CAMERON UNIVERSITY™

FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WITH REPORTS OF INDEPENDENT AUDITORS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

CAMERON UNIVERSITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

Board of Regents of the 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, 2017, 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 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. 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 opinion.

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, 2017, and the respective changes in financial position and its cash flows 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, in 2017 the University adopted Governmental Accounting Standards Board Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.* The provisions of GASB Statement No. 82 required the University to adjust its net position as of July 1, 2016 upon adoption. Our opinion is not modified with respect to this matter.

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, 2017, 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 in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cameron 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 presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Supplementary Information (Continued)

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 13, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
October 13, 2017

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, 2017. 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 2017, with fiscal year 2016 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, 2017. The statement of revenues, expenses, and changes in net position summarizes the University's financial activity for the year ended June 30, 2017. 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, 2017.

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 position that are applicable to a future period. It includes costs associated with pensions. Deferred inflows of resources are acquisitions of net position 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 2019 or thereafter.

At June 30, 2017, the University had approximately $19.6 million in outstanding 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 $16.6 million in fiscal year 2017 from the restated net position of $15.6 million in fiscal year 2016.

Financial Analysis of the University as a Whole (Continued)

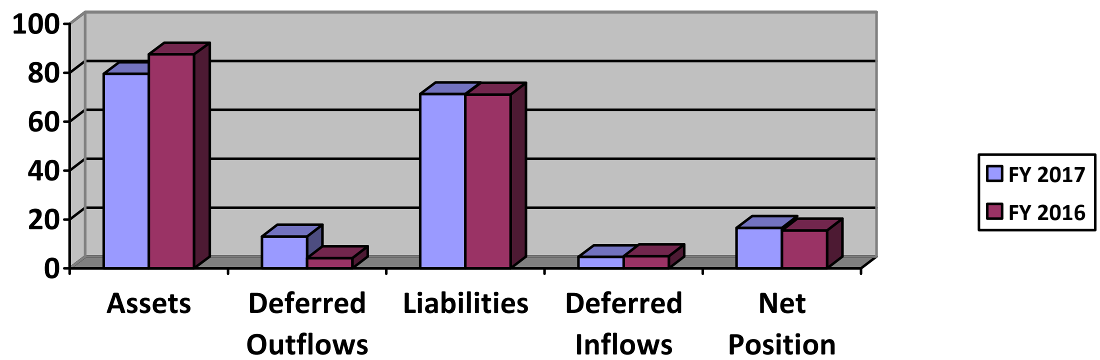
Following is a comparison of the summarized financial position, net position, and capital assets of the University at June 30:

Condensed Statements of Net Position

	2017 (in Millions)	2016 (in Millions)
ASSETS		
Current Assets	$ 15.5	$ 20.8
Noncurrent Assets:		
Capital Assets, Net of Depreciation	60.8	64.0
Other	3.2	2.7
Total Assets	79.5	87.5
DEFERRED OUTFLOWS OF RESOURCES	13.1	4.2
LIABILITIES		
Current Liabilities	6.0	13.3
Noncurrent Liabilities	65.3	57.8
Total Liabilities	71.3	71.1
DEFERRED INFLOWS OF RESOURCES	4.7	5.0
NET POSITION		
Net Investment in Capital Assets	40.2	40.1
Restricted - Expendable	4.2	3.2
Restricted - Nonexpendable	0.1	0.1
Unrestricted	(27.9)	(27.8)
Total Net Position	$ 16.6	$ 15.6

Financial Analysis of the University as a Whole (Continued)

Analysis of Net Position (in Millions)



		2017 (in Millions)		2016 (in Millions)
CAPITAL ASSETS, NET				
Land	$	0.4	$	0.4
Buildings and Improvements		100.7		100.0
Infrastructure		9.3		9.1
Equipment		13.2		12.8
Library Materials		10.8		10.8
Construction in Progress		0.0		0.4
Total Capital Assets		134.4		133.5
Less Accumulated Depreciation		(73.6)		(69.5)
Net Capital Assets	$	60.8	$	64.0

In 2017, the University added $1.3 million in assets due to the costs associated with various construction projects and acquisitions of equipment and library materials. The University disposed of approximately $.3 million in partially depreciated equipment.

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

	2017 (In Millions)	2016 (In Millions)
OPERATING REVENUES		
Tuition and Fees, Net	$ 19.0	$ 19.4
Grants and Contracts	2.5	2.3
Sales and Services	0.6	0.5
Auxiliary Enterprises	3.8	4.4
Other	0.5	0.3
Total Operating Revenues	26.4	26.9
Less Operating Expenses	58.4	60.5
Operating Loss	(32.0)	(33.6)
NONOPERATING REVENUES		
State Appropriations	17.9	19.0
Federal and State Grants	11.1	11.7
Onbehalf Payments	3.1	3.5
Endowment Income	0.3	0.3
Investment Income	0.1	0.3
Private Donations	0.5	0.5
Capital Appropriations	1.2	1.1
Total Nonoperating Revenues	34.2	36.4
Less Nonoperating Expenses	1.2	1.8
Net Nonoperating Revenue	33.0	34.6
CHANGE IN NET POSITION	1.0	1.0
Net Position - Beginning of Year	17.4	18.7
Restatement - Implementation of GASB 82	(1.8)	-
Restatement - Prior Period Adjustment	-	(2.3)
Net Position - Beginning of Year, as Restated	15.6	16.4
NET POSITION - END OF YEAR	$ 16.6	$ 17.4

Financial Analysis of the University as a Whole (Continued)

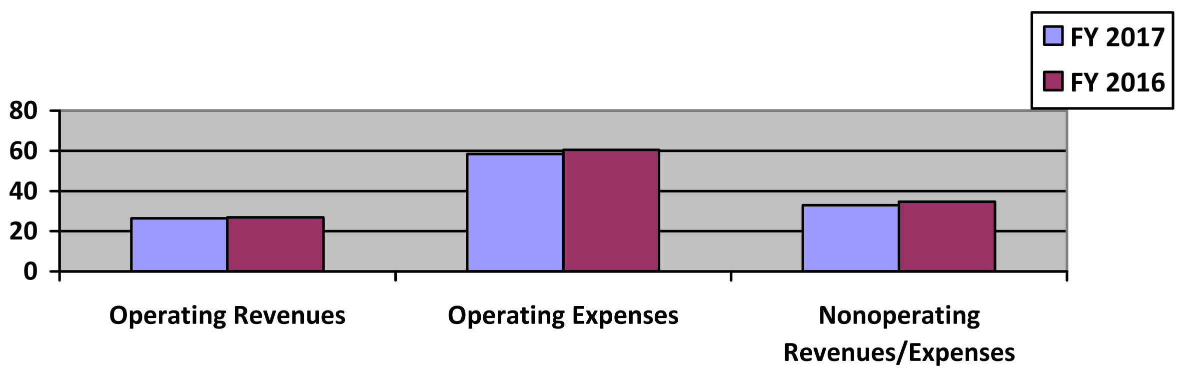
Operating revenues includes tuition and fees net of scholarship discounts and allowances, grants and contracts, sales and services, auxiliary enterprises, and other. These revenues decreased by $.5 million in 2017. Tuition and fees revenue decreased by $.4 million from 2016 to 2017. Grants and contracts and auxiliary enterprises had a combined decrease of $.4 million in 2017.

The majority of nonoperating revenues are made up of state appropriations and Pell grant revenues. There was a significant decrease of $1.1 million in state appropriations in fiscal year 2017 as compared to fiscal year 2016. Pell grant revenues decreased approximately $.6 million during fiscal year 2017.

The University's operating expenses are classified by natural classification, including employee compensation, scholarships, contractual services, etc. In fiscal year 2017, operating expenses decreased by $3.9 million primarily due to decreases in compensation, supplies and materials, scholarships, and other operating expenses. Compensation decreased due to a reduction in full-time faculty and staff. The scholarship decrease was due to the reduction in Pell grant recipients and reduced funding for Oklahoma Tuition Aid Grant recipients. Other operating expenses were down due to elimination of student health insurance costs.

As a result of GASB 82, the beginning net position was reduced by $1.8 million to account for employer-paid member contributions to the Oklahoma Teacher's Retirement System for fiscal year 2016 recorded as deferred outflows.

Analysis of Revenues and Expenses (in Millions)



	2017 (In Millions)	2016 (In Millions)
OPERATING EXPENSES		
Compensation	$ 33.8	$ 36.0
Contractual Services	4.4	4.4
Supplies and Materials	3.6	4.0
Depreciation	4.4	4.4
Utilities	1.4	1.5
Communications	0.3	0.3
Scholarships and Fellowships	8.6	9.5
Other Operating Expenses	1.9	2.2
Total Operating Expenses	$ 58.4	$ 62.3

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:

	2017 (In Millions)	2016 (In Millions)
CASH PROVIDED (USED) BY		
Operating Activities	$ (25.1)	$ (29.5)
Noncapital Financing Activities	29.0	30.7
Capital and Related Financing Activities	(8.4)	5.3
Investing Activities	0.1	1.3
Net Change in Cash	(4.4)	7.8
Cash - Beginning of Year	18.8	11.0
CASH - END OF YEAR	$ 14.4	$ 18.8

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 suffer from declining oil and gas revenues causing a 6% decrease in state appropriations for fiscal year 2018. In addition, the University continues to see a decline in enrollment due to a decreasing population in southwest Oklahoma. To combat these negative economic forces, the University has implemented several cost saving measures to include the elimination of 66 full-time faculty and staff positions in 2017 and reductions in departmental budgets for travel, supplies and materials. While these measures have provided significant savings, the University was required to increase student tuition and fees to help offset the state appropriation reduction. 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, 2017

	University June 30, 2017	Foundation June 30, 2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 11,248,583	$ 1,068,020
Accrued Interest Receivable	5,947	90,642
Accounts Receivable, Net	1,322,746	509,051
Receivables from OSRHE	768,365	-
Prepaid Expenses and Other Assets	2,192,167	-
Total Current Assets	15,537,808	1,667,713
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	3,139,445	-
Investments	-	25,810,441
Prepaid Bond Insurance Costs	10,910	-
Other Assets	-	27,911
Capital Assets, Net	60,835,852	238,000
Total Noncurrent Assets	63,986,207	26,076,352
Total Assets	79,524,015	27,744,065
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	13,051,052	-
Total Assets and Deferred Outflows of Resources	$ 92,575,067	$ 27,744,065

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2017

	University June 30, 2017	Foundation June 30, 2017
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 699,066	$ 41,810
Accrued Payroll	1,025,040	-
Unearned Revenues	1,226,590	-
Notes Payable	-	703,031
Deposits Held in Custody for Others	124,789	-
Current Portion of Noncurrent Liabilities	2,882,696	-
Total Current Liabilities	5,958,181	744,841
NONCURRENT LIABILITIES, NET OF CURRENT PORTION		
Accrued Compensated Absences	362,949	-
Capital Lease Payable, Net of Premium	18,124,987	-
Net Pension Liability	46,874,028	-
Total Noncurrent Liabilities	65,361,964	-
Total Liabilities	71,320,145	744,841
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pensions	4,400,530	-
Deferred Credit on OCIA Lease Restructure	287,633	-
Total Deferred Inflows of Resources	4,688,163	-
Total Liabilities and Deferred Inflows of Resources	76,008,308	744,841
NET POSITION		
Net Investment in Capital Assets	40,223,454	-
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	66,000	11,802,246
Expendable:		
Educational Programs	855,170	9,226,277
Capital Projects	3,055,215	-
Other	278,796	-
Unrestricted	(27,911,876)	5,970,701
Total Net Position	$ 16,566,759	$ 26,999,224

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	University Year Ended June 30, 2017	Foundation Year Ended June 30, 2017
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of $8,682,023	$ 19,014,578	$ -
Federal Grants and Contracts	1,411,167	-
State Grants and Contracts	127,278	-
Nongovernmental Grants and Contracts	955,102	-
Sales and Services of Educational Departments	587,432	-
Auxiliary Enterprises	3,851,414	-
Gifts and Contributions	-	3,433,829
Other Operating Revenues	467,104	57,145
Total Operating Revenues	26,414,075	3,490,974
OPERATING EXPENSES		
Compensation and Benefits	33,804,585	-
Contractual Services	4,375,135	-
Supplies and Materials	3,621,676	-
Depreciation	4,396,642	-
Utilities	1,440,803	-
Communications	294,498	-
Scholarships and Fellowships	8,623,560	292,079
Other Operating Expenses	1,889,358	2,016,082
Total Operating Expenses	58,446,257	2,308,161
OPERATING INCOME (LOSS)	(32,032,182)	1,182,813
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	17,883,426	-
Federal and State Grants	11,145,047	-
OTRS On-Behalf Contributions	1,589,947	-
Oklahoma State Regents for Higher Education Endowment Income	278,025	-
Investment Income	68,914	833,386
Net Depreciation on Investments	-	835,943
Interest Expense	(815,944)	-
Other Nonoperating Expense	(419,229)	-
Net Nonoperating Revenues	29,730,186	1,669,329
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)	(2,301,996)	2,852,142
OTHER REVENUES, EXPENSES, OR GAINS (LOSSES)		
On-Behalf State Appropriations Restricted for Debt Service	1,481,875	-
Private Donations Restricted for Capital Purposes	572,007	-
State Appropriations Restricted for Capital Purposes	1,194,642	-
Total Other Revenues, Expenses, or Gains (Losses)	3,248,524	-
CHANGE IN NET POSITION	946,528	2,852,142
Net Position - Beginning of Year	17,433,926	-
Restatement - Implementation of GASB 82	(1,813,695)	-
Net Position - Beginning of year, as Restated	15,620,231	24,147,082
NET POSITION - END OF YEAR	$ 16,566,759	$ 26,999,224

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 19,542,886
Grants and Contracts	2,350,952
Payments to Employees	(31,719,491)
Payments to Vendors	(11,465,408)
Payments for Scholarships and Fellowships	(8,623,560)
Sales and Services of Educational Departments	486,119
Auxiliary Enterprises	3,864,383
Other Operating Receipts	467,104
Net Cash Used by Operating Activities	(25,097,015)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	17,883,426
Federal and State Grants	11,145,047
Direct Loans Received	14,998,887
Direct Loans Disbursed	(14,998,887)
Agency Transactions	(57,480)
Net Cash Provided by Noncapital Financing Activities	28,970,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	1,194,642
Private Donations Restricted for Capital Purposes	572,007
Payments on Bonds and Lease Payable	(7,727,403)
Interest Paid on Capital Debt and Leases	(1,100,038)
Purchases of Capital Assets	(1,276,618)
Net Cash Used by Related Financing Activities	(8,337,410)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	68,345
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,395,087)
Cash and Cash Equivalents - Beginning of Year	18,783,115
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,388,028

See accompanying Notes to Financial Statements.

CAMERON UNIVERSITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2017

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (32,032,182)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,396,642
OTRS On-Behalf Contributions	1,589,947
Changes in Assets and Liabilities:	
Accounts Receivable	(35,025)
Prepaid Expenses and Other Assets	361,106
Deferred Outflows for Pensions	(8,880,282)
Accounts Payable and Accrued Expenses	27,477
Net Pension Liability	9,813,365
Unearned Revenues	(31,406)
Deferred Inflows for Pensions	(306,657)
Net Cash Used by Operating Activities	$ (25,097,015)
NONCASH CAPITAL AND RELATED FINANCING ITEMS	
Principal and Interest Paid by Other State Agencies	$ 1,481,875
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION	
Current Assets:	
Current Cash and Cash Equivalents	$ 11,248,583
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	3,139,445
Total Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	$ 14,388,028

See accompanying Notes to Financial Statements.

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 Board of 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. 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 2017.

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 capital lease obligations with contractual maturities greater than one year; (2) amounts for accrued compensated absences; (3) 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.

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 Teachers' Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by OTRS are reported at fair value.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets

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

Unrestricted Net Position

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position (Continued)

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.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2017, the University's deferred outflows of resources were comprised of deferred outflows related to pensions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. At June 30, 2017, the University's deferred inflows of resources were comprised of credits realized on an OCIA lease restructure and deferred inflows related to pensions.

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.

Prior Period Adjustment

As a result of GASB 82, the beginning net position was reduced by $1,813,695, from $17,433,926 to $15,620,231, to account for employer-paid member contributions to the Oklahoma Teacher's Retirement System for fiscal year 2016 recorded as deferred outflows.

Subsequent Events

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 13, 2017, the date the financial statements were available to be issued.

New Accounting Pronouncements Adopted in Fiscal Year 2017

The University adopted the following new accounting pronoucements during the year ended June 30, 2017:

Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73 (GASB No. 82) was issued in March 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of Statement 82 are effective for fiscal years beginning after June 15, 2016 and caused a prior period adjustment resulting in a decrease in net position of $1,813,695.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Issued not Yet Adopted

GASB has also issued several 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. 75, Fiduciary Activities, establishes criteria for identifying fiduciary activites of all state and local governments. The criteria generally focuses on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with who a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements. The statement is effective for fiscal years beginning after December 15, 2018.

Statement No. 85, Omnibus 2017, addresses practice issues identified during the implementation and application of certain GASB statements. The statement addresses topics including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 86, Certain Debt Extinguishment Issues, focuses on improving consistency in accounting and financial reporting for defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resouces are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 87, Leases, requires 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. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement is effective for fiscal years beginning after December 15, 2019.

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

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk 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:

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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

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

At June 30, 2017, the carrying amounts of the University's deposits were $14,388,028. This amount consisted of deposits with the State Treasurer ($14,374,953) and petty cash and change funds ($13,075) at June 30, 2017.

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 $3,900,700 at June 30, 2017.

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

At June 30, 2017, the distributions of deposits in *OK INVEST* are as follows:

OK INVEST Portfolio	Cost	Fair Value
U.S. Agency Securities	$ 1,644,332	$ 1,640,298
Certificates of Deposit	173,766	173,766
Money Market Mutual Funds	403,496	403,496
Mortgage Backed Agency Securities	1,562,656	1,564,080
Municipal Bonds	61,085	62,796
Foreign Bonds	37,372	37,366
U.S. Treasury Obligations	17,994	21,525
Total	$ 3,900,700	$ 3,903,328

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. The specifics regarding these policies can be found on the State Treasurer's website at http://www.treasurer.state.ok.us/.

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

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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.

Interest Rate Risk

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

Credit Risk

All United States government obligations are held by the Federal Reserve Bank in the name of the University. Title 70, Section 4306, of the Oklahoma statutes directs, authorizes, and empowers the University's Board of Regents to hold, invest, or sell donor-restricted endowments in a manner which is consistent with the terms of the gift as stipulated by the donor and with the provision of any applicable laws.

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

Concentration of Credit Risk

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

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2017:

Student Tuition and Fees	$ 1,144,709
Auxiliary Enterprises and Other Operating Activities	688,449
Federal and State Agencies	356,618
Total Accounts Receivable	2,189,776
Less Allowance for Doubtful Accounts	(867,030)
Accounts Receivable, Net	$ 1,322,746

NOTE 4 CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital Assets not Being Depreciated:					
Land	$ 421,978	$ -	$ -	$ -	$ 421,978
Construction in Progress	415,532	702,561	(1,070,668)	-	47,425
Total Capital Assets not Being Depreciated	$ 837,510	$ 702,561	$ (1,070,668)	$ -	$ 469,403
Capital Assets Being Depreciated:					
Nonmajor Infrastructure Networks	$ 9,122,190	$ -	$ 142,591	$ -	$ 9,264,781
Building	99,946,409	-	771,090	-	100,717,499
Furniture, Fixtures, and Equipment	12,837,037	506,719	156,987	(322,866)	13,177,877
Library Materials	10,766,746	71,095	-	-	10,837,841
Total Capital Assets Being Depreciated	132,672,382	577,814	1,070,668	(322,866)	133,997,998
Less Accumulated Depreciation for:					
Nonmajor Infrastructure Networks	(4,542,213)	(412,068)	-	-	(4,954,281)
Building	(45,557,950)	(2,530,188)	-	-	(48,088,138)
Furniture, Fixtures, and Equipment	(9,549,298)	(1,189,223)	-	319,109	(10,419,412)
Library Materials	(9,904,555)	(265,163)	-	-	(10,169,718)
Total Accumulated Depreciation	(69,554,016)	(4,396,642)	-	319,109	(73,631,549)
Capital Assets Being Depreciated, Net	$ 63,118,366	$ (3,818,828)	$ 1,070,668	$ (3,757)	$ 60,366,449
Capital Asset Summary:					
Capital Assets not Being Depreciated	$ 837,510	$ 702,561	$ (1,070,668)	$ -	$ 469,403
Capital Assets Being Depreciated	132,672,382	577,814	1,070,668	(322,866)	133,997,998
Total Cost of Capital Assets	133,509,892	1,280,375	-	(322,866)	134,467,401
Less Accumulated Depreciation	(69,554,016)	(4,396,642)	-	319,109	(73,631,549)
Capital Assets, Net	$ 63,955,876	$ (3,116,267)	$ -	$ (3,757)	$ 60,835,852

NOTE 5 LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due within One year
Bonds and Capital Lease Obligations:					
Revenue Bond Payable	$ 7,095,000	$ -	$ (7,095,000)	$ -	$ -
OCIA Capital Lease Obligations	8,244,358	-	(1,177,862)	7,066,496	1,218,065
Premium on OCIA Lease Obligations	140,494	-	(17,213)	123,281	-
ODFA Master Lease Revenue Bonds	13,500,583	-	(936,417)	12,564,166	993,250
Premium on ODFA Lease Obligations	637,385	-	(55,026)	582,359	-
Total Bonds and Capital Lease	29,617,820	-	(9,281,518)	20,336,302	2,211,315
Other Liabilities:					
Net Pension Liability - OTRS	36,072,547	9,700,797	-	45,773,344	-
Net Pension Liability - Supplemental	1,125,402	112,568	-	1,237,970	137,286
Accrued Compensated Absences	875,151	534,095	(512,202)	897,044	534,095
Total Other Liabilities	38,073,100	10,347,460	(512,202)	47,908,358	671,381
Total Long-Term Liabilities	$ 67,690,920	$ 10,347,460	$ (9,793,720)	$ 68,244,660	$ 2,882,696

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, 2017, 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.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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 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, 2017, the unamortized credit totaled $12,742. 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. Through June 30, 2017, these funds have 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.

Through June 30, 2017, the University has drawn $13,262,328 for expenditures incurred in connection with the projects. 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 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 has extended certain principal payments into the future, resulting in a charge or cost on restructuring. The University has 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 is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred outflow has been completely amortized as of June 30, 2017. 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.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

During fiscal year 2015, the University's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal, thus the University has recorded a deferred inflow of resources of $343,613 on restructuring which is the difference between the reacquisition price and the net carrying amount of the old debt, that is being amortized over the remaining life of the old debt or the new debt, whichever is shorter. As of June 30, 2017, the unamortized credit totaled $274,890. 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, 2017, the State Regents made lease interest and principal payments totaling $1,481,875 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.

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

Years Ending June 30,	Principal	Interest	Total
2018	$ 1,218,065	$ 334,573	$ 1,552,638
2019	91,297	278,242	369,539
2020	-	274,203	274,203
2021	-	274,203	274,203
2022	536,666	274,202	810,868
2023-2027	3,039,182	970,293	4,009,475
2028-2031	2,181,286	216,639	2,397,925
Total	$ 7,066,496	$ 2,622,355	$ 9,688,851

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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.

The scheduled maturities of the bonds are as follows:

Years Ending June 30,	Principal	Interest	Total
2018	$ 463,167	$ 56,835	$ 520,002
2019	477,167	42,940	520,107
2020	491,250	28,625	519,875
2021	462,916	13,887	476,803
Total	$ 1,894,500	$ 142,287	$ 2,036,787

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

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Oklahoma Development Finance Authority Master Lease (Continued)

The scheduled maturities of the bonds are as follows:

Years Ending June 30,	Principal	Interest	Total
2018	$ 245,500	$ 221,330	$ 466,830
2019	255,000	212,124	467,124
2020	264,083	202,561	466,644
2021	275,167	192,269	467,436
2022	287,417	181,057	468,474
2023-2027	1,633,666	712,675	2,346,341
2028-2032	2,014,584	321,507	2,336,091
2033	185,416	8,344	193,760
Total	$ 5,160,833	$ 2,051,867	$ 7,212,700

In June 2016, the University entered into an 18-year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Real Property Lease Revenue Refunding Bonds, Series 2016B (Master Lease 2016B). The University received a net amount of $5,760,000 of proceeds to refund the 2004 Housing Revenue Bonds. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $3,099,633, which approximates the economic savings of the transaction. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

The scheduled maturities of the bonds are as follows:

Years Ending June 30,	Principal	Interest	Total
2018	$ 242,583	$ 197,865	$ 440,448
2019	249,667	190,588	440,255
2020	257,583	183,097	440,680
2021	264,917	175,150	440,067
2022	275,667	164,783	440,450
2023-2027	1,538,083	663,191	2,201,274
2028-2032	1,871,917	330,254	2,202,171
2033-2034	808,416	36,023	844,439
Total	$ 5,508,833	$ 1,940,951	$ 7,449,784

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:

Name of Plan/System	Type of Plan
Oklahoma Teachers' Retirement System (OTRS)	Cost Sharing Multiple Employer Defined Benefit Plan
Cameron University Defined Contribution Plan	Defined Contribution Plan
Supplemental Retirement Annuity	Defined Benefit Plan
Cameron University President's Retirement Plan (Plan 2)	Defined Benefit Plan

Oklahoma Teachers' Retirement System

Plan Description

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

Benefits Provided

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

Benefit provisions include:

Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and as late as age 65 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

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Benefits Provided (Continued)

designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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

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

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

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

Contributions

The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7% of their annual compensation. The University pays the employee contributions as a pre-tax benefit to the employees. The University's contribution rate is 8.55% for the years ended June 30, 2017 and 2016. The University's contributions to OTRS in 2017, including both the employer share and the employee share, was approximately $3,740,000, 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 2017 was $1,589,947. 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, 2017, the University reported a liability of $45,773,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the University's proportion was 0.54847544%.

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)

For the year ended June 30, 2017, the University recognized pension expense of $1,999,540. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 1,062,667
Changes of Assumptions	5,511,755	3,261,624
Net Difference Between Projected and Actual Investments Earnings on Pension Plan Investments	5,343,403	-
University Contributions Made Subsequent to the Measurement Date	2,111,814	-
Total	$ 12,966,972	$ 4,324,291

Deferred pension outflows totaling $2,111,814 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, 2017. The deferred outflows totaling $5,343,403 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 $1,062,667 resulting from differences between expected and actual experience and deferred inflows totaling $3,261,624 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 5.71 years at June 30, 2016 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:

Year Ending June 30,	Amount	Amount
2018	$ 1,838,728	$ (980,389)
2019	1,838,728	(980,389)
2020	3,624,042	(980,389)
2021	2,849,943	(918,222)
2022	703,717	(464,902)
Total	$ 10,855,158	$ (4,324,291)

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 June 30, 2016, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Amortization Method - Level percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 2.50%
- Salary Increases - Composed of 3.00% inflation, plus 0.75% 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.

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

NOTE 6 RETIREMENT PLANS (CONTINUED)

Oklahoma Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.2%
Domestic Large Cap Equity	10.0	5.8
Domestic Mid Cap Equity	13.0	6.3
Domestic Small Cap Equity	10.0	7.0
International Large Cap Equity	11.5	6.6
International Small Cap Equity	6.0	6.6
Core Plus Fixed Income	17.5	1.6
High-Yield Fixed Income	6.0	4.9
Private Equity	5.0	8.3
Real Estate**	7.0	4.5
Master Limited Partnerships	7.0	7.7
Total	100.0%	

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

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

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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 59,924,507	$ 45,773,344	$ 33,929,086

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, 2017 were approximately $130,000.

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, 2017, the University contributed and paid benefits of $137,286 under Plan 1.

Annual Pension Cost and Net Pension Obligation

The annual required contributions for the year ended June 30, 2017, 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 2017 included (a) a discount rate of 3.05% per year to determine the present value of future benefit payments; (b) Mortality: RPA – 2000 Mortality Table projected to 2020 for males and females; and (c) annual cost of living adjustment of 3.5%.

Components of the University's annual pension cost, contributions, and net pension obligation for Plan 1 for the year ended June 30, 2017 are as follows:

NOTE 6 RETIREMENT PLANS (CONTINUED)

Supplemental Retirement Plan – Plan 1 (Continued)

Annual Required Contribution	$	230,893
Interest on Net Pension Obligation		30,098
Adjustment to Annual Required Contribution		(98,683)
Annual Pension Cost		162,308
Contributions Made		(137,286)
Increase in Net Pension Obligation		25,022
Net Pension Obligation - Beginning of Year		986,836
Net Pension Obligation - End of Year	$	1,011,858

Funded Status and Funding Progress

The funded status of Plan 1 as of June 30, 2017 was as follows:

Actuarial Accrued Liability (AAL)	$	2,024,467
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	2,024,467
Funded Ratio (Actuarial Value of Plan Assets / AAL)		0.00%
Annual Covered Payroll (Active Plan Members)	$	-

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:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Liability
2017	$ 162,308	84.6%	$ 1,011,858
2016	174,986	78.5%	986,836
2015	156,264	87.9%	946,136

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 3.05%, as well as what the University's net pension liability would be using a discount rate that is 1-percentage point lower (2.05%) or 1-percentage point higher (4.05%) than the current rate:

NOTE 6 RETIREMENT PLANS (CONTINUED)

Supplemental Retirement Plan – Plan 1 (Continued)

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Net Pension Liability	$ 2,228,915	$ 2,024,467	$ 1,847,498

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 separate a 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, 2017, the University reported a liability of $226,112 related to Plan 2. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. For the year ended June 30, 2017, the University recognized pension expense of $191,812. Deferred outflows totaling $84,080 and deferred inflows of $76,239 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years.

NOTE 6 RETIREMENT PLANS (CONTINUED)

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

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

The amortization schedule is as follows:

Year Ending June 30,	Deferred Outflows	Deferred Inflows
2018	$ 28,027	$ 19,060
2019	28,027	19,060
2020	28,026	19,060
2021	-	19,059
Total	$ 84,080	$ 76,239

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

- Actuarial Cost Method - Entry Age Normal
- Asset Method - Market Value of Assets
- Inflation - 3.00%
- Salary Increases - Not applicable.
- Discount Rate and Long-Term Expected Rate of Return - 6.00%
- Mortality - RP-2000 Combined Mortality Table, projected to 2017 using Scale AA

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, 2017 are 8.0% with 50% of assets being invested in equities, 3.1% with 49.3% of assets being invested in bonds, and 1% with .7% of assets being invested in cash.

NOTE 6 RETIREMENT PLANS (CONTINUED)

Cameron University President's Retirement Plan—Plan 2 (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	$ 401,510	$ 226,112	$ 75,674

NOTE 7 OTHER POSTEMPLOYMENT INSURANCE BENEFITS

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, 2017, the amount of expense to the University was approximately $5,500.

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.

At June 30, 2017, the University had approximately $1,801,000 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 $1,099,000 during the year ended June 30, 2017, 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.

NOTE 8 FUNDS HELD IN TRUST BY OTHERS (CONTINUED)

Beneficial Interest in State School Land Funds (Continued)

The total trust reserve for the University, held in trust by the Commissioners of the Land Office, was approximately $19,767,000 at June 30, 2017.

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 $6,373,000 at June 30, 2017, 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 of Higher Education; only the funds available for distribution, or approximately $694,000 at June 30, 2017, have been reflected as assets in the statement of net position.

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, 2017:

Scholarship Funds Awarded to the University	$ 292,079
Payment of Services by the Foundation for the Benefit of the University	$ 1,484,963
Administrative Services Provided by the University for the Benefit of the Foundation	$ 310,165

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.

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

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

Nature of Operations (Continued)

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:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

Income and gains on investments are reported as increases in permanently restricted net assets if the terms of the gift that gave rise to the investment or applicable law require such amounts to be added to permanent endowment principal. Income and gains are reported as increases in temporarily restricted net assets if the terms of the gift or applicable law impose restrictions on the use of the income and as increases in unrestricted net assets in all other cases.

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

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

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2017 and 2016, 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 permanently restricted. When the donor restrictions expire, such as when the Foundation expends the funds in accordance with the donor's wishes, temporarily restricted net assets are released to unrestricted net assets 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.

Collections

All collections of works of art, historical treasures, and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated fair value on the acquisition date, if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

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

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.

Subsequent Events

Subsequent events have been evaluated through September 18, 2017 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, 2017 and 2016. 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.

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 2: Cash and Cash Equivalents (Continued)

Type of Deposits	Total Carrying Balance	Total Bank Balance	Custody Credit Risk Category 1	2	3
June 30, 2017					
Demand Deposits:					
BancFirst	$ 542,834	$ 550,335	$ 250,000	$ —	$ 292,834
Money Market Funds					
BancFirst	525,186	525,186	—	—	525,186
Totals	$ 1,068,020	$ 1,075,521	$ 250,000	$ —	$ 818,020

Type of Deposits	Total Carrying Balance	Total Bank Balance	Custody Credit Risk Category 1	2	3
June 30, 2016					
Demand Deposits:					
BancFirst	$ 319,519	$ 332,463	$ 250,000	$ —	$ 69,519
Money Market Funds					
BancFirst	768,421	768,421	—	—	768,421
Totals	$ 1,087,940	$ 1,100,884	$ 250,000	$ —	$ 837,940

Note 3: Investment Return

Investments are held for the production of income and consist of the following at June 30, 2017:

	Cost	Fair Value	Carrying Value
U.S. Treasury Notes	$ 3,984,017	$ 4,019,450	$ 4,019,450
U. S. Agencies	6,576	7,646	7,646
Corporate Bonds	4,403,069	4,604,175	4,604,175
Certificates of Deposits	115,000	115,000	115,000
Mutual Funds	—	—	—
Money Market Accounts	1,309,426	1,309,426	1,309,426
Common Stock	11,826,784	14,168,264	14,168,264
	$21,644,872	$24,223,961	$24,223,961

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, 2016:

	Cost	Fair Value	Carrying Value
U.S. Treasury Notes	$ 3,684,764	$ 3,816,891	$ 3,816,891
U. S. Agencies	9,482	11,572	11,572
Corporate Bonds	3,700,947	3,991,947	3,991,947
Certificates of Deposits	115,000	115,000	115,000
Mutual Funds	—	—	—
Money Market Accounts	1,217,025	1,217,025	1,217,025
Common Stock	11,071,052	12,777,430	12,777,430
	$19,798,270	$21,929,865	$21,929,865

Total investment return is comprised of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Interest and Dividend Income, Net of Investment Expenses	$ 833,386	$ 791,783
Unrealized Gain/(Loss) on Investments	411,032	70,248
Realized Gains on Investments	424,912	27,846
	$ 1,669,330	$ 889,877

Note 4: Pledges Receivable

Pledges receivable are due as follows at June 30:

	2017	2016
Receivable in Less Than One Year	$ 500,000	$ 20,000
Receivable in One to Five Years	—	—
Total Pledges Receivable	500,000	20,000
Less Discounts to Present Value	—	—
Less Allowance for Uncollectible Pledges	—	—
Net Pledges Receivable	$ 500,000	$ 20,000

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 5: 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, 2017 and 2016 is part of permanently restricted net assets. Real property with a carrying value of $3,000 at June 30, 2017 and 2016 is part of unrestricted net assets.

Note 6: 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, 2017. Interest accrues on this note at the 90-day U.S. treasury bill rate published in the Wall Street Journal plus 1.0% (2.01% at June 30, 2017). 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.

During the years ended June 30, 2017 and 2016, respectively, the Foundation paid $9,717 and $8,117 for interest associated with this note payable.

Note 7: Net Assets

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

	2017	2016
Scholarships to University Students	$ 222,579	$ 231,307
Program Expense	312,295	311,696
Other Support to the University	1,172,647	868,726
	$ 1,707,521	$ 1,411,729

Temporarily restricted net assets are designed for the scholarships, athletics, KCCU-FM, doctoral chairs, construction activities, and other general support of the University. Substantially all restrictions can be met upon actions of the Foundation in accordance with the donor's stipulation.

Permanently restricted net assets are comprised of endowments designated for the scholarships, athletics, KCCU-FM, doctoral chairs, and other general support of the University. Depending on the nature of the endowment restriction, income from the

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 7: Net Assets (Continued)

permanently restricted assets may be required to be invested as part of the corpus of the endowment, or may be available for the designated purpose of the endowment.

Note 8: Cameron Investment Program

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

	2017	2016
Cash	$ 65,280	$ 45,184
Accrued Interest	25,655	23,033
Corporate Bonds	1,495,544	1,403,088
	$ 1,586,479	$ 1,471,305

All investments serve as collateral for the note payable as described in Note 6.

Note 9: Fair Value Measurements

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

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

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

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

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 9: Fair Value Measurements (Continued)

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

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 date 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, 2017 and 2016.

	As of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$1,309,426	$ —	$ —	$ 1,309,426
Certificates of Deposits	—	115,000	—	115,000
Equity Securities	14,168,264	—	—	14,168,264
Corporate and Other Bonds	—	4,604,175	—	4,604,175
U.S. Government Securities	—	4,027,096	—	4,027,096
Mutual Funds	—	—	—	—
	$15,477,69	$8,746,271	$ —	$24,223,961

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 9: Fair Value Measurements (Continued)

	As of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 1,217,025	$ —	$ —	$ 1,217,025
Certificates of Deposits	—	115,000	—	115,000
Equity Securities	12,777,430	—	—	12,777,430
Corporate and Other Bonds	—	3,991,947	—	3,991,947
U.S. Government Securities	—	3,828,463	—	3,828,463
Mutual Funds	—	—	—	—
	$13,994,455	$7,935,410	$ —	$21,929,865

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 10: Endowments

The Foundation endowments consist of approximately 160 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 10: Endowments (Continued)

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.

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.

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 10: Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-Restricted Endowment Funds	$ —	$ 9,226,277	$11,802,246
Board-Designated Endowment Funds	—	—	—
Total Endowment Funds	$ —	$ 9,226,277	$11,802,246

Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-Restricted Endowment Funds	$ —	$ 7,932,475	$10,531,212
Board-Designated Endowment Funds	—	—	—
Total Endowment Funds	$ —	$ 7,932,475	$10,531,212

Changes in Endowment Net Assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment Net Assets – Beginning	$ —	$ 7,932,475	$10,531,212
Investment Return	—	1,169,735	54,288
Contributions	—	1,831,588	1,216,746
Appropriations for Expenditure	—	(1,707,521)	—
Transfers	—	—	—
Total Endowment Funds	$ —	$ 9,226,277	$11,802,246

NOTE 12 CAMERON UNIVERSITY FOUNDATION (CONTINUED)

Note 10: Endowments (Continued)

Changes in Endowment Net Assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment Net Assets – Beginning	$ —	$ 7,935,478	$10,152,081
Investment Return	—	660,304	40,459
Contributions	—	748,422	338,672
Appropriationsf	—	(1,411,729)	—
Expenditure Transfers	—	—	—
Total Endowment Funds	$ —	$ 7,932,475	$10,531,212

Note 11: Related Parties

Substantially all expenses are for the benefit of the students, faculty, or activities of the University. Transactions between the Foundation and the University are covered under a written agreement between the Foundation and the University. Under this agreement, the University agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the University. The Foundation has recorded in-kind contributions received from the University in the accompanying financial statements in the amount of $310,165 and $310,093, for the years ended June 30, 2017 and 2016, respectively.

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*

	Measurement Date June 30,		
	2016	2015	2014
University's Proportion of the Net Pension Liability	0.5%	0.6%	0.6%
University's Proportionate Share of the Net Pension Liability	$ 45,773,344	$ 36,072,547	$ 32,936,521
University's Covered-Employee Payroll	$ 21,628,553	$ 24,095,854	$ 25,550,629
University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	211.6%	149.7%	128.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.2%	70.3%	72.4%

* Only three 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*

	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 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 Contribution	(2,111,814)	(2,331,395)	(2,472,233)	(2,492,447)	(2,487,250)	(2,313,695)	(2,317,445)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University’s Covered-Employee Payroll	$ 21,628,553	$ 24,095,854	$ 25,550,629	$ 25,739,234	$ 25,628,455	$ 24,203,445	$ 23,726,504
Contributions as a Percentage of Covered-Employee Payroll	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)

	2017	2016	2015
Total Pension Liability			
Service Cost	$ -	$ -	$ -
Interest	94,639	101,019	99,303
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	171,961	(99,500)	34,301
Changes of Assumptions	2,571	2,760	-
Benefit Payments	(116,841)	(104,388)	(105,617)
Net Change in Total Pension Liability	152,330	(100,109)	27,987
Total Pension Liability - Beginning	1,635,741	1,735,850	1,707,863
Total Pension Liability - Ending (a)	1,788,071	1,635,741	1,735,850
Plan Fiduciary Net Position			
Contributions - Employer	-	-	-
Contributions - Member	-	-	-
Net Investment Income	181,625	(44,501)	94,843
Benefit Payments	(116,841)	(104,388)	(105,617)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	64,784	(148,889)	(10,774)
Plan Fiduciary Net Position - Beginning	1,497,175	1,646,064	1,656,838
Plan Fiduciary Net Position - Ending (b)	1,561,959	1,497,175	1,646,064
Net Pension Liability - Ending (a)-(b)	$ (64,784)	$ 138,566	$ 89,786
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.4%	91.5%	94.8%
Covered Employee Payroll	-	-	-
Net Pension Liability as a Percentage of Covered-Employee Payroll	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*

	2017	2016	2015	2014	2013
Actuarially Determined Contribution	$ 177,063	$ 109,470	$ 75,524	$ 193,534	$ 495,559
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	(25,000)	(409,542)
Contribution Deficiency (Excess)	$ 177,063	$ 109,470	$ 75,524	$ 168,534	$ 86,017
University's Covered-Employee Payroll	$ -	$ -	$ -	$ -	$ 374,755
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	132.24%

	2012	2011
Actuarially Determined Contribution	$ 359,557	$ 276,094
Contributions in Relation to the Actuarially Determined Contribution	(460,000)	(150,000)
Contribution Deficiency (Excess)	$ (100,443)	$ 126,094
University's Covered-Employee Payroll	$ 373,287	$ 365,638
Contributions as a Percentage of Covered-Employee Payroll	96.32%	75.51%

* 10-year data is not yet available.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND UNIFORM GUIDANCE

CliftonLarsonAllen LLP
CLAconnect.com

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 AUDITNG STANDARDS*

Board of Regents of the Univeristy 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 net position as of June 30, 2017, 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 13, 2017. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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 the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
October 13, 2017

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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, 2017. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program 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 the 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 its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2017-001. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001, that we consider to be significant deficiencies.

Cameron University's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
October 13, 2017

CAMERON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
STUDENT FINANCIAL AID ASSISTANCE CLUSTER:				
Department of Education Direct Programs				
Federal Pell Grant	84.063			$ 8,784,641
Iraq and Afghanistan Service Grant	84.408			2,710
Federal Supplemental Education Opportunity Grant	84.007			181,525
Federal Direct Student Loan Program	84.268			14,998,887
Federal Work Study	84.033			128,799
TEACH Grant	84.379			37,736
Federal Perkins Loan Program	84.038			50,276
Total Department of Education Direct Programs				24,184,574
TRIO CLUSTER:				
Department of Education Direct Programs				
Upward Bound	84.047A			305,081
Student Support Services	84.042A			374,807
Talent Search Grant	84.044A			357,997
Total TRIO Cluster				1,037,885
Department of Education Pass-Through Programs From:				
Oklahoma Department of Career and Technology Education				
Carl Perkins	84.048	73-6017987		50,256
Total Department of Education				50,256
National Aeronautics Space Administration Pass-Through Program:				
University of Oklahoma NASA Grant	43.008	73-1377584		47,345
Total National Aeronautics Space Administration				47,345
National Science Foundation Pass-Through Program:				
Oklahoma State University - Oklahoma Lewis Stokes				
Alliance for Minority Participants	47.076	73-1383996		34,109
Oklahoma EPSCoR - English and Applied Math Summer Academy	47.083	73-6017987		13,156
Total National Science Foundation				47,265
National Center for Research Resources Pass-Through Program:				
University of Oklahoma - OK INBRE	93.859	73-1563627		4,200
University of Oklahoma - OUHSC - OK IdeA Network	93.859	73-1563627		24,663
Total National Center for Research Resources				28,863
National Endowment for the Humanities Pass-Through Program:				
Oklahoma Humanities Council	45.129	73-6017987		4,500
				4,500
Total Expenditures of Federal Awards				$ 25,400,688

See Notes to Schedule of Expenditures of Federal Awards.

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, 2017. 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 percent 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 $50,276 in Federal Perkins Loans outstanding at June 30, 2017.

NOTE 5 SUBRECIPIENTS

During the year ended June 30, 2017, the University did not provide any federal awards to subrecipients.

CAMERON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
	SFA Cluster:
84.063	Pell Grant
84.408	Iraq and Afghanistan Service Grant
84.007	Federal Supplemental Educational Opportunity Grants
84.268	Federal Direct Student Loans
84.033	Federal Work Study
84.379	Teacher Education Assistance for College and
84.038	Federal Perkins Loan Program
	Higher Education Grants

* 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:	$750,000/ $187,500			
Auditee qualified as low-risk auditee?	x	yes		no

Section II – Financial Statement Findings

Current Year
None

Section III – Findings and Questioned Costs – Major Federal Programs

2017-001: Inadequate Return of Title IV Fund Calculation

Federal Agency: Department of Education
Federal Program: Title: Student Financial Assistance Cluster
CFDA Numbers:
84.007 – Federal Supplemental Education Opportunity Grants
84.033 – Federal Work Study Program
84.038 – Federal Perkins Loans
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans
84.379 – Teacher Education Assistance for College and Higher Education Grants
84.408 – Iraq and Afghanistan Service Grant

Award Period: July 1, 2016 to June 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement:
According to 34 CFR 668.22, institutions are required to complete accurate Return of Title IV calculations as defined in the regulations. For a student that provides official notification of his or her intent to withdraw, the date the student began the institution's withdrawal process is the withdrawal date for Title IV purposes.

Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure students returns are within the prescribed limits and include a documented formal review to ensure the accuracy of all R2T4 calculations.

Condition:
During our testing, we noted that the University used the incorrect withdrawal date for 7 of 40 students tested when calculating the return of funds. We also noted that proper documentation for 1 of 40 students was not properly retained.

Questioned Costs:
$326

Cause:
The University's processes and controls did not ensure that the proper withdrawal date was utilized when calculating potential return of Title IV Funds.

Effect:
The University is not calculating the correct amount of Title IV funds to be returned to the Department of Education.

Repeat Finding
No

Recommendation:
The University should ensure all necessary employees receive proper training to ensure the proper date is being utilized when calculating return of funds..

Management Response:
University practice has been to use the system withdrawal date when making R2T4 calculations. In all but one of the noted calculations, the withdrawal date was one or two days from the official notification to withdraw. In three of the seven calculations there was no effect on the amount of aid required to be returned. For the remaining four, the calculation value was incorrect by amounts ranging from $30 to $142.

The University will modify procedures to ensure that supporting documents of official notification of students' intent to withdraw are made available to the Financial Assistance office when a return to Title IV calculation is necessary. These modifications will provide assurance that the correct withdrawal date is used in the calculations. In addition, the University will ensure that proper documentation of students' intent to withdraw is retained.

Section IV – Prior Year Findings

2016 – 001

While performing audit procedures, it was noted that the University had capitalized assets that were never depreciated. It was also noted, that in previous years items were incorrectly capitalized.

Status: Issue not repeated in the current year.

2016 – 002

During our testing of the Direct Loan and Pell Grant programs, we selected a sample of students to test for timeliness of reporting student status changes to the National Student Loan Data System (NSLDS). During our testing, we noted that the rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days.

The issue occurred at many colleges and universities in the U.S. during the 2015-2016 award year, which was attributable to a processing error on the NSLDS website. However, it is possible for colleges and universities to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

In addition, during our testing of 40 students, we noted two instances of incorrectly reporting student status changes.

Status: Issue not repeated in the current year.

2016 – 003

Direct loan reconciliations between the COD, G5, and student accounts were not being performed for the year.

Status: Issue not repeated in the current year.

2016 – 004

During our testing, we noted that 40 of 40 students tested did not receive disbursement notifications before the required deadline established by the Department of Education.

Status: Issue not repeated in the current year.

2016 – 005

During our testing, 13 of 40 general disbursements selected for testing were missing appropriate approval.

Status: Issue not repeated in the current year.

2016 – 006

During our testing, 6 of 40 program participants selected for testing were missing appropriate approval. In addition, 2 of 40 program participants selected for testing were not verified they were U.S. citizens.

Status: Issue not repeated in the current year.