



FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
**WITH REPORTS OF INDEPENDENT AUDITORS**



AS OF AND FOR THE YEAR ENDED JUNE 30, 2019



**CAMERON UNIVERSITY  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	<b>4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>10</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>12</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>13</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>15</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – OTRS (UNAUDITED)</b>	<b>60</b>
<b>SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS – OTRS (UNAUDITED)</b>	<b>61</b>
<b>SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – PRESIDENT'S RETIREMENT PLAN – PLAN 2 (UNAUDITED)</b>	<b>62</b>
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS – PRESIDENT'S RETIREMENT PLAN – PLAN 2 (UNAUDITED)</b>	<b>63</b>
<b>SCHEDULE OF CHANGES IN NET OPEB ASSET AND RELATED RATIOS – OTRS OPEB (UNAUDITED)</b>	<b>64</b>
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS – OTRS OPEB (UNAUDITED)</b>	<b>65</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>67</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GRANT GUIDANCE</b>	<b>69</b>

**CAMERON UNIVERSITY  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2019**

**OTHER SUPPLEMENTARY INFORMATION**

<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>72</b>
<b>NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>73</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>74</b>



## 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, which comprise the statement of net position as of June 30, 2019, 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, 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, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2019, 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 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, 2019, 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.

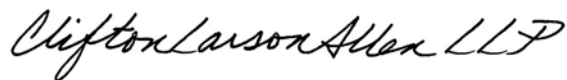
#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

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 15, 2019

**CAMERON UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019 AND 2018**

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, 2019. 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 2019, with fiscal year 2018 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, 2019. The statement of revenues, expenses, and changes in net position summarizes the University's financial activity for the year ended June 30, 2019. 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, 2019.

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, 2019, the University had approximately \$16 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 \$21.6 million in fiscal year 2019 from \$19.1 million in fiscal year 2018.

**CAMERON UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019 AND 2018**

**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***

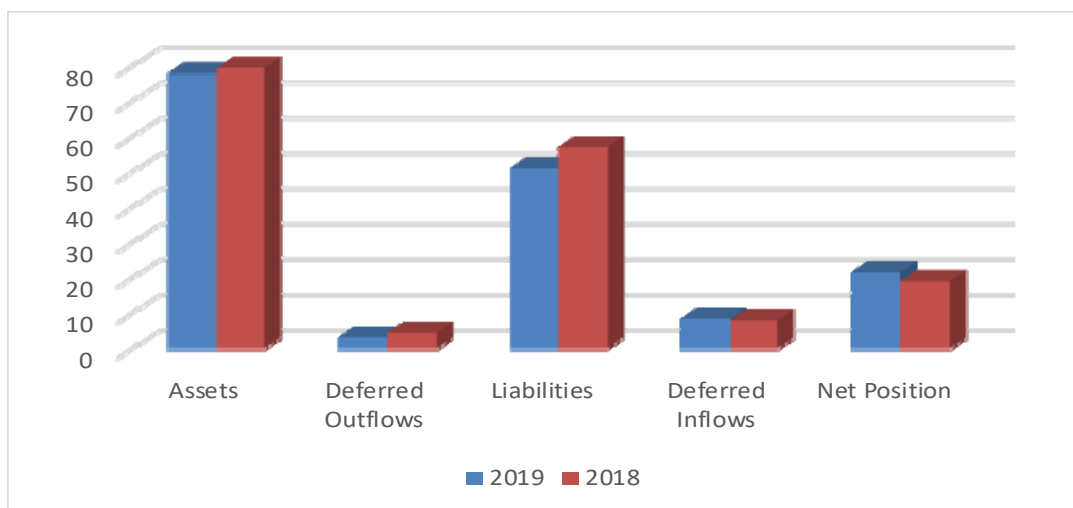
	2019 <i>(in Millions)</i>	2018 <i>(in Millions)</i>
<b>ASSETS</b>		
Current Assets	\$ 16.1	\$ 15.6
Noncurrent Assets:		
Capital Assets, Net of Depreciation	57.9	59.9
Other	4.0	4.0
Total Assets	<u>78.0</u>	<u>79.5</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3.2	4.5
<b>LIABILITIES</b>		
Current Liabilities	4.7	4.6
Noncurrent Liabilities	46.4	52.4
Total Liabilities	<u>51.1</u>	<u>57.0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>8.5</u>	<u>8.0</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	40.7	41.5
Restricted - Expendable	4.3	4.5
Restricted - Nonexpendable	0.1	0.1
Unrestricted	(23.5)	(27.0)
Total Net Position	<u>\$ 21.6</u>	<u>\$ 19.1</u>



**CAMERON UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019 AND 2018**

**Financial Analysis of the University as a Whole (Continued)**

**Analysis of Net Position (in Millions)**



**CAPITAL ASSETS, NET**

Land  
Buildings and Improvements  
Infrastructure  
Equipment  
Library Materials  
Construction in Progress  
Total Capital Assets  
Less: Accumulated Depreciation  
Net Capital Assets

	2019 (in Millions)	2018 (in Millions)
\$	0.5	\$ 0.4
	102.9	101.5
	9.6	9.6
	14.3	13.7
	11.0	10.9
	0.2	0.8
	<u>138.5</u>	<u>136.9</u>
	<u>(80.6)</u>	<u>(77.0)</u>
\$	<u>57.9</u>	<u>59.9</u>

In 2019, the University added \$1.8 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, 2019 AND 2018**

**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***

	2019 <i>(In Millions)</i>	2018 <i>(In Millions)</i>
<b>OPERATING REVENUES</b>		
Tuition and Fees, Net	\$ 17.9	\$ 18.9
Grants and Contracts	2.6	2.7
Sales and Services	0.7	0.7
Auxiliary Enterprises	4.0	4.0
Other	0.2	0.2
Total Operating Revenues	<u>25.4</u>	<u>26.5</u>
Less: Operating Expenses	<u>54.5</u>	<u>56.6</u>
Operating Loss	(29.1)	(30.1)
<b>NONOPERATING REVENUES</b>		
State Appropriations	16.5	16.6
Federal and State Grants	11.8	10.9
Onbehalf Payments	1.9	3.0
Endowment Income	0.2	0.1
Investment Income	0.1	0.1
Private Donations	0.4	1.4
Capital Appropriations	1.2	1.2
Total Nonoperating Revenues	<u>32.1</u>	<u>33.3</u>
Less: Nonoperating Expenses	<u>0.5</u>	<u>0.7</u>
Net Nonoperating Revenue	31.6	32.6
<b>CHANGE IN NET POSITION</b>	2.5	2.5
Net Position - Beginning of Year	<u>19.1</u>	<u>16.6</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 21.6</u></u>	<u><u>\$ 19.1</u></u>

**CAMERON UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019 AND 2018**

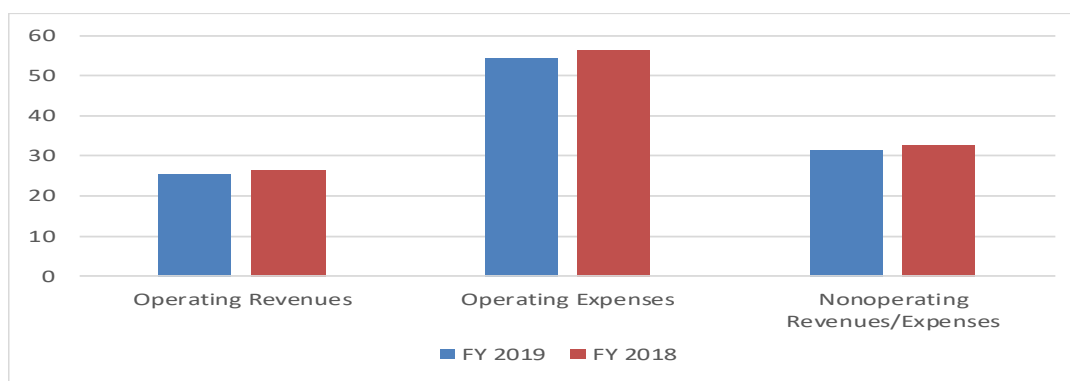
**Financial Analysis of the University as a Whole (Continued)**

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 \$.1 million in 2019. Tuition and fees revenue decreased by \$1.1 million from 2018 to 2019. Grants and contracts and auxiliary enterprises had a combined decrease of \$.1 million in 2019.

The majority of nonoperating revenues are made up of state appropriations and Pell grant revenues. There was a slight decrease of \$.1 million in state appropriations in fiscal year 2019 as compared to fiscal year 2018.

The University's operating expenses are classified by natural classification, including employee compensation, scholarships, contractual services, etc. In fiscal year 2019, operating expenses decreased by \$2.1 million primarily due to a decrease in compensation and an increase in contractual services and supplies and materials. Compensation decreased due to vacancies in full-time faculty and staff as well as from recording changes in Cameron's pension share of the Oklahoma Teacher's Retirement System. Contractual Services increased to the implementation of the custodial contract, and supplies and materials increased due the purchase of print shop equipment, a server, and increased library materials.

**Analysis of Revenues and Expenses (in Millions)**



	2019 (In Millions)	2018 (In Millions)
<b>OPERATING EXPENSES</b>		
Compensation	\$ 28.4	\$ 31.7
Contractual Services	5.7	5.3
Supplies and Materials	4.0	3.4
Depreciation	3.8	3.8
Utilities	1.6	1.5
Communications	0.3	0.3
Scholarships and Fellowships	8.6	8.4
Other Operating Expenses	2.1	2.2
<b>Total Operating Expenses</b>	<b>\$ 54.5</b>	<b>\$ 56.6</b>

**CAMERON UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2019 AND 2018**

**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:

	2019 <i>(In Millions)</i>	2018 <i>(In Millions)</i>
<b>CASH PROVIDED (USED) BY</b>		
Operating Activities	\$ (26.9)	\$ (25.8)
Noncapital Financing Activities	28.4	27.5
Capital and Related Financing Activities	(1.6)	(1.7)
Investing Activities	0.1	0.1
Net Change in Cash	-	0.1
Cash - Beginning of Year	14.5	14.4
<b>CASH - END OF YEAR</b>	<u>\$ 14.5</u>	<u>\$ 14.5</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 continues to improve, with the State recording a budget surplus at the end of the 2019 fiscal year. However, the University continues to see a decline in enrollment due to a decreasing population in southwest Oklahoma. Even with the positive future of the economy, the University continues to look for cost saving measures. Management continues to monitor 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, 2019**

	University June 30, 2019	Foundation June 30, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 10,973,496	\$ 1,046,276
Accrued Interest Receivable	8,454	82,724
Accounts Receivable, Net	1,602,031	7,223
Receivables from OSRHE	926,066	-
Prepaid Expenses and Other Assets	2,610,780	-
Total Current Assets	<u>16,120,827</u>	<u>1,136,223</u>
<b>NONCURRENT ASSETS</b>		
Restricted Cash and Cash Equivalents	3,569,733	-
Investments	-	27,620,831
Prepaid Bond Insurance Costs	500	-
Other Assets	308,915	528,365
Capital Assets, Net	57,859,951	238,000
Total Noncurrent Assets	<u>61,739,099</u>	<u>28,387,196</u>
 Total Assets	 77,859,926	 29,523,419
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pensions	<u>3,245,879</u>	<u>-</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 81,105,805</u></u>	 <u><u>\$ 29,523,419</u></u>

See accompanying Notes to Financial Statements.



**CAMERON UNIVERSITY**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2019**

	University June 30, 2019	Foundation June 30, 2019
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 714,786	\$ 64,288
Accrued Payroll	1,036,538	-
Unearned Revenues	1,174,323	-
Notes Payable	-	382,545
Deposits Held in Custody for Others	124,133	-
Current Portion of Noncurrent Liabilities	1,637,000	-
Total Current Liabilities	4,686,780	446,833
<b>NONCURRENT LIABILITIES, NET OF CURRENT PORTION</b>		
Accrued Compensated Absences	389,204	-
Capital Lease Payable, Net of Premium	15,977,031	-
Net Pension Liability	30,035,691	-
Total Noncurrent Liabilities	46,401,926	-
Total Liabilities	51,088,706	446,833
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows for Pensions	8,219,462	-
Deferred Credit on OCIA Lease Restructure	232,599	-
Total Deferred Inflows of Resources	8,452,061	-
Total Liabilities and Deferred Inflows of Resources	59,540,767	446,833
<b>NET POSITION</b>		
Net Investment in Capital Assets	40,661,804	-
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	66,000	12,468,657
Expendable:		
Educational Programs	1,062,859	10,165,820
Capital Projects	3,270,803	-
Other	39,218	-
Unrestricted	(23,535,646)	6,442,109
Total Net Position	<u>\$ 21,565,038</u>	<u>\$ 29,076,586</u>

See accompanying Notes to Financial Statements.

**CAMERON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2019**

	University Year Ended June 30, 2019	Foundation Year Ended June 30, 2019
<b>OPERATING REVENUES</b>		
Student Tuition and Fees, Net of Scholarship Allowance of \$8,933,694	\$ 17,932,819	\$ -
Federal Grants and Contracts	1,981,627	-
State Grants and Contracts	126,259	-
Nongovernmental Grants and Contracts	450,857	-
Sales and Services of Educational Departments	691,582	-
Auxiliary Enterprises	4,028,499	-
Gifts and Contributions	-	1,375,510
Other Operating Revenues	237,564	78,494
Total Operating Revenues	<u>25,449,207</u>	<u>1,454,004</u>
<b>OPERATING EXPENSES</b>		
Compensation and Benefits	28,406,980	-
Contractual Services	5,747,764	-
Supplies and Materials	3,949,217	-
Depreciation	3,802,039	-
Utilities	1,618,455	-
Communications	289,856	-
Scholarships and Fellowships	8,597,710	334,558
Other Operating Expenses	2,140,094	1,585,192
Total Operating Expenses	<u>54,552,115</u>	<u>1,919,750</u>
<b>OPERATING INCOME (LOSS)</b>	(29,102,908)	(465,746)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	16,508,495	-
Federal and State Grants	11,848,106	-
OTRS On-Behalf Contributions	1,534,815	-
Oklahoma State Regents for Higher Education Endowment Income	228,846	-
Investment Income	107,940	928,650
Net Depreciation on Investments	-	1,169,585
Interest Expense	(555,600)	-
Other Nonoperating Expense	(14,476)	-
Net Nonoperating Revenues	<u>29,658,126</u>	<u>2,098,235</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)</b>	555,218	1,632,489
<b>OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)</b>		
On-Behalf State Appropriations Restricted for Debt Service	369,539	-
Private Donations Restricted for Capital Purposes	395,000	-
State Appropriations Restricted for Capital Purposes	1,169,589	-
Total Other Revenues, Expenses, or Gains (Losses)	<u>1,934,128</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	2,489,346	1,632,489
Net Position - Beginning of year	<u>19,075,692</u>	<u>27,444,097</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 21,565,038</u>	<u>\$ 29,076,586</u>

See accompanying Notes to Financial Statements.

**CAMERON UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees	\$ 18,002,671
Grants and Contracts	2,674,642
Payments to Employees	(30,075,087)
Payments to Vendors	(13,617,812)
Payments for Scholarships and Fellowships	(8,597,710)
Sales and Services of Educational Departments	665,270
Auxiliary Enterprises	3,858,048
Other Operating Receipts	237,564
Net Cash Used by Operating Activities	<u>(26,852,414)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	16,508,495
Federal and State Grants	11,848,106
Direct Loans Received	13,037,832
Direct Loans Disbursed	(13,037,832)
Agency Transactions	(4,323)
Net Cash Provided by Noncapital Financing Activities	<u>28,352,278</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Appropriations	1,169,589
Private Donations Restricted for Capital Purposes	395,000
Payments on Bonds and Lease Payable	(675,925)
Proceeds from Capital Lease Obligations	-
Interest Paid on Capital Debt and Leases	(701,183)
Purchases of Capital Assets	(1,803,339)
Net Cash Used by Related Financing Activities	<u>(1,615,858)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	-
Interest on Investments	107,201
Purchases of Investments	-
Net Cash Provided by Investing Activities	<u>107,201</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

(8,793)

Cash and Cash Equivalents - Beginning of Year

14,552,022

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 14,543,229

**CAMERON UNIVERSITY**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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

Operating Loss	\$ (29,102,908)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	3,802,039
OTRS On-Behalf Contributions	1,534,815
Changes in Assets and Liabilities:	
Accounts Receivable	34,336
Prepaid Expenses and Other Assets	(69,448)
Deferred Outflows for Pensions	1,266,229
Accounts Payable and Accrued Expenses	166,470
Net Pension Liability	(5,027,098)
Unearned Revenues	25,043
Deferred Inflows for Pensions	518,108
Net Cash Used by Operating Activities	<u><u>\$ (26,852,414)</u></u>

**NONCASH CAPITAL AND RELATED FINANCING ITEMS**

Principal and Interest Paid by Other State Agencies	<u><u>\$ 369,539</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	\$ 10,973,496
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>3,569,733</u>
Total Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	<u><u>\$ 14,543,229</u></u>

**CAMERON UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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.



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

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

**Basis of Accounting**

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All 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, 2019**

**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 2019.

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, 2019**

**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, 2019**

**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, 2019**

**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, 2019, the University's deferred outflows of resources were comprised of deferred outflows related to pensions and other post-employment 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, 2019, 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 post-employment 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 15, 2019, 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:

*Statement No. 84, Fiduciary Activities* (GASB No. 84) was issued in January 2017, will be effective for the University beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements Issued Not Yet Adopted (Continued)**

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

*Statement No. 87, Leases* (GASB No. 87) was issued in June 2017, will be effective for the University beginning with its fiscal year ending June 30, 2020. The Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

**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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

At June 30, 2019, the carrying amounts of the University's deposits were \$14,543,229. This amount consisted of deposits with the State Treasurer (\$14,530,154) and petty cash and change funds (\$13,075) at June 30, 2019.

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 \$3,690,813 at June 30, 2019.

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

At June 30, 2019, 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	\$ 1,143,547	\$ 1,150,638
Certificates of Deposit	81,604	81,604
Money Market Mutual Funds	367,320	367,320
Mortgage-Backed Agency Securities	1,483,012	1,513,899
Municipal Bonds	6,559	6,848
Foreign Bonds	15,288	15,054
U.S. Treasury Obligations	593,482	601,258
Total	<u>\$ 3,690,813</u>	<u>\$ 3,736,622</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/>.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

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.

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, 2019, 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)	3,690,813	3,736,622
Total	<u>\$ 3,690,813</u>	<u>\$ 3,736,622</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.

**CAMERON UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

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.

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2019:

Student Tuition and Fees	\$ 1,454,334
Auxiliary Enterprises and Other Operating Activities	742,632
Federal and State Agencies	<u>235,773</u>
Total Accounts Receivable	2,432,739
Less: Allowance for Doubtful Accounts	<u>(830,708)</u>
Accounts Receivable, Net	<u><u>\$ 1,602,031</u></u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 CAPITAL ASSETS, NET**

Following are the changes in capital assets for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Capital Assets not Being Depreciated:					
Land	\$ 421,978	\$ 24,202	\$ -	\$ -	\$ 446,180
Construction in Progress	822,232	1,123,337	(1,786,646)	-	158,923
Total Capital Assets not Being Depreciated	<u>\$ 1,244,210</u>	<u>\$ 1,147,539</u>	<u>\$ (1,786,646)</u>	<u>\$ -</u>	<u>\$ 605,103</u>
Capital Assets Being Depreciated:					
Nonmajor Infrastructure Networks	\$ 9,628,320	\$ -	\$ -	\$ -	\$ 9,628,320
Building	101,382,657	-	1,549,027	-	102,931,684
Furniture, Fixtures, and Equipment	13,701,120	522,125	268,628	(229,892)	14,261,981
Library Materials	10,926,985	106,972	-	-	11,033,957
Total Capital Assets Being Depreciated	135,639,082	629,097	1,817,655	(229,892)	137,855,942
Less: Accumulated Depreciation for:					
Nonmajor Infrastructure Networks	(5,367,300)	(427,428)	-	-	(5,794,728)
Building	(50,650,776)	(2,497,923)	-	-	(53,148,699)
Furniture, Fixtures, and Equipment	(10,644,822)	(703,129)	-	229,892	(11,118,059)
Library Materials	(10,366,050)	(173,559)	-	-	(10,539,609)
Total Accumulated Depreciation	<u>(77,028,948)</u>	<u>(3,802,039)</u>	<u>-</u>	<u>229,892</u>	<u>(80,601,095)</u>
Capital Assets Being Depreciated, Net	<u>\$ 58,610,134</u>	<u>\$ (3,172,941)</u>	<u>\$ 1,817,655</u>	<u>\$ -</u>	<u>\$ 57,254,848</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 1,244,210	\$ 1,147,539	\$ (1,786,646)	\$ -	\$ 605,103
Capital Assets Being Depreciated	135,639,082	629,097	1,817,655	(229,892)	137,855,942
Total Cost of Capital Assets	136,883,292	1,776,636	31,009	(229,892)	138,461,045
Less: Accumulated Depreciation	<u>(77,028,948)</u>	<u>(3,802,039)</u>	<u>-</u>	<u>229,892</u>	<u>(80,601,095)</u>
Capital Assets, Net	<u>\$ 59,854,344</u>	<u>\$ (2,025,402)</u>	<u>\$ 31,009</u>	<u>\$ -</u>	<u>\$ 57,859,951</u>



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due within One year
<b>Bonds and Capital Lease Obligations:</b>					
OCIA Capital Lease Obligations	\$ 5,848,431	\$ -	\$ (91,297)	\$ 5,757,133	\$ -
Premium on OCIA Lease Obligations	106,949	-	(15,414)	91,536	-
ODFA Master Lease Revenue Bonds	11,149,500	-	(954,167)	10,195,333	990,750
Premium on ODFA Lease Obligations	1,012,455	-	(88,676)	923,779	-
Total Bonds and Capital Lease	18,117,335	-	(1,149,554)	16,967,781	990,750
<b>Other Liabilities:</b>					
Net Pension Liability—OTRS	33,844,429	-	(4,953,047)	28,891,382	-
Net Pension Liability—Supplemental	1,264,609	18,225	(11,301)	1,271,533	127,224
Accrued Compensated Absences	902,246	519,026	(513,042)	908,230	519,026
Total Other Liabilities	36,011,284	537,251	(5,477,390)	31,071,145	646,250
Total Long-Term Liabilities	\$ 54,128,619	\$ 537,251	\$ (6,626,944)	\$ 48,038,926	\$ 1,637,000

**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 September 1999, OCIA issued its OCIA Bond Issues, 1999 Series A, B, and C. Of the total bond indebtedness, State Regents allocated \$1,200,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with OCIA, representing the project being funded by the OCIA bonds.

Through June 30, 2019, the University has drawn its total allotment for expenditures incurred in connection with the project. The expenditures have been capitalized as investments in capital assets in accordance with University policy. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment, less repayments made.

In 2004, the University's lease agreement with OCIA was restructured through a refunding of the 1999 Series bonds to OCIA Bond Series 2004A. During fiscal year 2015, OCIA issued Bond Series 2014B to refund Bond Series 2004A. 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

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

resulted in a reduction of principal, thus the University has recorded a deferred inflow of resources of \$31,856, 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 life of the new debt, whichever is shorter. As of June 30, 2019, the unamortized credit was fully amortized. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$54,471, which approximates the economic savings of the transaction.

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.

**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, 2019. 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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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, 2019, the unamortized credit totaled \$232,600. 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, 2019, the State Regents made lease interest and principal payments totaling \$369,539 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.

**Oklahoma Capital Improvement Authority Lease Obligations (Continued)**

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

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 274,202	\$ 274,202
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
2025-2029	2,590,474	606,517	3,196,991
2030-2031	1,487,590	111,208	1,598,798
Total	<u>\$ 5,757,134</u>	<u>\$ 2,009,537</u>	<u>\$ 7,766,671</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 (the 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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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>
2020	\$ 491,250	\$ 28,625	\$ 519,875
2021	462,916	13,887	476,803
Total	<u>\$ 954,166</u>	<u>\$ 42,512</u>	<u>\$ 996,678</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.

**Oklahoma Capital Improvement Authority Lease Obligations (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 an 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:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 241,917	\$ 170,392	\$ 412,309
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
2025-2029	1,617,417	446,835	2,064,252
2030-2033	1,312,583	96,379	1,408,962
Total	<u>\$ 4,224,583</u>	<u>\$ 1,313,009</u>	<u>\$ 5,537,592</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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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.

The scheduled maturities of the bonds are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 257,583	\$ 183,097	\$ 440,680
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
2025-2029	1,663,583	537,693	2,201,276
2030-2034	1,975,917	190,578	2,166,495
Total	<u>\$ 5,016,584</u>	<u>\$ 1,552,498</u>	<u>\$ 6,569,082</u>

**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/](http://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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**Oklahoma Teachers' Retirement System (Continued)**

Benefit provisions include:

Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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

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

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

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

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (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, 2019 and 2018. The University's contributions to OTRS in 2019, including both the employer share and the employee share, was approximately \$3,490,000, 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 2019 was \$1,534,815. These on-behalf payments do not meet the definition of a special funding situation.

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

At June 30, 2019, the University reported a liability of \$28,891,382 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018. Based upon this information, the University's proportion was 0.47800872%. For the year ended June 30, 2019, the University recognized a negative pension expense of \$1,657,919. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 1,997,128
Changes of Assumptions	1,228,658	5,451,420
Net Difference Between Projected and Actual Investments		
Earnings on Pension Plan Investments	-	502,224
University Contributions Made Subsequent to the Measurement Date	1,967,986	-
Total	<u>\$ 3,196,644</u>	<u>\$ 7,950,772</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 \$1,967,986 resulting from the University's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The deferred inflows totaling \$502,224 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling \$1,997,128 resulting from differences between expected and actual experience and deferred inflows totaling \$5,451,420 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 5.38 years at June 30, 2018 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>Amount</u>	<u>Amount</u>
2020	\$ 635,377	\$ (1,379,201)
2021	635,377	(1,999,667)
2022	201,103	(3,041,548)
2023	(243,199)	(1,341,646)
2024	-	(188,710)
Total	<u>\$ 1,228,658</u>	<u>\$ (7,950,772)</u>



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**Oklahoma Teachers' Retirement System (Continued)**

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2018, 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.
- 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.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**Oklahoma Teachers' Retirement System (Continued)**

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2018 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	19.1	8.5
Fixed Income	23.5	2.5
Real Estate**	9.0	4.5
Alternative Assets	10.0	6.1
Total	<u>38.5%</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.

**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:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net Pension Liability	<u>\$ 37,465,928</u>	<u>\$ 28,891,382</u>	<u>\$ 17,041,267</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**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, 2019 were approximately \$158,000.

**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, 2019, the University contributed and paid benefits of \$124,730 under Plan 1.

Annual Pension Cost and Net Pension Obligation

The annual required contributions for the year ended June 30, 2019, were determined as part of annual actuarial valuations as of the aforementioned dates, using the entry age normal actuarial cost method. The actuarial assumptions for 2019 included (a) a discount rate of 3.43% per year to determine the present value of future benefit payments; (b) Mortality: RPA – 2000 Mortality Table projected to 2022 for males and females; and (c) annual cost of living adjustment of 3.5%.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**Supplemental Retirement Plan – Plan 1 (Continued)**

Components of the University's annual pension cost, contributions, and net pension obligation for Plan 1 for the year ended June 30, 2019 are as follows:

Annual Required Contribution	\$ 233,518
Interest on Net Pension Obligation	34,857
Adjustment to Annual Required Contribution	<u>(112,914)</u>
Annual Pension Cost	155,461
Contributions Made	<u>(139,730)</u>
Increase in Net Pension Obligation	15,731
Net Pension Obligation - Beginning of Year	1,016,228
Net Pension Obligation - End of Year	<u><u>\$ 1,031,959</u></u>

**Funded Status and Funding Progress**

The funded status of Plan 1 as of June 30, 2019 was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,843,411
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 1,843,411</u></u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.00%
Annual Covered Payroll (Active Plan Members)	<u><u>\$ -</u></u>

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, as available, about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend information: Three-year trend information on the percentage of the annual pension cost funded through contributions and the change in the net pension obligation (asset) is as follows for Plan 1:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Liability</u>
2019	\$ 155,460	89.9%	\$ 1,031,959
2018	141,656	96.9	1,016,228
2017	162,308	84.6	1,011,858
2016	174,986	78.5	986,836

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

**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.

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

At June 30, 2019, the University reported a liability of \$249,637 related to Plan 2. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. For the year ended June 30, 2019, the University recognized a negative pension expense of \$16,618. Deferred outflows of \$36,804 and deferred inflows of \$54,632 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>
2020	\$ (30,220)	\$ 24,564
2021	(2,195)	24,564
2022	(2,195)	5,504
2023	(2,194)	-
Total	<u>\$ (36,804)</u>	<u>\$ 54,632</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

Actuarial Assumptions

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

- Actuarial Cost Method – Entry Age Normal
- 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.

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.

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, 2019 are 7.0% with 44.3% of assets being invested in equities, 4% with 51.3% of assets being invested in bonds, 3% with 1% of assets being invested in other assets, and 2% with 3.4% of assets being invested in cash.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

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

The following table presents the net pension liability of the University calculated using the discount rate of 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>\$ 405,982</u>	<u>\$ 249,637</u>	<u>\$ 114,160</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.

Benefits Provided

OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month provided the member has ten (10) years of Oklahoma service prior to retirement.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	-
Inactive Plan Members Entitled to but not yet Receiving Benefit Payments	-
Active Plan Members	<u>152</u>
Total	<u><u>152</u></u>

**CAMERON UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)**

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM (CONTINUED)**

**A. 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, 2019 and 2018. The University's contributions to OTRS in 2019, including both the employer share and the employee share, was approximately \$3,490,000, 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 2019 was \$1,534,815. These on-behalf payments do not meet the definition of a special funding situation.

**B. Net OPEB Liability**

The University's net OPEB liability was measured as of June 30, 2018, 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, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the period ended June 30, 2018.



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)**

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM (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, 2018 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, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)**

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM (CONTINUED)**

C. Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Liability (Asset) (a)-(b)
Balance at June 30, 2018	\$ 2,049,529	\$ 2,262,694	\$ (213,165)
Changes for the Year:			
Service Cost	30,741	-	30,741
Interest	148,242	-	148,242
Differences Between Expected and Actual Experience	(46,907)	-	(46,907)
Contributions - Employer	-	13,922	(13,922)
Net Investment Income	-	-	-
Differences Between Projected and Actual Investment Income	-	213,959	(213,959)
Benefit Payments	(176,689)	(176,689)	-
Administrative Expense	-	(55)	55
Net Change	<u>(44,613)</u>	<u>51,137</u>	<u>(95,750)</u>
Balance at June 30, 2019	<u>\$ 2,004,916</u>	<u>\$ 2,313,831</u>	<u>\$ (308,915)</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>\$ (108,496)</u>	<u>\$ (308,915)</u>	<u>\$ (480,169)</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)**

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM (CONTINUED)**

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

For the year ended June 30, 2019, the University recognized a negative OPEB expense of \$51,634. At June 30, 2019, 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	\$ -	\$ 86,082
Changes of Assumptions	12,431	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	127,976
Total	<u>\$ 12,431</u>	<u>\$ 214,058</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
2020	\$ 2,345	\$ (57,344)
2021	2,345	(57,344)
2022	2,345	(28,114)
2023	2,345	(11,684)
2024	704	(2,234)
Total	<u>\$ 10,084</u>	<u>\$ (156,720)</u>

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 under the OTRS. The University funds the payments out of current operations and does not prefund the expenses. For the year ended June 30, 2019, the amount of expense to the University was approximately \$5,800.

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, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS (CONTINUED)**

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM (CONTINUED)**

At June 30, 2019, the University had approximately \$1,898,000 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 \$1,081,000 during the year ended June 30, 2019, 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 \$20,700,000 at June 30, 2019.

**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 \$6,900,000 at June 30, 2019, 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 \$444,000 at June 30, 2019, have been reflected as assets in the statement of net position.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019:

Scholarship Funds Awarded to the University	<u>\$ 334,558</u>
Payment of Services by the Foundation for the Benefit of the University	<u>\$ 937,602</u>
Administrative Services Provided by the University for the Benefit of the Foundation	<u>\$ 320,091</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, 2019**

**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.

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year's presentation. The reclassification had no effect on the previously reported change in net assets.

**CAMERON UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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 accounting principles generally accepted in the United States of America 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, 2019 and 2018, 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, 2019**

**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 property during the year ended June 30, 2018 that totaled \$522,952. The Foundation recorded this in-kind contribution as assets held for sale. The Foundation intends to sell this property 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 Internal Revenue Code 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 October 4, 2019 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, 2019 and 2018. 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, 2019**

**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.

Type of Deposits	Total Bank Balance	Custody Credit Risk Category		
		1	2	3
June 30, 2018				
Demand Deposits:				
BancFirst	\$ 133,994	\$ 133,994	\$ —	\$ —
Money Market Funds:				
BancFirst	116,354	—	—	116,354
Totals	<u>\$ 250,348</u>	<u>\$ 133,994</u>	<u>\$ —</u>	<u>\$ 116,354</u>

Type of Deposits	Total Bank Balance	Custody Credit Risk Category		
		1	2	3
June 30, 2018				
Demand Deposits:				
BancFirst	\$ 252,824	\$ 250,000	\$ —	\$ 2,824
Money Market Funds:				
BancFirst	265,983	—	—	265,983
Totals	<u>\$ 518,807</u>	<u>\$ 250,000</u>	<u>\$ —</u>	<u>\$ 268,807</u>

**Note 3: Investment Return**

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

	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
Common Stock	12,389,173	16,227,319
Total	<u>\$21,946,558</u>	<u>\$26,187,346</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)**

**Note 3: Investment Return (Continued)**

Investments are held for the production of income and consist of the following at June 30, 2018:

	Cost	Fair Value
U.S. Treasury Notes	\$ 4,559,842	\$ 4,543,935
U.S. Agencies	4,137	4,714
Corporate Bonds	4,241,314	4,199,821
Certificates of Deposits	115,000	115,000
Money Market Accounts	788,794	788,794
Common Stock	<u>12,746,082</u>	<u>15,641,979</u>
Total	<u>\$22,455,169</u>	<u>\$25,294,243</u>

Total investment return is comprised of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and Dividend Income, Net of		
Investment Expenses	\$ 928,650	\$ 896,470
Unrealized Gain/(Loss) on Investments	1,547,783	298,453
Realized Gains on Investments	<u>(378,198)</u>	<u>174,465</u>
Total	<u>\$ 2,098,235</u>	<u>\$ 1,369,388</u>

**Note 4: Cameron Investment Program**

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

	2019	2018
Cash	\$ 139,190	\$ 126,269
Accrued interest	21,912	25,623
Corporate bonds	<u>1,272,383</u>	<u>1,420,948</u>
Total Cameron Investment Program	<u>\$ 1,433,485</u>	<u>\$ 1,572,840</u>

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

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 non-active 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, 2019**

**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, 2019 and 2018.

	<b>As of June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 99,042	\$ -	\$ -	\$ 99,042
Certificates of deposits	115,000	-	-	115,000
Equity securities	16,227,319	-	-	16,227,319
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
	<u>\$ 16,602,463</u>	<u>\$ 11,018,368</u>	<u>\$ -</u>	<u>\$ 27,620,831</u>

	<b>As of June 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 788,794	\$ -	\$ -	\$ 788,794
Certificates of deposits	115,000	-	-	115,000
Equity securities	15,641,979	-	-	15,641,979
Corporate and other bonds	-	5,620,769	-	5,620,769
U.S. Government securities	-	4,548,649	-	4,548,649
Cash and accrued interest	151,892	-	-	151,892
	<u>\$ 16,697,665</u>	<u>\$ 10,169,418</u>	<u>\$ -</u>	<u>\$ 26,867,083</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 and 2018 is part of permanently restricted net assets. Real property with a carrying value of \$3,000 at June 30, 2019 and 2018 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, 2019. Interest accrues on this note at the 90-day U.S. Treasury bill rate published in the Wall Street Journal plus 1.0% (3.32% at June 30, 2019). 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, 2019 and 2018 was \$382,545 and \$682,768, respectively. The remaining balance is due within one year.

During the years ended June 30, 2019 and 2018, respectively, the Foundation paid \$17,818 and \$16,007 for interest associated with this note payable.

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)**

**Note 8: Net Assets**

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

	2019	2018
Board Designated:		
Foundation Operations	\$ 257,250	\$ 248,500
General University Support	183,000	133,000
Scholarships	120,000	120,000
Undesignated	5,881,859	5,812,575
Total Unrestricted Net Assets	<u>\$ 6,442,109</u>	<u>\$ 6,314,075</u>

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

	2019	2018
Endowed Chairs and Lectureships	\$ 4,874,080	\$ 4,216,647
Scholarships	2,176,763	1,983,930
Athletics Support	217,136	216,660
General University Support	2,897,841	2,710,753
Total Temporarily Restricted Net Assets	<u>\$ 10,165,820</u>	<u>\$ 9,127,990</u>

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

	2019	2018
Endowed Chairs and Lectureships	\$ 5,978,546	\$ 5,724,624
Scholarships	5,645,427	5,462,721
Athletics Support	171,910	171,910
General University Support	672,774	642,777
Total Permanently Restricted Net Assets	<u>\$ 12,468,657</u>	<u>\$ 12,002,032</u>

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

	2019	2018
Endowed Chairs and Lectureships	\$ 195,909	\$ 169,661
Scholarships	234,709	202,332
Athletics Support	105,853	96,543
General University Support	635,840	1,674,282
Total Net Assets Released from Restrictions	<u>\$ 1,172,311</u>	<u>\$ 2,142,818</u>

**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 generally accepted accounting principles (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, 2019**

**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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ —	\$ 22,634,477	\$ 22,634,477
Board-Designated Endowment Funds	<u>560,250</u>	<u>—</u>	<u>560,250</u>
Total	<u>\$ 560,250</u>	<u>\$ 22,634,477</u>	<u>\$ 23,194,727</u>

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	<u>58,750</u>	<u>—</u>	<u>58,750</u>
Total Endowment Funds	<u>\$ 560,250</u>	<u>\$22,634,477</u>	<u>\$23,194,727</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ —	\$ 21,130,022	\$ 21,130,022
Board-Designated Endowment Funds	<u>501,500</u>	<u>—</u>	<u>501,500</u>
Total	<u>\$ 501,500</u>	<u>\$ 21,130,022</u>	<u>\$ 21,631,522</u>



**CAMERON UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)**

**Note 9: Endowments (Continued)**

Changes in Endowment Net Assets for the year ending June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning	\$ 517,000	\$21,028,523	\$21,545,523
Investment Return	—	801,794	801,794
Contributions	—	1,331,182	1,331,182
Program Receipts	—	111,341	111,341
Appropriations for Expenditure	(15,500)	(2,142,818)	(2,158,318)
Transfers	—	—	—
Total Endowment Funds	<u>\$ 501,500</u>	<u>\$21,130,022</u>	<u>\$21,631,522</u>

**Note 10: 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 \$320,091 and \$310,093, for the years ended June 30, 2019 and 2018, respectively.

**Note 11: Subsequent Event**

On July 24, 2019, the Foundation sold the Faircloud House, one of the three assets classified as held for sale on the statements of financial position for the years ended June 30, 2019 and 2018. The asset was sold for \$237,384, which resulted in a loss on sale of \$77,133.

## **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\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
University's Proportion of the Net Pension Liability	0.5%	0.5%	0.5%	0.6%	0.6%
University's Proportionate Share of the Net Pension Liability	\$ 28,891,382	\$ 33,844,429	\$ 45,773,344	\$ 36,072,547	\$ 32,936,521
University's Covered Payroll	\$ 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	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%

\* Only five 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\***

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 1,967,986	\$ 1,981,725	\$ 2,111,814	\$ 2,331,395	\$ 2,472,233	\$ 2,492,447	\$ 2,487,250	\$ 2,313,695	\$ 2,317,445
Contributions in Relation to the Contractually Required Contributions	<u>(1,967,986)</u>	<u>(1,981,725)</u>	<u>(2,111,814)</u>	<u>(2,331,395)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll	<u>\$ 20,159,119</u>	<u>\$ 20,034,900</u>	<u>\$ 21,628,553</u>	<u>\$ 24,095,854</u>	<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	9.76%	9.89%	9.76%	9.68%	9.68%	9.68%	9.71%	9.56%	9.77%

\* 10-year data is not yet available.

**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)**

	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	104,950	103,624	94,639	101,019	99,303
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	24,285	40,303	171,961	(99,500)	34,301
Changes of Assumptions	(68,630)	2,650	2,571	2,760	-
Benefit Payments	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Net Change in Total Pension Liability	(66,382)	24,591	152,330	(100,109)	27,987
Total Pension Liability - Beginning	1,812,662	1,788,071	1,635,741	1,735,850	1,707,863
Total Pension Liability - Ending	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	77,956	117,251	181,625	(44,501)	94,843
Benefit Payments	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Administrative Expense	(6,050)	(5,500)	-	-	-
Net Change in Plan Fiduciary Net Position	(55,081)	(10,235)	64,784	(148,889)	(10,774)
Plan Fiduciary Net Position - Beginning (a)	1,551,724	1,561,959	1,497,175	1,646,064	1,656,838
Plan Fiduciary Net Position - Ending (b)	1,496,643	1,551,724	1,561,959	1,497,175	1,646,064
Net Pension Liability - Ending (a)-(b)	\$ 55,081	\$ 10,235	\$ (64,784)	\$ 138,566	\$ 89,786
Plan Fiduciary Net Position as a Percentage of the					
Total Pension Liability	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

\* 10-year data is not yet available.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$ 276,594	\$ 239,679	\$ 177,063	\$ 109,470	\$ 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>\$ 276,594</u>	<u>\$ 239,679</u>	<u>\$ 177,063</u>	<u>\$ 109,470</u>	<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>\$ -</u>	<u>\$ -</u>	<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%	0.00%	0.00%	0.00%	0.00%	132.24%	96.32%	75.51%

\* 10-year data is not yet available.

**CAMERON UNIVERSITY**  
**SCHEDULE OF CHANGES IN NET OPEB ASSET AND RELATED RATIOS**  
**OTRS OPEB (UNAUDITED)**  
**LAST 10 FISCAL YEARS\***

	2019	2018
Total OPEB Liability		
Service cost	\$ 30,741	\$ 33,980
Interest	148,242	162,180
Changes of benefit terms	-	-
Difference between expected and actual experience	(46,907)	(72,512)
Changes of assumptions	-	-
Changes in proportion	(142,070)	-
Benefit payments	(176,689)	(154,923)
Net Change in total OPEB Liability	(186,683)	(31,275)
Total OPEB liability - beginning	2,191,599	2,222,874
Total OPEB liability - ending	<u>2,004,916</u>	<u>2,191,599</u>
Plan fiduciary Net Position		
Contributions - employer	13,922	33,292
Net investment income	-	-
Difference between projected and actual investment income	213,959	318,432
Changes in proportion	(156,846)	-
Benefit payments	(176,689)	(154,923)
Administrative expenses	(55)	(135)
Net change in plan fiduciary net position	(105,709)	196,666
Plan fiduciary Net Position - beginning	2,419,540	2,222,874
Plan fiduciary Net Position - ending	<u>\$ 2,313,831</u>	<u>\$ 2,419,540</u>
Net OPEB Liability (Asset)	\$ (308,915)	\$ (227,941)
Plan fiduciary net position as a percentage of the total OPEB liability	115.41%	110.40%
Covered employee payroll	\$ 19,835,245	\$ 20,807,241
University's net OPEB liability as a percentage of the covered employee payroll	-1.56%	-1.10%

\* 10-year data is not yet available.

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

	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 13,922	\$ 33,292
Contribution in relation to the actuarially determined contribution	<u>13,922</u>	<u>33,292</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 19,835,245	 \$ 20,807,241
Contributions as a percentage of covered employee payroll	0.07%	0.16%

\* 10-year data is not yet available.



**REPORTS REQUIRED BY *GOVERNMENT AUDITING*  
STANDARDS AND UNIFORM GUIDANCE**



**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 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 position as of June 30, 2019, 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 15, 2019. 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*.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 15, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, and 2019-004. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

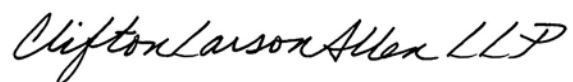
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, and 2019-004, that we consider to be significant deficiencies.

Cameron University's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cameron University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Regents of the University of Oklahoma  
Cameron University

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

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

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 15, 2019

**CAMERON UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>STUDENT FINANCIAL AID ASSISTANCE CLUSTER:</b>				
<b>Department of Education Direct Programs</b>				
Federal Pell Grant	84.063			\$ 9,355,974
Federal Supplemental Education Opportunity Grant	84.007			183,564
Federal Direct Student Loan Program	84.268			13,037,832
Federal Work Study	84.033			151,066
TEACH Grant	84.379			63,037
Federal Perkins Loan Program	84.038			19,798
Total Department of Education Direct Programs				<u>22,811,271</u>
<b>TRIO CLUSTER:</b>				
<b>Department of Education Direct Programs</b>				
Upward Bound	84.047A			360,203
Student Support Services	84.042A			427,864
Talent Search Grant	84.044A			376,697
Total TRIO Cluster				<u>1,164,764</u>
<b>U.S. Small Business Administration Program</b>				
Oklahoma Small Business Development Center Network	59.037			50,705
Total U.S. Small Business Administration				<u>50,705</u>
<b>U.S. Department of Commerce Pass-Through Program:</b>				
Economic Development Administration- Duncan Science Labs	11.300			19,260
Total U.S. Department of Commerce				<u>19,260</u>
<b>Department of Education Pass-Through Program From:</b>				
Oklahoma Department of Career and Technology Education				
Carl Perkins	84.048	73-6017987		96,649
Total Department of Education				<u>96,649</u>
<b>National Aeronautics Space Administration Pass-Through Program:</b>				
University of Oklahoma NASA Grant	43.008	73-1377584		54,348
Total National Aeronautics Space Administration				<u>54,348</u>
<b>National Science Foundation Pass-Through Programs:</b>				
Oklahoma State University - Oklahoma Lewis Stokes				
Alliance for Minority Participants	47.076	73-1383996		28,111
Oklahoma EPSCoR - English and Applied Math Summer Academy	47.079	73-6017987		17,622
Total National Science Foundation				<u>45,733</u>
Total Expenditures of Federal Awards				<u>\$ 24,242,731</u>

See Notes to Schedule of Expenditures of Federal Awards.

**CAMERON UNIVERSITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 1 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Cameron University under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Cameron University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cameron University.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 FEDERAL DIRECT STUDENT LOAN PROGRAM**

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

**NOTE 4 LOANS OUTSTANDING**

The University had \$19,798 in Federal Perkins Loans outstanding at June 30, 2019.

**NOTE 5 SUBRECIPIENTS**

During the year ended June 30, 2019, the University did not provide any federal awards to subrecipients



**CAMERON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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***Section I – Summary of Auditors' Results***

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**Financial Statements**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u>      x      </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>      x      </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u>      x      </u> no

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u>      x      </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>      x      </u> yes    _____ none reported
Type of auditors' report issued on compliance for for major programs?	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	<u>      x      </u> yes    _____ no

Identification of Major Programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.063  
84.408  
84.007  
84.268  
84.033  
84.379

SFA Cluster:  
Pell Grant  
Iraq and Afghanistan Service Grant  
Federal Supplemental Educational Opportunity Grants  
Federal Direct Student Loans  
Federal Work Study  
Teacher Education Assistance for College and Higher Education Grants  
TRIO Cluster:  
Upward Bound  
Student Support Services  
Talent Search Grant

84.047A  
84.042A  
84.044A

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

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>      x      </u> yes    _____ no

**CAMERON UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

***Required Reporting for the Pell Grant Program:***

Sample Description	OPEID	Sample		Population from Which the Sample was Drawn	
		Students Receiving Pell (#)	Pell Disbursed (\$)	Students Receiving Pell (#)	Pell Disbursed (\$)
Eligibility	00315000	30	\$ 158,825	2,198	\$ 9,355,974
Return of Title IV (1)	00315000	32	63,934	217	653,026
Reporting to COD - 25 Disbursements (2)	00315000	25	61,379	2,198	9,355,974
(1) Overlap of Students Tested for Eligibility	00315000	-	-	217	653,026
(2) All 25 Students Tested for Reporting to COD were also Tested for Eligibility					

***Required Reporting for the Direct Loan Program:***

Sample Description	OPEID	Sample		Population from Which the Sample was Drawn	
		Students Receiving Direct Loan (#)	Direct Loan Disbursed (\$)	Students Receiving Direct Loan (#)	Direct Loan Disbursed (\$)
Eligibility	00315000	23	\$ 200,660	1,808	\$ 13,037,832
Return of Title IV (1)	00315000	22	126,164	163	1,054,175
Reporting to COD (2)	00315000	15	35,098	1,808	13,037,832
(1) Overlap of Students Tested for Eligibility	00315000	-	-	163	1,054,175
(2) All 15 Students Tested for Reporting to COD were also Tested for Eligibility					

***Required Reporting for Findings:***

Finding Number	Student Identifier	OPEID	Pell Disbursed (\$)	Pell Under-Payment (\$)	Pell Over-Payment (\$)	Direct Loan Disbursed (\$)	Direct Loan Under-Payment (\$)	Direct Loan Over-Payment (\$)
None								

***Required Reporting for Instances of Noncompliance Determined to be Immaterial:***

Summary of Non-Compliance	Student Identifier	OPEID	Pell Disbursed (\$)	Pell Under-Payment (\$)	Pell Over-Payment (\$)	Direct Loan Disbursed (\$)	Direct Loan Under-Payment (\$)	Direct Loan Over-Payment (\$)
	1	00315000	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ 1,180

**CAMERON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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***Section II – Financial Statement Findings***

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None

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2019-001: Enrollment Reporting NSLDS (Significant Deficiency/No Questions Costs)**

**Federal Program:** Title: Student Financial Assistance Cluster

**Award Period:** July 1, 2018 to June 30, 2019

**Criteria or Specific Requirement:** 34 CFR 685.309 (b) - Enrollment Reporting - Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—(i) Enrolled at that school but has ceased to be enrolled on at least a halftime basis; (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (iii) Has changed his or her permanent address.

**Condition:** During the year, several student status changes were not properly reported to NSLDS within the 30-day timeframe.

**Cause:** The University's processes and controls did not ensure that student status changes were properly and timely reported to NSLDS.

**Effect:** The NSLDS system is not updated with the student information which can cause over awarding should the student transfer to another institution and the students may not properly enter the repayment period.

**Repeat Finding:** No

**Recommendation:** We recommend the University review its reporting procedures to ensure that students' statuses are accurately and timely reported to NSLDS as required by regulations.

**Management Response:** Student Financial Services will update its policies and procedures regarding Enrollment Reporting in collaboration with the Registrar's office no later than November 1, 2019. The Assistant Registrar will also be given access to NSLDS so review can occur regularly after submission to the National Student Clearinghouse. SFS will also implement a standard 15 day SCHER report pull to be provided to the Assistant Registrar. In addition, the Director of Student Financial Services, the Information Systems Specialist and the Assistant Registrar will meet monthly to discuss errors and updates and to work collaboratively to ensure every effort will be given so that all errors are corrected accurately and within the required timeframe.

**CAMERON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-002: Borrower Data – Direct Loans (Significant Deficiency / No Questioned Costs)**

**Federal Program:** Title: Student Financial Assistance Cluster

**Award Period:** July 1, 2018 to June 30, 2019

**Criteria or Specific Requirement:** OMB No. 1845-0021 – Institutions must report all loan disbursements and submit required records to Common Origination and Disbursement (COD) within 15 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records.

**Condition:** During our testing, we noted one loan disbursement was reported to COD before being applied to the student's account.

**Cause:** The student's disbursement was rejected by COD and university staff was not monitoring the COD rejection report and therefore it was not corrected until several months later. As a result, the disbursement was not accepted before or on the date of the actual disbursement and reverted back to the original scheduled disbursement date which was the day before the actual disbursement occurred.

**Effect:** Disbursements were not correctly reported to COD.

**Repeat Finding:** No

**Recommendation:** The University should monitor rejections from COD to ensure that the disbursement dates for students who received Federal Pell Grants and Direct Loans are accurate. Any discrepancies should be updated in COD to reflect the actual disbursement date.

**Management Response:** Student Financial Services will monitor rejections from COD to ensure corrections are made both accurately and timely.

**CAMERON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-003: Student Awards (Significant Deficiency/No questioned costs)**

**Federal Program:** Student Financial Aid Cluster

**Award Period:** All Grant Years

**Criteria or Specific Requirement:** 34 CFR 685.301- awards must be coordinated among the various programs and with other Federal and nonFederal aid (need and nonneed based aid) to ensure that total aid is not awarded in excess of the student's financial need.

Further, the determination of SFA award amounts is based on financial need. Financial need is generally defined as the student's Cost of Attendance (COA) minus financial resources reasonably available. For Title IV programs, the financial resources available is generally the Expected Family Contribution (EFC) that is computed by the central processor and included on the student's SAR and the ISIR provided to the institution.

**Condition:** It was noted that the University relies on Banner to calculate student's COA and student's need. During our audit procedures, it was noted that the summer portion for several students was not included in the COA in the Banner system used to calculate the student's need, although the student was awarded aid for the summer semester. Therefore, in Banner, the amount awarded was greater than the student's calculated need. There was no review or approval of the override of the student's award documented.

**Cause:** Controls in the Banner system, which the University relies on to calculate student awards, allows for SFA Counselors the ability to override the student award calculated by Banner.

**Effect:** The potential exists that students are over awarded.

**Repeat Finding:** No

**Recommendation:** The University should review processes and procedures to ensure that all student awarded are reviewed by an appropriate financial aid advisor or counselor if manual adjustments are made. All approvals should be documented and maintained.

**Management Response:** Student Financial Services will work with Information Technology Services to help create standard reports that will identify students who may be over awarded or exceed their Cost of Attendance. The review during the packaging process will be evaluated to determine if additional reports are needed to help identify errors. The packaging process itself will be evaluated to ensure accuracy of the awarding process to reduce the need for manual adjustments. The Cost of Attendance will be reviewed and approved by the Vice President for Business and Finance before SFS will update for the next academic year. This process will be documented and maintained for each academic year.

**CAMERON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-004: Eligibility (Significant Deficiency/No Questioned Costs)**

**Federal Program:** TRIO Cluster – Upward Bound

**Award Period:** All Grant Years

**Criteria or Specific Requirement:** 34 CFR 645.3 and 645.6 - an individual is eligible to participate in a Regular, Veterans, or Math-Science UB project if the individual meets all of the following requirements: (a) is a citizen, national, or permanent resident of the United States, or is in the United States for other than a temporary purpose; (b) is a potential first-generation college student, a low-income individual, or an individual who has a high risk for academic failure; (c) has a need for academic support in order to pursue successfully a program of education beyond high school; and (d) at the time of initial selection has completed the 8th grade but has not entered the 12th grade and is at least 13 years old but not older than 19. A veteran, regardless of age, who meets all other criteria is eligible to participate.

**Condition:** During our testing, one of the program participants selected for testing was missing the appropriate approval prior to actively participating in the program activities.

**Cause:** The University's internal controls did not ensure all program participants were properly reviewed and approved prior to participating in program activities.

**Effect:** The potential exists that services are provided to ineligible students.

**Repeat Finding:** No

**Recommendation:** The University should review processes and procedures to ensure that all eligibility requirements are reviewed by an appropriate federal programs advisor. All approvals should be documented and maintained.

**Management Response:** The University will review processes and procedures to ensure that all eligibility requirements are reviewed by Upward Bound Director. All approvals will be documented and maintained.