

Cameron University

Independent Auditor's Reports and Financial Statements

June 30, 2022

Cameron University
June 30, 2022

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Independent Auditor's Report

Regents of the University of Oklahoma
Cameron University
Norman, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Cameron University (the University), an organizational unit of the Regents of the University of Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, Cameron University Foundation, Inc. (the Foundation). Those statements were audited by other auditors 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 auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, the University adopted new accounting guidance for accounting for leases. Our opinions are not modified with respect to this matter.

Reporting Entity

As discussed in *Note 1*, the accompanying financial statements of the University are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University and the Foundation. They do not purport to, and do not, present fairly the financial position of The University of Oklahoma as of June 30, 2022, and 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension information, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

FORVIS, LLP

Tulsa, Oklahoma
October 28, 2022

Cameron University

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2022

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, 2022. 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 2022 with fiscal year 2021 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, 2022. The statement of revenues, expenses, and changes in net position summarizes the University's financial activity for the year ended June 30, 2022. 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, 2022.

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. The 2021 financial information contained herein has not been restated for the adoption of GASB 87, *Leases*, disclosed in *Note 1* to the accompanying financial statements because of the single-year presentation of the basic financial statements.

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, leases 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, leases receivable, and capital assets. Capital assets include land, buildings and improvements, infrastructure, equipment, library materials, and construction in progress. Capital assets, with the exception of land and construction in progress, are shown net of depreciation.

Deferred outflows of resources are consumptions of net assets that are applicable to a future period. It includes costs associated with pensions and other postemployment benefits. Deferred inflows of resources are acquisitions of net assets that are applicable to a future period. It includes credits associated with debt restructuring, leases, pensions, and other postemployment benefits.

Liabilities are also classified between current and noncurrent. Current liabilities include accounts payable, accrued expenses, unearned revenues, leases payable, 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, leases payable, other financing arrangements, and net pension obligation expected to be paid in fiscal year 2024 or thereafter.

At June 30, 2022, the University had \$15.4 million in outstanding bonds and other financing arrangements. Additional information related to the University's long-term debt is presented in *Note 6* to the financial statements.

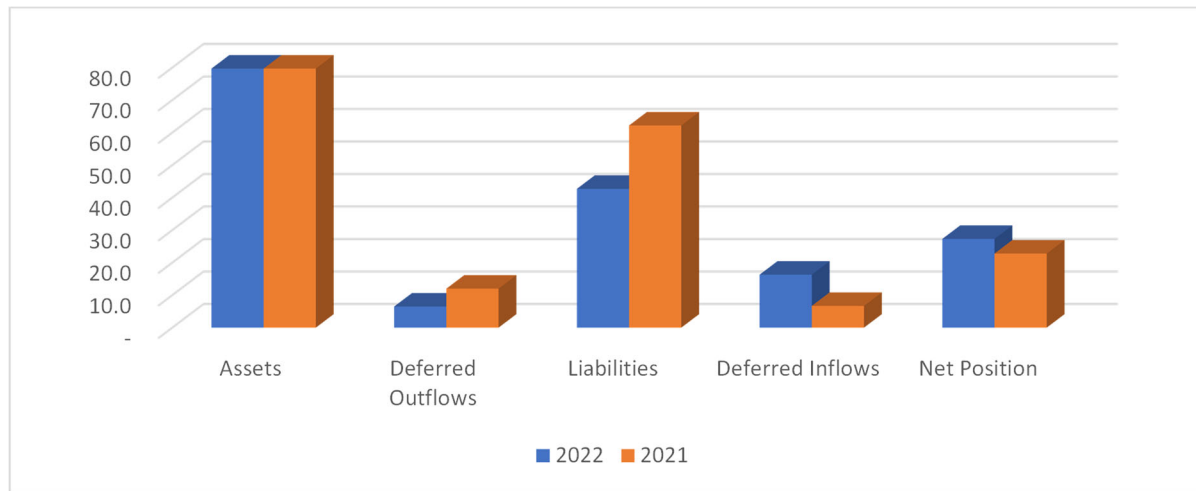
Total net position increased to \$27.3 million in fiscal year 2022 from \$22.8 million in fiscal year 2021.

Following is a comparison of the summarized financial position, net position, and capital assets and lease assets of the University at June 30 (in millions):

Condensed Statements of Net Position

	2022	2021
Assets		
Current assets	\$ 17.6	\$ 18.2
Noncurrent assets		
Capital assets and lease assets, net of depreciation and amortization	58.3	56.9
Other	3.8	4.6
Total assets	<u>79.7</u>	<u>79.7</u>
Deferred Outflows of Resources	<u>6.5</u>	<u>12.0</u>
Liabilities		
Current liabilities	4.9	4.8
Noncurrent liabilities	37.8	57.4
Total liabilities	<u>42.7</u>	<u>62.2</u>
Deferred Inflows of Resources	<u>16.3</u>	<u>6.7</u>
Net Position		
Net investment in capital assets	41.3	38.9
Restricted – expendable	4.6	5.9
Restricted – nonexpendable	0.1	0.1
Unrestricted	<u>(18.7)</u>	<u>(22.1)</u>
Total net position	<u>\$ 27.3</u>	<u>\$ 22.8</u>

Analysis of Net Position



	2022	2021
Capital Assets and Lease Assets, Net		
Land	\$ 0.5	\$ 0.5
Buildings and improvements	107.0	105.2
Infrastructure	9.6	9.6
Equipment	17.3	15.2
Lease asset – equipment	0.4	-
Library materials	11.2	11.2
Construction in progress	3.4	2.6
	<u>149.4</u>	<u>144.3</u>
Accumulated depreciation and amortization	<u>(91.1)</u>	<u>(87.4)</u>
Net capital assets and lease assets	<u><u>\$ 58.3</u></u>	<u><u>\$ 56.9</u></u>

In 2022, the University added \$4.9 million in assets due to the costs associated with various construction projects and acquisitions of equipment and library materials. The University disposed of \$0.1 million in partially depreciated equipment.

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 (in millions):

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

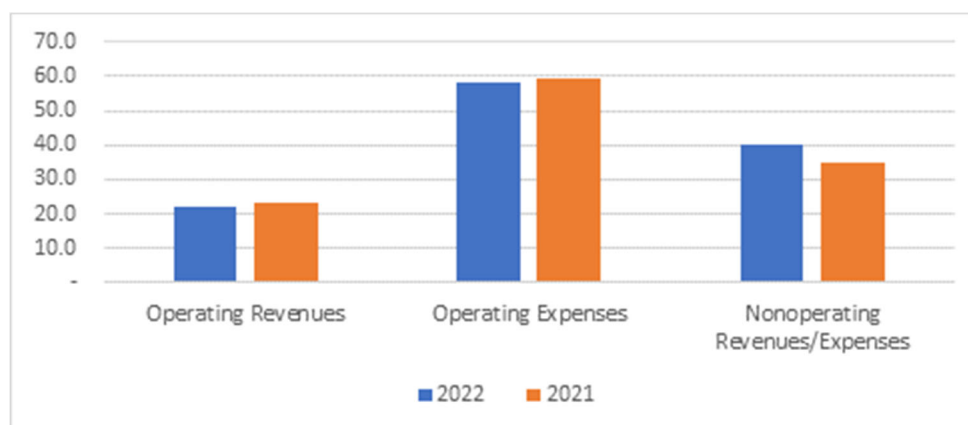
	2022	2021
Operating Revenues		
Tuition and fees, net	\$ 13.6	\$ 15.2
Grants and contracts	3.5	3.0
Sales and services	0.6	0.7
Auxiliary enterprises	4.2	4.2
Other	0.4	0.3
	<u>22.3</u>	<u>23.4</u>
Less operating expenses	<u>58.1</u>	<u>59.1</u>
Operating Loss	<u>(35.8)</u>	<u>(35.7)</u>
Nonoperating Revenues		
State appropriations	16.6	16.1
Federal and state grants	20.4	15.9
On-behalf payments	1.9	1.6
Endowment income	0.3	0.3
Investment income	0.1	0.1
Private donations	0.4	0.4
Capital appropriations	1.2	1.1
	<u>40.9</u>	<u>35.5</u>
Less nonoperating expenses	<u>0.6</u>	<u>0.6</u>
Net Nonoperating Revenue	<u>40.3</u>	<u>34.9</u>
Change in Net Position	4.5	(0.8)
Net Position, Beginning of Year	<u>22.8</u>	<u>23.6</u>
Net Position, End of Year	<u><u>\$ 27.3</u></u>	<u><u>\$ 22.8</u></u>

Operating revenues includes tuition and fees net of scholarship discounts and allowances, grants and contracts, sales and services, auxiliary enterprises, and other. These revenues decreased by \$1.1 million in 2022. Tuition and fees revenue decreased by \$1.6 million from 2021 to 2022. Grants and contracts increased \$0.5 million in 2022. Auxiliary enterprises and other revenue had a combined decrease of \$0.05 million.

The majority of nonoperating revenues are made up of state appropriations and Pell grant revenues. There was an increase of \$0.5 million in state appropriations in fiscal year 2022 as compared to fiscal year 2021.

The University's operating expenses are classified by natural classification, including employee compensation, scholarships, contractual services, etc. In fiscal year 2022, operating expenses decreased \$1.0 million. Compensation decreased \$5.8 million primarily due to a decrease in pension expense. Supplies and materials increased \$1.3 million due to pandemic-related costs. Utilities increased \$0.2 million as a result of an increase in natural gas rates. Scholarships and fellowships increased \$2.7 million due to grants issued to students from the Higher Education Emergency Relief Fund. Other operating expenses increased by \$0.3 million.

Analysis of Revenues and Expenses



	2022	2021
Operating Expenses		
Compensation	\$ 26.1	\$ 31.9
Contractual services	5.7	5.5
Supplies and materials	5.5	4.2
Depreciation and amortization	3.9	3.9
Utilities	2.1	1.9
Communications	0.3	0.2
Scholarships and fellowships	12.6	9.9
Other operating expenses	1.9	1.6
	<u>58.1</u>	<u>59.1</u>
Total operating expenses	<u>\$ 58.1</u>	<u>\$ 59.1</u>

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 (in millions):

	2022	2021
Cash Provided by (Used in)		
Operating activities	\$ (35.7)	\$ (28.5)
Noncapital financing activities	37.0	32.0
Capital and related financing activities	(4.4)	(4.1)
Investing activities	0.1	0.1
	<u>(3.0)</u>	<u>(0.5)</u>
Decrease in Cash	(3.0)	(0.5)
Cash, Beginning of Year	<u>17.6</u>	<u>18.1</u>
Cash, End of Year	<u>\$ 14.6</u>	<u>\$ 17.6</u>

Foundation

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

Economic Outlook

The Oklahoma economy improved during fiscal year 2022 resulting in a slight increase in the state appropriation for the University for fiscal year 2023. With the decline in student enrollment, management continues to look for cost-saving measures and is monitoring expenditures to ensure resources are used in the most effective and efficient manner. The University remains fully committed to increasing and improving student success and student learning inside and outside the classroom while continuing to be an engaged partner with common education, business, industry, civic, and government organizations.

Cameron University
Statement of Net Position
June 30, 2022

Assets and Deferred Outflows of Resources

	University	Foundation
Current Assets		
Cash and cash equivalents	\$ 11,696,744	\$ 64,962
Accrued interest receivable	5,731	96,092
Accounts receivable, net	1,888,986	4,332
Receivables from OSRHE	1,206,938	-
Leases receivable	79,436	-
Other receivables	610,126	-
Prepaid expenses and other assets	2,144,133	-
Contributions receivable	-	30,000
	17,632,094	195,386
Noncurrent Assets		
Restricted cash and cash equivalents	2,893,216	-
Investments	-	30,708,220
Leases receivable	378,021	-
Other assets	492,695	167,785
Capital assets and lease assets, net	58,336,069	238,000
	62,100,001	31,114,005
Total noncurrent assets	62,100,001	31,114,005
Total assets	79,732,095	31,309,391
Deferred Outflows of Resources		
Deferred outflows for pensions and OPEB	6,552,192	-
	6,552,192	-
Total assets and deferred outflows of resources	\$ 86,284,287	\$ 31,309,391

Cameron University
Statement of Net Position, continued
June 30, 2022

Liabilities, Deferred Inflows of Resources, and Net Position

	University	Foundation
Current Liabilities		
Accounts payable and accrued expenses	\$ 976,242	\$ 40,573
Accrued payroll	868,105	-
Unearned revenues	1,117,545	-
Leases payable	95,895	-
Deposits held in custody for others	63,185	-
Current portion of noncurrent liabilities	1,813,178	-
Total current liabilities	4,934,150	40,573
Noncurrent Liabilities, Net of Current Portion		
Accrued compensated absences	421,189	-
Leases payable	221,571	-
Other financing arrangements payable, net of premium	15,295,993	-
Pension liability – Plan 1 and Plan 2	2,050,227	-
Net pension liability	19,762,334	-
Total noncurrent liabilities	37,751,314	-
Total liabilities	42,685,464	40,573
Deferred Inflows of Resources		
Deferred inflows for pensions and OPEB	15,705,723	-
Deferred inflows for leases	457,457	-
Deferred credit on OCIA lease restructure	169,163	-
Total deferred inflows of resources	16,332,343	-
Total liabilities and deferred inflows of resources	59,017,807	40,573
Net Position		
Net investment in capital assets	41,343,740	-
Restricted – expendable		
Educational programs	1,254,708	10,575,313
Capital projects	2,642,054	-
OPEB asset	492,695	-
Other	201,491	-
Restricted – nonexpendable		
Scholarships and fellowships	66,000	13,103,140
Unrestricted	(18,734,208)	7,590,365
Total net position	27,266,480	31,268,818
Total liabilities, deferred inflows of resources, and net position	\$ 86,284,287	\$ 31,309,391

Cameron University
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

	<u>University</u>	<u>Foundation</u>
Operating Revenues		
Student tuition and fees, net of scholarship allowance; \$8,033,965	\$ 13,595,968	\$ -
Federal grants and contracts	2,676,510	-
State grants and contracts	268,287	-
Nongovernmental grants and contracts	569,101	-
Sales and services of educational departments	627,574	-
Auxiliary enterprises	4,148,359	-
Gifts and contributions	-	1,401,138
Other operating revenues	346,924	23,545
	<u>22,232,723</u>	<u>1,424,683</u>
Operating Expenses		
Compensation and benefits	26,072,989	-
Contractual services	5,718,349	-
Supplies and materials	5,518,685	-
Depreciation and amortization	3,860,801	-
Utilities	2,082,889	-
Communications	249,657	-
Scholarships and fellowships	12,648,386	434,583
Other operating expenses	1,930,469	1,790,121
	<u>58,082,225</u>	<u>2,224,704</u>
	<u>(35,849,502)</u>	<u>(800,021)</u>
Operating Loss		
Nonoperating Revenues (Expenses)		
State appropriations	16,606,236	-
Federal and state grants	20,365,278	-
OTRS on-behalf contributions	1,071,198	-
OSRHE endowment income	319,354	-
Investment income	66,765	965,209
Net depreciation on investments	-	(2,697,673)
Interest expense	(585,368)	-
Other nonoperating expense	(27,602)	-
	<u>37,815,861</u>	<u>(1,732,464)</u>
	<u>1,966,359</u>	<u>(2,532,485)</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		

Cameron University

Statement of Revenues, Expenses, and Changes in Net Position, continued Year Ended June 30, 2022

	<u>University</u>	<u>Foundation</u>
Other Revenues, Expenses, Gains, or Losses		
On-behalf state appropriations restricted for debt service	\$ 810,868	\$ -
Private donations restricted for capital purposes	400,000	-
State appropriations restricted for capital purposes	1,216,647	-
Gain on sale of property	-	17,647
Other nonoperating revenues	81,870	-
	<u>2,509,385</u>	<u>17,647</u>
Increase (Decrease) in Net Position	4,475,744	(2,514,838)
Net Position, Beginning of Year	<u>22,790,736</u>	<u>33,783,656</u>
Net Position, End of Year	<u>\$ 27,266,480</u>	<u>\$ 31,268,818</u>

Cameron University
Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Tuition and fees	\$ 13,442,912
Grants and contracts	3,268,471
Payments to employees	(29,591,312)
Payments to vendors	(15,347,550)
Payments for scholarships and fellowships	(12,648,386)
Sales and services of educational departments	708,403
Auxiliary enterprises	4,171,844
Other operating receipts	<u>345,724</u>
Net cash used in operating activities	<u>(35,649,894)</u>
 Noncapital Financing Activities	
State appropriations	16,606,236
Federal and state grants	20,365,278
Direct loans received	9,332,795
Direct loans disbursed	(9,332,795)
Agency transactions	<u>(15,492)</u>
Net cash provided by noncapital financing activities	<u>36,956,022</u>
 Capital And Related Financing Activities	
Capital appropriations	1,216,647
Private donations restricted for capital purposes	400,000
Payments on bonds and financing arrangements	(349,048)
Interest paid on capital debt and financing arrangements	(726,474)
Principal and interest payments received on leases receivable	81,870
Principal and interest paid on leases payable	(108,025)
Purchases of capital assets	<u>(4,904,027)</u>
Net cash used in capital and related financing activities	<u>(4,389,057)</u>
 Investing Activities	
Interest on investments	<u>67,943</u>
Net cash provided by investing activities	<u>67,943</u>
Decrease in Cash and Cash Equivalents	(3,014,986)
Cash and Cash Equivalents, Beginning of Year	<u>17,604,946</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 14,589,960</u></u>

Cameron University
Statement of Cash Flows, continued
Year Ended June 30, 2022

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (35,849,502)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	3,860,801
OTRS on-behalf contributions	1,071,198
Changes in assets and liabilities	
Accounts receivable	(340,084)
Prepaid expenses and other assets	(10,679)
Deferred outflows for pensions	5,458,023
Accounts payable and accrued expenses	(117,506)
Net pension liability	(18,964,351)
Unearned revenues	58,676
Deferred inflows for pensions	9,183,530
	<u>9,183,530</u>
Net cash used in operating activities	<u>\$ (35,649,894)</u>

Noncash Capital and Related Financing Items

Principal and interest paid by other state agencies	\$ 810,868
Lease obligation incurred for lease assets	\$ 161,870

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Current assets	
Current cash and cash equivalents	\$ 11,696,744
Noncurrent assets	
Restricted cash and cash equivalents	2,893,216
	<u>2,893,216</u>
Total reconciliation of cash and cash equivalents to the statement of net position	<u>\$ 14,589,960</u>

Cameron University
Notes to Financial Statements
June 30, 2022

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

Nature of Operations and Reporting Entity

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 (OSRHE).

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

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

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

Cameron University Foundation

Cameron University Foundation, Inc. (the Foundation) is a legally separate, Oklahoma nonprofit corporation organized for the purpose of receiving and administering gifts intended for the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that presenting the Foundation's financial statements as part of the University reporting entity provides users relevant and timely information about resources available to the University. The Foundation reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information for these differences. The Foundation prepares separate, standalone financial statements that may be obtained by contacting the Foundation's management. Financial statements for the Foundation can be obtained by calling the Foundation at 580.581.2999.

Cameron University

Notes to Financial Statements

June 30, 2022

Financial Statement Presentation

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 accompanying 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 accompanying statement of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and charges for 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, make long-term student loans, or to purchase capital or other noncurrent assets are classified as noncurrent assets in the accompanying statement of net position.

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Capital Assets

Capital assets are recorded at cost at the date of acquisition or valued at the acquisition value at the date of donation in the case of gifts. The University's capitalization policy is for 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.

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.

Leases

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The University is a party as lessee and lessor for various noncancelable long-term leases of equipment and building space. The corresponding lease payable and lease receivable are recorded in an amount equal to the present value of the expected future minimum lease payments paid or received, respectively, discounted by an applicable interest rate.

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 accompanying statement of net position and as a component of compensation and benefit expense in the accompanying statement of revenues, expenses, and changes in net position.

Noncurrent Liabilities

Noncurrent liabilities include 1) principal amounts of revenue bonds payable, notes payable, and other financing arrangements payable with contractual maturities greater than one year; 2) federal

Cameron University
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loans liability; 3) amounts for accrued compensated absences; 4) net pension liability; and 5) 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.

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' 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.

Other Postemployment Benefits (OPEB)

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

Net Position

Net position of the University is classified in four components on its statements of net position:

- The net investment in capital assets component of net position consists of capital assets and lease assets, net of accumulated depreciation and amortization, 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 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.
- Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the

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purpose of producing present and future income, which may either be expended or added to principal.

- 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.

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 toward restricted resources, and then toward unrestricted resources.

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria.

Operating revenues include activities that have the characteristics of exchange transactions, such as:

1. Student tuition and fees, net of scholarship allowances
2. Sales and services of auxiliary enterprises
3. Certain federal, state, and nongovernmental grants and contracts that relate specifically to revenues used for student financial assistance

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as:

1. Gifts and contributions
2. Other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*
3. Other revenue sources that are defined as nonoperating revenues by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, such as state appropriations 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 accompanying 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

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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

The University reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statement of net position. At June 30, 2022, the University's deferred outflows of resources were comprised of deferred outflows related to pensions and OPEB.

Deferred Inflows of Resources

The University reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position. At June 30, 2022, the University's deferred inflows of resources were comprised of credits realized on an Oklahoma Capital Improvement Authority (OCIA) lease restructure, deferred inflows for leases, deferred inflows related to pensions, and deferred inflows related to OPEB.

Lease-related amounts are recognized at the inception of leases in which the University is the lessor and are recorded in an amount equal to the corresponding lease receivable, plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Use of Estimates

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

New Accounting Pronouncements Adopted in Fiscal Year 2022

In June 2017, GASB issued Statement No. 87, *Leases*. GASB 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an

Cameron University
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underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB 87 is now effective for reporting periods beginning after June 15, 2021.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. A portion of this standard provides additional information on interpreting and applying GASB 87 by clarifying the definition of a lease term and further explaining what is included and excluded in the term. GASB 99 also provides additional guidance on short-term leases, variable payments, and lease incentives.

The University recorded the cumulative effect of adopting GASB 87 and GASB 99, which resulted in recognizing activity associated with both lessee and lessor agreements. The adoption resulted in no impact to beginning net position as of July 1, 2021.

New Accounting Pronouncements Issued Not Yet Adopted

GASB has also issued several new accounting pronouncements that will be effective for the University in subsequent years. A description of the new accounting pronouncements and the fiscal year in which they are effective is below:

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB 91 is now effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. GASB 96 defines a SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on standards established in GASB 87. GASB 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. A portion of this standard provides additional information on interpreting and applying GASB 96 by clarifying the definition of the SBITA term and further explaining what is included and excluded in the term. GASB 99 also provides additional guidance on short-term SBITAs and the remeasurement of a subscription liability.

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

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June 30, 2022

Note 2: Deposits, Investments, and Investment Income

Deposits

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

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

The University requires that balances on deposit with financial institutions, including trustees related to the University's bond indenture and other financing arrangements, be insured by Federal Deposit Insurance, 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, 2022, the carrying amounts of the University's deposits were \$14,589,960. This amount consisted of deposits with the State Treasurer (\$14,443,713), deposits with BOK Financial (\$133,247), and petty cash and change funds (\$13,000) at June 30, 2022.

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 \$5,651,248 at June 30, 2022.

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

Cameron University
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June 30, 2022

At June 30, 2022, the distributions of deposits in *OK INVEST* were as follows:

	Cost	Fair Value
U.S. agency securities	\$ 1,625,534	\$ 1,575,590
Certificates of deposit	20,031	20,031
Money market mutual funds	256,100	256,100
Mortgage-backed agency securities	1,496,390	1,387,909
Municipal bonds	4,736	4,732
Foreign bonds	19,805	19,623
U.S. treasury obligations	2,228,652	2,180,925
Total	\$ 5,651,248	\$ 5,444,910

Agencies and funds that are considered to be part of the state’s reporting entity in the state’s Annual Comprehensive 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 and 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 ok.gov/treasurer/.

The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. *OK INVEST* includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to 10 years. *OK INVEST* maintains an overall weighted average maturity of no more than four years.

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

Cameron University
Notes to Financial Statements
June 30, 2022

Investments

At June 30, 2022, the University had the following investments and maturities:

Investment	Cost	Fair Value
<i>OK INVEST</i> Internal Investment Pool (classified as cash equivalents in the statement of net position)	<u>\$ 5,651,248</u>	<u>\$ 5,444,910</u>
Total	<u><u>\$ 5,651,248</u></u>	<u><u>\$ 5,444,910</u></u>

Interest Rate Risk

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

Credit Risk

All U.S. 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 that 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 U.S. 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 U.S. government and its agencies, certificates of deposit, prime commercial paper, bankers' acceptances, demand deposits, corporate debt (no bond below a Single A rating by Moody's Investors Service or Standard & Poor's Corporation may be purchased), convertible securities, and equity securities.

Concentration of Credit Risk

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

Cameron University
Notes to Financial Statements
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Note 3: Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022:

Student tuition and fees	\$	1,238,557
Auxiliary enterprises and other operating activities		661,597
Federal and state agencies		549,043
		2,449,197
Allowance for doubtful accounts		(560,211)
		\$ 1,888,986

Note 4: Leases Receivable

The University, as a lessor, has entered into lease agreements involving a building with office space and restaurant space. A summary of the University's lease terms and interest rates is as follows:

- Annual installments ranging from \$17,658 to \$44,400
- Imputed interest rates ranging from 0.6% to 2.0%
- Due dates ranging from April 2023 through September 2036

The balance outstanding at June 30, 2022 was \$457,457.

The following is a summary of lease receivable transactions for the University for the year ended June 30, 2022:

Beginning Balance	Additions	Deductions	Ending Balance
\$ 531,421	\$ -	\$ 73,964	\$ 457,457

Cameron University
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Note 5: Capital Assets and Lease Assets

Capital assets and lease assets activity for the year ended June 30, 2022 was:

	Balance, June 30, 2021, as Restated	Additions	Transfers	Retirements	Balance, June 30, 2022
Capital assets not being depreciated					
Land	\$ 446,180	\$ -	\$ -	\$ -	\$ 446,180
Construction in progress	<u>2,630,204</u>	<u>2,579,033</u>	<u>(1,801,672)</u>	<u>-</u>	<u>3,407,565</u>
Total capital assets not being depreciated	<u>3,076,384</u>	<u>2,579,033</u>	<u>(1,801,672)</u>	<u>-</u>	<u>3,853,745</u>
Capital assets and lease assets being depreciated/amortized					
Nonmajor infrastructure networks	9,628,320	-	-	-	9,628,320
Building	105,182,253	-	1,801,672	-	106,983,925
Furniture, fixtures, and equipment	15,176,468	2,275,436	-	(121,404)	17,330,500
Lease asset – equipment	261,529	161,870	-	-	423,399
Library materials	<u>11,170,632</u>	<u>72,398</u>	<u>-</u>	<u>-</u>	<u>11,243,030</u>
Total capital assets and lease assets being depreciated/amortized	<u>141,419,202</u>	<u>2,509,704</u>	<u>1,801,672</u>	<u>(121,404)</u>	<u>145,609,174</u>
Less accumulated depreciation/amortization					
Nonmajor infrastructure networks	(6,640,752)	(392,144)	-	-	(7,032,896)
Building	(58,405,647)	(2,508,125)	-	-	(60,913,772)
Furniture, fixtures, and equipment	(11,491,567)	(744,269)	-	97,102	(12,138,734)
Lease asset – equipment	-	(111,747)	-	-	(111,747)
Library materials	<u>(10,825,185)</u>	<u>(104,516)</u>	<u>-</u>	<u>-</u>	<u>(10,929,701)</u>
Total accumulated depreciation/amortization	<u>(87,363,151)</u>	<u>(3,860,801)</u>	<u>-</u>	<u>97,102</u>	<u>(91,126,850)</u>
Capital assets and lease assets being depreciated/amortized, net	<u>54,056,051</u>	<u>(1,351,097)</u>	<u>1,801,672</u>	<u>(24,302)</u>	<u>54,482,324</u>
Capital assets and lease assets, net	<u>\$ 57,132,435</u>	<u>\$ 1,227,936</u>	<u>\$ -</u>	<u>\$ (24,302)</u>	<u>\$ 58,336,069</u>

Beginning balances in the above schedule have been restated in accordance with GASB 87.

Cameron University
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Note 6: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance, June 30, 2021, as Restated	Additions	Reductions	Balance, June 30, 2022	Amounts Due Within One Year
Bonds and other financing arrangements					
OCIA other financing arrangements	\$ 5,757,133	\$ -	\$ (536,666)	\$ 5,220,467	\$ 563,945
Premium on OCIA other financing arrangements	63,660	-	(12,357)	51,303	-
ODFA other financing arrangements	10,808,500	-	(623,250)	10,185,250	647,917
Premium on ODFA other financing arrangements	1,132,928	-	(82,093)	1,050,835	-
Leases payable	<u>261,529</u>	<u>161,870</u>	<u>(105,933)</u>	<u>317,466</u>	<u>95,895</u>
Total bonds, leases payable, and other financing arrangements	<u>18,023,750</u>	<u>-</u>	<u>(1,360,299)</u>	<u>16,825,321</u>	<u>1,307,757</u>
Other liabilities					
Net pension liability – OTRS	38,387,019	-	(18,624,685)	19,762,334	-
Net pension liability – supplemental	2,059,325	115,543	-	2,174,868	124,641
Accrued compensated absences	<u>966,420</u>	<u>476,675</u>	<u>(545,231)</u>	<u>897,864</u>	<u>476,675</u>
Total other liabilities	<u>41,412,764</u>	<u>592,218</u>	<u>(19,169,916)</u>	<u>22,835,066</u>	<u>601,316</u>
Total long-term liabilities	<u>\$ 59,436,514</u>	<u>\$ 592,218</u>	<u>\$ (20,530,215)</u>	<u>\$ 39,660,387</u>	<u>\$ 1,909,073</u>

Oklahoma Capital Improvement Authority Other Financing Arrangements

OCIA periodically issues bonds, which are allocated to the Oklahoma 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 financing arrangement. As a result, the University recognizes its share of the liability and the related assets in connection with the projects being constructed or acquired, in its financial statements. Annually, the State Legislature appropriates funds to the State Regents to make the monthly lease principal and interest payments on behalf of the University.

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

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

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In 2011, the OCIA Series 2005F agreement was restructured through a partial refunding of OCIA’s 2005F bond debt. OCIA issued two new bonds, Series 2010A and 2010B. The 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 agreement with OCIA automatically restructured to secure the new bond issues.

During fiscal year 2015, the University’s remaining 2005 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 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 agreement with OCIA was automatically restructured to secure the new bond issues.

The 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, 2022, the unamortized credit totaled \$169,163. This refinancing resulted in an aggregate difference in principal and interest between the original agreement and the refinanced agreement of \$802,126, which approximates the economic savings of the transaction.

During the year ended June 30, 2022, the State Regents made interest and principal payments totaling \$810,868 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 payments under the University’s obligation to OCIA are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 563,945	\$ 248,345	\$ 812,290
2024	578,459	220,861	799,320
2025	602,940	196,429	799,369
2026	632,493	166,799	799,292
2027	661,346	137,859	799,205
2028–2030	<u>2,181,284</u>	<u>216,639</u>	<u>2,397,923</u>
Total	<u>\$ 5,220,467</u>	<u>\$ 1,186,932</u>	<u>\$ 6,407,399</u>

Oklahoma Development Finance Authority Master Lease

In December 2007, the University entered into a 25-year lease agreement with ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds Series 2007B (Master Lease 2007B). The University

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received a net amount of \$7,099,000 of proceeds for the construction of the McMahon Centennial Complex.

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

The scheduled maturities of the Master Lease 2016B bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 283,917	\$ 156,277	\$ 440,194
2024	295,000	144,920	439,920
2025	307,083	133,120	440,203
2026	320,000	120,837	440,837
2027	332,083	108,037	440,120
2028–2032	1,871,917	330,256	2,202,173
2033–2034	<u>808,416</u>	<u>36,023</u>	<u>844,439</u>
Total	<u>\$ 4,218,416</u>	<u>\$ 1,029,470</u>	<u>\$ 5,247,886</u>

In June 2016, the University entered into an 18-year lease agreement with 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 forward the payments to the trustee bank.

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The scheduled maturities of the Master Lease 2017C bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 266,583	\$ 145,966	\$ 412,549
2024	281,333	132,637	413,970
2025	294,417	119,363	413,780
2026	307,750	105,209	412,959
2027	322,750	89,822	412,572
2028–2034	<u>2,005,084</u>	<u>228,820</u>	<u>2,233,904</u>
Total	<u>\$ 3,477,917</u>	<u>\$ 821,817</u>	<u>\$ 4,299,734</u>

In June 2020, the University entered into a 20-year lease agreement with ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds Series 2020A (Master Lease 2020A). The University received a net amount of \$2,674,000 of proceeds to construct and replace certain elevators on campus. The University makes lease payments to the State Regents, who then forward the payments to the trustee bank.

The scheduled maturities of the Master Lease 2020A bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 97,417	\$ 99,557	\$ 196,974
2024	102,083	95,660	197,743
2025	103,583	91,577	195,160
2026	110,417	87,433	197,850
2027	115,417	83,017	198,434
2028–2032	647,083	342,250	989,333
2033–2037	782,500	202,400	984,900
2038–2040	<u>530,417</u>	<u>42,383</u>	<u>572,800</u>
Total	<u>\$ 2,488,917</u>	<u>\$ 1,044,277</u>	<u>\$ 3,533,194</u>

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Cumulative maturities for all bonds and other financing arrangements, excluding premiums, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,211,862	\$ 650,145	\$ 1,862,007
2024	1,256,875	594,078	1,850,953
2025	1,308,023	540,489	1,848,512
2026	1,370,660	480,278	1,850,938
2027	1,431,596	418,735	1,850,331
Thereafter	<u>8,826,701</u>	<u>1,398,771</u>	<u>10,225,472</u>
Total	<u>\$ 15,405,717</u>	<u>\$ 4,082,496</u>	<u>\$ 19,488,213</u>

Leases Payable

The University as a lessee has entered into lease agreements involving laundry machines, copiers, mail meters and sorters. A summary of the University's lease terms and interest rates is as follows:

- Annual installments ranging from \$373 to \$18,480
- Imputed interest rates of 0.6%
- Due dates ranging from July 2022 through August 2030

The balance outstanding at June 30, 2022 was \$317,466.

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred.

Future annual lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	95,895	1,637	97,532
2024	78,679	1,106	79,785
2025	42,594	723	43,317
2026	24,159	529	24,688
2027	19,697	407	20,104
2028–2030	<u>56,442</u>	<u>538</u>	<u>56,980</u>
Total	<u>\$ 317,466</u>	<u>\$ 4,940</u>	<u>\$ 322,406</u>

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Note 7: Pension 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	Cost-Sharing Multiple Employer Defined Benefit Plan
Cameron University Defined Contribution Plan	Defined Contribution Plan
Supplemental Retirement Annuity (Plan 1)	Defined Benefit Plan
Cameron University President's Retirement Plan (Plan 2)	Defined Benefit Plan

Summary of Net Pension Obligation

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Expense
Supplemental retirement plan – Plan 1	\$ 1,494,169	\$ -	\$ -	\$ (148,288)
Supplemental retirement plan – Plan 2	680,699	241,765	133,450	111,022
OTRS net pension obligation	<u>19,762,334</u>	<u>6,206,736</u>	<u>15,214,173</u>	<u>(1,173,655)</u>
Total	<u>\$ 21,937,202</u>	<u>\$ 6,448,501</u>	<u>\$ 15,347,623</u>	<u>\$ (1,210,921)</u>

Oklahoma Teachers' Retirement System

Plan Description

The University participates in 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 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

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June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

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

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

A member is eligible for disability benefits after 10 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 year ended June 30, 2022. The University's contributions to OTRS in 2022, including both the employer share and the employee share, were approximately \$3,300,000, 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 2022 were \$1,071,198. These on-behalf payments do not meet the definition of a special funding situation.

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

At June 30, 2022, the University reported a liability of \$19,762,334 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021. Based upon this information, the University's proportion was 0.386827%. For the year ended June 30, 2022, the University recognized a negative pension expense of \$1,173,655.

At June 30, 2022, 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	\$ 1,303,072	\$ 734,894
Changes of assumptions	3,074,221	196,808
Net difference between projected and actual investments	-	10,264,317
Changes in the University's proportionate share	-	4,018,154
Differences between University contributions and proportionate share of contributions	12,487	-
University contributions made subsequent to the measurement date	1,816,956	-
Total	\$ 6,206,736	\$ 15,214,173

Deferred pension outflows totaling \$1,816,956 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred (Inflows) Outflows of Resources
2023	\$ (3,286,353)
2024	(2,117,149)
2025	(1,955,234)
2026	(3,369,454)
2027	(96,203)
Total	\$ (10,824,393)

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Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Inflation – 2.25%
- Salary Increases – Composed of 2.25% wage 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 – 7.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate**	9.0%	4.3%
Alternative assets	6.5%	6.5%
Total	100.0%	

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to

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finance 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. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	<u>\$ 32,301,860</u>	<u>\$ 19,762,334</u>	<u>\$ 9,381,311</u>

Cameron University 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, 2022 were approximately \$197,000.

Supplemental Retirement Annuity – 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 three 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

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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, 2022, the University contributed and paid benefits of \$125,288 under Plan 1. The University does not have assets in trust for this plan.

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Discount Rate – 3.69% per year
- Mortality – Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2021
- Rate of Inflation – 2.00%
- Actuarial Cost Method – Entry Age Normal

Schedule of Changes in Total Pension Liability

Components of the University’s total pension liability for Plan 1 for the year ended June 30, 2022 are as follows:

	Total Pension Liability
Balance, June 30, 2021	\$ 1,767,745
Changes for the year	
Interest on the total pension liability	36,830
Difference between expected and actual experience	(10,142)
Change in assumption	(174,976)
Benefit payments	(125,288)
Net changes	(273,576)
Balance, June 30, 2022	\$ 1,494,169

Changes of Assumptions

The discount rate for unfunded plans is to be based on a 20-year municipal bond rate as of the valuation date. As of July 1, 2021, the rate was 2.16% and as of July 1, 2022, the rate had increased to 3.69%.

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The mortality table was changed from the Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2020 to the Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2021. The Pub-2010 is the most recent table released by the Society of Actuaries.

Pension Expense

For the year ended June 30, 2022, the University recognized a negative pension expense of \$148,288.

Sensitivity of Pension Liability to Changes in the Discount Rate

The following table presents the pension liability of the University calculated using the discount rate of 3.69%, as well as what the University’s pension liability would be if calculated using a discount rate that is 1-percentage point lower (2.69%) or 1-percentage point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total pension liability	<u>\$ 1,609,152</u>	<u>\$ 1,494,169</u>	<u>\$ 1,392,133</u>

Cameron University President’s Retirement Plan – Plan 2

Plan Description

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

Benefits Provided

Plan 2 is a defined benefit plan that may provide a University benefit for the life of the participant. The retirement benefit that 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.

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

At June 30, 2022, the University reported a liability of \$680,699 related to Plan 2. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. For the year ended June 30, 2022, the University recognized a pension expense of \$111,022. At June 30, 2022, 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
Net difference between projected and actual earnings on pension plan investments	\$ 241,765	\$ 133,450
Total	\$ 241,765	\$ 133,450

Deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

Year Ending June 30,	Deferred (Inflows) Outflows of Resources
2023	\$ 19,147
2024	16,952
2025	13,866
2026	58,350
2027	-
Thereafter	-
Total	\$ 108,315

Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Closed
- Remaining amortization period – 1 Year
- Asset Method – Market Value of Assets

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- Inflation – 2.5%
- Salary Increases – Not applicable
- Discount Rate and Long-Term Expected Rate of Return – 6.00%
- Mortality – Pub-2010 General Amount-Weighted Mortality Table with improvement Scale MP-2021
- Retirement Age – Not Applicable

Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions, if any, 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, 2022 are 8% with 23.6% of assets being invested in equities, 1.8% with 50.3% of assets being invested in bonds, 1.5% with 2.7% of assets being invested in short-term debt, and 8.7% with 23.4% of assets being invested in international equities.

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

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

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net pension liability	<u>\$ 851,799</u>	<u>\$ 680,699</u>	<u>\$ 531,951</u>

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Schedule of Changes in Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability

The following table presents the changes in total pension liability, plan fiduciary net position, and net pension liability of the University for the year ended June 30, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021	\$ 1,880,846	\$ 1,589,266	\$ 291,580
Changes for the year			
Interest on the total pension liability	108,573	-	108,573
Difference between expected and actual experience	70,115	-	70,115
Change in assumption	6,677	-	6,677
Net investment income	-	(200,754)	200,754
Benefit payments	(142,595)	(142,595)	-
Administrative expenses	-	(3,000)	3,000
Net changes	42,770	(346,349)	389,119
Balance at June 30, 2022	\$ 1,923,616	\$ 1,242,917	\$ 680,699

Note 8: Other Postemployment Insurance Benefits

Oklahoma Teachers' Retirement System

Plan Description

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

Benefits Provided

OTRS pays a medical insurance supplement to eligible members who elect to continue their employer-provided health insurance upon retirement. The supplement payment is between \$100 and \$105 per month provided the member has 10 years of Oklahoma service prior to retirement. At June 30, 2022, there were 133 retirees covered by the benefit terms.

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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 7.0% 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 year ended June 30, 2022. From these combined amounts, OTRS allocates a portion of the contributions to the supplemental health insurance program; however, statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions measured as of June 30, 2021 allocated to the OPEB plan from the University were \$22,459.

Actuarial Assumptions

The total OPEB liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases – Composed of 2.25% wage 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 – 7.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

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The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate**	9.0%	4.3%
Alternative assets	<u>6.5%</u>	6.5%
Total	<u><u>100.0%</u></u>	

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

Discount Rate

A single discount rate of 7.00% was used to measure the total OPEB liability (asset) as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS, which can be located at www.ok.gov/OTRS.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the University reported an asset of \$492,695 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The University's proportion of the net OPEB asset was based on the University's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the University's proportion was 0.38682%. For the year ended June 30, 2022, the University recognized OPEB negative expense of \$73,394.

Cameron University
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At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 77,135
Changes of assumptions	66,968	-
Net difference between projected and actual earnings on OPEB plan investments	-	264,247
Differences between University contributions and proportionate share of contributions	14,260	-
Contributions during the measurement date	4	16,718
University contributions subsequent to the measurement date	<u>22,459</u>	<u>-</u>
Total	<u>\$ 103,691</u>	<u>\$ 358,100</u>

Deferred pension outflows totaling \$22,459 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred (Inflows) Outflows of Resources
2023	\$ (72,321)
2024	(59,026)
2025	(61,036)
2026	(80,379)
2027	(2,986)
Thereafter	<u>(1,120)</u>
Total	<u>\$ (276,868)</u>

Cameron University
Notes to Financial Statements
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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the University, as well as what the University's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability (asset)	<u>\$ (316,531)</u>	<u>\$ (492,695)</u>	<u>\$ (641,965)</u>

University Provided Life Insurance

The University provides for the payment of premiums for a \$4,000 life insurance policy to all eligible individuals retiring from employment. To be eligible, the individuals need only have completed the requirements to retire from the University provided in the employee handbook. The University funds the payments out of current operations and does not prefund the expenses. For the year ended June 30, 2022, the amount of expense to the University was approximately \$6,000.

Additionally, the University offers life insurance for all current employees in an amount equal to twice the employee's current salary. The University has ceded all claims exceeding \$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, 2022, the University had approximately \$2,064,000 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 accompanying statement of net position.

Note 9: 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 \$1,013,000 during the year ended June 30, 2022, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. These amounts are recorded as state appropriations restricted for

Cameron University
Notes to Financial Statements
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capital purposes in the accompanying statement of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries.

The total trust reserve for the University, held in trust by the Commissioners of the Land Office, was approximately \$19,000,000 at June 30, 2022.

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 \$9,531,000 at June 30, 2022 and are invested by the State Regents 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; only the funds available for distribution, or approximately \$533,000 at June 30, 2022, have been reflected as assets in the accompanying statement of net position.

Note 10: Related-Party Transactions

Cameron University Foundation, Inc. (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, 2022:

Scholarship funds awarded to the University	<u>\$ 434,583</u>
Payment of services by the Foundation for the benefit of the University	<u>\$ 1,234,831</u>
Administrative services provided by the University for the benefit of the Foundation	<u>\$ 365,458</u>

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

Note 11: 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.

Cameron University
Notes to Financial Statements
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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 12: 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 13: Cameron University Foundation, Inc.

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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

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

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, cash equivalents consisted primarily of money market and cash in banks.

Cameron University
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Contributions

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

Promises to Give

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

Credit Risk

The Foundation maintains cash balances at a financial institution located in Oklahoma. From time to time, the account balance may exceed the limits insured by the Federal Deposit Insurance Corporation (FDIC). 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.

Assets Held for Sale

The Foundation received contributed properties during the year ended June 30, 2018 that totaled \$522,952. The Foundation recorded these in-kind contributions as assets held for sale. The Foundation sold one of the properties during the year ended June 30, 2022 and intends to sell the other properties as soon as possible.

Marketable Securities

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

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

Cameron University
Notes to Financial Statements
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values could occur from year to year and the amounts the Foundation will ultimately realize could differ materially.

Income Taxes

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

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, 2022. 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.

Types of Deposits	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
Demand deposits				
BancFirst	\$ 104,490	\$ 104,490	\$ -	\$ -
Money market funds				
BancFirst	<u>28,785</u>	<u>-</u>	<u>-</u>	<u>28,785</u>
Totals	<u>\$ 133,275</u>	<u>\$ 104,490</u>	<u>\$ -</u>	<u>\$ 28,785</u>

Cameron University
Notes to Financial Statements
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Investments

Investments are held for the production of income and consisted of the following at June 30, 2022:

Investments	Cost	Fair Value
Equities	\$ 14,006,472	\$ 18,006,252
Fixed income	11,548,349	10,847,704
Exchange traded funds	403,314	309,660
Cash and cash equivalents	231,222	231,222
Real estate investment trust	290,389	190,928
Certificate of deposit	100,000	100,000
	<u>\$ 26,579,746</u>	<u>\$ 29,685,766</u>

Total investment return is comprised of the following for the year ended June 30, 2022:

Interest and dividend income, net of investment expenses	\$ 965,209	
Unrealized gain (loss) on investments	(2,672,963)	
Realized gain (loss) on investments	(24,710)	
	<u>\$ (1,732,464)</u>	

Cameron Investment Program

Investments are held for the production of income and consisted of the following at June 30, 2022:

Fixed income	\$ 992,479	
Cash and cash equivalents	29,975	
	<u>\$ 1,022,454</u>	

All investments serve as collateral for the note payable as described below.

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.

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

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

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

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

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

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than the Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and 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, 2022:

	Level 1	Level 2	Level 3	Total
Equities	\$ 17,355,683	\$ 650,569	\$ -	\$ 18,006,252
Fixed income	-	11,840,183	-	11,840,183
Exchange traded funds	309,660	-	-	309,660
Cash and cash equivalents	261,197	-	-	261,197
Real estate investment trust	190,928	-	-	190,928
Certificate of deposit	-	100,000	-	100,000
	<u>\$ 18,117,468</u>	<u>\$ 12,590,752</u>	<u>\$ -</u>	<u>\$ 30,708,220</u>

Cameron University
Notes to Financial Statements
June 30, 2022

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.

Contributions Receivable

Unconditional promises to give, including amounts due under pledge agreements with donors, include the following at June 30, 2022:

Due in less than one year	<u>\$</u>	<u>30,000</u>
		30,000
Less discount to net present value		-
Less allowance for uncollectible contributions		-
	<u>\$</u>	<u>30,000</u>

Contributions receivable at June 30, 2022 are comprised of donor restricted contributions subject to expenditures for the alumni house.

No discount to net present value or provision to establish an allowance for doubtful accounts have been made by the Foundation as management believes the contribution receivable will be fully collectible within one year.

Unrestricted pledges to be received in future periods are classified as net assets with donor restrictions until the funds are received, at which time they are reclassified to unrestricted unless specifically designated for the current period by the donor.

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, 2022 is part of restricted – expendable net position. Real property with a carrying value of \$3,000 at June 30, 2022, is part of unrestricted net position.

Cameron University
Notes to Financial Statements
June 30, 2022

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 Cameron Investment Portfolio note). 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, 2022. Interest accrues on this note at the 90-day U.S. Treasury bill rate on November 30, 2021 plus 1.0% (1.08% on June 30, 2022). The nonrecourse note is secured by a first and prior security interest in Cameron's Investment Program fund. Income earned by the portfolio above the borrowing rate shall be donated to the Foundation for the purpose of sponsoring upper-level business majors in the pursuit of graduate degrees at the University. The balance on June 30, 2022 was \$0.

During the year ended June 30, 2022, the Foundation paid \$584 for interest associated with this note payable.

Net Assets

Net assets without donor restrictions consisted of the following at June 30, 2022:

Board-designated	
Foundation operations	\$ 277,750
General university support	33,000
Scholarships	120,000
Undesignated	<u>7,159,615</u>
	<u><u>\$ 7,590,365</u></u>

Net assets with donor restrictions subject to expenditures consisted of the following at June 30, 2022:

Endowed chairs and lectureships	\$ 5,657,684
Scholarships	2,519,844
Athletics support	266,047
General university support	<u>2,131,738</u>
	<u><u>\$ 10,575,313</u></u>

Cameron University
Notes to Financial Statements
June 30, 2022

Net assets not subject to appropriation or expenditures consisted of the following at June 30, 2022:

Endowed chairs and lectureships	\$ 6,325,229
Scholarships	5,716,320
Athletics support	192,894
General university support	<u>868,697</u>
	<u><u>\$ 13,103,140</u></u>

Net assets released from restrictions were as follows at June 30, 2022:

Endowed chairs and lectureships	\$ 272,482
Scholarships	342,183
Athletics support	102,451
General university support	<u>859,899</u>
	<u><u>\$ 1,577,015</u></u>

Endowments

The Foundation endowments consist of approximately 240 individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In accordance with the requirements of FAS 117-1, and the *Oklahoma Uniform Prudent Management of Institutional Funds Act* (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as permanently restricted 1) the original value of gifts donated to the endowment, 2) the original value of subsequent gifts donated to the endowment, 3) all realized and unrealized gains and losses of the endowment, and 4) less any income distribution in accordance with the spending policy that 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

Cameron University
Notes to Financial Statements
June 30, 2022

- 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.

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 23,678,453	\$ 23,678,453
Board-designated endowment funds	430,750	-	430,750
	<u>\$ 430,750</u>	<u>\$ 23,678,453</u>	<u>\$ 24,109,203</u>

Cameron University
Notes to Financial Statements
June 30, 2022

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 407,050	\$ 25,487,362	\$ 25,894,412
Investment return	-	(1,137,752)	(1,137,752)
Contributions	-	869,466	869,466
Program receipts	-	18,745	18,745
Gain on sale of property	-	17,647	17,647
Appropriations for expenditure	-	(1,577,015)	(1,577,015)
Transfers	23,700	-	23,700
	<u>430,750</u>	<u>23,678,453</u>	<u>24,109,203</u>
Endowment net assets, end of year	<u>\$ 430,750</u>	<u>\$ 23,678,453</u>	<u>\$ 24,109,203</u>

Cameron University
Notes to Financial Statements
June 30, 2022

Liquidity and Availability of Financial Assets

The Foundation manages its liquid resources by focusing on fundraising efforts to ensure that it has adequate contributions to cover the programs that are being conducted. The table below reflects the Foundation's financial assets as of June 30, 2022 expected to be available within one year to meet the cash needs for general expenditures.

Financial assets	
Cash and cash equivalents	\$ 64,962
Investments held for endowments	29,685,766
Accrued interest receivable	96,092
Contributions receivable, net	<u>30,000</u>
	<u>29,876,820</u>
Less those unavailable for general expenditure within one year, due to	
Donor-imposed restrictions subject to expenditures	
Donor restriction for endowed chairs and lectureships	5,657,684
Donor restriction for scholarships	2,519,844
Donor restriction for athletics support	266,047
Donor restriction for general university support	2,131,738
Donor-imposed restrictions not subject to appropriation or expenditures	
Donor restriction for endowed chairs and lectureships	6,325,229
Donor restriction for scholarships	5,716,320
Donor restriction for athletics support	192,894
Donor restriction for general university support	868,697
Board designations	
Foundation operations	277,750
General university support	33,000
Scholarships	<u>120,000</u>
	<u>24,109,203</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,767,617</u></u>

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 \$365,458 for the year ended June 30, 2022.

Required Supplementary Information

Cameron University
Schedule of the University's Proportionate Share of the Net Pension Liability (Unaudited)
Oklahoma Teachers' Retirement System
Last 10 Fiscal Years*

	2022	2021*	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.6%	0.6%
University's proportionate share of the net pension liability	\$ 19,762,334	\$ 38,387,019	\$ 27,422,638	\$ 28,891,382	\$ 33,844,429	\$ 45,773,344	\$ 36,072,547	\$ 32,936,521
University's covered payroll	\$ 22,036,655	\$ 20,368,440	\$ 20,159,119	\$ 20,034,900	\$ 21,628,553	\$ 24,095,854	\$ 25,550,629	\$ 25,739,234
University's proportionate share of the net pension liability as a percentage of its covered payroll	89.7%	188.5%	136.0%	144.2%	156.5%	190.0%	141.2%	128.0%
Plan fiduciary net position as a percentage of the total pension liability	80.8%	63.5%	71.6%	72.7%	69.3%	62.2%	70.3%	72.4%

*The amounts presented are based on application of a look-back period for participation in OTRS.

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Cameron University
Schedule of the University's Contributions (Unaudited)
Oklahoma Teachers' Retirement System
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,816,956	\$ 1,919,715	\$ 1,923,331	\$ 1,967,986	\$ 1,981,725	\$ 2,111,814	\$ 2,331,395	\$ 2,472,233	\$ 2,492,447	\$ 2,487,250
Contributions in relation to the contractually required contribution	<u>1,816,956</u>	<u>(1,919,715)</u>	<u>(1,923,331)</u>	<u>(1,967,986)</u>	<u>(1,981,725)</u>	<u>(2,111,814)</u>	<u>(2,331,395)</u>	<u>(2,472,233)</u>	<u>(2,492,447)</u>	<u>(2,487,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 21,513,626	\$ 22,036,661	\$ 20,368,440	\$ 20,159,119	\$ 20,034,900	\$ 21,628,553	\$ 24,095,854	\$ 25,550,629	\$ 25,739,234	\$ 25,628,455
Contributions as a percentage of covered payroll	8.45%	8.71%	9.44%	9.76%	9.89%	9.76%	9.68%	9.68%	9.68%	9.71%

Cameron University
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
President's Retirement Plan – Plan 2
Last 10 Fiscal Years
(Dollar Amounts in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Interest	\$ 108,573	\$ 109,593	\$ 100,817	\$ 104,950	\$ 103,624	\$ 94,639	\$ 101,019	\$ 99,303
Differences between expected and actual experience	70,115	29,121	30,504	24,285	40,303	171,961	(99,500)	34,301
Changes of assumptions	6,677	(15,933)	149,436	(68,630)	2,650	2,571	2,760	-
Benefit payments	(142,595)	(136,986)	(131,986)	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Net Change in Total Pension Liability	<u>42,770</u>	<u>(14,205)</u>	<u>148,771</u>	<u>(66,382)</u>	<u>24,591</u>	<u>152,330</u>	<u>(100,109)</u>	<u>27,987</u>
Total Pension Liability – Beginning	<u>1,880,846</u>	<u>1,895,051</u>	<u>1,746,280</u>	<u>1,812,662</u>	<u>1,788,071</u>	<u>1,635,741</u>	<u>1,735,850</u>	<u>1,707,863</u>
Total Pension Liability – Ending (a)	<u>\$ 1,923,616</u>	<u>\$ 1,880,846</u>	<u>\$ 1,895,051</u>	<u>\$ 1,746,280</u>	<u>\$ 1,812,662</u>	<u>\$ 1,788,071</u>	<u>\$ 1,635,741</u>	<u>\$ 1,735,850</u>
Plan Fiduciary Net Position								
Net investment income	(200,754)	303,833	70,202	77,956	117,251	181,625	(44,501)	94,843
Benefit payments	(142,595)	(136,986)	(131,986)	(126,987)	(121,986)	(116,841)	(104,388)	(105,617)
Administrative expense	(3,000)	(6,000)	(6,440)	(6,050)	(5,500)	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(346,349)</u>	<u>160,847</u>	<u>(68,224)</u>	<u>(55,081)</u>	<u>(10,235)</u>	<u>64,784</u>	<u>(148,889)</u>	<u>(10,774)</u>
Plan Fiduciary Net Position – Beginning	<u>1,589,266</u>	<u>1,428,419</u>	<u>1,496,643</u>	<u>1,551,724</u>	<u>1,561,959</u>	<u>1,497,175</u>	<u>1,646,064</u>	<u>1,656,838</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 1,242,917</u>	<u>\$ 1,589,266</u>	<u>\$ 1,428,419</u>	<u>\$ 1,496,643</u>	<u>\$ 1,551,724</u>	<u>\$ 1,561,959</u>	<u>\$ 1,497,175</u>	<u>\$ 1,646,064</u>
Net Pension Liability – Ending (a)-(b)	<u>\$ 680,699</u>	<u>\$ 291,580</u>	<u>\$ 466,632</u>	<u>\$ 249,637</u>	<u>\$ 260,938</u>	<u>\$ 226,112</u>	<u>\$ 138,566</u>	<u>\$ 89,786</u>
Plan fiduciary net position as a percentage of the total pension liability	64.6%	84.5%	75.4%	85.7%	85.6%	87.4%	91.5%	94.8%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Cameron University
Schedule of Employer Contributions (Unaudited)
President's Retirement Plan – Plan 2
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 347,275	\$ 501,456	\$ 284,246	\$ 276,594	\$ 239,679	\$ 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)	<u>\$ 347,275</u>	<u>\$ 501,456</u>	<u>\$ 284,246</u>	<u>\$ 276,594</u>	<u>\$ 239,679</u>	<u>\$ 177,063</u>	<u>\$ 109,470</u>	<u>\$ 75,524</u>	<u>\$ 168,534</u>	<u>\$ 86,017</u>
University's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,755
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	132.24%

Cameron University
Schedule of the University's Proportionate Share of the Net OPEB Asset (Unaudited)
OTRS OPEB
Last 10 Fiscal Years

	2022	2021	2020	2019	2018
University's proportion of the net OPEB asset	0.4%	0.4%	0.4%	0.5%	0.5%
University's proportionate share of the net OPEB asset	\$ (492,695)	\$ 40,069	\$ 256,212	\$ 308,915	\$ 227,940
University's covered payroll	\$ 22,036,655	\$ 20,368,400	\$ 20,159,119	\$ 20,034,900	\$ 21,628,553
University's proportionate share of the net OPEB asset as a percentage of its covered payroll	-2.2%	0.2%	1.3%	1.5%	1.1%
Plan fiduciary net position as a percentage of the total OPEB asset	129.9%	102.3%	115.1%	115.4%	110.4%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Cameron University
Schedule of Employer Contributions (Unaudited)
OTRS OPEB
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 22,459	\$ 3,161	\$ 3,706	\$ 13,922	\$ 33,292
Contributions in relation to the actuarially determined contribution	<u>(22,459)</u>	<u>(3,161)</u>	<u>(3,706)</u>	<u>(13,922)</u>	<u>(33,292)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 21,513,626	\$ 22,036,661	\$ 20,368,440	\$ 20,159,119	\$ 20,034,900
Contributions as a percentage of covered-employee payroll	0.10%	0.01%	0.02%	0.07%	0.17%

Note to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

Independent Auditor's Report

Regents of the University of Oklahoma
Cameron University
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Cameron University (the University) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 28, 2022, which contained "Emphasis of Matter" paragraphs regarding the reporting entity and a change in accounting principles. Our report includes a reference to other auditors who audited the financial statements of Cameron University Foundation, Inc. (the Foundation), as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Regents of the University of Oklahoma
Cameron University

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Tulsa, Oklahoma
October 28, 2022