



FINANCIAL STATEMENTS
WITH REPORTS OF INDEPENDENT AUDITORS



AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**CAMERON UNIVERSITY
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Regents of University of Oklahoma
Cameron University
Norman, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities and aggregate discretely presented component unit of Cameron University (the University) an organizational unit of the Board of Regents of the University of Oklahoma (the Regents), which is a component unit of the state of Oklahoma, as of June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University's aggregate discretely presented component unit, Cameron University Foundation (the Foundation), as described in Note 1 of the financial statements. The Foundation's financial statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were audited by other auditors and were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 13 to the financial statements, certain misstatements resulting in understatement of amounts previously reported on the statement of net position, statement of revenues, expenses, and changes in net position as of and for the year ended June 30, 2019, were discovered by management of the University during the current year. Accordingly, an adjustment has been made to net position as of June 30, 2019, to correct the misstatement. Our opinion is not modified with respect to that matter.

Emphasis of Matters

As discussed in Note 1, the financial statements of the University's reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University and Foundation. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2020, the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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 on 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.

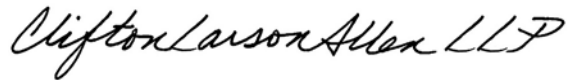
Management has omitted the required schedules of changes in the Total Pension Liability and related ratios for Supplementary Plan 1 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, 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

Board of Regents of University of Oklahoma
Cameron University

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri
October 20, 2020

**CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019**

This section of Cameron University's (the University) financial statements presents management's discussion and analysis of the University's financial performance during the year ended June 30, 2020. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the University's basic financial statements and footnotes. The overview of the financial statements and financial analysis is presented for fiscal year 2020, with fiscal year 2019 data presented for comparative purposes.

Financial Analysis of the University as a Whole

The basic financial statements of the University are the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows. The statement of net position presents the financial position of the University at June 30, 2020. The statement of revenues, expenses, and changes in net position summarizes the University's financial activity for the year ended June 30, 2020. The statement of cash flows, presented using the direct method, reflects the effects on cash that result from the University's operating activities, investing activities, and capital and noncapital financing activities for the year ended June 30, 2020.

The following schedules are prepared from the University's basic financial statements. With the exception of the statement of cash flows, the statements are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented in categories, namely assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The assets are classified between current and noncurrent assets. Current assets include cash and cash equivalents, short-term investments, accounts receivable, and other assets. Noncurrent assets include cash, cash equivalents, and investments that are restricted for long-term purposes, such as investment in capital assets, or have scheduled maturities exceeding one year. Noncurrent assets also include receivables restricted for investment in capital assets as well as capital assets. Capital assets include land, buildings and improvements, infrastructure, equipment, library materials, and construction in progress. Capital assets, with the exception of land and construction in progress, are shown net of depreciation.

Deferred outflows of resources are consumptions of net assets that are applicable to a future period. It includes costs associated with pensions. Deferred inflows of resources are acquisitions of net assets that are applicable to a future period. It includes credits associated with debt restructure and pensions.

Liabilities are also classified between current and noncurrent. Current liabilities include accounts payable, accrued expenses, unearned revenue, and the portion of noncurrent liabilities expected to be paid in the upcoming fiscal year. These liabilities represent obligations due within one year. Noncurrent liabilities include the portion of accrued compensated absences, capital lease obligation, and net pension obligation expected to be paid in fiscal year 2021 or thereafter.

At June 30, 2020, the University had approximately \$17.6 million in outstanding bonds and capital leases. Additional information related to the University's long-term debt is presented in Note 5 to the financial statements.

Total net position increased to \$23.6 million in fiscal year 2020 from \$20.7 million in fiscal year 2019.

**CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019**

Financial Analysis of the University as a Whole (Continued)

Following is a comparison of the summarized financial position, net position, and capital assets of the University at June 30:

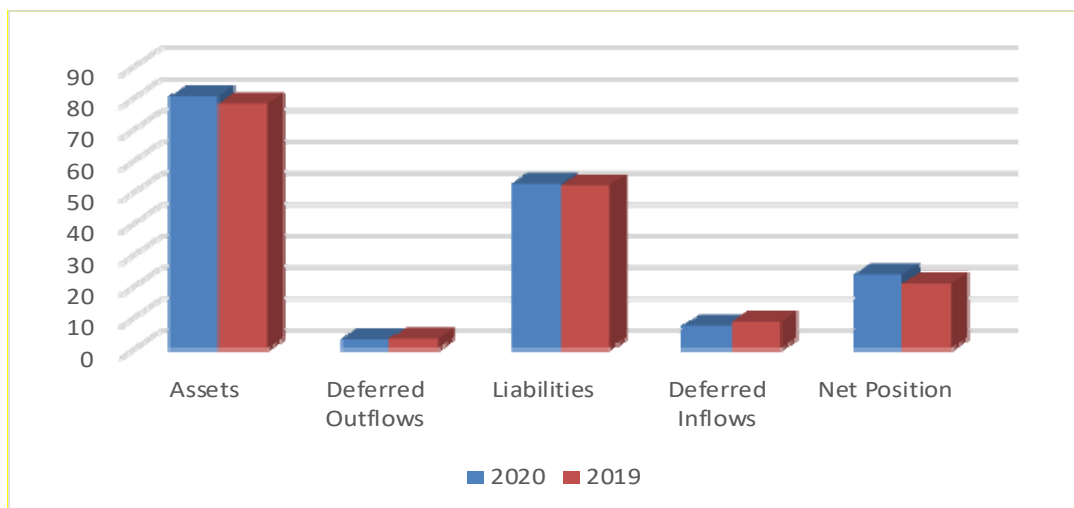
Condensed Statements of Net Position

	2020 <i>(in Millions)</i>	2019 <i>(in Millions)</i>
ASSETS		
Current Assets	\$ 16.7	\$ 16.1
Noncurrent Assets:		
Capital Assets, Net of Depreciation	56.7	57.9
Other	7.0	4.0
Total Assets	<u>80.4</u>	<u>78.0</u>
DEFERRED OUTFLOWS OF RESOURCES	3.0	3.2
LIABILITIES		
Current Liabilities	4.5	4.7
Noncurrent Liabilities	48.0	47.3
Total Liabilities	<u>52.5</u>	<u>52.0</u>
DEFERRED INFLOWS OF RESOURCES	<u>7.3</u>	<u>8.5</u>
NET POSITION		
Net Investment in Capital Assets	37.6	40.7
Restricted - Expendable	7.7	4.3
Restricted - Nonexpendable	0.1	0.1
Unrestricted	(21.8)	(24.4)
Total Net Position	<u>\$ 23.6</u>	<u>\$ 20.7</u>

CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019

Financial Analysis of the University as a Whole (Continued)

Analysis of Net Position (in Millions)



	2020 <i>(in Millions)</i>	2019 <i>(in Millions)</i>
CAPITAL ASSETS, NET		
Land	\$ 0.5	\$ 0.5
Buildings and Improvements	103.5	102.9
Infrastructure	9.6	9.6
Equipment	15.1	14.3
Library Materials	11.1	11.0
Construction in Progress	1.2	0.2
Total Capital Assets	<u>141.0</u>	<u>138.5</u>
Less: Accumulated Depreciation	<u>(84.3)</u>	<u>(80.6)</u>
Net Capital Assets	<u>\$ 56.7</u>	<u>\$ 57.9</u>

In 2020, the University added \$2.7 million in assets due to the costs associated with various construction projects and acquisitions of equipment and library materials. The University disposed of approximately \$.2 million in partially depreciated equipment.

CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019

Financial Analysis of the University as a Whole (Continued)

Statement of Revenues, Expenses, and Changes in Net Position

This statement reflects the effect of operating and nonoperating activities on net position. The statement is classified between operating and nonoperating revenues and expenses.

Following is a comparison of revenues, expenses, and other changes in net position for the years ended June 30:

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	2020 <i>(In Millions)</i>	2019 <i>(In Millions)</i>
OPERATING REVENUES		
Tuition and Fees, Net	\$ 16.7	\$ 17.9
Grants and Contracts	2.4	2.6
Sales and Services	0.7	0.7
Auxiliary Enterprises	4.7	4.0
Other	0.4	0.2
Total Operating Revenues	24.9	25.4
Less: Operating Expenses	55.4	55.4
Operating Loss	(30.5)	(30.0)
NONOPERATING REVENUES		
State Appropriations	16.8	16.5
Federal and State Grants	13.1	11.8
Onbehalf Payments	1.7	1.9
Endowment Income	0.2	0.2
Investment Income	0.1	0.1
Private Donations	0.9	0.4
Capital Appropriations	1.1	1.2
Total Nonoperating Revenues	33.9	32.1
Less: Nonoperating Expenses	0.5	0.5
Net Nonoperating Revenue	33.4	31.6
CHANGE IN NET POSITION	2.9	1.6
Net Position - Beginning of Year	20.7	19.1
NET POSITION - END OF YEAR	<u>\$ 23.6</u>	<u>\$ 20.7</u>

**CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019**

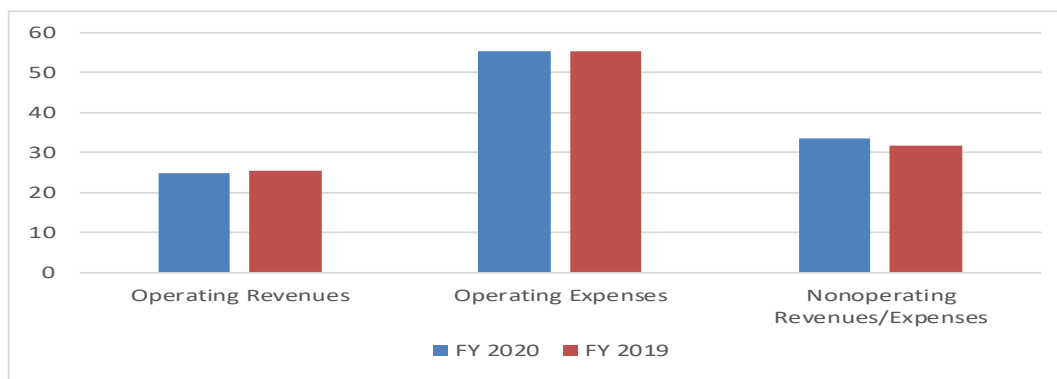
Financial Analysis of the University as a Whole (Continued)

Operating revenues includes tuition and fees net of scholarship discounts and allowances, grants and contracts, sales and services, auxiliary enterprises, and other. These revenues decreased by \$.5 million in 2020. Tuition and fees revenue decreased by \$1.2 million from 2019 to 2020. Grants and contracts had a decrease of \$.2 million in 2020. Auxiliary enterprises and other revenue had a combined increase of \$.9 million.

The majority of nonoperating revenues are made up of state appropriations and Pell grant revenues. There was a slight increase of \$.3 million in state appropriations in fiscal year 2020 as compared to fiscal year 2019.

The University's operating expenses are classified by natural classification, including employee compensation, scholarships, contractual services, etc. In fiscal year 2020, operating expenses remained the same. A decrease in contractual services, supplies and materials, and other operating expenses occurred and an increase in compensation and scholarships and fellowships occurred. Contractual services decreased due to eliminating a contract service benefiting enrollment while supplies and materials and other expenses decreased due to reduced purchasing and travel due to the impacts of COVID-19. Compensation increased due to a salary plan implemented in fiscal year 2020. Scholarships and fellowships increased due to grants issued to students from the Higher Education Relief Fund of the CARES Act.

Analysis of Revenues and Expenses (in Millions)



	2020 (In Millions)	2019 (In Millions)
OPERATING EXPENSES		
Compensation	\$ 29.6	\$ 29.3
Contractual Services	5.5	5.7
Supplies and Materials	3.4	4.0
Depreciation	3.9	3.8
Utilities	1.5	1.6
Communications	0.2	0.3
Scholarships and Fellowships	9.5	8.6
Other Operating Expenses	1.8	2.1
Total Operating Expenses	\$ 55.4	\$ 55.4

CAMERON UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020 AND 2019

Financial Analysis of the University as a Whole (Continued)

Statement of Cash Flows

This statement is used to determine the University's ability to meet its obligations and to determine if external financing is needed. It is presented using the direct method with four major classifications: operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Following is a comparison of cash flows for the years ended June 30:

	2020 <i>(In Millions)</i>	2019 <i>(In Millions)</i>
CASH PROVIDED (USED) BY		
Operating Activities	\$ (27.4)	\$ (26.9)
Noncapital Financing Activities	30.0	28.4
Capital and Related Financing Activities	0.9	(1.6)
Investing Activities	0.1	0.1
Net Change in Cash	3.6	-
Cash - Beginning of Year	14.5	14.5
CASH - END OF YEAR	<u><u>\$ 18.1</u></u>	<u><u>\$ 14.5</u></u>

Foundation

Cameron University Foundation, Inc. (the Foundation), is a legally separate, Oklahoma nonprofit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The most recent financial statements of the Foundation are included under the heading "Foundation."

Economic Outlook

The Oklahoma economy was impacted significantly in the last quarter of fiscal year 2020 due to the impact of COVID-19 that resulted in a decreased state appropriation to the University for fiscal year 2021. The decreasing population in southwest Oklahoma and COVID-19 have affected the Fall 2020 enrollment. With the uncertainty of how the coronavirus will affect University operations and future enrollment, management continues to look for cost saving measures and is monitoring expenditures to ensure resources are used in the most effective and efficient manner. The University remains fully committed to increasing and improving student success and student learning inside and outside the classroom while continuing to be an engaged partner with common education, business, industry, civic and government organizations.

**CAMERON UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2020**

	University June 30, 2020	Foundation June 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,357,261	\$ 225,845
Accrued Interest Receivable	12,077	77,647
Accounts Receivable, Net	1,745,302	354
Receivables from OSRHE	934,992	-
Prepaid Expenses and Other Assets	2,663,778	-
Total Current Assets	<u>16,713,410</u>	<u>303,846</u>
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	6,721,373	-
Investments	-	27,546,917
Prepaid Bond Insurance Costs	164	-
Other Assets	256,212	208,435
Capital Assets, Net	56,714,425	238,000
Total Noncurrent Assets	<u>63,692,174</u>	<u>27,993,352</u>
Total Assets	80,405,584	28,297,198
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	<u>2,967,823</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 83,373,407</u></u>	<u><u>\$ 28,297,198</u></u>

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

	University June 30, 2020	Foundation June 30, 2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 428,336	\$ 40,940
Accrued Payroll	1,019,227	-
Unearned Revenues	1,171,802	-
Notes Payable	-	132,394
Deposits Held in Custody for Others	133,555	-
Current Portion of Noncurrent Liabilities	1,703,391	-
Total Current Liabilities	<u>4,456,311</u>	<u>173,334</u>
NONCURRENT LIABILITIES, NET OF CURRENT PORTION		
Accrued Compensated Absences	492,624	-
Capital Lease Payable, Net of Premium	17,882,317	-
Net Pension Liability	29,645,757	-
Total Noncurrent Liabilities	<u>48,020,698</u>	<u>-</u>
Total Liabilities	52,477,009	173,334
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pensions	7,128,926	-
Deferred Credit on OCIA Lease Restructure	211,454	-
Total Deferred Inflows of Resources	<u>7,340,380</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	59,817,389	173,334
NET POSITION		
Net Investment in Capital Assets	37,589,233	-
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	66,000	12,506,565
Expendable:		
Educational Programs	1,056,714	9,256,111
Capital Projects	6,647,567	-
Other	35,678	-
Unrestricted	(21,839,174)	6,361,188
Total Net Position	<u>\$ 23,556,018</u>	<u>\$ 28,123,864</u>

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	University Year Ended June 30, 2020	Foundation Year Ended June 30, 2020
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$8,420,717	\$ 16,713,876	\$ -
Federal Grants and Contracts	1,688,982	-
State Grants and Contracts	124,067	-
Nongovernmental Grants and Contracts	563,879	-
Sales and Services of Educational Departments	647,712	-
Auxiliary Enterprises	4,732,063	-
Gifts and Contributions	-	947,133
Other Operating Revenues	397,785	97,282
Total Operating Revenues	<u>24,868,364</u>	<u>1,044,415</u>
OPERATING EXPENSES		
Compensation and Benefits	29,572,980	-
Contractual Services	5,488,208	-
Supplies and Materials	3,430,343	-
Depreciation	3,870,277	-
Utilities	1,521,600	-
Communications	207,654	-
Scholarships and Fellowships	9,558,891	432,768
Other Operating Expenses	1,786,949	1,648,882
Total Operating Expenses	<u>55,436,902</u>	<u>2,081,650</u>
OPERATING INCOME (LOSS)	(30,568,538)	(1,037,235)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	16,830,662	-
Federal and State Grants	13,139,055	-
OTRS On-Behalf Contributions	1,427,814	-
Oklahoma State Regents for Higher Education Endowment Income	232,824	-
Investment Income	120,857	954,340
Net Depreciation on Investments	-	(869,827)
Interest Expense	(532,383)	-
Other Nonoperating Expense	(93,383)	-
Net Nonoperating Revenues	<u>31,125,446</u>	<u>84,513</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)	556,908	(952,722)
OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)		
On-Behalf State Appropriations Restricted for Debt Service	280,450	-
Private Donations Restricted for Capital Purposes	869,875	-
State Appropriations Restricted for Capital Purposes	1,105,262	-
Total Other Revenues, Expenses, or Gains (Losses)	<u>2,255,587</u>	<u>-</u>
CHANGE IN NET POSITION	2,812,495	(952,722)
Net Position (As Restated) - Beginning of year	<u>20,743,523</u>	<u>29,076,586</u>
NET POSITION - END OF YEAR	<u>\$ 23,556,018</u>	<u>\$ 28,123,864</u>

See accompanying Notes to Financial Statements.

**CAMERON UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 16,650,023
Grants and Contracts	2,635,953
Payments to Employees	(30,043,224)
Payments to Vendors	(12,719,717)
Payments for Scholarships and Fellowships	(9,558,891)
Sales and Services of Educational Departments	518,668
Auxiliary Enterprises	4,689,280
Other Operating Receipts	398,061
Net Cash Used by Operating Activities	<u>(27,429,847)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	16,830,662
Federal and State Grants	13,139,055
Direct Loans Received	11,749,232
Direct Loans Disbursed	(11,749,232)
Agency Transactions	9,421
Net Cash Provided by Noncapital Financing Activities	<u>29,979,138</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Appropriations	1,105,262
Private Donations Restricted for Capital Purposes	869,875
Payments on Bonds and Lease Payable	(710,300)
Proceeds from Capital Lease Obligations	3,078,494
Interest Paid on Capital Debt and Leases	(749,700)
Purchases of Capital Assets	(2,724,751)
Net Cash Provided by Related Financing Activities	<u>868,880</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	<u>117,234</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

3,535,405

Cash and Cash Equivalents - Beginning of Year

14,543,229

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 18,078,634

**CAMERON UNIVERSITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (30,568,538)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	3,870,277
OTRS On-Behalf Contributions	1,427,814
Changes in Assets and Liabilities:	
Accounts Receivable	(142,994)
Prepaid Expenses and Other Assets	148,400
Deferred Outflows for Pensions	278,056
Accounts Payable and Accrued Expenses	(213,282)
Net Pension Liability	(1,136,523)
Unearned Revenues	(2,521)
Deferred Inflows for Pensions	(1,090,536)
Net Cash Used by Operating Activities	<u><u>\$ (27,429,847)</u></u>

NONCASH CAPITAL AND RELATED FINANCING ITEMS

Principal and Interest Paid by Other State Agencies	<u><u>\$ 280,450</u></u>
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**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENTS OF NET POSITION**

Current Assets:	
Current Cash and Cash Equivalents	\$ 11,357,261
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>6,721,373</u>
Total Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	<u><u>\$ 18,078,634</u></u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cameron University (the University) is a regional 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.

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

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

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

Cameron University Foundation

Cameron University Foundation, Inc. (the Foundation), is a legally separate, Oklahoma nonprofit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The Foundation reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, standalone financial statements that may be obtained by contacting the Foundation's management. Financial statements for the Foundation can be obtained by calling the Foundation at 580-581-2999.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 significant intra-agency transactions have been eliminated.

Cash Equivalents

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

Investments

The University accounts for its investments at fair market value based on quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the state of Oklahoma. 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.

Restricted Cash and Investments

Cash and investments that are externally restricted for debt service payments, maintain sinking or reserve funds, long-term student loans, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition or valued at the acquisition value at the date of donation in the case of gifts. The University's capitalization policy is all items with a unit cost of \$5,000 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.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The University capitalizes interest as a component of capital assets constructed for its own use. There was no capitalized interest in 2020.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 25 years for infrastructure and land improvements, and 7 years for library materials and equipment, or the duration of the lease term for capital leases.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued expenses in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) federal loans liability; (3) amounts for accrued compensated absences; (4) net pension liability; and other liabilities that will not be paid within the next fiscal year. Bond discounts and premiums are amortized over the life of the bonds using the straight-line method, which is not significantly different from the effective interest method. Bond issuance costs are expensed as incurred regardless of whether they are included in bond proceeds.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Oklahoma Teacher's Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, OTRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. 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 – Expendable

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

Restricted Net Position – Nonexpendable

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

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position

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

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and of auxiliary enterprises, and (3) certain federal, state, and nongovernmental grants and contracts that relate specifically to revenues used for student financial assistance.

Nonoperating Revenues

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 grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and 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 discount and allowance.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the University that is applicable to a future reporting period. At June 30, 2020, the University's deferred outflows of resources were comprised of deferred outflows related to pensions and other postemployment benefits.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the University that is applicable to a future reporting period. At June 30, 2020, the University's deferred inflows of resources were comprised of credits realized on an OCIA lease restructure, deferred inflows related to pensions, and deferred inflows related to other postemployment benefits.

Income Taxes

As a state institution of higher education the income of the University is generally exempt from federal income taxes under Section 115(1) of the Internal Revenue Code (IRC), as amended. However, the University may be subject to income taxes on unrelated business income under IRC Section 511(a)(2)(B). Such amounts have historically been insignificant.

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.

Subsequent Events

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 20, 2020, the date the financial statements were available to be issued.

New Accounting Pronouncements Issued Not Yet Adopted

GASB has also issued new accounting pronouncements which will be effective for the University in future fiscal 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. This pronouncement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting. The University has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 90, Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61. This pronouncement will improve financial reporting by providing users of the financial statements with essential information related to the presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component unities if the government acquires a 100% equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The University has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Issued Not Yet Adopted (Continued)

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

Risks and Uncertainties

During the year ended June 30, 2020, the United States of America and state of Oklahoma declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. Specific to the University, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the University is taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The University's deposit policy for custodial credit risk is described as follows:

Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations. The University's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine, in the state's name.

The University requires that balances on deposit with financial institutions, including trustees related to the University's bond indenture and capital lease agreements, be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations, in the University's name.

At June 30, 2020, the carrying amounts of the University's deposits were \$18,078,634. This amount consisted of deposits with the State Treasurer (\$15,065,560), with BOK Financial (\$3,000,000) and petty cash and change funds (\$13,074) at June 30, 2020.

Some deposits with the State Treasurer are placed in the State Treasurer'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 State Treasurer; (e) collateralized certificates of deposits; (f) commercial paper; (g) obligations of state and local governments; and (h) State of Israel bonds.

Of funds on deposit with the State Treasurer, amounts invested in *OK INVEST* total \$6,729,990 at June 30, 2020.

For financial reporting purposes, deposits with the State Treasurer that are invested in *OK INVEST* are classified as cash equivalents.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

At June 30, 2020, the distributions of deposits in *OK INVEST* are as follows:

<u>OK INVEST Portfolio</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Agency Securities	\$ 1,560,046	\$ 1,580,330
Certificates of Deposit	99,325	99,324
Money Market Mutual Funds	351,090	351,090
Mortgage-Backed Agency Securities	2,500,637	2,611,862
Municipal Bonds	8,628	8,922
Foreign Bonds	69,936	69,881
U.S. Treasury Obligations	2,140,328	2,193,920
Total	<u>\$ 6,729,990</u>	<u>\$ 6,915,329</u>

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 State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the state and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the State Treasurer's website at <http://www.treasurer.state.ok.us/>.

The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity as well as in U.S. Government securities with a maturity of up to ten years. *OK INVEST* maintains an overall weighted average maturity of no more than four years.

Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. Government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations.

Liquidity risk is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. Government will not provide financial support to U.S. Government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the state, the FDIC or any other government agency.

Investments

At June 30, 2020, the University had the following investments:

Investment	Cost	Fair Value
OK Invest Internal Investment Pool (Classified as Cash Equivalents in the Statement of Net Position)	\$ 6,729,990	\$ 6,915,329
Total	<u>\$ 6,729,990</u>	<u>\$ 6,915,329</u>

Interest Rate Risk

The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

All United States government obligations are held by the Federal Reserve Bank in the name of the University. 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 Board of Regents has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the United States Government and its agencies, certificates of deposit, and demand deposits. The board has authorized endowment and similar funds to be invested in direct obligations of the United States Government and its agencies, certificates of deposit, prime commercial paper, bankers' acceptances, demand deposits, corporate debt (no bond below a Single A rating by Moody's Investors Service or Standard & Poor's Corporation may be purchased), convertible securities, and equity securities.

Concentration of Credit Risk

The University places no limit on the amount the University may invest in any one issuer. However, the majority of the investments are investments guaranteed by the U.S. Government.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

Student Tuition and Fees	\$ 1,722,557
Auxiliary Enterprises and Other Operating Activities	844,770
Federal and State Agencies	129,299
Total Accounts Receivable	<u>2,696,625</u>
Less: Allowance for Doubtful Accounts	<u>(951,324)</u>
Accounts Receivable, Net	<u><u>\$ 1,745,302</u></u>

NOTE 4 CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Transfers	Retirements	Balance June 30, 2020
Capital Assets not Being Depreciated:					
Land	\$ 446,180	\$ -	\$ -	\$ -	\$ 446,180
Construction in Progress	158,923	1,660,008	(604,803)	-	1,214,128
Total Capital Assets not Being Depreciated	<u>\$ 605,103</u>	<u>\$ 1,660,008</u>	<u>\$ (604,803)</u>	<u>\$ -</u>	<u>\$ 1,660,308</u>
Capital Assets Being Depreciated:					
Nonmajor Infrastructure Networks	\$ 9,628,320	\$ -	\$ -	\$ -	\$ 9,628,320
Building	102,931,684	-	604,803	-	103,536,487
Furniture, Fixtures, and Equipment	14,261,981	986,064	-	(144,137)	15,103,908
Library Materials	11,033,957	78,679	-	-	11,112,636
Total Capital Assets Being Depreciated	137,855,942	1,064,743	604,803	(144,137)	139,381,351
Less: Accumulated Depreciation for:					
Nonmajor Infrastructure Networks	(5,794,728)	(427,038)	-	-	(6,221,766)
Building	(53,148,699)	(2,594,860)	-	-	(55,743,559)
Furniture, Fixtures, and Equipment	(11,118,059)	(696,710)	-	144,137	(11,670,632)
Library Materials	(10,539,609)	(151,669)	-	-	(10,691,278)
Total Accumulated Depreciation	<u>(80,601,095)</u>	<u>(3,870,277)</u>	<u>-</u>	<u>144,137</u>	<u>(84,327,235)</u>
Capital Assets Being Depreciated, Net	<u>\$ 57,254,848</u>	<u>\$ (2,805,534)</u>	<u>\$ 604,803</u>	<u>\$ -</u>	<u>\$ 55,054,117</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 605,103	\$ 1,660,008	\$ (604,803)	\$ -	\$ 1,660,308
Capital Assets Being Depreciated	137,855,942	1,064,743	604,803	(144,137)	139,381,351
Total Cost of Capital Assets	138,461,045	2,724,751	-	(144,137)	141,041,659
Less: Accumulated Depreciation	<u>(80,601,095)</u>	<u>(3,870,277)</u>	<u>-</u>	<u>144,137</u>	<u>(84,327,235)</u>
Capital Assets, Net	<u><u>\$ 57,859,951</u></u>	<u><u>\$ (1,145,526)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56,714,425</u></u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due within One year
Bonds and Capital Lease Obligations:					
OCIA Capital Lease Obligations	\$ 5,757,133	\$ -	\$ -	\$ 5,757,133	\$ -
Premium on OCIA Lease Obligations	91,536	-	(14,448)	77,088	-
ODFA Master Lease Revenue Bonds	10,195,333	2,674,000	(990,750)	11,878,583	1,070,083
Premium on ODFA Lease Obligations	923,779	404,494	(88,678)	1,239,595	-
Total Bonds and Capital Lease	16,967,781	3,078,494	(1,093,876)	18,952,399	1,070,083
Other Liabilities:					
Net Pension Liability—OTRS	28,891,382	-	(1,468,744)	27,422,638	-
Net Pension Liability—Supplemental	2,093,048	257,295	-	2,350,343	127,224
Accrued Compensated Absences	908,230	506,084	(415,605)	998,709	506,084
Total Other Liabilities	31,892,660	763,379	(1,884,349)	30,771,690	633,308
Total Long-Term Liabilities	\$ 48,860,441	\$ 3,841,873	\$ (2,978,225)	\$ 49,724,089	\$ 1,703,391

Oklahoma Capital Improvement Authority Lease Obligations

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

In November 2005, the OCIA issued its OCIA Bond Issues, 2005 Series F. Of the total bond indebtedness, the State Regents for Higher Education allocated \$12,059,247 to the University. These funds earned \$1,203,081 of interest income. Concurrently with the allocation, the University entered into an individual lease agreement with OCIA, representing the six projects being funded by the OCIA bonds.

By June 30, 2012, the University received all available funds (\$13,262,328) for expenditures incurred in connection with the projects. The expenditures are capitalized as investments in capital assets in accordance with University policy. The University recorded a lease obligation payable to OCIA for the total amount of the allotment, less repayments made.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Oklahoma Capital Improvement Authority Lease Obligations (Continued)

In 2011, the OCIA Series 2005F lease agreement was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt service. Consequently, the lease agreement with OCIA automatically restructured to secure the new bond issues.

This lease restructuring extended certain principal payments into the future, resulting in a charge or cost on restructuring. The University recorded a deferred outflow of resources of \$1,007,459, which is the difference between the reacquisition price and the net carrying amount of the old debt that was amortized over the remaining life of the old debt. The deferred outflow was completely amortized as of June 30, 2016. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of \$49,791 which also approximates the economic cost of the lease restructuring. Although this restructuring resulted in a cost to the University, it is anticipated that the on-behalf payments provided to cover the original lease agreement will also cover the deferred lease restructuring charge.

During fiscal year 2015, the University's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues.

The lease restructuring resulted in a reduction of principal, thus the University has recorded a deferred inflow of resources of \$343,613 on restructuring which is the difference between the reacquisition price and the net carrying amount of the old debt, that is being amortized over the remaining life of the old debt or the new debt, whichever is shorter. As of June 30, 2020, the unamortized credit totaled \$211,454. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$802,126, which approximates the economic savings of the transaction.

During the year ended June 30, 2020, the State Regents made lease interest and principal payments totaling \$280,450 on behalf of the University. These on-behalf payments have been recorded as on-behalf state appropriations restricted for debt service 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.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Oklahoma Capital Improvement Authority Lease Obligations (Continued)

Future minimum lease payments under the University's obligation to the OCIA are as follows:

Future Lease Payments			
<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 274,202	\$ 274,202
2022	536,666	274,202	810,868
2023	563,945	248,345	812,290
2024	578,459	220,861	799,320
2025	602,940	196,429	799,369
2026-2030	3,475,124	521,297	3,996,421
Total	<u>\$ 5,757,134</u>	<u>\$ 1,735,336</u>	<u>\$ 7,492,470</u>

Oklahoma Development Finance Authority Master Lease

In May 2006, the University entered into a 15-year lease agreement with the Oklahoma Development Finance Authority (the 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, Series 2006A (Master Lease 2006A). The University received a net amount of \$6,100,235 of the proceeds for implementation of an energy management system. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

During fiscal year 2016, the 2006 lease agreement with ODFA was restructured through a refunding of the Series 2006A bonds. The ODFA issued new bonds, Series 2016A, to accomplish the refunding. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$228,927 which approximates the economic savings of the transaction.

The scheduled maturities of the bonds are as follows:

Maturities of Bonds - Master Lease Revenue Bonds Series 2016A			
<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 462,916	\$ 13,887	\$ 476,803
Total	<u>\$ 462,916</u>	<u>\$ 13,887</u>	<u>\$ 476,803</u>

In December 2007, the University entered into a 25-year lease agreement with the 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, Series 2007B (Master Lease 2007B). The University received a net amount of \$7,099,000 of proceeds for the construction of the McMahon Centennial Complex.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Oklahoma Development Finance Authority Master Lease (Continued)

In October 2017, the 2007 lease agreement with ODFA was restructured through a refunding of the Series 2007B bonds. The ODFA issued new bonds, Series 2017C, to accomplish the refunding. The University entered into a 15-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Real Property Lease Revenue Refunding Bonds, Series 2017C (Master Lease 2017C). The University received a net amount of \$4,575,000 of proceeds to refund the 2007B Revenue Bonds. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$665,749, which approximates the economic savings of the transaction. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

The scheduled maturities of the bonds are as follows:

Maturities of Bonds - Master Lease Revenue Bonds Series 2017C

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 248,667	\$ 164,130	\$ 412,797
2022	256,083	156,670	412,753
2023	266,583	145,966	412,549
2024	281,333	132,637	413,970
2025	294,417	119,363	413,780
2026-2030	1,690,750	372,085	2,062,835
2031-2032	944,833	51,766	996,599
Total	<u>\$ 3,982,666</u>	<u>\$ 1,142,617</u>	<u>\$ 5,125,283</u>

In June 2016, the University entered into an 18-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Real Property Lease Revenue Refunding Bonds, Series 2016B (Master Lease 2016B). The University received a net amount of \$5,760,000 of proceeds to refund the 2004 Housing Revenue Bonds.

This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$3,099,633, which approximates the economic savings of the transaction. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Oklahoma Development Finance Authority Master Lease (Continued)

The scheduled maturities of the bonds are as follows:

Maturities of Bonds - Real Property Master Lease Revenue Bonds Series 2016B

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 264,917	\$ 175,150	\$ 440,067
2022	275,667	164,783	440,450
2023	283,917	156,277	440,194
2024	295,000	144,920	439,920
2025	307,083	133,120	440,203
2026-2030	1,730,750	471,150	2,201,900
2031-2034	1,601,666	124,000	1,725,666
Total	<u>\$ 4,759,000</u>	<u>\$ 1,369,400</u>	<u>\$ 6,128,400</u>

In June 2020, the University entered into a 20-year lease agreement with the 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, Series 2020A (Master Lease 2020A). The University received a net amount of \$2,674,000 of proceeds to construct and replace certain elevators on campus.

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

The scheduled maturities of the bonds are as follows:

Maturities of Bonds - Master Lease Revenue Bonds Series 2020A

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 93,583	\$ 108,753	\$ 202,336
2022	91,500	103,217	194,717
2023	97,417	99,557	196,974
2024	102,083	95,660	197,743
2025	103,583	91,577	195,160
2026-2030	597,083	391,017	988,100
2031-2035	727,083	261,584	988,668
2036-2040	861,668	104,882	966,550
Total	<u>\$ 2,674,000</u>	<u>\$ 1,256,247</u>	<u>\$ 3,930,248</u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 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:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Teachers' Retirement System (OTRS)	Cost Sharing Multiple Employer Defined Benefit Plan
Cameron University Defined Contribution Plan	Defined Contribution Plan
Supplemental Retirement Annuity	Defined Benefit Plan
Cameron University President's Retirement Plan (Plan 2)	Defined Benefit 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 Regents 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. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Benefits Provided (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 \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

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

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

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

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 pays the employee contributions as a pre-tax benefit to the employees. The University's contribution rate is 8.55% for the years ended June 30, 2020 and 2019. The University's contributions to OTRS in 2020, including both the employer share and the employee share, was approximately \$3,500,000, equal to the required contributions. In addition, the state of Oklahoma also contributed 5% of state revenues from sales, use and individual income taxes to OTRS. The amounts contributed on-behalf of the University and recognized in the University's statement of revenues, expenses, and changes in net position as both revenues and compensation and employee benefit expense in 2020 was \$1,427,814. These on-behalf payments do not meet the definition of a special funding situation.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the University reported a liability of \$27,422,638 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The University's proportion of the net pension liability was based on the University's contributions to OTRS relative to total contributions to OTRS by all participating employers for the year ended June 30, 2019. Based upon this information, the University's proportion was 0.41436446%. For the year ended June 30, 2020, the University recognized a negative pension expense of \$2,158,621. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 232,568	\$ -
Changes of Assumptions	514,289	6,968,448
Net Difference Between Projected and Actual Investments		
Earnings on Pension Plan Investments	185,979	-
University Contributions Made Subsequent to the		
Measurement Date	1,971,361	-
Total	<u>\$ 2,904,197</u>	<u>\$ 6,968,448</u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred pension outflows totaling \$1,971,361 resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The deferred outflows totaling \$185,979 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred outflows totaling \$232,568 resulting from differences between expected and actual experience and deferred outflows totaling \$514,289 resulting from the changes of assumptions will be recognized in pension expense using the average expected remaining service life of the plan participants. The average expected remaining life of the plan participants is determined by taking the calculated total future service future service years of the plan divided by the number of people in the plan including retirees. The total future service years of the plan are estimated at 5.33 years at June 30, 2019 and are determined using the mortality, termination, retirement, and disability assumptions associated with the plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 2,851,654	\$ (2,329,702)
2022	(628,295)	(2,065,557)
2023	(66,236)	(1,458,346)
2024	639,789	(876,677)
2025	107,285	(238,166)
Total	<u>\$ 2,904,197</u>	<u>\$ (6,968,448)</u>

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2019, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Remaining Amortization Period – 20 years
- Asset Valuation Method – 5-year smooth market
- Inflation – 2.50%
- Salary Increases – Composed of 2.5% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.5%
- 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.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

- Mortality Rates after Retirement – Males: RP-2000 Combined Healthy mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – RP-2000 Employee Mortality tables multiplied by 60% for males and 50% for females.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.5 %	7.5 %
International Equity	19.0	8.5
Fixed Income	23.5	2.5
Real Estate**	9.0	4.5
Alternative Assets	10.0	6.1
Total	<u>100.0 %</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by state statutes. Projected cash flows also assume the state of Oklahoma will continue contributing 5.0% 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.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	<u>\$ 42,259,657</u>	<u>\$ 27,422,638</u>	<u>\$ 19,726,437</u>

Defined Contribution Plan

Plan Description

The plan is a Section 401(a) defined contribution plan that became effective January 1, 2015, for certain FLSA nonexempt employees. The purpose of the plan is to provide retirement benefits for the participants and to distribute the funds accumulated to the participants or the eligible beneficiaries. All nonexempt employees hired after the effective date are allowed a one-time election between participation in OTRS or the defined contribution plan.

Funding Policy

The required contribution rate is 9.0% of pensionable compensation. The University contributes the required amounts for participating members. The University's contributions for the year ended June 30, 2020 were approximately \$171,000.

Supplemental Retirement Plan – Plan 1

Plan Description

The University maintains a supplemental retirement plan (Plan 1) for certain retired employees. The plan is in substance a single-employer, defined benefit plan administered by the University. Plan 1 has four participants, all of whom are retired and currently receiving benefits. Plan 1 guarantees the participants a level of retirement benefits when considering social security, OTRS, and other retirement assets. The authority to establish and amend benefit provisions rests with the Board of Regents. The plan does not issue a separate financial report, nor is it included in the financial report of another entity.

Funding Policy

The University has been funding the benefits of Plan 1 on a "pay-as-you-go" basis. Benefits are not distributed to the participants until their retirement. During the year ended June 30, 2020, the University contributed and paid benefits of \$127,225 under Plan 1. The University does not have assets in trust for this plan.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Supplemental Retirement Plan – Plan 1 (Continued)

Actuarial Assumptions:

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions:

- Discount Rate – 2.21% per year, compounded annually
- Cost of Living Adjustment – 2.0% per year
- Mortality – Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2019
- Rate of Inflation – 2.00%
- Actuarial Cost Method – Entry Age Normal

Schedule of Changes in Total Pension Liability:

Components of the University's total pension liability for Plan 1 for the year ended June 30, 2020 are as follows:

Balance at 6/30/19	\$ 1,843,411
Changes for the Year	-
Service Cost	-
Interest on the total pension liability	61,047
Difference Between Expected and Actual Experience	128,800
Changes of benefit terms	-
Change in Assumption	(22,322)
Benefit payments	(127,225)
Other Changes	-
Net Changes	<u>40,300</u>
Balance at 6/30/20	<u><u>\$ 1,883,711</u></u>

Changes of Assumptions

The main reason for the increase in liability from July 1, 2019 to July 1, 2020 is the decrease in the discount rate we are required to use for plans that are not funded. The discount rate for unfunded plans is to be based on a 20-year municipal bond rate as of the valuation date. As of July 1, 2019, the rate was 3.43% and as of July 1, 2020 the rate had dropped to 2.21%. For pension plans, a drop in the discount rate results in an increase in liabilities.

The mortality table for our was changed from the table from the RP-2000 Mortality Table projected to 2022 with Scale AA to the Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2019. The Pub-2010 is the most recent table released by the Society of Actuaries.

Pension Expense

For the year ended June 30, 2020, the University recognized pension expense of \$167,525.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Supplemental Retirement Plan – Plan 1 (Continued)

Changes of Assumptions (Continued)

The Cost of Living Adjustment (COLA) rate was also updated to better reflect the actual increases in retirement benefits for the four retirees. The benefits under the Plan are to be increased at the same rate used for annual pay raises for the active employees of Cameron University. And for the last few years, that rate has been 0.0%. Therefore, the expected COLA was reduced from 3.50% to 2.0% for the updated assumptions run.

Sensitivity of Pension Liability to changes in the Discount Rate

The following table presents the pension liability of the University calculated using the discount rate of 2.21%, as well as what the University's pension liability would be if calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Pension Liability	<u>\$ 2,057,867</u>	<u>\$ 1,883,711</u>	<u>\$ 1,731,915</u>

Cameron University President's Retirement Plan – Plan 2

Plan Description

The University maintains a supplemental retirement plan (Plan 2) for a retired University President. The plan is in substance a single-employer, defined benefit plan administered by the University. Plan 2 has one participant, who is retired and currently receiving benefits. Plan 2 guarantees the participant a level of retirement benefits when considering social security, OTRS, and other retirement assets. The authority to establish and amend benefit provisions rests with the Board of Regents. The plan does not issue a separate financial report, nor is it included in the financial report of another entity.

Benefits Provided

Plan 2 is a defined benefit plan that may provide a University benefit for the life of the participant. The retirement benefit which is to be provided to the participant will be a guaranteed amount equal to the participant's average compensation, as defined in the plan document, when considering the OTRS benefit and other benefits.

Contributions

Contributions required to fund the cost of the pension and other benefits provided by Plan 2 shall be made solely by the University. The University shall contribute to Plan 2 in such amounts and at such times as the University shall determine, acting under the advice of the actuary for Plan 2. Actual payments of contributions may be made at any time permitted by law or regulation.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 RETIREMENT PLANS (CONTINUED)

Cameron University President's Retirement Plan – Plan 2 (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the University reported a liability of \$466,632 related to Plan 2. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2020, the University recognized a pension expense of \$210,295. Deferred outflows of \$18,939 and deferred inflows of \$30,067 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over four years.

The amortization schedule is as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 5,284	\$ (24,564)
2022	5,284	(5,503)
2023	5,283	-
2024	3,088	-
Total	<u>\$ 18,939</u>	<u>\$ (30,067)</u>

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Closed
- Remaining amortization period – 1 Year
- Asset Method – Market Value of Assets
- Inflation – 2.50%
- Salary Increases – Not applicable
- Discount Rate and Long-Term Expected Rate of Return – 6.00%
- Mortality – RP-2000 Combined Mortality Table, projected with scale AA to the applicable valuation date.
- Retirement Age – Not Applicable

Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 RETIREMENT PLANS (CONTINUED)

Cameron University President's Retirement Plan – Plan 2 (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are 7.0% with 26.9% of assets being invested in equities, 3% with 38.5% of assets being invested in bonds, 2% with 10.4% of assets being invested in short-term debt, and 9% with 24.2% of assets being invested in international equities.

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 6.0%, as well as what the University's net pension liability would be using a discount rate that is 1-percentage point lower (5.0%) or 1-percentage point higher (7.0%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	<u>\$ 648,204</u>	<u>\$ 466,632</u>	<u>\$ 310,361</u>

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS

Oklahoma Teachers' Retirement System

Plan Description

The University's defined benefit OPEB plan, Oklahoma Teacher's Retirement (OTRS), provides OPEB for all Oklahoma teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and employees of agencies. OTRS is a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS issues a publicly available annual financial report that can be obtained at www.ok.gov/TRS/.

Benefits Provided

OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance upon retirement. The supplement payment is between \$100 and \$105 per month provided the member has ten (10) years of Oklahoma service prior to retirement. At June 30, 2020, there were 148 retirees covered by the benefit terms.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Contributions

The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7% of their annual compensation. The University pays the employee contributions as a pre-tax benefit to the employees. The University's contribution rate is 8.55% for the years ended June 30, 2020 and 2019. From these combined amounts, OTRS allocates a portion of the contributions to the supplemental health insurance program; however, statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the supplemental health insurance program averages 0.13% of normal cost, as determined by an actuarial valuation. Contributions measured as of June 30, 2019 allocated to the OPEB plan from the University were \$3,637.

Net OPEB Liability

The University's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.5%
Salary Increases	Composed of 3.25% wage inflation, including 2.5% price inflation, plus a service related component ranging from 0% to 8% based on the years of service.
Investment Rate of Return	7.5%
Healthcare Cost Trend Rates	Not applicable as the benefit provided is a set dollar amount not impacted by health care costs.

Mortality rates were based on the RP-2000 Combined Healthy mortality table for males with White Collar Adjustments for males. GRS Southwest Region Teacher Mortality Table, scales at 105% was used for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period ended June 30, 2019.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.5 %	7.5 %
International Equity	19.0	8.5
Fixed Income	23.5	2.5
Real Estate**	9.0	4.5
Alternative Assets	10.0	6.1
Total	<u>100.0 %</u>	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at June 30, 2018	\$ 1,737,971	\$ 2,005,757	\$ (267,786)
Changes for the Year:			
Service Cost	25,527	-	25,527
Interest	125,758	-	125,758
Differences Between Expected and Actual Experience	(41,208)	-	(41,208)
Contributions - Employer	-	3,637	(3,637)
Net Investment Income	-	-	-
Differences Between Projected and Actual Investment Income	-	94,884	(94,884)
Benefit Payments	(147,932)	(147,932)	-
Administrative Expense	-	(18)	18
Net Change	<u>(37,855)</u>	<u>(49,429)</u>	<u>11,574</u>
Balance at June 30, 2019	<u>\$ 1,700,116</u>	<u>\$ 1,956,328</u>	<u>\$ (256,212)</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the University, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB Liability (Asset)	<u>\$ (85,855)</u>	<u>\$ (256,212)</u>	<u>\$ (401,771)</u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the University recognized a negative OPEB expense of \$63,200. The University's proportion of the net OPEB asset was based on the University's contributions to OTRS relative to total contributions to OTRS by all participating employers for the year end June 30, 2019. Based upon this information, the University's proportion was 0.41436446%. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (93,648)
Changes of Assumptions	44,687	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(36,763)
Total	<u>\$ 44,687</u>	<u>\$ (130,411)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 8,874	\$ (46,223)
2022	8,874	(46,223)
2023	8,874	(20,884)
2024	9,578	(6,642)
2025	8,487	(10,439)
Total	<u>\$ 44,687</u>	<u>\$ (130,411)</u>

University Provided Life Insurance

The University provides for the payment of premiums for a \$4,000 life insurance policy to all eligible individuals retiring from employment. To be eligible, the individuals need only have completed the requirements to retire from Cameron University provided in the employee handbook. The University funds the payments out of current operations and does not prefund the expenses. For the year ended June 30, 2020, the amount of expense to the University was approximately \$6,000.

Additionally, the University offers life insurance for all current employees in an amount equal to twice the employee's current salary. The University has ceded all claims over \$75,000 to an insurance company via the purchase of a group life insurance policy. As the employees have no vested benefit in this program and the program can be discontinued at the discretion of the University, the University has not recorded a liability in connection with any future benefit payments.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)

University Provided Life Insurance (Continued)

At June 30, 2020, the University had approximately \$2,027,000 of rate stabilization reserves with the administrator of the programs discussed above. The rate stabilization reserves are available upon request of the University and are reflected as prepaid expenses and other assets in the statement of net position.

NOTE 8 FUNDS HELD IN TRUST BY OTHERS

Beneficial Interest in State School Land Funds

The University has a beneficial interest in the "Section Thirteen Fund State Educational Institutions" and the "New College Fund" administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The University has the right to receive annually 3.7% of the distributions of income produced by the "Section Thirteen Fund State Educational Institutions" assets and 100% of the distributions of income produced by the University's "New College Fund." The University received approximately \$1,017,000 during the year ended June 30, 2020, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations restricted for capital purposes in the statement of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries.

The total trust reserve for the University, held in trust by the Commissioners of the Land Office, was approximately \$19,000,000 at June 30, 2020.

Oklahoma State Regents Endowment Trust Fund

In connection with the Oklahoma State Regents' Endowment Program (the Endowment Program), the state of Oklahoma has matched contributions received under the Endowment Program. The state match amounts, plus retained accumulated earnings, totaled approximately \$7,022,000 at June 30, 2020, and are invested by the State Regents for Higher Education on behalf of the University. The University is entitled to receive an annual distribution of earnings of 4.5% of the market value at year-end on these funds. Legal title of these endowment funds is retained by the State Regents for Higher Education; only the funds available for distribution, or approximately \$393,000 at June 30, 2020, have been reflected as assets in the statement of net position.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 RELATED PARTY TRANSACTIONS

The Cameron University Foundation (the Foundation) is a tax-exempt organization whose objective is the betterment of the University and its related activities. The University is the ultimate beneficiary of the Foundation. The University has an agreement with the Foundation whereby the University will also provide certain administrative services for the benefit of the Foundation. The following transactions occurred between the University and the Foundation during the year ended June 30, 2020:

Scholarship Funds Awarded to the University	<u>\$ 432,768</u>
Payment of Services by the Foundation for the Benefit of the University	<u>\$ 1,067,784</u>
Administrative Services Provided by the University for the Benefit of the Foundation	<u>\$ 327,436</u>

The Foundation provides scholarship awards to University students, and also supports the University through payment of certain supplies, materials, and services.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The University is party to litigation and claims arising in the normal course of business. In the opinion of management, liabilities, if any, resulting from such litigation and claims will not be material to the University.

The University conducts certain programs pursuant to various grants and contracts, which are subject to audit by various federal and state agencies. Costs questioned as a result of audits, if any, may result in refunds to these governmental agencies from various sources of the University.

NOTE 11 RISK MANAGEMENT

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omission; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The University, along with other state agencies and political subdivisions, participates in the state of Oklahoma Risk Management Program public entity risk pool currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pool for its worker's compensation, tort, property, and liability insurance coverage. The Oklahoma Risk Management pool's governing agreement specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Cameron University Foundation, Inc. (the Foundation) is a nonprofit organization whose mission and principal activities are to promote the educational and cultural interest of Cameron University (the University), a public institution of higher education. The Foundation's revenues and other support are derived principally from contributions and its activities are conducted in the southwestern Oklahoma area.

Although the University does not control the timing or amount of receipts from the Foundation, substantially all of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets and revenues, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Board Designated Net Assets – Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Net Assets with Donor Imposed Restrictions – Net assets subject to donor-imposed stipulations that can be met either by actions of the Organization or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

Income and gains on investments are reported as increases in net assets with donor restrictions if the terms of the gift that gave rise to the investment or applicable law require such amounts to be added to the endowment principal. Income and gains are reported as increases in net assets with donor restrictions if the terms of the gift or applicable law impose restrictions on the use of the income and as increases in net assets without donor restrictions in all other cases.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

**Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)**

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market and cash in banks.

Contributions

The Foundation reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as net assets with donor restrictions. When the donor restrictions expire, such as when the Foundation expends the funds in accordance with the donor's wishes, restricted net assets are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Credit Risk

The Foundation maintains cash balances at a financial institution located in Oklahoma. From time to time, the account balance may exceed the limits insured by the Federal Deposit Insurance Corporation. Management does not consider this to be an unreasonable risk of loss.

Real Property

Real property consists primarily of land and farm property donated to the Foundation. Management has made attempts to revalue portions of the real property assets at subsequent dates. The Foundation's management is of the opinion that revaluation of all the real property would not have a significant impact on the Foundation's statements of financial position or changes in net assets.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

**Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)**

Assets Held for Sale

The Foundation received contributed properties during the year ended June 30, 2018 that totaled \$522,952. The Foundation recorded these in-kind contributions as assets held for sale. The Foundation sold one of the properties during the year ended June 30, 2020 and intends to sell the other properties as soon as possible.

Marketable Securities

Marketable securities are stated at fair value. Fair values are generally determined based upon quoted market prices. Realized gains and losses on sales of marketable securities are computed on the first-in, first-out basis.

The Foundation utilizes various investment instruments. Marketable securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Significant fluctuations in fair values could occur from year to year and the amounts the Foundation will ultimately realize could differ materially.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the IRC and a similar provision of state law; and is classified as a public charity under section 509(A)(3). However, the Foundation is subject to federal income tax on any unrelated business taxable income.

Other Assets

Other assets consist of mineral interests stated at depletion value.

Subsequent Events

Subsequent events have been evaluated through September 17, 2020, which is the date the financial statements were issued.

Note 2: Cash and Cash Equivalents

The Foundation maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by the Foundation based upon how its deposits were insured at June 30, 2020 and 2019. FDIC regulations state time and savings accounts are insured up to a \$250,000 maximum.

Category 1 – Insured by FDIC or collateralized with securities held by the Foundation or by its agent in its name.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 2: Cash and Cash Equivalents (Continued)

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.

Category 3 – Uninsured and uncollateralized.

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody (Category 1)</u>	<u>Credit Risk (Category 2)</u>	<u>Uninsured (Category 3)</u>
<u>June 30, 2020</u>				
Demand Deposits				
BancFirst	\$ 164,188	\$ 164,188	\$ -	\$ -
Money Market Funds				
BancFirst	61,657	61,657	-	-
Totals	<u>\$ 225,845</u>	<u>\$ 225,845</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2019</u>				
Demand Deposits				
BancFirst	\$ 929,922	\$ 250,000	\$ -	\$ 679,922
Money Market Funds				
BancFirst	116,354	-	-	116,354
Totals	<u>\$ 1,046,276</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 796,276</u>

Note 3: Investments

Investments are held for the production of income and consist of the following at June 30, 2020:

<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury notes	\$ 8,130,302	\$ 8,619,274
U.S. Agencies	1,212	1,466
Corporate bonds	3,594,024	3,984,686
Certificates of deposits	100,000	100,000
Money market accounts	228,632	228,632
Equities	11,041,419	13,282,277
Real estate investment trust	147,215	98,400
	<u>\$ 23,242,804</u>	<u>\$ 26,314,735</u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 3: Investments (Continued)

Investments are held for the production of income and consist of the following at June 30, 2019:

Investments	Cost	Fair Value
U.S. Treasury notes	\$ 6,531,049	\$ 6,707,587
U.S. Agencies	3,175	3,632
Corporate bonds	2,809,119	3,034,766
Certificates of deposits	115,000	115,000
Money market accounts	99,042	99,042
Equities	11,974,738	15,793,039
Real estate investment trust	414,435	434,280
	<u>\$ 21,946,558</u>	<u>\$ 26,187,346</u>

Total investment return is comprised of the following for the years ended June 30:

	2020	2019
Interest and dividend income, net of investment expenses	\$ 954,340	\$ 928,650
Unrealized gain/(loss) on investments	(1,181,936)	1,432,710
Realized gain/(loss) on investments	435,457	(378,198)
Unrealized gain/(loss) on other assets	(46,215)	115,073
Realized gain/(loss) on assets held for sale	(77,133)	-
	<u>\$ 84,513</u>	<u>\$ 2,098,235</u>

Note 4: Cameron Investment Program

Investments are held for the production of income and consist of the following at June 30:

	2020	2019
Cash	\$ 49,768	\$ 139,190
Accrued interest	19,167	21,912
Corporate bonds	1,163,247	1,272,383
Total Cameron Investment Program	<u>\$ 1,232,182</u>	<u>\$ 1,433,485</u>

All investments serve as collateral for the note payable as described in Note 7.

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 5: Fair Value Measurements

The Foundation uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, the Foundation determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates.

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the financial statements.

Cash and Cash Equivalents: The carrying amount approximates the fair value due to the short maturity of such amounts.

Investments: Investments in cash and cash equivalents, publicly traded securities, and mutual funds are stated at market value based on quoted market prices. Investments, common trust funds, certificates of deposit, government agency bonds and mortgage-backed securities are stated at market price as determined by the fund manager or quoted market prices in nonactive markets. Other investments are stated at fair value based upon current market conditions and other factors deemed relevant to the valuation as provided by the independent valuation specialist and or Foundation management.

Cameron Investment Program: Investments in cash, accrued interest, and corporate bonds are stated at market value based on quoted market prices.

Pledges and Accounts Receivable: The carrying amount of receivables is based on the discounted value of expected future cash flows, which approximate fair value.

Other Assets: Remaining financial instruments are carried at cost, which approximates fair value.

Accounts Payable and Other Liabilities: The carrying amount approximates fair value due to the short maturity of those amounts.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 5: Fair Value Measurements (Continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than the Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at June 30:

	As of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 228,632	\$ -	\$ -	\$ 228,632
Certificate of deposit	100,000	-	-	100,000
Equities	13,282,277	-	-	13,282,277
Corporate and other bonds	-	5,147,933	-	5,147,933
U.S. government securities	-	8,620,740	-	8,620,740
Cash and accrued interest	68,935	-	-	68,935
Real estate investment trust	98,400	-	-	98,400
	<u>\$ 13,778,244</u>	<u>\$ 13,768,673</u>	<u>\$ -</u>	<u>\$ 27,546,917</u>

	As of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 99,042	\$ -	\$ -	\$ 99,042
Certificates of deposit	115,000	-	-	115,000
Equities	15,793,039	-	-	15,793,039
Corporate and other bonds	-	4,307,149	-	4,307,149
U.S. government securities	-	6,711,219	-	6,711,219
Cash and accrued interest	161,102	-	-	161,102
Real estate investment trusts	434,280	-	-	434,280
	<u>\$ 16,602,463</u>	<u>\$ 11,018,368</u>	<u>\$ -</u>	<u>\$ 27,620,831</u>

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 5: Fair Value Measurements (Continued)

The following is a description of methodologies used for instruments measured at fair value on a recurring basis:

Investments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include equity securities, mutual funds, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 investments include equity securities with similar characteristics or discounted cash flows, corporate and other bonds, U.S. government securities, marketable alternative assets, inflation hedging and opportunistic and other investments. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy and include corporate and other bonds and marketable and nonmarketable alternative assets.

Note 6: Real Property

Real property consists of land and farm property donated to the Foundation and is held for the production of income. Real property with a carrying amount of \$235,000 at June 30, 2020 and 2019 is part of permanently restricted net assets. Real property with a carrying value of \$3,000 at June 30, 2020 and 2019 is part of unrestricted net assets.

Note 7: Notes Payable

On June 26, 2001, the Foundation entered into a nonrecourse agreement with a bank whereby the bank loaned the Foundation \$1,000,000 for the purpose of allowing the University's graduate investment class to manage an active bond portfolio (see Note 8). This nonrecourse note had an original maturity date of June 30, 2002, but has been renewed annually with a current maturity date of November 30, 2020. Interest accrues on this note at the 90-day U.S. Treasury bill rate on November 30, 2019 plus 1.0% (1.16% at June 30, 2020). The nonrecourse note is secured by a first and prior security interest in Cameron's Investment Program fund. Income earned by the portfolio above the borrowing rate shall be donated to the Foundation for the purpose of sponsoring upper-level business majors in the pursuit of graduate degrees at the University. The balance at June 30, 2020 and 2019 was \$132,394 and \$382,545, respectively. The remaining balance is due within one year.

During the years ended June 30, 2020 and 2019, the Foundation paid \$9,998 and \$17,818, respectively, for interest associated with this note payable.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 8: Net Assets

Net assets without donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Board designated		
Foundation operations	\$ 592,750	\$ 257,250
General university support	33,000	183,000
Scholarships	120,000	120,000
Undesignated	5,615,438	5,881,859
	<u><u>\$ 6,361,188</u></u>	<u><u>\$ 6,442,109</u></u>

Net assets with donor restrictions subject to expenditures consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Endowed chairs and lectureships	\$ 5,052,433	\$ 4,874,080
Scholarships	2,249,375	2,176,763
Athletics support	284,549	217,136
General university support	1,669,754	2,897,841
	<u><u>\$ 9,256,111</u></u>	<u><u>\$ 10,165,820</u></u>

Net assets not subject to appropriation or expenditures consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Endowed chairs and lectureships	\$ 6,250,839	\$ 5,978,546
Scholarships	5,721,414	5,645,427
Athletics support	189,164	171,910
General university support	345,148	672,774
	<u><u>\$ 12,506,565</u></u>	<u><u>\$ 12,468,657</u></u>

Net assets released from restrictions were as follows at June 30:

	<u>2020</u>	<u>2019</u>
Endowed chairs and lectureships	\$ 310,875	\$ 195,909
Scholarships	316,768	234,709
Athletics support	70,017	105,853
General university support	686,892	635,840
	<u><u>\$ 1,384,552</u></u>	<u><u>\$ 1,172,311</u></u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 9: Endowments

The Foundation endowments consist of approximately 230 individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: In accordance with the requirements of FAS 117-1, and the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as permanently restricted (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, (3) all realized and unrealized gains and losses of the endowment, and (4) less any income distribution in accordance with the spending policy which will be classified as temporarily restricted. In accordance with OUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation;
- (7) The investment policies of the Foundation.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. The goal of the Foundation is to provide a consistent rate of return of 4% over the rate of inflation as measured by the national Consumer Price Index (CPI), on a fee-adjusted basis over a typical market cycle of no less than three years and no more than five years. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives while reducing risk to acceptable levels.

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 9: Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution at the end of each year earnings in the form of dividends and interest that were earned during that year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 21,762,676	\$ 21,762,676
Board-designated endowment funds	745,750	-	745,750
	<u>\$ 745,750</u>	<u>\$ 21,762,676</u>	<u>\$ 22,508,426</u>

Changes in Endowment Net Assets for the year ending June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning	\$ 560,250	\$ 22,634,477	\$ 23,194,727
Investment return	-	(62,678)	(62,678)
Contributions	-	482,977	482,977
Program receipts	-	92,452	92,452
Appropriations for expenditure	-	(1,384,552)	(1,384,552)
Transfers	185,500	-	185,500
Total endowment funds	<u>\$ 745,750</u>	<u>\$ 21,762,676</u>	<u>\$ 22,508,426</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 22,634,477	\$ 22,634,477
Board-designated endowment funds	560,250	-	560,250
	<u>\$ 560,250</u>	<u>\$ 22,634,477</u>	<u>\$ 23,194,727</u>

CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 9: Endowments (Continued)

Changes in Endowment Net Assets for the year ending June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning	\$ 501,500	\$ 21,130,022	\$ 21,631,522
Investment return	-	1,679,251	1,679,251
Contributions	-	924,025	924,025
Program receipts	-	73,490	73,490
Appropriations for expenditure	-	(1,172,311)	(1,172,311)
Transfers	58,750	-	58,750
Total endowment funds	<u>\$ 560,250</u>	<u>\$ 22,634,477</u>	<u>\$ 23,194,727</u>

Note 10: Liquidity and Availability of Financial Assets

The Foundation manages its liquid resources by focusing on fundraising efforts to ensure that it has adequate contributions to cover the programs that are being conducted. The table below reflects the Foundation's financial assets, as of June 30, 2020 and 2019, expected to be available within one year to meet the cash needs for general expenditures.

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 225,845	\$ 1,046,276
Investments held for endowments	26,314,735	26,187,346
Real property	238,000	238,000
Assets held for sale	208,435	522,952
	<u>26,987,015</u>	<u>27,994,574</u>
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions subject to expenditures		
Donor restriction for endowed chairs and lectureships	5,052,433	4,874,080
Donor restriction for scholarships	2,249,375	2,176,763
Donor restriction for athletics support	284,549	217,136
Donor restriction for general university support	1,669,754	2,897,841
Donor-imposed restrictions not subject to appropriation or expenditures		
Donor restriction for endowed chairs and lectureships	6,250,839	5,978,546
Donor restriction for scholarships	5,721,414	5,645,427
Donor restriction for athletics support	189,164	171,910
Donor restriction for general university support	345,148	672,774
Board designations		
Foundation operations	592,750	257,250
General university support	33,000	183,000
Scholarships	120,000	120,000
	<u>22,508,426</u>	<u>23,194,727</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,478,589</u>	<u>\$ 4,799,847</u>

**CAMERON UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 11: Related Parties

Substantially all expenses are for the benefit of the students, faculty, or activities of the University. Transactions between the Foundation and the University are covered under a written agreement between the Foundation and the University. Under this agreement, the University agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the University. The Foundation has recorded in-kind contributions received from the University in the accompanying financial statements in the amount of \$327,436 and \$320,091 for the years ended June 30, 2020 and 2019, respectively.

Note 12: Current Economic Conditions

During the year ended June 30, 2020, the United States of America and state of Oklahoma declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The Foundation has adapted and made changes to operations due to potential impacts on health and safety. Should these conditions persist, the Foundation could be negatively impacted.

NOTE 13 CORRECTION OF A MISSTATEMENT

The University determined the Supplemental Retirement Plan – Plan 1 pension liability was recorded at net pension obligation as of June 30, 2019, rather than at the total pension liability.

Changes to Net Position as of July 1, 2019 (the beginning of the period) are as follows:

	As Previously Reported	As Restated
Total Net Position	\$ 21,565,038	\$ 20,743,523

REQUIRED SUPPLEMENTARY INFORMATION

CAMERON UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – OTRS (UNAUDITED)
OKLAHOMA TEACHERS' RETIREMENT SYSTEM (OTRS)
LAST 10 FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
University's Proportion of the Net Pension Liability	0.4%	0.5%	0.5%	0.5%	0.6%	0.6%
University's Proportionate Share of the Net Pension Liability	\$ 27,422,638	\$ 28,891,382	\$ 33,844,429	\$ 45,773,344	\$ 36,072,547	\$ 32,936,521
University's Covered Payroll	\$ 20,368,440	\$ 20,159,119	\$ 20,034,900	\$ 21,628,553	\$ 24,095,854	\$ 25,550,629
University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	134.6%	143.3%	168.9%	211.6%	149.7%	128.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.7%	69.3%	62.2%	70.3%	72.4%	72.4%

* Only six fiscal years are presented because 10-year data is not yet available.

CAMERON UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS – OTRS (UNAUDITED)
OKLAHOMA TEACHERS' RETIREMENT SYSTEM (OTRS)
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions	\$ 1,971,361	\$ 1,967,986	\$ 1,981,725	\$ 2,111,814	\$ 2,331,395
Contributions in Relation to the Contractually Required Contributions	<u>(1,971,361)</u>	<u>(1,967,986)</u>	<u>(1,981,725)</u>	<u>(2,111,814)</u>	<u>(2,331,395)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll	<u>\$ 20,368,440</u>	<u>\$ 20,159,119</u>	<u>\$ 20,034,900</u>	<u>\$ 21,628,553</u>	<u>\$ 24,095,854</u>
Contributions as a Percentage of Covered Payroll	9.68%	9.76%	9.89%	9.76%	9.68%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contributions	\$ 2,472,233	\$ 2,492,447	\$ 2,487,250	\$ 2,313,695	\$ 2,317,445
Contributions in Relation to the Contractually Required Contributions	<u>(2,472,233)</u>	<u>(2,492,447)</u>	<u>(2,487,250)</u>	<u>(2,313,695)</u>	<u>(2,317,445)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll	<u>\$ 25,550,629</u>	<u>\$ 25,739,234</u>	<u>\$ 25,628,455</u>	<u>\$ 24,203,445</u>	<u>\$ 23,726,504</u>
Contributions as a Percentage of Covered Payroll	9.68%	9.68%	9.71%	9.56%	9.77%

CAMERON UNIVERSITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PRESIDENT'S RETIREMENT PLAN – PLAN 2 (UNAUDITED)
LAST 10 FISCAL YEARS*
(DOLLAR AMOUNTS IN THOUANDS)

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	100,817	104,950	103,624	94,639	101,019	99,303
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	30,504	24,285	40,303	171,961	(99,500)	34,301
Changes of Assumptions	149,436	(68,630)	2,650	2,571	2,760	-
Benefit Payments	(131,986)	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Net Change in Total Pension Liability	148,771	(66,382)	24,591	152,330	(100,109)	27,987
Total Pension Liability - Beginning	1,746,280	1,812,662	1,788,071	1,635,741	1,735,850	1,707,863
Total Pension Liability - Ending (a)	1,895,051	1,746,280	1,812,662	1,788,071	1,635,741	1,735,850
Plan Fiduciary Net Position:						
Contributions - Employer	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-
Net Investment Income	70,202	77,956	117,251	181,625	(44,501)	94,843
Benefit Payments	(131,986)	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Administrative Expense	(6,440)	(6,050)	(5,500)	-	-	-
Net Change in Plan Fiduciary Net Position	(68,224)	(55,081)	(10,235)	64,784	(148,889)	(10,774)
Plan Fiduciary Net Position - Beginning	1,496,643	1,551,724	1,561,959	1,497,175	1,646,064	1,656,838
Plan Fiduciary Net Position - Ending (b)	1,428,419	1,496,643	1,551,724	1,561,959	1,497,175	1,646,064
Net Change in Plan Fiduciary Net Position	68,224	55,081	10,235	(64,784)	148,889	10,774
Net Pension Liability - Ending (a)-(b)	<u>\$ 466,632</u>	<u>\$ 249,637</u>	<u>\$ 260,938</u>	<u>\$ 226,112</u>	<u>\$ 138,566</u>	<u>\$ 89,786</u>
Plan Fiduciary Net Position as a Percentage of the						
Total Pension Liability	75.4%	85.7%	85.6%	87.4%	91.5%	94.8%
Covered Payroll	-	-	-	-	-	-
Net Pension Liability as a Percentage of						
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* 10-year data is not yet available.

CAMERON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PRESIDENT'S RETIREMENT PLAN – PLAN 2 (UNAUDITED)
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016
Actuarially Determined Contributions	\$ 284,246	\$ 276,594	\$ 239,679	\$ 177,063	\$ 109,470
Contributions in Relation to the					
Contributions Actuarially Determined	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ 284,246</u>	<u>\$ 276,594</u>	<u>\$ 239,679</u>	<u>\$ 177,063</u>	<u>\$ 109,470</u>
University's Covered Payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$ 75,524	\$ 193,534	\$ 495,559	\$ 359,557	\$ 276,094
Contributions in Relation to the					
Contributions Actuarially Determined	-	(25,000)	(409,542)	(460,000)	(150,000)
Contribution Deficiency (Excess)	<u>\$ 75,524</u>	<u>\$ 168,534</u>	<u>\$ 86,017</u>	<u>\$ (100,443)</u>	<u>\$ 126,094</u>
University's Covered Payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,755</u>	<u>\$ 373,287</u>	<u>\$ 365,638</u>
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	132.24%	96.32%	75.51%

CAMERON UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET
OPEB ASSET (UNAUDITED)
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
University's Proportion of the Net OPEB Asset	0.4%	0.5%	0.5%
University's Proportionate Share of the Net OPEB Asset	\$ 256,212	\$ 308,915	\$ 227,940
University's Covered Payroll	\$ 18,536,642	\$ 19,835,245	\$ 20,807,241
University's Proportionate Share of the Net OPEB Asset as a Percentage of its Covered Payroll	1.4%	1.6%	1.1%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.1%	115.4%	110.4%

* Only three fiscal years are presented because 10-year data is not yet available.

CAMERON UNIVERSITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTRS OPEB (UNAUDITED)
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 3,637	\$ 13,922	\$ 33,292
Contribution in Relation to the Actuarially Determined Contribution	<u>3,637</u>	<u>13,922</u>	<u>33,292</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered Employee Payroll	 \$ 18,536,642	 \$ 19,835,245	 \$ 20,807,241
Contributions as a Percentage of Covered Employee Payroll	0.02%	0.07%	0.16%

* 10-year data is not yet available.

**REPORTS REQUIRED BY *GOVERNMENT AUDITING*
*STANDARDS***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors of the University of Oklahoma
Cameron University
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Cameron University (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the state of Oklahoma, which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2020. Our report includes emphasis of matters paragraphs acknowledging 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. The Cameron University Foundation, Inc. (the Foundation) has been presented as part of the reporting entity. This legally separate organization was audited by other auditors. The Foundation was not audited in accordance with *Government Auditing Standards*. Our report also includes an emphasis of matter paragraph related to a restatement due to correction of an error.

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.

Internal Control Over Financial Reporting (Continued)

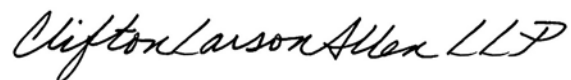
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 2020-01 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

St. Louis, Missouri
October 20, 2020

**CAMERON UNIVERSITY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2020**

Section I – Financial Statement Findings

2020 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During the audit process, a prior period adjustment was recorded which restated prior year net position by \$821,515.

Criteria: The University must have controls in place so that audited financial statements are presented fairly in all material respects in conformity with the Governmental Accounting Standards Board.

Context: While performing audit procedures, it was noted that the pension liability related to the University's Supplemental Retirement Plan was recorded at net pension obligation.

Effect: The University's Financial Statements were materially misstated.

Cause: The University's actuary provided the incorrect actuarial report for the pension liability related to the University's Supplemental Plan which the University was using to adjust the pension liability.

Recommendation: The University's accounting personnel should evaluate and engage a new qualified actuary to ensure the University's Supplement Retirement Plan pension liability is properly recorded.

Management's Response: Accepted. The University has evaluated and engaged a new qualified actuary to provide the annual actuarial report for the University's Supplement Retirement Plan.