011.

Note 12 - Retirement Plans - Continued

The University's contribution rate for the ORP and hourly DCP participants is 9% of regular salary, supplemental salary and wages paid for the plan year. The University's contributions to the ORP for the years ended June 30, 2019 and 2018 were $8,736 and $8,378, respectively. The authority for contributing to this plan is contained in the following policy document, "University of Oklahoma Optional Retirement Plan," amended and restated November 1, 2011.

Special Retirement Plans

The University provides additional defined benefit and defined contribution plans for certain key employees. Contributions and benefits are determined based on individual agreements for each employee. The University has recorded the following amounts at June 30, 2019 and June 30, 2018, related to these plans:

	2019	2018
Defined Benefit Plans:		
Net pension liability (asset)	$ (141)	$ (261)
Pension expense	120	(104)
Defined Contribution Plans:		
Pension liability	6,176	4,943
Pension expense	1,494	348

Because the University's participation in these plans is not material to the University's financial statements, additional information and disclosures are not included in these financial statements.

Note 13 - Other Postemployment Benefits (OPEB)

Plan Description

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

Benefits Provided: Employees eligible for retirement that have been enrolled in the University's medical insurance plan for five years immediately prior to retirement are eligible to participate in the group medical insurance plan as a retiree. Premiums are subsidized for employees hired prior to January 1, 2008 as described below. Employees hired on or after January 1, 2008 may participate in the retiree medical plan at the group rates at the retiree's own expense. Retirees may also elect the University's medical coverage for eligible dependents at their own expense. Retirees will be allowed a one-time opportunity to opt-out of the University's retiree medical plan coverage if the individual is enrolled in other coverage. The retiree may return to the University's plan if medical coverage is maintained during the opt-out period. After retirees become eligible for Medicare primary coverage, the University's insurance continues in a secondary role.

There are currently two eligible groups for subsidized retiree medical benefits.

- Group 1—Employees that were eligible for retirement on or before December 31, 2015. The University provides a 100% premium subsidy for retirees in this group.

- Group 2—Employees that were eligible for retirement on or after January 1, 2016. The University will subsidize premiums for retirees in this group as follows:

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

Employees eligible for retirement that have been enrolled in the University's dental insurance plan for five years immediately prior to retirement are eligible to participate in a group dental plan as a retiree. Dental premiums will be fully subsidized by the University for employees hired prior to January 1, 2008. Retirees may also elect the University's dental coverage for eligible dependents at their own expense.

On June 30, 2019, there were 1,701 active employees eligible for subsidized benefits and 1,903 were retired and participated in the University's retiree insurance. On June 30, 2018, there were 1,825 active employees eligible for subsidized benefits and 1,876 were retired and participated in the University's retiree insurance plan. All active employees who are eligible for subsidized benefits are assumed to elect coverage at retirement and are included in the calculation of the total OPEB liability. Active employees without subsidized benefits, who are required to pay the full cost of coverage, are not included in the calculation of the total OPEB liability

Note 13 - Other Postemployment Benefits (OPEB) - Continued

Contributions: The University's plan is funded on a pay-as-you-go cash basis. The funding policy may be amended by the Regents of the University of Oklahoma. For the years ended June 30, 2019 and 2018, the University made benefit payments in the amount of $6,654 and $6,795, respectively, for current retirees.

Total OPEB Liability

The University's total OPEB liability of $277,747 and $270,950 was measured as of June 30, 2019 and 2018, respectively, and was determined by an actuarial valuation as of that date.

	2019	2018
Balance as of beginning of year	$ 270,950	$ 277,117
Changes for the year:		
Service cost	2,870	3,592
Interest	10,469	9,929
Changes in assumptions or other inputs	23,204	(6,806)
Differences between expected and actual experience	(23,092)	(6,087)
Contributions and payments made	(6,654)	(6,795)
Net changes	6,797	(6,167)
Balance as of end of year	$ 277,747	$ 270,950

Changes in assumptions or other inputs reflects a change in the discount rate from 3.87% in 2018 to 3.51% in 2019. Changes in assumptions or other inputs reflects a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

Actuarial methods and assumptions:

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 3.87% as of July 1, 2018 and 3.51% as of June 30, 2019.
- Payroll Growth: Composed of general wage inflation of 3.25% (includes 2.5% inflation assumption and 0.75% real wage inflation), plus a service related component ranging from 0.00% to 8.00% based on years of service.
- Inflation Rate: 2.50% per year
- Cost Method: Entry Age Normal
- Experience Study: Completed for fiscal year ending June 30, 2015 with data through January 1, 2015
- Mortality: RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.
- Health Care Trend Rates: 8.5% for 2019, decreasing annually to an ultimate rate of 4.5% for 2026 and later years.
- Retiree Contributions: Assumed to increase according to health care trend rates.

Note 13 - Other Postemployment Benefits (OPEB) - Continued

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

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

- Discount Rate: 3.58% as of July 1, 2017 and 3.87% as of June 30, 2018.
- Payroll Growth: Composed of general wage inflation of 3.25% (includes 2.5% inflation assumption and 0.75% real wage inflation), plus a service related component ranging from 0.00% to 8.00% based on years of service.
- Inflation Rate: 2.50% per year
- Cost Method: Entry Age Normal
- Experience Study: Completed for fiscal year ending June 30, 2015 with data through January 1, 2015
- Mortality: RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.
- Health Care Trend Rates: 8.5% for 2019, decreasing annually to an ultimate rate of 4.5% for 2026 and later years.
- Retiree Contributions: Assumed to increase according to health care trend rates

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following table presents the total OPEB liability of the University calculated using the healthcare cost trend rate of 8.0%, decreasing to an ultimate rate of 4.5%, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 3.5%) or 1 percentage point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7.00% Decreasing to 3.50%)	Current Health Care Cost Trend Rates (8.00% Decreasing to 4.50%)	1% Increase (9.00% Decreasing to 5.50%)
June 30, 2019			
Total OPEB liability	$ 235,489	$ 277,747	$ 330,700

	1% Decrease (7.50% Decreasing to 3.50%)	Current Health Care Cost Trend Rates (8.50% Decreasing to 4.50%)	1% Increase (9.50% Decreasing to 5.50%)
June 30, 2018			
Total OPEB liability	$ 229,703	$ 270,950	$ 322,654

Note 13 - Other Postemployment Benefits (OPEB) - Continued

The following table presents the total OPEB liability of the University calculated using the discount rate of 3.51%, as well as what the University's approximate total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
June 30, 2019			
Total OPEB liability	$ 327,093	$ 277,747	$ 238,657

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
June 30, 2018			
Total OPEB liability	$ 319,041	$ 270,950	$ 232,847

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2019 and 2018, the University recognized OPEB expense of $10,138 and $10,297, respectively. At June 30, 2019 and 2018, the University reported deferred inflows of resources related to OPEB from the following sources:

	2019	2018
Deferred Outflows of Resources		
Changes of assumptions	$ 18,563	$ -
Total	$ 18,563	$ -
Deferred Inflows of Resources		
Differences between expected and actual experience	$ (21,517)	$ (4,565)
Changes of assumptions	(3,402)	(5,104)
Total	$ (24,919)	$ (9,669)

Amounts reported as the deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense over the average expected remaining service life of the plan as follows:

Note 13 - Other Postemployment Benefits (OPEB) - Continued

Years ending June 30:	
2020	$ (3,201)
2021	(3,198)
2022	23
2023	20
2024	-
Thereafter	-
	$ (6,356)

The average expected remaining service life of the plan is determined by taking the calculated total future service years of the plan divided by the number of people in the plan including retirees. The average expected remaining service life of the plan equals 5.0 and 4.0 years at June 30, 2019 and 2018, respectively.

Teachers Retirement System of Oklahoma

There is a closed group of retirees who are enrolled in the Employee Group Insurance Division (EGID) plans. The University pays the premiums for these retirees. The liability (asset) for these retirees is included in the OTRS valuation. The University has recorded the following amounts related to these retirees' participation in the OTRS:

	2019	2018
Net OPEB asset	$ (2,941)	$ (2,070)
Deferred outflows related to OPEB	2,038	310
Deferred inflows related to OPEB	137	1,691
OPEB expense (expense offset)	(221)	(77)

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

Note 14 - The University of Oklahoma Foundation, Inc.

The Foundation is an Oklahoma not-for-profit organization organized to receive and administer gifts for the benefit of the University, including the Health Sciences Center. The Foundation expended on behalf of the Norman Campus and Health Sciences Center approximately $137,086 (unaudited) in 2019 and $206,126 (audited) in 2018 for facilities and equipment, salary supplements, general university educational assistance, and student scholarships. Of these expenditures, approximately $87,140 in 2019 and $150,472 in 2018 are reflected in the Norman Campus financial statements as revenue. 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.

The University's investments are also held by the Foundation (Note 2).

Note 15 - Risk Management

Due to the diverse risk exposure of the University, the insurance portfolio contains a comprehensive variety of coverage. Oklahoma Statutes require participation of all State agencies in basic general liability, tort claim coverage, directors and officers liability, and property and casualty programs provided by the Office of Management and Enterprise Services Division of Capital Assets Management Risk Management Department (OMES Risk Management). 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 OMES Risk Management. 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 OMES Risk Management. To complement coverage provided by State Statute, additional coverage is purchased based on specific departmental and institutional needs and risks, but the related risks are not considered material to the University as a whole.
- The aircraft claims filed as of June 30, 2019 and 2018 were $0 and $28, respectively. Aircraft are insured by AIG as provided through the Office of Management and Enterprise Services - State Risk Management's broker, Marsh.

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

Note 15 - Risk Management - Continued

Self-Funded Programs
The University is self-funded for unemployment compensation, workers' compensation, employee health and dental care, and student health care. These programs are all administered by a third party and the estimated liabilities for incurred but not reported claims recorded on the University's financial statements are based on annual actuarial valuations.

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.

Workers' compensation benefits 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 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.

Employee health insurance premiums for non-HMO employee health coverage are collected and recorded in a self-insurance fund at the University. The claims and administrative expenses are paid as incurred directly from this fund. The University records the cash balance of the fund in its financial statements. As of June 30, 2019 and 2018, the cash balance for the plan was $12,653 and $9,083, respectively.

Student health insurance premiums are paid by students and by OU (OU only pays for premiums for Graduate Assistants and Teaching Assistants). These premiums are deposited with the University. Claims and administrative expenses are paid as incurred directly from these funds to Blue Cross Blue Shield (BCBS) for claims and to Academic HealthPlans (AHP) for Admin Fees and Stop Loss.

Changes in the claims liability for the University from July 1, 2017 to June 30, 2019 are as follows:

	Unemployment	Workers' Compensations	Healthcare	Total
Claims liability and related payables, June 30, 2017	$ 302	$ 2,433	$ 4,458	$ 6,891
Claims incurred and changes in estimates	249	1,544	53,129	54,673
Claims paid	(267)	(2,029)	(51,935)	(53,964)
Claims liability and related payables, June 30, 2018	284	1,948	5,652	7,600
Claims incurred and changes in estimates	253	1,487	49,261	50,748
Claims paid	(259)	(1,814)	(50,036)	(51,850)
Claims liability and related payables, June 30, 2019	$ 278	$ 1,621	$ 4,877	$ 6,498

Note 16 - Commitments and Contingencies

At June 30, 2019 and 2018, the University had outstanding commitments under construction contracts totaling $8,396 and $29,122, 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 and investigation by agents of the funding authority, the purpose of which may include ensuring or reviewing compliance with conditions precedent to providing such funds. The University is currently under investigation regarding allegations of improper grant charges. The cumulative impact of any finding necessitating reimbursement of funds to the federal government cannot be determined at this time. Management believes that the liability, if any, for any reimbursement that may arise as the result of such audits or investigations would not be material.

Note 17 - Restatement and Reclassifications

Reclassifications: Certain reclassifications have been made to the 2018 financial statements to conform with the 2019 financial statement presentation. Such reclassifications have had no effect on changes in net position as previously reported.

Restatement: For the year ending June 30, 2019, the University identified misstatements in accrued leave balances within the 2018 financial statements. The University restated its previously issued financial statements to appropriately reflect the accrued leave balance as of June 30, 2018 and 2017. The University also restated the previously issued financial statements to appropriately reflect the reporting of special retirement plans.

Restatement of prior year beginning net position:

Net position at July 1, 2017 as previously reported	$	371,268
Correction of compensated absences liability		3,899
Correction of supplemental retirement plans		595
Net position at July 1, 2017 as restated	$	375,762

Note 17 - Restatement and Reclassifications - Continued

The following is a summary of the effects of the restatement and reclassifications on the University's June 30, 2018 Statement of Net Position:

	As Previously Reported debit/ (credit)	Adjustment	As Restated debit/ (credit)
Cash and cash equivalents, current	$ 101,451	$ 16,754	$ 118,205
Restricted cash and cash equivalents, current	89,109	(38,836)	50,273
Total current assets	266,162	(22,082)	244,080
Restricted cash and cash equivalents, noncurrent	16,108	22,082	38,190
Other long-term investments	58,788	(6,010)	52,778
Net other postemployment benefits asset	2,070	261	2,331
Total noncurrent assets	2,015,880	16,333	2,032,213
Total assets	2,282,042	(5,749)	2,276,293
Accrued compensated absences, current	(31,269)	3,583	(27,686)
Total current liabilities	(221,351)	3,583	(217,768)
Retirement plan liability	(11,392)	6,449	(4,943)
Accrued compensated absences, net of current portion	(5,518)	632	(4,886)
Total liabilities	(1,862,195)	10,664	(1,851,531)
Unrestricted net position	557,642	(4,915)	552,727
Net Position	(429,652)	(4,915)	(434,567)

The following is a summary of the effects of the restatement and reclassifications on the University's June 30, 2018 Statement of Revenues, Expenses and Changes in Net Position:

	As Previously Reported debit/ (credit)	Adjustment	As Restated debit/ (credit)
Federal grants and contracts, operating	$ (80,625)	$ (3,785)	$ (84,410)
State grants and contracts, operating	(12,195)	(32,920)	(45,115)
Private grants and contracts, operating	(23,234)	(3,539)	(26,773)
Total operating revenues	(680,440)	(40,244)	(720,684)
Compensation and benefits	535,410	(800)	534,610
Other expense	108,219	(1,349)	106,870
Total operating expenses	977,080	(2,149)	974,931
Operating loss	(296,640)	42,393	(254,247)
Federal grants and contracts, nonoperating	(29,206)	3,785	(25,421)
State grants and contracts, nonoperating	(47,983)	32,920	(15,063)
Private grants and contracts, nonoperating	(3,539)	3,539	-
Private gifts	(110,622)	4,417	(106,205)
Investment income	(8,080)	(1,712)	(9,792)
Endowment Income	(6,010)	(2,326)	(8,336)
Net nonoperating revenues	(289,407)	40,623	(248,784)
(Gain) loss before other revenues, expenses, gains or losses	7,233	(1,770)	5,463
(Gain) loss on sale of fixed assets	(996)	1,349	353
Change in net position	(58,384)	(421)	(58,805)
Net position, Beginning of Year	(371,268)	(4,494)	(375,762)
Net position at end of year	(429,652)	(4,915)	(434,567)

Note 17 - Restatement and Reclassifications - Continued

The following is a summary of the effects of the restatement and reclassifications on the University's June 30, 2018 Statement of Cash Flows.

	As Previously Reported	Adjustment	As Restated
Federal grants and contracts, operating	$ 71,684	$ 3,785	$ 75,469
State grants and contracts, operating	12,566	32,920	45,486
Private grants and contracts, operating	21,696	3,539	25,235
Net cash flows used in operating activities	(205,402)	40,244	(165,158)
Federal grants and contracts, nonoperating	29,206	(3,785)	25,421
State grants and contracts, nonoperating	47,983	(32,920)	15,063
Private grants and contracts, nonoperating	3,539	(3,539)	-
Endowment income	6,394	2,326	8,720
Private gifts	110,634	(4,417)	106,217
Net cash flows provided by noncapital financing activities	309,768	(42,335)	267,433
Investment income	5,130	2,091	7,221
Net cash flows provided by (used in) investing activities	(20,313)	2,091	(18,222)
Operating loss	(296,640)	42,393	(254,247)
Gain (loss) on disposal of capital assets	1,349	(1,349)	-
Compensated absences	1,369	(800)	569
Net cash used in operating activities	(205,402)	40,244	(165,158)
Cash and cash equivalents, current	101,451	16,754	118,205
Restricted cash and cash equivalents, current	89,109	(38,836)	50,273
Restricted cash and cash equivalents, noncurrent	16,108	22,082	38,190

Required Supplementary Information
June 30, 2019 and 2018

The University of Oklahoma - Norman Campus

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

	2019	2018
Total OPEB liability		
Service cost	$ 2,870	$ 3,592
Interest	10,469	9,929
Changes of benefit terms	-	-
Differences between expected and actual experience	23,204	(6,087)
Changes of assumptions or other inputs	(23,092)	(6,806)
Benefit payments	(6,654)	(6,795)
Net change in total OPEB liability	6,797	(6,167)
Total OPEB liability—beginning	270,950	277,117
Total OPEB liability—ending	$ 277,747	$ 270,950
Covered payroll	331,244	338,110
Total OPEB liability as a percentage of covered payroll	83.8%	80.1%

Notes to schedule:

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

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

2019	3.51%
2018	3.87%

* 10-year data is not yet available.

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

	2019	2018
Total OPEB expense (offset)	$ (221)	$ (77)
	-	
Change in deferred outflows of resources	6	
Change in deferred inflows of resources		
inputs	(347)	(1,691)
OPEB employer contributions	(309)	(302)
Net change in total		
OPEB liability (asset)	(871)	(2,070)
Total OPEB liability (asset)—beginning	(2,070)	-
Total OPEB liability (asset)—ending	$ (2,941)	$ (2,070)
Covered payroll	208,910	212,561
Total OPEB liability (asset) as a percentage		
of covered payroll	-1.4%	-1.0%

Notes to schedule:

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

2019	7.50%
2018	7.50%

* 10-year data is not yet available.

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

Year	Proportion of Net Pension Liability (NPL)	Share of Net Pension Liability (a)	Covered Payroll (b)	NPL as a % of Covered Payroll	Plan Net Position as a % of Total NPL
2018	4.55%	$ 277,494	$ 212,561	130.55%	72.74%
2017	4.64%	312,042	208,855	149.41%	69.32%
2016	4.76%	409,362	215,864	189.64%	62.24%
2015	4.81%	302,466	213,329	141.78%	70.31%
2014	4.27%	243,235	207,859	117.02%	72.43%

Notes to schedule:

* 10-year data is not yet available.

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

Year	Required Contributions (a)	Actual Contributions (b)	Difference in Required and Actual Contributions (a)-(b)	Covered Payroll	Contributions as a % of Covered Payroll
2019	$ 22,106	$ 22,106	$ -	$ 208,910	10.58%
2018	21,992	21,992	-	212,561	10.35%
2017	21,834	21,834	-	208,855	10.45%
2016	22,926	22,926	-	215,864	10.62%
2015	22,451	22,451	-	213,329	10.52%

Reports Required by *Government Auditing Standards* and Uniform Guidance
June 30, 2019

The University of Oklahoma - Norman Campus

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CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The University of Oklahoma - Norman Campus (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 17, 2019. Our report includes an emphasis of matter paragraph describing the acknowledgement that the University is an organizational unit of the Regents and these financial statements reflect only the assets, liabilities, and revenues and expenses of the University and not the Regents as a whole.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The University's Response to Findings

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

Purpose of this Report

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

Ende Bailly LLP

Oklahoma City, Oklahoma
October 17, 2019

EideBailly

CPAs & BUSINESS ADVISORS

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

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

Report on Compliance for Each Major Federal Program

We have audited The University of Oklahoma - Norman Campus's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The University of Oklahoma - Norman Campus's major federal programs for the year ended June 30, 2019. The University of Oklahoma - Norman Campus's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of The University of Oklahoma - Norman Campus's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The University of Oklahoma - Norman Campus's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program
In our opinion, The University of Oklahoma - Norman Campus (the University) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004, and 2019-005 that we consider to be significant deficiencies.

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

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

Ende Bailly LLP

Oklahoma City, Oklahoma
October 17, 2019

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS		TOTAL CASH BASIS EXPENDITURES
RESEARCH AND DEVELOPMENT PROGRAMS					
Department of Agriculture - Direct					
Agricultural Research Service	10.001		$ -		$ 87,162
National Institute of Food and Agriculture	10.310		173,160		675,626
			173,160		762,788
Department of Agriculture - Pass Through					
Oklahoma State University	10.001	2561400OU2			100,917
Kansas State University	10.310	S15197		177,155	
New Mexico State University	10.310	Q01998		17,167	
Subtotal					194,322
Oklahoma State University	10.320	2560690OU1		(32)	
Oklahoma State University	10.320	2568930OU1	20,000	145,544	
Subtotal					145,513
			20,000		440,752
Department of Agriculture - Total			**193,160**		**1,203,540**
Department of Commerce - Direct					
National Oceanic and Atmospheric Administration	11.431		267,926		641,695
National Oceanic and Atmospheric Administration	11.432		3,044,505		20,362,589
National Center for Atmospheric Research	11.459			7,632	
National Oceanic and Atmospheric Administration	11.459			2,975,095	
Subtotal	11.459				2,982,727
National Oceanic and Atmospheric Administration	11.468				583,263
			3,312,431		24,570,274
Department of Commerce - Pass Through					
University of Wisconsin	11.459	797K834			17,603
Colorado State University	11.619	G007453			134,795
			-		152,398
Department of Commerce - Total			**3,312,431**		**24,722,672**
Department of Defense - Direct					
Army	12.300			69,374	
Navy	12.300		30,783	51,514	
Office of Naval Research	12.300		47,476	2,586,837	
Subtotal	12.300				2,707,725
Defense Threat Reduction Agency	12.351				571,473
Army	12.431			36,643	
Army Research Office	12.431			171,644	
Subtotal	12.431				208,287
Army	12.630				27,059
Air Force	12.800			58,322	
Air Force Office of Scientific Research	12.800			149,641	
Subtotal	12.800				207,963
Advanced Research Projects Agency	12.910		61,634		206,754
			139,893		3,929,261
Department of Defense - Pass Through					
University of Tennessee	12.300	A160447S001			93,468
University of North Carolina Chapel Hill	12.351	5113071			9,411
Binghamton University	12.431	79697			218,467
Texas A&M University	12.910	M1901609			106,302
			-		427,648
Department of Defense - Total			**139,893**		**4,356,909**
Department of Interior - Direct					
Bureau of Indian Affairs	15.156				40,223
Bureau of Land Management	15.224				10,166
Bureau of Reclamation	15.560				39,813
Geological Survey	15.807				50,172
Geological Survey	15.808				21,919
Geological Survey	15.810				57,562
Geological Survey	15.820		742,581		1,368,141
			742,581		1,587,996

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Department of Justice - Pass Through					
Tulsa Family Safety Center	16.582	FY17ORA227			45,362
OK Department of Corrections	16.601	FY18ORA49			6,470
			-		**51,832**
Department of Justice - Total			-		**490,703**
Department of Transportation - Direct					
Federal Aviation Administration	20.109				114,321
Office of Assistant Secretary for Research and Technology	20.701		647,910		892,099
			647,910		1,006,420
Department of Transportation - Pass Through					
OK Department of Transportation	20.106	2161			57,979
OK Department of Transportation	20.200	1308		50,395	
OK Department of Transportation	20.200	1915		150,148	
OK Department of Transportation	20.200	2160	12,338	19,123	
OK Department of Transportation	20.200	21601801		13,563	
OK Department of Transportation	20.200	21601802		24,981	
OK Department of Transportation	20.200	21601803		15,495	
OK Department of Transportation	20.200	21601804		53,167	
OK Department of Transportation	20.200	2262		97,759	
OK Department of Transportation	20.200	2276		91,085	
OK Department of Transportation	20.200	2280	3,294	58,428	
OK Department of Transportation	20.200	2282		101,609	
OK Department of Transportation	20.200	2284		58,241	
OK Department of Transportation	20.200	2301		40,347	
OK Department of Transportation	20.200	2303		92,651	
OK Department of Transportation	20.200	2307		32,079	
OK Department of Transportation	20.200	2308	7,242	53,450	
OK Department of Transportation	20.200	SPR1916		188,684	
OK Department of Transportation	20.200	SPR21601805		60,138	
OK Department of Transportation	20.200	SPR2160B	140,359	318,866	
Oklahoma State University	20.200	156323601		10,366	
Oklahoma State University	20.200	AA55947501		170	
Purdue University	20.200	17078157		27,127	
Subtotal	20.200				1,557,872
OK Department of Transportation	20.205	3459058888	230,074	579,561	
OK Department of Transportation	20.205	FFY2017	13,264	5,050	
Subtotal	20.205				584,611
OK Department of Transportation	20.509	FTA5311TP18350	82,500	260,226	
OK Department of Transportation	20.509	FTA5311TP18372	165,000	449,336	
Subtotal	20.509				709,562
Oklahoma Highway Safety Office	20.616	M3DA18060115		30,682	
Oklahoma Highway Safety Office	20.616	M3DA18060212		55,658	
Oklahoma Highway Safety Office	20.616	M3DA18060302		10,842	
Oklahoma Highway Safety Office	20.616	M3DA19060303		19,782	
Oklahoma Highway Safety Office	20.616	OHSOFFY2019OU00163		52,717	
Oklahoma Highway Safety Office	20.616	OHSOFFY2019OU00171		101,683	
Subtotal	20.616				271,364
Florida International University	20.701	80000734901UG		64,566	
Missouri University of Science and Technology	20.701	0004213405		(821)	
Subtotal	20.701				63,745
			654,071		3,245,133
Department of Transportation - Total			**1,301,981**		**4,251,553**
National Aeronautics and Space Administration - Direct					
Langley Research Center	43.001			62,280	
Shared Services Center	43.001		72,383	2,186,003	
Subtotal	43.001				2,248,283
Shared Services Center	43.008		303,128		498,221
			375,511		2,746,504

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
National Aeronautics and Space Administration - Pass Through					
Jet Propulsion Laboratory	43.001	1594880		9,029	
Jet Propulsion Laboratory	43.001	1604823		26,008	
Jet Propulsion Laboratory	43.001	1607125		7,175	
Kansas State University	43.001	S17105		42,671	
Pennsylvania State University	43.001	5477UONASAB50G		4,510	
Smithsonian Astrophysical Observatory	43.001	AR718007X		2,472	
Smithsonian Astrophysical Observatory	43.001	GO718102B		12,973	
South Dakota State University	43.001	3TB509		1,509	
Space Telescope Science Institute	43.001	HSTAR15035001A		1,710	
Space Telescope Science Institute	43.001	HSTGO14058001A		618	
Space Telescope Science Institute	43.001	HSTGO14082002A		9,814	
Space Telescope Science Institute	43.001	HSTGO14693001A		12,456	
Space Telescope Science Institute	43.001	HSTGO14736001A		4,055	
Space Telescope Science Institute	43.001	HSTGO15141005A		2,977	
Space Telescope Science Institute	43.001	HSTGO15314002A		11,034	
Space Telescope Science Institute	43.001	HSTGO15437004A		33,886	
Subtotal					182,897
Oklahoma State University	43.008	1573309OU		162,810	
University of Tulsa	43.008	142120532494802		6,332	
Subtotal					169,142
			-		352,039
National Aeronautics and Space Administration - Total			**375,511**		**3,098,543**
National Endowment for the Humanities - Direct					
National Endowment for the Humanities	45.149				8,729
National Endowment for the Humanities	45.160				50,400
			-		59,129
National Endowment for the Humanities - Pass Through					
Oklahoma Humanities Council	45.129	Y18.106			1,622
			-		1,622
National Endowment for the Humanities - Total			**-**		**60,751**
Institute of Museum and Library Services - Pass Through					
Norman Public Schools	45.312	1800488800		38,944	
Norman Public Schools	45.312	SRA-FY17-ORA2-32		30,382	
Subtotal	45.312				69,326
			-		69,326
Institute of Museum and Library Services - Total			**-**		**69,326**
National Science Foundation - Direct					
National Science Foundation	47.041		396,904		1,862,066
National Science Foundation	47.049		35,349		1,764,839
National Science Foundation	47.050		157,924		3,063,996
National Science Foundation	47.070				533,535
National Science Foundation	47.074		24,206		1,864,109
National Science Foundation	47.075				328,970
National Science Foundation	47.076		589,513		1,757,345
National Science Foundation	47.079				174,508
			1,203,896		11,349,368
National Science Foundation - Pass Through					
Azumuth1, LLC	47.041	FY18ORA222			
University of Delaware	47.041	33792		37,519	
XPEED Turbine Technology, LLC	47.041	FY17ORA544		58,134	
Wright State University	47.041	P0054473		35,243	
Subtotal	47.041				130,896
National Radio Astronomy Observatory	47.049	SOSPA5011		13,493	
University of Texas at Arlington	47.049	126510013061		69,397	
Subtotal	47.049				82,890
University of California at Santa Cruz	47.050	A180296S001P0668738		1,348	
University of Southern California	47.050	104714819		15,000	
Subtotal					16,348
Southern Nazarene University	47.070	FY17ORA512			
University of Illinois at Urbana-Champaign	47.070	02001616461		6,333	
University of Illinois at Urbana-Champaign	47.070	08384216121		75,717	

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Subtotal	47.070				82,050
Michigan State University	47.074	RC107432B		41,979	
Tulane University	47.074	TULHSC4321213		1,286	
University of California, Davis	47.074	201503777001		94,090	
University of California, Los Angeles	47.074	2301GTB266		86,650	
Yale University	47.074	GR103378		4,795	
University of Georgia	47.074	RC3712514353838		4,906	
Subtotal	47.074				233,706
University of South Florida	47.075	2104125800A		25,999	
University of Texas Dallas	47.075	1503120		29,626	
Subtotal	47.075				55,625
American Educational Research Association	47.076	LTR060118		20,041	
Oklahoma State University	47.076	AGR011019		9,048	
Oklahoma State University	47.076	AGR110317		16,384	
Oklahoma State University	47.076	1569178		440,466	
Oklahoma State University	47.076	AA556595OU		104,070	
Subtotal	47.076				590,009
Oklahoma State University	47.079	1560686OU		379,685	
University of Rhode Island	47.079	4978113015		382,822	
Subtotal	47.079				762,507
Oklahoma State University	47.083	EPSCOR201318		136,718	
Oklahoma State University	47.083	EPSCOR201319		429,829	
Oklahoma State University	47.083	EPSCOR201320		6,782	
Oklahoma State University	47.083	EPSCOR201415		226	
South Dakota School of Mines and Technology	47.083	SDSMTUOK1805		479,155	
University of Connecticut	47.083	115706		7,328	
Subtotal	47.083				1,060,038
			-		3,014,069
National Science Foundation - Total			**1,203,896**		**14,363,437**
Environmental Protection Agency - Direct					
Environmental Protection Agency	66.509		61		50,776
Environmental Protection Agency	66.516				3,339
			61		54,115
Environmental Protection Agency - Total			**61**		**54,115**
Department of Energy - Direct					
US Department of Energy - Chicago	81.049		375,824		2,052,861
US Department of Energy - Golden	81.087				20,514
US Department of Energy - Idaho	81.121		173,422		283,524
US Department of Energy Advanced Research Projects	81.135				27,277
			549,246		2,384,176
Department of Energy - Pass Through					
Univ of California, Berkley	81.003	6847566			718,817
Helios Remote Sensing Systems	81.049	FY18ORA138		44,822	
University Corporation for Atmospheric Research	81.049	P0004585		81,039	
Univ of California, Berkley	81.049	00009014		444,436	
Univ of California, Berkley	81.049	00009292		221,807	
University of Texas, Austin	81.049	UTA15001188		148,095	
Subtotal	81.049				940,199
University of Louisiana at Lafayette	81.089	33013502		100,014	
University of Texas, Austin	81.089	UTA18000014		15,350	
Subtotal	81.089				115,364
			-		1,774,380
Department of Energy - Total			**549,246**		**4,158,556**
Department of Education - Direct					
US Department of Education	84.324		196,004		380,747
US Department of Education	84.326				32,784
US Department of Education	84.334		223,122		4,768,382
			419,126		5,181,913
Department of Education - Pass Through					
Indiana University & Purdue University at Indianapolis	84.004	1939993			15,406
			-		15,406
Department of Education - Total			**419,126**		**5,197,319**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES	
Department of Health and Human Services - Direct					
National Institutes of Health	93.077		13,976		105,582
National Institutes of Health	93.113		1,496		47,496
National Institutes of Health	93.172		663,851		1,227,516
National Institutes of Health	93.173				262,360
National Institutes of Health	93.286				452,350
National Cancer Institute	93.394		8,050	42,627	
National Institutes of Health	93.394		499,286	970,795	
Subtotal	93.394				1,013,422
National Institutes of Health	93.395				43,612
National Institutes of Health	93.397		137,732		280,190
National Institutes of Health	93.855		462,996		3,036,173
National Institutes of Health	93.856				102,950
National Institutes of Health	93.859		864,507		3,480,518
National Institutes of Health	93.867		15,271		213,091
			2,667,165		10,265,260
Department of Health and Human Services - Pass Through					
Georgetown University	93.077	412981GR412964UO			141,209
University of Kansas Medical Center	93.121	ZAA00000			9,771
Health Sciences Center	93.273	RS2013194309			17,252
University of Texas Health Science Ctr	93.395	159236/153201		1,653	
University of Texas Health Science Ctr	93.395	162576162378		68,410	
University of Texas Health Science Ctr	93.395	164261164260		207,856	
Subtotal	93.395				277,919
University of Texas Health Science Ctr	93.396	163561163560			147,916
Health Sciences Center	93.397	RM2017177605		7,085	
Health Sciences Center	93.397	RM2017177602		20,643	
Health Sciences Center	93.397	RM2017177603		30,380	
Health Sciences Center	93.397	RM2017177604		27,048	
Health Sciences Center	93.397	RM2017177607		57,567	
Health Sciences Center	93.397	RM2017177611		293	
Health Sciences Center	93.397	RM2017177612		15,500	
Subtotal	93.397				158,516
Nanofiber Solutions	93.838	FY18ORA142			48,825
Memorial Sloan Kettering Cancer Center	93.855	BD523881		512,100	
Colorado State University	93.855	G641112		86,146	
University of Central Florida	93.855	22206079		45,107	
University of Central Florida	93.855	22206100-01		43,825	
Subtotal	93.855				687,178
Laureate Institute for Brain Research	93.859	FY18ORA545		23,897	
Health Sciences Center	93.859	RM2013049462		2,635	
Health Sciences Center	93.859	RM2013049463		753	
Health Sciences Center	93.859	RM2016225705		4,167	
Health Sciences Center	93.859	RM2018047608		169,559	
Health Sciences Center	93.859	RM2018047617		17,547	
Oklahoma State University	93.859	5-553999		9,212	
Indiana University & Purdue University at Indianapolis	93.859	IN4698014OK		63,298	
University of Arkansas	93.859	SA1701154		83,133	
Subtotal	93.859				374,201
Oklahoma State University	93.865	1568327OU		106,943	
Georgetown University	93.865	AWD7773426-GR205992		284,528	
Subtotal	93.865				391,471
Health Sciences Center	93.866	RS2014089203		1,390	
University of Southern Mississippi	93.866	USM800613003		13,871	
Subtotal	93.866				15,261
			-		2,269,519
Department of Health and Human Services - Total			**2,667,165**		**12,534,779**
TOTAL RESEARCH AND DEVELOPMENT PROGRAMS **			**10,905,051**		**76,780,747**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
OTHER PROGRAMS				
Department of Agriculture - Pass Through				
Cherokee Nation of Oklahoma	10.557	PO159387		285
			-	285
Department of Agriculture - Total			**-**	**285**
Department of Commerce - Direct				
Economic Development Administration	11.303			11,905
National Oceanic and Atmospheric Administration	11.432			185,620
			-	197,525
Department of Commerce - Total			**-**	**197,525**
Department of Defense - Direct				
Army Research Office	12.431			28,690
Dept of Defense, Defense Intelligence Agency	12.598			438,501
			-	467,191
Department of Defense - Pass Through				
Institute of International Education	12.550	0054OU6ARA280PO1	187,014	
Institute of International Education	12.550	0054OU6SSA280PO4	7,000	
Subtotal	12.550			194,014
			-	194,014
Department of Defense - Total			**-**	**661,205**
Department of Interior - Direct				
Bureau of Indian Affairs	15.029			76,110
Bureau of Reclamation	15.511			32,833
Fish and Wildlife	15.669			4,538
Geological Survey	15.814			8,916
Geological Survey	15.820		8,255	70,061
National Park Service	15.922			58,493
			8,255	250,951
Department of Interior - Total			**8,255**	**250,951**
Department of State - Direct				
Department of State	19.415			544,794
			-	544,794
Department of State - Total			**-**	**544,794**
Department of Transportation - Direct				
Federal Aviation Administration	20.106			257,607
Federal Aviation Administration	20.109			317,453
Federal Transit Administration - Federal Transit Cluster	20.507			3,115,420
			-	3,690,480
Department of Transportation - Pass Through				
OK Department of Transportation	20.106	2161		103,813
			-	103,813
Department of Transportation - Total			**-**	**3,794,293**
National Aeronautics and Space Administration - Direct				
Shared Services Center	43.008		641,962	802,658
			641,962	802,658
National Aeronautics and Space Administration - Pass Through				
Langston University	43.008	LU5-58015-3		646
			-	646
National Aeronautics and Space Administration - Total			**641,962**	**803,304**
National Endowment for the Arts - Direct				
National Endowment for the Arts	45.024			19,780
National Endowment for the Humanities - Total			**-**	**19,780**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Institute of Museum and Library Services - Direct				
			-	-
Institute of Museum and Library Services - Pass Through				
University of Wisconsin	45.312	787K124		49,531
Virginia Tech University	45.312	54524719C86		20,506
Subtotal	45.312			70,037
			-	70,037
Institute of Museum and Library Services - Total			**-**	**70,037**
Small Business Administration - Direct				
Small Business Administration	59.058			119,951
Small Business Administration - Total			**-**	**119,951**
Department of Energy - Direct				
Department of Energy - Morgantown	81.089			8,847
Department of Energy - Total			**-**	**8,847**
Department of Education - Direct				
STUDENT FINANCIAL ASSISTANCE CLUSTER				
Pell	84.063		914,692	25,235,257
SEOG	84.007		50,000	1,006,527
TEACH	84.379			461,639
College Work-Study	84.033			2,917,159
Job Location and Development Program	84.033			75,000
Subtotal	84.033			2,992,159
Federal Perkins Loan Program	84.038			13,046,934
Federal Direct Student Loans	84.268			134,497,345
TOTAL STUDENT FINANCIAL ASSISTANCE			964,692	177,239,861
TRIO CLUSTER				
Department of Education - TRIO	84.042			
Department of Education - TRIO	84.047			296,141
Department of Education - TRIO	84.217			232,456
TOTAL TRIO			-	528,597
US Department of Education	84.283			3,153,349
US Department of Education	84.325			507,877
US Department of Education	84.326			90,117
			-	3,751,343
Department of Education - Pass Through				
OK Department of Education	84.206	2659017146		27,745
National Writing Project Corporation	84.367	92OK02SEED2018C3WPPD		35,534
OK State Regents for Higher Education	84.367	201718ESEA		(147)
OK State Regents for Higher Education	84.367	ESEA		20,521
Subtotal	84.367			55,908
National Writing Project Corporation	84.411	92OK022017I3AI		(52)
			-	83,601
Department of Education - Total			**964,692**	**181,603,402**
Department of Health and Human Services - Direct				
Substance Abuse and Mental Health Services Administration	93.243			341,548
Substance Abuse and Mental Health Services Administration	93.276			116,275
			-	457,823
Department of Health and Human Services - Pass Through				
Health Sciences Center	93.110	TM20161339-03		9,992
ACT Missouri	93.243	AGR012819		95,251
OK Department of Mental Health	93.243	AGR091118		24,410
OK Department of Mental Health	93.243	PO4529049840		136,281
Subtotal	93.243			255,942
OK Department of Mental Health	93.959	PO4529050213		155,153
OK Department of Mental Health	93.997	PO4529059210		7,728
			-	428,815
Department of Health and Human Services - Total			**-**	**886,638**

	FEDERAL CFDA	Pass-THRU IDENTIFYING NUMBER	AMOUNT PROVIDED TO SUBRECIPIENTS	TOTAL CASH BASIS EXPENDITURES
Social Security Administration - Direct				
Social Security Administration	96.008			265,014
			-	265,014
Social Security Administration - Total			-	265,014
TOTAL OTHER PROGRAMS			1,614,909	189,226,026
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 12,519,960	$ 266,006,773

**Denotes Research and Development Cluster major program.

Note 1 - Basis of Presentation and Significant Accounting Policies

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of The University of Oklahoma Norman Campus (the "University") for the year ended June 30, 2019, which have been financed by the Government.

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

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

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

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

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

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

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

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

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

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

Note 2 - Federal Direct Student Loan Program

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

Note 3 - Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University. The beginning balance of loans outstanding (as of July 1, 2018) plus disbursements made to students during the year ended June 30, 2019, has been included as federal expenditures in the schedule. As of June 30, 2019, the ending balance of the loans receivable under the Federal Perkins Loan Program was approximately $13.1 million.

Section I – Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No
Federal Awards	
Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Section 516:	No
Name of Federal Program or Cluster	CFDA number
Student Financial Aid Cluster	84.268, 84.007, 84.038, 84.063, 84.003, & 84.379
Research and Development Cluster	*
Federal Transit Cluster	20.507
Dollar threshold used to distinguish between Type A and Type B programs	$ 3,000,000
Auditee qualified as low-risk auditee	No

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

Section II – Financial Statement Findings

2019-001 **Financial Reporting**
Material Weakness in Internal Control over Financial Reporting

Criteria: A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements by internal personnel of the entity. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair and timely presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: During the course of the FY19 audit procedures, it appears that the University's internal control system was not designed to accurately present certain financial statement items.

Matters noted throughout the audit include:

- Accrued compensated absences inappropriately included certain fringe amounts that would not be paid out upon termination; thus, should not be accrued. This was identified by management prior to the start of the FY19 audit procedures.
- Certain supplemental retirement plans were not properly adjusted for assets held in a qualified trust and/or for the actuarially determined liabilities.
- Other operating revenues/sources required reclassifications to other revenue accounts due to internal eliminations and reclassifications that had not been adjusted prior to the audit procedures.
- Controls over cash reconciliation processes were not operating effectively to ensure such amounts were properly stated. It should be noted that this matter was detected near year-end by management and significant efforts were placed into process to correct the matter prior to the end of the audit procedures. However, there were some smaller reconciling items that could not be supported.

It should be noted that many of the items above were identified and addressed by management prior to the start of the audit procedures in September 2019. There has been a significant effort by the University to ensure consistency for the campuses that fall under the scope of the University of Oklahoma Board of Regents. So, while the impact results in significant adjustments by management, it should be recognized as improvements in internal controls at the University.

Cause: IT systems in place at the University appear to create excessive internal reconciliation burden on the accounting personnel.

Additionally, much of the corrections in the current year relate to efforts to present consistent financial statements for the Regents' campuses.

Effect: The University's historical financial statements were restated for misstatements related to accrued compensated absences and for supplemental retirement plans by increasing the net position by $4.5 million as of July 1, 2017.

Further, during the course of the audit, we identified certain amounts in FY19 that were classified as other revenues that required reclassifications in the amount of $10 million.

Recommendation:

We recommend a control process be put in place to properly reconcile and present year-end amounts in order to be presented in accordance with GAAP in all material respects.

Views of Responsible Officials:

Management agrees with the finding. We will continue to scrutinize accounting practices and methods to ensure that deviations from GAAP are recognized and corrected in a timely manner.

Section III – Federal Award Findings and Questioned Costs

2019-002 **Direct Program from U.S. Department of Education**
Student Financial Aid Cluster (CFDA #'s 84.268, 84.038, 84.379, 84.063, 84.033, 84.007)
Special Tests: Enrollment Reporting
Significant Deficiency in Internal Control over Compliance

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

Condition: In our student testing, there were students that had a change in enrollment status (i.e. withdrawal, graduation, reduction from fulltime to part-time). We identified instances where status changes per the institution's records did not agree to the Department of Education's National Student Loan Data System (NSLDS) final records. These withdrawal dates were initially reported correctly and timely but a different effective date was reported to NSLDS in the months subsequent to the original reporting.

Questioned Costs: None reported.

Cause: Internal controls do not appear to be in place to accurately report to NSLDS.

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

Repeat finding From Prior Year:

Yes, 2018-002, 2017-003, 2016-002, 2015-001

Context: Out of the 150 sample of enrollment status changes, 3 withdrawal status changes had inaccurate status change dates that did not agree with NSLDS. In all three cases, the withdrawal was originally reported correctly and timely. However, subsequent to the original reporting, updated dates were reported to NSLDS. As a result, NSLDS did not have the correct date as of our testwork. Non-statistical sampling was used.

Recommendation:

We recommend that management update their control processes to ensure that the proper status date changes are being reported to NSLDS and not subsequently changed to inaccurate dates.

Views of Responsible Officials:

Management has started corrective actions to address these issues for Fall 2019 submission of files.

2019-003 Direct Program from U.S. Department of Education
Student Financial Aid Cluster (CFDA #'s 84.268, 84.038, 84.379, 84.063, 84.033, 84.007)
Eligibility – Disbursement of Funds
Significant Deficiency in Internal Control over Compliance

Criteria: The Federal Pell Grant program provides grants to students enrolled in eligible undergraduate programs and certain eligible post-baccalaureate teacher certificate programs and is intended to provide a foundation of financial aid. The program is administered by the Department of Education and postsecondary educational institutions.

Maximum and minimum Pell grant awards are established by statute.

Condition: In our student testing, there were students that received inaccurate Pell amounts. These include:

- An instance where a student did not receive the entitled Spring Pell disbursement.
- An instance where a student did not receive the full amount entitled by $1.
- Two instances where students were overawarded by $1.

Questioned Costs:	None reported.
Cause:	Internal controls do not appear to be in place to accurately calculate and disburse Pell Grant awards.
Effect:	Inadequate controls over calculating and disbursing Pell Grant awards will likely result in inaccurate Pell Grant disbursements.
Repeat finding From Prior Year:	No
Context:	Out of the 93 students tested that received student financial aid disbursements, 4 students received inaccurate Pell Grant disbursements. Non-statistical sampling was used.
Recommendation:	We recommend that management update their control processes to ensure that the Pell Grant awards are properly calculated and disbursed.
Views of Responsible Officials:	Management has started corrective actions to address these issues for Fall 2019 submission of files.

2019-004 **Direct Program from U.S. Department of Transportation**
Federal Transit Cluster (CFDA # 20.507)
Allowable Costs – Personnel Costs – Time and Effort
Significant Deficiency in Internal Control over Compliance

Criteria: 2 Code of Federal Regulations (CFR) Section 200.430 states that there must be support for distribution of the employee's salary or wages amount specific activities or cost objectives.

Section 200.430 states that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Section 200.430 also states that budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Condition:	In our testing of payroll expenses, we noted that an employee of the University splits time between this program and other activities. The amounts are budgeted but not reconciled to actual time spent on the program. As such, it appears that there are no controls over the allocation of actual payroll costs to the program.
Cause:	There is a lack of control for the distribution of employees' salary for the Federal Transit Cluster program.
Effect:	Time spent on the federal program cannot be supported.
Questioned Costs:	None reported.
Repeat finding From Prior Year:	No
Context:	No time and effort controls have been in place for this federal program. Further, we noted that payroll costs were split between the program and other activities of the University for one employee.
Recommendation:	We recommend that management implement a control to ensure that actual time spent on the program is allocated to any federal programs within the Department.
Views of Responsible Officials:	Management agrees with the finding. We will comply with the recommended corrective measures for any future federal awards.

2019-005 **Direct Program from U.S. Department of Transportation**
Federal Transit Cluster (CFDA # 20.507)
Allowable Costs – Indirect Cost
Significant Deficiency in Internal Control over Compliance

Criteria: Indirect costs are those costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity (2 CFR section 200.56).

The grant documents for the Federal Transit Cluster program specifically state that there are no indirect costs rates under the program. This was also confirmed with the federal agency representative.

Condition: In our testing of allowable costs, we noted that an indirect cost had been charged to the program. The Department claims 50% of the total costs.

Questioned Costs: None reported.

Repeat finding From Prior Year: No

Context: Out of our sample of 60 nonpayroll expenses selected, we noted four charges to university overhead (indirect cost) that were not allowed under the grant agreement. Non-statistical sampling was used.

Recommendation: We recommend that management ensure that unallowable expenses are not claimed for any federal programs within the Department.

Views of Responsible Officials: Management agrees with the finding. We will comply with the recommended corrective measures for any future federal awards.