

Oklahoma City
Community College
(A Component Unit of the State of Oklahoma)

Financial Statements

June 30, 2021
(With Independent Auditors' Reports Thereon)



OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

FINANCIAL STATEMENTS

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OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Oklahoma City Community College (the "College"), collectively a component unit of the State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We have also audited the financial statements of the Oklahoma City Community College Foundation (the "Foundation"), a not-for-profit Oklahoma corporation organized to support the College, as of and for the year ended September 30, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibility, Continued

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, the Foundation, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

Adoption of New Accounting Pronouncement and Restatement of Previously Reported Balances

As discussed in Note 1 to the financial statements, the beginning net position as of July 1, 2020, has been restated to reflect the implementation of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities (GASB 84). Accordingly, adjustments have been made to the beginning balance of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and schedules of pension and OPEB information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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, 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the activities and financial performance of Oklahoma City Community College (the "College") provides an overview of the College's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the accompanying financial statements of the College.

Financial Highlights

- During the year ended June 30, 2021, the College's net position increased by \$6,891,020 to \$93,674,771. Unrestricted net position decreased by \$1,156,836 primarily as a result of a decrease in non-operating income, an increase in long-term debt and a decrease in the overall net impact of the pension and OPEB entries required under GASB 68 and GASB 75. Net position invested in capital assets increased by \$797,987 primarily as a result of capital expenditures related to campus improvement, offset by increases in depreciation. Restricted expendable net position increased by \$7,249,869 as a result of an increase in funds held for capital projects, an increase in funds held for debt service, and an increase in scholarship funds available.
- Beginning net position for July 1, 2020 has been restated to reflect the implementation of GASB 84, increasing beginning net position by \$169,508.
- Total operating revenues decreased to \$28,327,011 in 2021 from \$31,382,230 in 2020 primarily due to reductions in tuition and fees, bookstore revenue, food service revenue, sales and services of the education department, and other auxiliary enterprises.
- Total operating expenses increased by \$3,197,676 to \$77,226,289 in 2021 from \$74,028,613 in 2020. This increase is primarily due to the net compensation increase of \$5,282,001 offset by reductions in expenses in scholarship and fellowship expenses of \$1,336,192, supplies and materials of \$631,481, and other operating expenses of \$445,533 mainly associated with campus closure and pivoting to a remote class environment for FY21.
- Net non-operating and other revenues decreased to \$55,620,790 in 2021 from \$56,230,121 in 2020. This decrease is primarily due to an \$890,351 decrease in state appropriations, offset by an increase in capital gifts and donations of \$303,992.

Using this Annual Report

The College presents its financial statements in accordance with the business-type activities format. Accordingly, the financial statements include management's discussion and analysis and schedules of pension and OPEB information (as required supplementary information); the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and the notes to financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

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

One of the most important questions about any college’s finances is, “Is the College better or worse off as a result of the year’s financial activities?” The statements of net position and revenues, expenses, and changes in net position report information about the College as a whole and its activities in a way that helps answer this question. These statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Using the accrual basis of accounting means that all of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College’s net position and changes in it. The College’s net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one measure of the College’s financial health or financial position. Over time, increases or decreases in the College’s net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the College’s programs and degrees offered and accreditation status, in addition to the condition of its physical facilities, should also be considered to assess the overall financial health of the College.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period?

The College’s Net Position

The College’s net position is the difference between its assets and deferred outflows of resources and its liabilities and deferred inflows of resources reported in the statement of net position. The College’s net position increased in 2021 from 2020 as shown in Table 1.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The College's Net Position, Continued

Table 1: Assets, Liabilities, and Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase (Decrease)	% Change
Assets and Deferred				
Outflows of Resources				
Current assets	\$ 57,239,993	48,299,378	8,940,615	19%
Noncurrent assets:				
Capital assets, net	96,742,343	97,597,077	(854,734)	(1)%
Other	22,088,394	20,386,744	1,701,650	8%
Deferred outflows	<u>19,441,590</u>	<u>8,463,015</u>	<u>10,978,575</u>	130%
 Total assets and deferred outflows of resources	 <u>195,512,320</u>	 <u>174,746,214</u>	 <u>20,766,106</u>	 12%
Liabilities and Deferred				
Inflows of Resources				
Current liabilities	11,577,550	9,892,151	1,685,399	17%
Noncurrent liabilities	78,788,245	61,994,707	16,793,538	27%
Deferred inflows	<u>11,471,754</u>	<u>16,075,605</u>	<u>(4,603,851)</u>	(29)%
 Total liabilities and deferred inflows of resources	 <u>101,837,549</u>	 <u>87,962,463</u>	 <u>13,875,086</u>	 16%
Net Position				
Net investment in capital assets	79,799,008	79,001,021	797,987	1%
Restricted—nonexpendable	199,783	199,783	-	0%
Restricted—expendable	27,995,414	20,745,545	7,249,869	35%
Unrestricted deficit	<u>(14,319,434)</u>	<u>(13,162,598)</u>	<u>(1,156,836)</u>	9%
 Total net position	 <u>\$ 93,674,771</u>	 <u>86,783,751</u>	 <u>6,891,020</u>	 8%

Current assets increased \$8,940,615 in 2021 primarily due to an increase in cash and cash equivalents.

As of June 30, 2021, net capital assets decreased \$854,734 from the balance at June 30, 2020, primarily due to an approximately \$5,098,000 increase in capital assets, offset by approximately \$5,932,000 in depreciation expense. See Note 6 for further information.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The College's Net Position, Continued

Other noncurrent assets increased by \$1,701,650, primarily due to increases in restricted cash and cash equivalents due to the reserving of funds for capital projects.

The increase in deferred outflows of resources of \$10,978,575 is the result of an increase in the deferred outflows related to pensions.

Current liabilities increased by \$1,685,399, primarily due to an increase in unearned revenue related to revenue from the Higher Education Emergency Relief grant along with an increase in deferred revenue for tuition and fees.

Noncurrent liabilities increased by \$16,793,538 primarily due to an approximately \$18.3 million increase in pension liability, offset by an approximately \$1.5 million decrease in bond and capital lease obligations.

The decrease of \$4,603,851 in deferred inflows of resources is primarily attributed to the approximately \$4.1 million decrease in deferred inflows related to pensions along with approximately \$409,000 decrease in OPEB plans.

Restatement: The July 1, 2020 beginning net position has been restated to reflect the implementation of GASB 84. The effect of the restatement is as follows:

Beginning net position, as previously reported	\$ 86,783,751
Implementation of GASB Statement No. 84	<u>169,508</u>
Beginning net position, restated	<u><u>\$ 86,953,259</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The College's Net Position, Continued

Table 2: Operating Results and Changes in Net Position

	Years Ended June 30,		Increase	%
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>Change</u>
Operating revenues:				
Tuition and fees, net	\$ 22,637,236	24,937,661	(2,300,425)	(9)%
Federal and state grants and contracts	3,127,249	3,069,330	57,919	2%
Auxiliary enterprise charges	649,408	1,706,417	(1,057,009)	(62)%
Other	<u>1,913,118</u>	<u>1,668,822</u>	<u>244,296</u>	15%
Total operating revenues	28,327,011	31,382,230	(3,055,219)	(10)%
Operating expenses	<u>77,226,289</u>	<u>74,028,613</u>	<u>3,197,676</u>	4%
Operating loss	<u>(48,899,278)</u>	<u>(42,646,383)</u>	<u>(6,252,895)</u>	15%
Non-operating revenues (expenses):				
State appropriations	21,247,931	22,138,282	(890,351)	(4)%
OTRS on-behalf contributions	2,094,313	2,171,986	(77,673)	(4)%
Ad valorem taxes	9,257,408	8,779,320	478,088	5%
Federal grants and contracts	21,792,030	22,076,373	(284,343)	(1)%
Investment income	191,528	412,465	(220,937)	(54)%
Interest expense	<u>(664,118)</u>	<u>(797,950)</u>	<u>133,832</u>	(17)%
Total non-operating revenues	<u>53,919,092</u>	<u>54,780,476</u>	<u>(861,384)</u>	(2)%
Other revenues:				
State appropriations for capital purposes	1,039,624	1,082,340	(42,716)	(4)%
OCIA on-behalf state appropriations	354,482	363,705	(9,223)	(3)%
Capital gifts and donations	<u>307,592</u>	<u>3,600</u>	<u>303,992</u>	8444%
Total other revenues	<u>1,701,698</u>	<u>1,449,645</u>	<u>252,053</u>	17%
Changes in net position	<u>6,721,512</u>	<u>13,583,738</u>	<u>(6,862,226)</u>	(51)%
Net position, beginning of year	86,783,751	73,200,013	13,583,738	19%
Prior period adjustment	<u>169,508</u>	<u>-</u>	<u>169,508</u>	
Net position, beginning of year, restated	<u>86,953,259</u>	<u>73,200,013</u>	<u>13,753,246</u>	
Net position, end of year	<u>\$ 93,674,771</u>	<u>\$ 86,783,751</u>	<u>\$ 6,891,020</u>	8%

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The College's Net Position, Continued

During the year ended June 30, 2021, operating revenues decreased by \$3,055,219 compared to 2020. The primary components of this decrease were:

- Tuition and fees revenue decreased by \$2,300,425
- Auxiliary enterprise revenue decreased by \$1,057,009

During the fiscal year ended June 30, 2021, operating expenses increased by \$3,197,676 compared to fiscal year 2020. The primary components of this increase included:

- Net compensation increased by \$5,282,001. This increase was mainly attributed to a rise in OTRS pension obligations of approximately \$5.5 million.
- Total scholarships and fellowships decreased by \$1,336,192

During the year ended June 30, 2021, total non-operating revenues and other revenues decreased by \$609,331. The primary components of this decrease included:

- State appropriations decreased by \$890,351.

Net position increased \$6,721,512 during fiscal year 2021. This was primarily due to an increase in funds reserved for capital projects and an increase in debt service.

Table 3: Condensed Statements of Cash Flows

	Years Ended June 30,		Increase	%
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>Change</u>
Cash (used in) provided by:				
Operating activities	(35,310,454)	(39,983,649)	4,673,195	(12)%
Noncapital financing activities	49,998,728	50,698,860	(700,132)	(1)%
Capital and related financing activities	(3,681,798)	(3,489,138)	(192,660)	6%
Investing activities	<u>652,474</u>	<u>948,826</u>	<u>(296,352)</u>	(31)%
Increase in cash and cash equivalents	11,658,950	8,174,899	3,484,051	43%
Cash and cash equivalents at beginning of year	<u>57,053,705</u>	<u>48,878,806</u>	<u>8,174,899</u>	17%
Cash and cash equivalents at end of year	<u>\$ 68,712,655</u>	<u>57,053,705</u>	<u>11,658,950</u>	20%

The College's overall cash and cash equivalents increased by \$11,658,950.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Capital Assets and Debt Administration

Capital assets, net of accumulated depreciation, decreased \$854,734 due to increased depreciation expense offset by capitalized expenditures of various projects. In 2021, depreciation expense totaled \$5,932,093 compared to depreciation expense of \$5,852,076 in 2020.

Table 4: Condensed Summary of Capital Assets

	Years Ended June 30,		Increase	%
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>Change</u>
Capital Assets				
Land	\$ 2,937,133	2,937,133	-	0%
Artwork	12,200	12,200	-	0%
Construction in progress	1,006,378	793,108	213,270	27%
Buildings and improvements	137,020,960	133,775,612	3,245,348	2%
Infrastructure	11,905,575	11,905,575	-	0%
Furniture and equipment	29,639,310	28,976,169	663,141	2%
Library materials	<u>8,811,938</u>	<u>8,631,975</u>	<u>179,963</u>	2%
Total capital assets	191,333,494	187,031,772	4,301,722	2%
Less accumulated depreciation	<u>(94,591,151)</u>	<u>(89,434,695)</u>	<u>(5,156,456)</u>	6%
 Capital assets, net	 <u>\$96,742,343</u>	 <u>97,597,077</u>	 <u>(854,734)</u>	 (1)%

At June 30, 2021, the College had total long-term liabilities of \$18,064,128 compared to \$19,487,324 at June 30, 2020. No additional debt was incurred during the fiscal year ended June 30, 2021.

Table 5: Condensed Summary of Long-Term Liabilities

	Years Ended June 30,		Increase	%
	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>	<u>Change</u>
Capital lease obligations	\$ 13,340,671	13,762,671	(422,000)	(3)%
Revenue bonds payable	4,450,000	5,840,000	(1,390,000)	(24)%
Premium and discounts, net	989,561	1,064,697	(75,136)	(7)%
Compensated absences	<u>1,361,915</u>	<u>1,255,097</u>	<u>106,818</u>	9%
Total long-term liabilities	20,142,147	21,922,465	(1,780,318)	(8)%
Less current portion	<u>(2,078,019)</u>	<u>(2,435,138)</u>	<u>357,119</u>	(15)%
 Net long-term liabilities	 <u>\$ 18,064,128</u>	 <u>19,487,327</u>	 <u>(1,423,199)</u>	 (7)%

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Economic Outlook

The following information outlines significant known factors that may affect subsequent years' finances:

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of the virus to the United States began in February 2020, causing business disruption through temporary business closures throughout the country and continues to impact institutions of Higher Education in 2021. The College anticipated the negative impact to revenue collections for the State of Oklahoma and state appropriations were impacted with a 3.95% decrease in allocation for fiscal year 2021.

Unfortunately, the COVID-19 pandemic continued throughout the fiscal year 2021 due to the highly contagious Delta Variant. The College transitioned to all online classes in late March of the 2020 spring semester and continued 100% online classes for the 2020/2021 academic year. Facilities Management continues to contract for additional cleaning crews with specialized disinfecting supplies. Information and Technology Services continue to increase their purchases of Virtual Private Networks and remote desktop connection licenses to support employees working from home, additional laptops for use by employees and students, Zoom licenses and web cams to support virtual courses and meetings and other IT infrastructure to continue optimal performance for remote work and virtual learning.

Fortunately, due to the Higher Education Emergency Relief funding received by the State of Oklahoma and the recovering economy, the fiscal year 2022 budget was developed with a 5.06% increase in state allocations. Tuition waiver reimbursements increased by 100% for senior concurrent enrollment, 11.9% for junior concurrent enrollment, and 69% for National Guard funding of \$372,000 which was received for Workforce, STEM, and nursing initiatives.

Although the fiscal year 2021 budget projected a 20% decline in enrollment, OCCC experienced a slight increase over the prior year. Due to the persistent challenges of COVID-19 variants, vaccine hesitancy, and the uncertainty of the economic climate, fiscal year 2022 enrollment was budgeted flat to fiscal year 2021 actual enrollment. The increased fiscal year 2022 state funding and conservative prior year spending allowed funding to be budgeted for approved initiatives which address the Annual Plan, funding to rehire positions previously reduced in force, and to address deferred maintenance projects across the College.

Prior to the pandemic, the College had made the decision to move from a 16-week semester platform in fall 2020 to primarily (2) 8-week terms. While the College maintains a primarily 8-week term format, additional 16-week classes returned to class offerings. Enrollment for the 2021/2022 academic year is currently 30% in-person and 70% online. OCCC is currently working on renovating classrooms to address the need for hybrid style classes that allow for students to attend live classes via Zoom. Although the majority of classes remain online, the College remains open so students can access extracurricular student life activities, core services including free Wi-Fi, use of the library, computers and labs, and the ability to meet with their professors in person. Hands-on courses continue to be held on campus following distance protocols. Currently enrollment is down 10% with respect to the same period in the 2020 fall semester.

The College, in its commitment to continue to provide quality education programs and continued services as expected by the student body, eliminated the Online Electronic Media fee of \$11 per credit hour and did not increase tuition and mandatory fee rates for in-state or out-of-state students for fiscal year 2022. This is a significant savings for students enrolled in strictly online classes.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Economic Outlook, Continued

The current state budget outlook for fiscal year 2022 does not anticipate a budget shortfall and recent increases in state revenues appear to lessen the prospect of having a revenue failure during fiscal year 2022. The College will continue a conservative budgeting approach which includes a contingency methodology to help address unforeseen budget reductions or unforeseen expenditures and funding for capital improvements.

Contacting the College's Financial Management

This financial report is designed to provide our stakeholders, including taxpayers, customers, investors and creditors, with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Oklahoma City Community College, 7777 South May Avenue, Oklahoma City, Oklahoma 73159.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

STATEMENT OF NET POSITION

	<i>June 30, 2021</i>	<i>September 30, 2020</i>
	Oklahoma City Community College	Oklahoma City Community College Foundation
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 47,246,736	1,586,398
Restricted cash and cash equivalents	2,030,079	-
Student accounts receivable, net	4,640,853	-
Other receivables	2,653,627	-
Interest receivable	10,443	-
Inventories	658,255	-
Total current assets	<u>57,239,993</u>	<u>1,586,398</u>
Noncurrent assets:		
Restricted cash and cash equivalents	19,435,840	-
Investments	2,589,798	1,869,240
Net OPEB asset—OTRS	62,756	-
Capital assets, non-depreciable	3,955,713	-
Capital assets, depreciable, net	92,786,630	-
Total noncurrent assets	<u>118,830,737</u>	<u>1,869,240</u>
Total assets	<u>176,070,730</u>	<u>3,455,638</u>
Deferred outflows of resources:		
Deferred outflows related to pension	19,012,861	-
Deferred outflows related to OPEB	360,563	-
Deferred outflows related to capital lease obligations	68,166	-
Total deferred outflows of resources	<u>19,441,590</u>	<u>-</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

STATEMENT OF NET POSITION, CONTINUED

	<i>June 30, 2021</i>	<i>September 30, 2020</i>
	Oklahoma City Community College	Oklahoma City Community College Foundation
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable	3,045,836	-
Accrued payroll	1,362,269	-
Other accrued liabilities	244,525	-
Unearned revenue	4,659,400	-
Other current liabilities	187,501	-
Current portion of accrued compensated absences	538,967	-
Current portion of long-term debt	1,539,052	-
Total current liabilities	<u>11,577,550</u>	<u>-</u>
Noncurrent liabilities:		
Accrued compensated absences	822,948	-
Bonds payable, net of premium and discounts	4,309,426	-
Capital lease obligations	12,931,754	-
Total OPEB liability	608,309	-
Net pension liability	60,115,808	-
Total noncurrent liabilities	<u>78,788,245</u>	<u>-</u>
Total liabilities	<u>90,365,795</u>	<u>-</u>
Deferred inflows of resources:		
Deferred gain on capital lease restructure	295,863	-
Deferred inflows related to pension	8,947,510	-
Deferred inflows related to OPEB—OTRS	139,816	-
Deferred inflows related to OPEB—Retiree Benefits Plan	2,068,793	-
Deferred inflow—capital lease refinance	19,772	-
Total deferred inflows of resources	<u>11,471,754</u>	<u>-</u>
Net position:		
Net investment in capital assets	79,799,008	-
Restricted for:		
Scholarships—nonexpendable	199,783	1,485,070
Scholarships and other—expendable	107,409	1,626,533
Capital projects	20,470,189	-
Debt service	7,417,816	-
Unrestricted deficit	<u>(14,319,434)</u>	<u>344,035</u>
Total net position	<u>\$ 93,674,771</u>	<u>3,455,638</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION**

<i>Years Ended</i>	<i>June 30, 2021</i>	<i>September 30, 2020</i>
	<u>Oklahoma City Community College</u>	<u>Oklahoma City Community College Foundation</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$11,280,589	\$ 22,637,236	-
Federal and state grants and contracts	3,127,249	-
Sales and services of educational departments	122,268	-
Auxiliary enterprise charges:		
Food services	152,703	-
Bookstore, net of scholarship allowances of \$2,451,924	15,192	-
All other auxiliary enterprises	481,513	-
Other operating revenues	1,790,850	718,161
Total operating revenues	<u>28,327,011</u>	<u>718,161</u>
Operating expenses:		
Compensation and benefits	48,416,614	-
Contractual services	7,793,207	-
Supplies and materials	3,084,410	-
Utilities	1,181,223	-
Communications	174,511	-
Other operating expenses	471,786	393,785
Scholarships and fellowships	10,172,445	218,079
Depreciation expense	5,932,093	-
Total operating expenses	<u>77,226,289</u>	<u>611,864</u>
Operating (loss) income	<u>(48,899,278)</u>	<u>106,297</u>

(Continued)

See Independent Auditors' Report.
 See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION, CONTINUED**

<i>Years Ended</i>	<i>June 30, 2021</i>	<i>September 30, 2020</i>
	Oklahoma City Community <u>College</u>	Oklahoma City Community College <u>Foundation</u>
Non-operating revenues (expenses):		
State appropriations	21,247,931	-
On-behalf contributions for OTRS	2,094,313	-
Operational and incentive levy funds	6,897,125	-
Building levy funds	2,360,283	-
Federal and state grants—non-operating	21,792,030	-
Investment income	191,528	105,228
Interest expense	(664,118)	-
Total non-operating revenues	<u>53,919,092</u>	<u>105,228</u>
Income before other revenues	<u>5,019,814</u>	<u>211,525</u>
Other revenues:		
State appropriations restricted for capital purposes	1,039,624	-
OCIA on-behalf state appropriations	354,482	-
Capital gifts and donations	307,592	170,688
Total other revenues	<u>1,701,698</u>	<u>170,688</u>
Changes in net position	6,721,512	382,213
Net position, beginning of year, as previously reported	86,783,751	3,073,425
Adjustment to net position for adoption of new accounting principle	<u>169,508</u>	<u>-</u>
Net position, beginning of year, restated	<u>86,953,259</u>	<u>3,073,425</u>
Net position, end of year	<u>\$ 93,674,771</u>	<u>3,455,638</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

	Oklahoma City Community <u>College</u>
Operating activities:	
Receipts for tuition and fees	\$ 23,472,951
Receipts for grants and contracts	4,485,883
Receipts for auxiliary enterprise charges	647,760
Receipts for educational activities	122,268
Receipts for other operating receipts	1,319,064
Payments to employees for compensation and benefits	(43,082,134)
Receipts from other entities	44,491
Payments for scholarships	(10,172,445)
Payments to suppliers	<u>(12,148,292)</u>
Net cash used in operating activities	<u>(35,310,454)</u>
Noncapital financing activities:	
State appropriations	21,247,931
Ad valorem taxes received	6,958,767
Non-operating grants	<u>21,792,030</u>
Net cash provided by noncapital financing activities	<u>49,998,728</u>
Capital and related financing activities:	
Purchases of capital assets	(5,097,767)
Capital appropriations received	1,039,624
Capital gifts and donations	307,592
Building levy funds received	2,360,283
Principal paid on capital debt and leases	(1,457,518)
Interest paid on capital debt and leases	(854,420)
Proceeds from sale of capital assets	<u>20,408</u>
Net cash used in capital and related financing activities	<u>(3,681,798)</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2021

	Oklahoma City Community College
Investing activities:	
Proceeds from sales and maturities of investments	450,102
Interest received on investments	202,372
Net cash provided by investing activities	<u>652,474</u>
Increase in cash and cash equivalents	11,658,950
Cash and cash equivalents, beginning of year	57,053,705
Cash and cash equivalents, end of year	<u>\$ 68,712,655</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (48,899,278)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	5,932,093
On-behalf contributions for OTRS	2,094,313
Net OPEB asset	327,994
Total OPEB liability	(77,308)
Net pension liability	18,294,045
Deferred amounts related to pensions and OPEB	(15,582,426)
Changes in net assets and liabilities:	
Receivables, net	367,250
Inventories	(201,147)
Accounts payable and accrued liabilities	286,206
Unearned revenue	1,849,645
Compensated absences and accrued payroll	253,668
Deposits held for others	44,491
Net cash used in operating activities	<u>\$ (35,310,454)</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2021

	Oklahoma City Community <u>College</u>
Noncash investing, noncapital financing, and capital and related financing activities:	
Principal and interest on capital debt paid by state on behalf of the College	\$ <u>354,482</u>
On-behalf payments for OTRS	\$ <u>2,094,313</u>
Reconciliation of cash and cash equivalents to the statement of net position:	
Current cash and cash equivalents	\$ 47,246,736
Current restricted cash and cash equivalents	2,030,079
Noncurrent restricted cash and cash equivalents	<u>19,435,840</u>
Total cash and cash equivalents	\$ <u>68,712,655</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Oklahoma City Community College (the “College”) is an associate degree-granting institution established by an act of the Oklahoma State Legislature in 1972. The College’s mission is to provide broad access to learning that empowers students to complete a certificate or degree that enriches the lives of everyone in our community. The College is under the governance of the Board of Regents for the Oklahoma City Community College (the “Board of Regents”) and is part of the Oklahoma System of Higher Education.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The College is a component unit of the State of Oklahoma (the “State”) and is included in the general purpose financial statements of the State as part of the higher education component unit.

The accompanying financial statements include the accounts of the College and the South Oklahoma City Area School District (the “District”). The College is an agency of the State, and the District is a political subdivision of the State. The District has been presented as a blended component unit because the District’s governing body is substantially the same as the governing body of the College, and the District provides services almost entirely to the College, which is the primary government. Separate financial statements for the District have been prepared and can be obtained by contacting the College’s Chief Financial Officer.

Discretely Presented Component Unit

The Oklahoma City Community College Foundation (the “Foundation”) is a component unit of the College that is discretely presented with the financial statements of the College. The Foundation has a fiscal year ending on September 30. The Foundation is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the College as a whole, including both the College and the District. Additional disclosures for the Foundation are presented in Note 13.

See Independent Auditors’ Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of 3 months or less to be cash and cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash and cash equivalents because they are available upon request by the College.

Deposits and Investments

The College accounts for its investments, outside of the State Treasurer's Cash Management Program, at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In accordance with the risks identified in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the College has disclosed its deposit and investment policies. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements, the College has disclosed the level of risk for its investments in Note 2. Changes in unrealized gains (losses) on the carrying value of the investments are reported as a component of investment income in the accompanying statement of revenues, expenses, and changes in net position.

Inventories

Inventories consist of books and supplies held for resale at the bookstore, which are valued at the lower of cost, determined using the first-in, first-out method or market.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Student Accounts Receivable and Other Receivables

Accounts receivable consist of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the state of Oklahoma. Student accounts receivable are carried at the unpaid balance of the original amount billed to students. Accounts receivable are reduced by an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts receivable are written-off for financial reporting purposes when deemed uncollectible. Recoveries of student accounts receivable previously written-off are credited to the allowance for doubtful accounts when received.

A student account receivable is considered to be past due if any portion of the receivable balance is outstanding after the end of the semester.

Other receivables include amounts due from federal, state, and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase capital or other noncurrent assets are classified as restricted assets in the accompanying statement of net position.

Capital Assets

Capital assets are stated at cost or fair value if acquired by gift, less accumulated depreciation. For equipment, the College's capitalization policy includes all items with a unit cost of \$500 or more and a useful life of greater than 1 year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value of the useful life of the structure are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets: generally 20–50 years for buildings, improvements, and infrastructure; 7–20 years for furniture and equipment; and 10 years for library materials. Routine repairs and maintenance are charged to operating expense in the year in which the expense occurs.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 liabilities and expenses incurred are recorded at year-end as accrued compensated absences in the accompanying statement of net position, and as a component of compensation and benefits expenses in the accompanying statement of revenues, expenses, and changes in net position. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date, plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date. Sick leave is not accrued because employees are not compensated for accrued unused sick leave upon separation from employment.

Noncurrent Liabilities

Noncurrent liabilities include 1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than 1 year, 2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and 3) net pension liability and total OPEB liability required to be reported by the College pursuant to accounting principles generally accepted in the United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position Classification

Net position of the College is classified in three components:

Net Investments in Capital Assets—Represents the net investment in capital assets less the debt associated with the capital assets.

Restricted—Expendable and Nonexpendable—

Restricted—Expendable—Represents net position which has been restricted by outside sources. The College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

Unrestricted—Represents the remaining net position, if any. 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 College 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 College's policy is to first apply the expense toward unrestricted resources and then toward restricted resources.

Income Taxes

The College, as a political subdivision of the State, is exempt from all federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, the College may be subject to income taxes on any unrelated business income under Internal Revenue Code Section 511(a)(2)(B).

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

- **Operating Revenues**—Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) certain federal, state, and nongovernmental grants and contracts.
- **Non-Operating Revenues**—Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*, such as state appropriations, property taxes, governmental and other pass-through grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the 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 College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as non-operating revenues. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Pension and Other Postemployment Benefit (OPEB)

For purposes of measuring the net pension liability, net OPEB asset, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, 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 they are 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 are reported at fair value.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position by the College that are applicable to a future reporting period. As of June 30, 2021, the College's deferred outflows were comprised of deferred charges of \$19,012,861 related to pensions, \$68,166 related to capital lease obligation refinance, and \$360,563 related to OPEB.

Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the College that are applicable to a future reporting period. As of June 30, 2021, the College's deferred inflows were comprised of deferred charges on OCIA (Oklahoma Capitol Improvement Authority) lease restructures of \$295,863, \$19,772 related to capital lease obligation refinance, deferred charges of \$8,947,510 related to pensions, and \$2,208,609 related to OPEB.

Restatement

The July 1, 2020, beginning net position has been restated to reflect the implementation of GASB 84. The effect of the restatement is as follows:

Beginning net position, as previously reported	\$ 86,783,751
Implementation of GASB Statement No. 84	<u>169,508</u>
Beginning net position, restated	<u>\$ 86,953,259</u>

New Accounting Pronouncements

New Accounting Pronouncement Adopted

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements, Continued

New Accounting Pronouncement Adopted, Continued

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 improves guidance regarding the recognition and reporting of fiduciary activities. GASB 84 identifies four types of reportable fiduciary fund types, including 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds. GASB 84 outlines the accounting and disclosure requirements for operating structures that qualify as a fiduciary activity. The College adopted GASB 84 effective July 1, 2020, for the June 30, 2021, reporting year, which had a significant impact on the College's financial statements and resulted in a restatement of the College's net position as of July 1, 2020.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interest* (GASB 90). GASB 90 improves the consistency and comparability of reporting government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The College adopted GASB 90 effective July 1, 2020, for the June 30, 2021, reporting year, which did not have a significant impact on the College's financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The College has not determined the impact of GASB 87 on the financial statements.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements, Continued

New Accounting Pronouncements Not Yet Adopted, Continued

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. The College will adopt GASB 91 effective July 1, 2021, for the June 30, 2022, reporting year. The College does not expect GASB 91 to have a significant impact on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). GASB 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The College will adopt GASB 92 effective July 1, 2021, for the June 30, 2022, reporting year. The College does not expect GASB 92 to have a significant impact on the financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). GASB 93 is to address other accounting and financial reporting implications that result from the replacement of interbank offered rates. The College will adopt GASB 93 effective July 1, 2022, for the June 30, 2023, reporting year. The College does not expect GASB 93 to have a significant impact on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The College will adopt GASB 94 effective July 1, 2022, for the June 30, 2023, reporting year. The College does not expect GASB 94 to have a significant impact on the financial statements.

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OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements, Continued

New Accounting Pronouncements Not Yet Adopted, Continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The College will adopt GASB 96 effective July 1, 2022, for the June 30, 2023, reporting year. The College has not determined the impact of GASB 96 on the financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). GASB 97 objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The College will adopt GASB 97 effective July 1, 2021, for the June 30, 2022, reporting year. The College does not currently know how significant an impact of GASB 97 will have on the financial statements.

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OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) DEPOSITS AND INVESTMENTS

Custodial Credit Risk—Deposits

Custodial credit risk is the risk that in the event of a bank failure the College's deposits may not be returned to it. The College'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 the Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The College's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitation, placed in financial institutions or invested, as the Treasurer may determine, in the State's name.
- The College requires that balances on deposit with financial institutions be insured by the FDIC, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations in the College's name.

At June 30, 2021, the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

Deposits with the State Treasurer	\$ 47,435,379
U.S. financial institutions	21,262,276
Petty cash and change funds	<u>15,000</u>
	<u>\$ 68,712,655</u>

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; and (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.

At June 30, 2021, the bank balance of the College's deposits with the State Treasurer and U.S. financial institutions was \$68,445,777. Of funds on deposit with the State Treasurer, amounts invested in OK INVEST totaled \$10,215,840.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk—Deposits, Continued

For financial reporting purposes, deposits with the State Treasurer that are invested in OK INVEST are classified as cash equivalents. At June 30, 2021, the distribution of deposits in OK INVEST was as follows:

<u>OK INVEST Portfolio</u>	<u>Cost</u>	<u>Market Value</u>
U.S. agency securities	\$ 4,087,626	4,089,553
Money market mutual fund	449,805	449,805
Certificates of deposit	69,109	69,109
Mortgage-backed agency securities	2,959,710	3,046,041
Municipal bonds	14,330	14,498
Foreign bonds	71,651	71,648
U.S. Treasury obligations	<u>2,563,609</u>	<u>2,586,659</u>
	<u>\$ 10,215,840</u>	<u>10,327,313</u>

Agencies and funds that are considered to be a part of the State’s reporting entity and the State’s Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma Statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives which establish the framework for the day-to-day OK INVEST management, with an emphasis on safety of the capital and the probable income to be derived and meeting the State’s and its funds’ and agencies’ daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages, and specify the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer’s website at <http://www.treasurer.state.ok.us/>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to 10 years. OK INVEST maintains an overall weighted-average maturity of no more than 4 years.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk—Deposits, Continued

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. governmental securities risk* is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer’s Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State, the FDIC, or any other government agency.

Investments

At June 30, 2021, the College had the following investments:

U.S. Treasury money market mutual funds	\$ 2,374,373
Oklahoma State Regents Endowment	<u>215,425</u>
	<u>\$ 2,589,798</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Investments, Continued

Investment maturities were as follows at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Not Applicable</u>	<u>Less Than One Year</u>
U.S. Treasury money market mutual funds	\$ 2,374,373	-	2,374,373
Oklahoma State Regents Endowment	215,425	215,425	-
	<u>\$ 2,589,798</u>	<u>215,425</u>	<u>2,374,373</u>

Interest Rate Risk

The College 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.

Concentration of Credit Risk

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

Fair Value

The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College had the following recurring fair value measurements as of June 30, 2021:

- U.S. Treasury money market mutual funds of \$2,374,373 were valued using quoted market prices (Level 2 inputs).
- Investments held at the State Regents of Higher Education of \$215,425 (Level 3 inputs).

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) STUDENT ACCOUNTS RECEIVABLE

Student accounts receivable consisted of the following at June 30, 2021:

Student tuition and fees	\$ 22,317,122
Less allowance for doubtful accounts	<u>(17,676,269)</u>
	<u>\$ 4,640,853</u>

(4) OTHER RECEIVABLES

Other receivables consisted of the following at June 30, 2021:

Due from grantors	\$ 2,615,781
Taxes receivable	<u>37,846</u>
	<u>\$ 2,653,627</u>

(5) UNEARNED REVENUE

Unearned revenue consisted of the following at June 30, 2021:

Student tuition and fees	\$ 2,197,654
Grants and contracts	<u>2,461,746</u>
	<u>\$ 4,659,400</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	\$ 2,937,133	-	-	-	2,937,133
Artwork	12,200	-	-	-	12,200
Construction in progress	<u>793,108</u>	<u>3,619,452</u>	<u>(3,406,182)</u>	-	<u>1,006,378</u>
Total capital assets not being depreciated	<u>3,742,441</u>	<u>3,619,452</u>	<u>(3,406,182)</u>	-	<u>3,955,711</u>
Other capital assets:					
Buildings and improvements	133,775,612	3,245,348	-	-	137,020,960
Infrastructure	11,905,575	-	-	-	11,905,575
Furniture and equipment	28,976,169	1,459,186	-	(796,045)	29,639,310
Library materials	<u>8,631,975</u>	<u>179,963</u>	-	-	<u>8,811,938</u>
Total other capital assets	<u>183,289,331</u>	<u>4,884,497</u>	-	<u>(796,045)</u>	<u>187,377,783</u>
Less accumulated depreciation:					
Buildings and improvements	(54,260,513)	(3,551,379)	-	-	(57,811,892)
Infrastructure	(5,700,123)	(430,459)	-	-	(6,130,582)
Furniture and equipment	(22,250,549)	(1,626,436)	-	775,637	(23,101,348)
Library materials	<u>(7,223,510)</u>	<u>(323,819)</u>	-	-	<u>(7,547,329)</u>
Total accumulated depreciation	<u>(89,434,695)</u>	<u>(5,932,093)</u>	-	<u>775,637</u>	<u>(94,591,151)</u>
Other capital assets, net	<u>93,854,636</u>	<u>(1,047,596)</u>	-	<u>(20,408)</u>	<u>92,786,632</u>
Total capital assets, net	<u>\$ 97,597,077</u>	<u>2,571,856</u>	<u>(3,406,182)</u>	<u>(20,408)</u>	<u>96,742,343</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 3,742,441	3,619,452	(3,406,182)	-	3,955,711
Other capital assets, at cost	<u>183,289,331</u>	<u>4,884,497</u>	-	<u>(796,045)</u>	<u>187,377,783</u>
Total cost of capital assets	187,031,772	8,503,949	(3,406,182)	(796,045)	191,333,494
Less accumulated depreciation	<u>(89,434,695)</u>	<u>(5,932,093)</u>	-	<u>775,637</u>	<u>(94,591,151)</u>
Capital assets, net	<u>\$ 97,597,077</u>	<u>2,571,856</u>	<u>(3,406,182)</u>	<u>(20,408)</u>	<u>96,742,343</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) CAPITAL ASSETS, CONTINUED

At June 30, 2021, the cost and related accumulated depreciation of assets held under capital lease obligations were as follows:

	<u>Asset Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Arts Education Center	\$ 9,748,824	2,944,957	6,803,867
Health Professions Center	6,913,007	2,088,305	4,824,702
Performing Arts Center	<u>4,075,000</u>	<u>721,615</u>	<u>3,353,385</u>
	<u>\$ 20,736,831</u>	<u>5,754,877</u>	<u>14,981,954</u>

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM LIABILITIES

Long-term liabilities activity, exclusive of the net pension liability and total OPEB liability, for the year ended June 30, 2021, was as follows:

	<u>Maturity Through</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue bonds payable and capital lease obligations:						
Revenue bonds payable:						
Student Facility, Series 2006	7/1/2022	\$ 1,585,000	-	(505,000)	1,080,000	530,000
Student Facility, Series 2010	7/1/2030	375,000	-	(375,000)	-	-
Student Facility, Series 2015	7/1/2026	3,880,000	-	(510,000)	3,370,000	525,000
Total revenue bonds payable		<u>5,840,000</u>	<u>-</u>	<u>(1,390,000)</u>	<u>4,450,000</u>	<u>1,055,000</u>
Capital lease obligations:						
OCIA Series 2014A (Refunding)	7/1/2031	7,442,671	-	-	7,442,671	-
ODFA MRP Lease 2020	6/1/2030	3,552,000	-	(320,667)	3,231,333	309,000
ODFA MRP Lease 2020A	6/1/2040	2,768,000	-	(101,333)	2,666,667	99,917
Total capital lease obligations		<u>13,762,671</u>	<u>-</u>	<u>(422,000)</u>	<u>13,340,671</u>	<u>408,917</u>
Total revenue bonds payable and capital lease obligations		<u>19,602,671</u>	<u>-</u>	<u>(1,812,000)</u>	<u>17,790,671</u>	<u>1,463,917</u>
Other liabilities:						
Premiums and discounts, net		1,064,697	-	(75,136)	989,561	75,135
Accrued compensated absences		1,255,097	106,818	-	1,361,915	538,967
Total other liabilities		<u>2,319,794</u>	<u>106,818</u>	<u>(75,136)</u>	<u>2,351,476</u>	<u>614,102</u>
Total long-term liabilities		<u>\$ 21,922,465</u>	<u>106,818</u>	<u>(1,887,136)</u>	<u>20,142,147</u>	<u>2,078,019</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM LIABILITIES, CONTINUED

Revenue Bonds

The Student Facilities Program Revenue Bonds, Series 2005 (the “2005” Bonds) were issued in the original amount of \$10,000,000. Principal payments ranging from \$305,000 to \$675,000 are due each July 1 through 2026. Principal and interest payments are secured by a lien and a pledge on the net revenue of the auxiliary facilities, unencumbered monies in the funds and accounts established by the bond resolution, student service facility fees, and student activity fees, with the proceeds to be used to construct a Science, Engineering, and Math Center facility. The 2005 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes. These bonds were refunded during fiscal year 2016 by the issuance of the Student Facility Revenue Refunding Bonds, Series 2015 in January 2016.

The Student Facilities Program Revenue Bonds, Refunding Series 2006 (the “2006 Bonds”) were issued in the original amount of \$7,455,000. Principal payments ranging from \$270,000 to \$645,000 are due each July 1 through 2022. The proceeds received from the 2006 Bonds were used to refund the 1993 Bonds in the amount of \$2,055,000, advance refund a portion of the 2000 Bonds in the amount of \$5,165,000, establish a Bond Fund Reserve, and pay costs of issuance of the Bonds. Principal and interest payments are secured by a lien and a pledge on the net revenue of the auxiliary facilities, unencumbered monies in the funds and accounts established by the bond resolution, student service facility fees, and student activity fees. The 2006 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes.

The Student Facilities Program Revenue Bonds, Series 2010 (the “2010 Bonds”) were issued in the original amount of \$8,000,000. Principal payments ranging from \$295,000 to \$550,000 are due each July 1 through 2030. Principal and interest payments are secured by a lien and a pledge on the net revenue of the auxiliary facilities, unencumbered monies in the funds and accounts established by the bond resolution, student service facility fees, and student activity fees, with the proceeds to be used to construct a Performing Arts Center. The 2010 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes. These revenue bonds were refinanced during fiscal year 2020 by the issuance of the ODFA Master Real Property Lease Revenue Bonds Series 2020 (the “2020 Bonds”) in the amount of \$3,552,000. Lease payments, including principal and interest at 4%, will be paid monthly through the life of the lease which ends June 1, 2030. Savings calculated by ODFA for the refinancing is approximately \$616,000 over the life of the bonds. Interest on the bonds is exempt from federal and state income taxes.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM LIABILITIES, CONTINUED

Revenue Bonds, Continued

On January 6, 2016, the College’s remaining 2005 Bonds were refunded by issuance of the 2015 Bonds. This refunding resulted in a gain on restructuring of \$102,533, which was recorded as a deferred inflow of resources that will be amortized over a period of 11 years. As of June 30, 2021, the unamortized gain totaled \$48,826. This refinancing resulted in an aggregate difference in principal and interest between the 2005 Bonds and the refinanced 2015 Bonds of \$866,556, which approximates the economic savings of the transaction. Principal and interest payments for the 2015 Bonds are secured by a lien and a pledge on the net revenue of the auxiliary facilities, unencumbered monies in the funds and accounts established by the bond resolution, student service facility fees, and student activity fees. The 2015 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes.

At June 30, 2021, future aggregate maturities of principal and interest requirements on the College’s various revenue bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,055,000	123,200	1,178,200
2023	1,085,000	88,325	1,173,325
2024	555,000	60,975	615,975
2025	570,000	44,100	614,100
2026	585,000	26,775	611,775
2027-2030	<u>600,000</u>	<u>9,000</u>	<u>609,000</u>
	<u>\$ 4,450,000</u>	<u>352,375</u>	<u>4,802,375</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM LIABILITIES, CONTINUED

Capital Lease Obligations

OCIA Lease Obligations

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project), Series 2005F. Of the total bond indebtedness, the State Regents allocated approximately \$15,335,000 to the College. Concurrently with the allocation, the College entered into a lease agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the College.

In 2010, the OCIA partially refinanced its Series 2005F Bonds by issuing two additional bonds, the 2010A and 2010B Bonds. As a result of this refinancing, the State Regents increased the indebtedness on behalf of the College by approximately \$1.4 million. This additional cost will be amortized by the College as interest expense through fiscal year 2016 at the rate of \$240,675 per year. At June 30, 2016, the entire amount had been amortized.

On April 9, 2014, the College's remaining 2005F lease agreement with OCIA was restructured through a partial refunding of the Series 2005F Bonds. OCIA issued new bonds, the Series 2014A Bonds, to accomplish the refunding. As a result, the Series 2005F refunding through the issuance of the Series 2014A Bonds resulted in a gain on restructuring of \$444,214, which was recorded as a deferred inflow of resources that will be amortized over a period of 18 years. As of June 30, 2021, the unamortized gain totaled \$247,037. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The College's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of \$1,072,471, which approximates the economic savings of the transaction.

Through June 30, 2016, the College has drawn down all of its total allotment for expenses incurred in connection with the specific projects. These expenses have been capitalized as investments in capital assets or recorded as operating expenses, in accordance with the College's policy. In fiscal year 2021, the monthly capital lease principal and interest payments made by the State to OCIA on behalf of the College totaling \$354,482 have been reflected as OCIA on-behalf state appropriations in the accompanying statement of revenues, expenses, and changes in net position.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM LIABILITIES, CONTINUED

Capital Lease Obligations, Continued

Oklahoma Development Finance Authority (ODFA) Master Lease Obligations

On September 15, 2010, the College entered into a capital lease obligation for the ODFA Master Revenue Bonds, Series 2010A in the amount of \$4,075,000. Total lease payments over the term of the agreement, beginning October 15, 2010, through May 15, 2040, are \$6,947,413. Payments are made monthly ranging from \$19,314 to \$23,111. Proceeds from the obligation were used for construction of the new Performing Arts Center, along with the issuance costs of the obligation. These bonds were refinanced during fiscal year 2020 through the issuance of ODFA Master Real Property Lease Revenue Bonds Series 2020 and 2020A (the “2020 and 2020A Bonds”) in the amount of \$3,552,000 and \$2,768,000, respectively. Lease payments, including principal and interest at the rate of 4%, will be made monthly over the life of the bonds, which will end June 1, 2030 and June 1, 2040, respectively. Savings calculated by ODFA for this refinancing over the life of the bonds is approximately \$466,000. Interest on the bonds is exempt from federal and state income taxes.

Future minimum lease payments under all capital lease obligations at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total to Be Paid</u>
2022	\$ 408,917	590,402	999,319
2023	1,114,537	574,045	1,688,582
2024	1,170,220	523,787	1,694,007
2025	1,203,316	470,610	1,673,926
2026	1,253,215	420,805	1,674,020
2027–2031	6,686,133	1,209,949	7,896,082
2032–2036	773,167	241,633	1,014,800
2037–2040	731,166	73,353	804,519
	<u>\$ 13,340,671</u>	<u>4,104,584</u>	<u>17,445,255</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS

Oklahoma Teachers' Retirement System

Plan Description—The College, as the employer, participates in the Oklahoma Teachers' Retirement Plan (the "Plan")—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Teachers Retirement System (OTRS or the "System"). Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

Benefits Provided—OTRS provides retirement, disability, and death benefits to members of the Plan.

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after 5 years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the 3 highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest 5 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.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers Retirement System, Continued

Benefits Provided, Continued—

- Upon the death of a retired member, the System 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 the System, members' contributions are refundable with interest based on certain restrictions provided in the plan or by the Internal Revenue Code (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 the Plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7.0% of their annual compensation, which is paid on their behalf by the College. Participating employers are required to contribute 9.5% of the employees' annual compensation and an additional 7.7% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance Plan (see Note 9). Contributions to the pension plan from the College for the year ended June 30, 2021, were \$3,174,172. The State also made on-behalf contributions to OTRS, of which \$2,094,313 was recognized by the College for the year ended June 30, 2021; these on-behalf payments did not meet the criteria of a special funding situation.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—*At June 30, 2021, the College reported a liability of \$60,115,808 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The College's proportion of the net pension liability was based on the College's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers for the year ended June 30, 2020. Based upon this information, the College's proportion was 0.6334%.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

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

For the year ended June 30, 2021, the College recognized pension expense of \$8,681,189. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,926,554	1,018,173
Changes of assumptions	7,372,448	868,526
Net difference between projected and actual earnings on pension plan investments	5,182,004	-
Changes in College's proportionate share of contributions	311,220	6,948,441
Differences between College contributions and proportionate share of contributions	46,463	112,370
College contributions subsequent to the measurement date	<u>3,174,172</u>	<u>-</u>
	<u>\$ 19,012,861</u>	<u>8,947,510</u>

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers’ Retirement System, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued—The \$3,174,172 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (250,010)
2023	797,525
2024	2,694,546
2025	3,094,800
2026	<u>554,318</u>
	<u>\$ 6,891,179</u>

Actuarial Assumptions—The net pension liability as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- 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 5-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.

See Independent Auditors’ Report.

OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

Actuarial Assumptions, Continued—

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate*	9.0%	4.5%
Alternative assets	<u>6.5%</u>	6.2%
	<u>100.0%</u>	

*The real estate total expected return is a combination of US Direct Real Estate (unleveraged) and US 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, 2020. 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 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 5 years of actual contributions.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the employer calculated using the discount rate of 7.0%, as well as what the College's net pension liability 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 rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
College's net pension liability	\$ <u>80,234,187</u>	<u>60,115,808</u>	<u>43,460,923</u>

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of OTRS, which can be located at www.ok.gov/TRS.

Defined Contribution Plan

All full-time employees are eligible for the defined contribution plan on their first day of employment with the College. The College contributes a discretionary 4.5% of the participants' regular annual salary for those employees hired prior to July 1, 2015, and 3.0% for those employees hired after July 1, 2015, provided the participants contribute a minimum of 1.5% of their regular annual salary.

Funding Policy—The College contributed approximately \$687,424 for the year ended June 30, 2021. Prior to January 1, 2009, plan participants were responsible for selecting a qualified program for their defined contribution plan contributions. However, due to a change in IRS regulations, the College made a decision to choose a single provider for contributions and VOYA was selected as the sole provider effective January 1, 2009. Effective July 1, 2019, the College changed vendors to VALIC Retirement Services Company (AIG). All contributions are now transmitted to AIG on a biweekly basis. Participants continue to be responsible, however, for monitoring the performance of their individual accounts.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS

The College participates in two employee OPEB plans as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Supplemental Health Insurance Plan (OTRS)	Cost Sharing Multiple Employer— Defined Benefit Plan
OCCC Retiree Benefits Plan	Single Employer— Defined Benefit Plan

Supplemental Health Insurance Plan (OTRS)

Plan Description—The College, as the employer, participates in the Supplemental Health Insurance Plan—a cost-sharing multiple-employer defined benefit OPEB plan administered by OTRS. Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

Benefits Provided—OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the College’s self-insured health plan if not Medicare eligible; if Medicare eligible, coverage is through Blue Cross Blue Shield Medicare Advantage Programs, provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions—Employer and employee contributions are made based upon the OTRS plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.13% of normal cost, as determined by an actuarial valuation for 2021. Contributions allocated to the OPEB plan from the College for the year ended June 30, 2021, were \$5,979.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—At June 30, 2021, the College reported an asset of \$62,756 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The College’s proportion of the net OPEB asset was based on the College’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, 2020. Based upon this information, the College’s proportion was 0.6335%.

For the year ended June 30, 2021, the College recognized OPEB benefit of \$10,841. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	137,868
Change in assumptions	135,783	-
Net difference between projected and actual earnings on OPEB plan investments	137,066	-
Changes in College's proportionate share of contributions	15,830	388
College contributions during measurement date	24,546	1,560
College contributions subsequent to the measurement date	<u>5,979</u>	<u>-</u>
	<u>\$ 319,204</u>	<u>139,816</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued—

There was \$5,979 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date which will be recognized as an increase of the net OPEB asset in the year ending June 30, 2022. Other 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,

2022	\$	(466)
2023		38,271
2024		59,365
2025		53,071
2026		19,054
Thereafter		<u>4,114</u>
	\$	<u><u>173,409</u></u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

Actuarial Assumptions—The net OPEB asset as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- 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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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

Actuarial Assumptions, Continued—

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	43.5%	7.5%
International equity	19.0%	8.5%
Fixed income	22.0%	2.5%
Real estate*	9.0%	4.5%
Alternative assets	<u>6.5%</u>	6.2%
	<u>100.0%</u>	

*The real estate total expected return is a combination of US Direct Real Estate (unleveraged) and US Value Added Real Estate (unleveraged).

Discount Rate— A single discount rate of 7.00% was used to measure the total OPEB asset as of June 30, 2020. 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 net OPEB 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.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate— The following presents the net OPEB asset of the College calculated using the discount rate of 7.0%, as well as what the College'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 rate:

	1% Decrease <u>6.0%</u>	Current Discount Rate (7.0%)	1% Increase <u>(8.0%)</u>
College's net OPEB liability (asset)	<u>\$ 227,813</u>	<u>(62,756)</u>	<u>(309,155)</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

OPEB Plan Fiduciary Net Position—Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial report of OTRS, which can be obtained at www.ok.gov/TRS.

OCCC Retiree Benefits Plan

Plan Description—The College’s defined benefit OPEB plan, OCCC Retiree Benefits Plan, provides OPEB to eligible retirees and their dependents. The College’s Board of Trustees has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided—The College provides medical, dental, and vision benefits to eligible retirees and their dependents through its own self-insured medical plan. The retiree pays the full contribution rate for the retiree’s coverages and for any other elected dependent dental and vision coverages. The medical rates for pre-65 retirees are the same as the rates for active employees so the benefit being provided is an implicit rate subsidy. Retirees and dependents age 65 or older are provided a Medicare supplement that is not subsidized by the College.

Employees Covered by Benefit Terms—At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	411
Inactives or beneficiaries currently receiving benefit payments	<u>25</u>
	<u>436</u>

Total OPEB Liability—The College’s total OPEB liability of \$608,309 was measured as of June 30, 2021, and was determined by an actuarial valuation rollforward as of June 30, 2021, based on the census information, benefit schedules, and costs for the June 30, 2020, actuarial valuation.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

Actuarial Assumption—The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021, for the year ended June 30, 2021, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16%, based on June 30, 2021 published Bond Pay Go-20 bond index
- Pre-Retirement Termination – Table T-3 of the Actuary’s Pension Handbook.

Age	Annual Termination Rate
25	5.27%
30	4.83%
35	4.47%
40	3.84%
45	3.21%
50	1.52%
55	0.33%
60	0.00%

- Healthcare cost trend rates - Level 4.50%
- Salary Scale – 3.5%
- Coverage – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 40% of all actives who currently have individual coverage will continue with individual coverage upon retirement
- Mortality Rates - RPH-2014 Mortality Table with Projection MP-2020
- Turnover Rates – Developed from assumptions used in the actuarial valuation of the Oklahoma Teachers Retirement System.

Years of Service	OTRS
0	23.00%
5	8.25%
10	4.50%
15	3.25%
20	2.00%

(Continued)

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

Actuarial Assumption, Continued

- Retirement Age - Retirement rates are as shown below and they are based on the rates applied in the Oklahoma Teachers Retirement System actuarial valuation.

Age	Male - OTRS	Female – OTRS
55	12.00%	12.50%
60	12.00%	16.00%
61	15.00%	20.00%
62	21.00%	25.00%
63	19.00%	20.00%
64	15.00%	20.00%
65	25.00%	25.00%

Changes in Total OPEB Liability—The following table reports the components of changes in total OPEB liability for the year ended June 30, 2021:

	<u>Total OPEB Liability</u>
Balance, beginning of year	\$ 685,617
Changes for the year:	
Service cost	27,274
Interest expense	14,739
Changes of assumptions	2,668
Differences between expected and actual experience.	(30,014)
Benefits paid	<u>(91,975)</u>
Net changes	<u>(77,308)</u>
Balance, end of year	<u>\$ 608,309</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
College's total OPEB liability	\$ <u>653,125</u>	<u>608,309</u>	<u>566,207</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate—The following presents the total OPEB liability of the College calculated using the healthcare cost trend rate of 4.50%, as well as what the College total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate:

	1% Decrease <u>(3.50%)</u>	Healthcare Cost Trend Rate <u>(4.50%)</u>	1% Increase <u>(5.50%)</u>
College's total OPEB liability	\$ <u>546,082</u>	<u>608,309</u>	<u>684,794</u>

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the year ended June 30, 2021, the College recognized OPEB benefit of \$329,657. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	54,134
Changes in assumptions	<u>41,359</u>	<u>2,014,659</u>
	<u>\$ 41,359</u>	<u>2,068,793</u>

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,

2022	\$ (371,669)
2023	(371,669)
2024	(371,669)
2025	(371,669)
2026	(371,669)
Thereafter	<u>(169,089)</u>
	<u>\$ (2,027,434)</u>

(10) RELATED-PARTY TRANSACTIONS

The College and the District provide higher education instruction and post-secondary vocational (Vo-Tech Ed) related services to their respective students. The District is governed by the Board of Trustees and by law consists of the same individuals as the Board of Regents for the College, with the exception of the Treasurer. There are no restrictions governing the College with respect to student enrollment. Generally, an in-District student will also participate in non-District courses offered by the College, such that the students are common to both entities. The District levies ad valorem taxes on owners of real property to provide funding for Vo-Tech Ed.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) RELATED-PARTY TRANSACTIONS, CONTINUED

The operation levy was 5.08 mills for the fiscal year ended June 30, 2021, and collectible on December 31 and March 31 each year by the Oklahoma County Treasurer. Additionally, an incentive levy of 2.5 mills was assessed for the year ended June 30, 2021, which was also collectible on December 31 and March 31 each year. The cost of providing the respective instruction and related services is to be borne by each entity. Pursuant to the terms of the agreement, the District allocated the College \$4,000,000 in 2021 to provide technical education to District students. This amount has been eliminated in the accompanying financial statements as inter-fund transfers. Ad valorem taxes received by the District for the year ended June 30, 2021, totaled approximately \$9,257,000, including the building levy of approximately \$2,360,000. The building levy is restricted for capital projects.

Since its inception in 1970, the District has constructed buildings and purchased equipment which is leased to the College for instructional and other ancillary purposes at a cost of \$1 per year. The book value of the leased property at June 30, 2021, was approximately \$5,313,000. The lease is for a period of 1 year and was renewed July 1, 2020. Maintenance, insurance, and operating costs related thereto are paid for by the College.

Oklahoma City Community College Foundation

The Foundation is a tax-exempt organization whose objective is the betterment of the College and its related activities. The College is the ultimate beneficiary of the Foundation.

The College and the Foundation have an agreement to provide the Foundation with services including the service of the President of the College and other staff, office space, and office maintenance. In exchange, the College receives funds for scholarships, special projects, capital improvements, staff development, and other academic enrichment activities and other reasonable funds services, and goods as the Foundation shall determine for the good of the College and the furtherance of its mission.

The Foundation awarded scholarships totaling approximately \$218,000 for the year ended September 30, 2020, to students and faculty members of the College. The Foundation also paid approximately \$316,000 for supporting the College's operations for the year ended September 30, 2020.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(11) COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT

Federal Grants and Contracts

The College participates in a number of federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor's agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although the College believes the amount, if any, would not be significant.

The College participates in the Federal Direct Student Loans Program ("Direct Lending Program"). The Direct Lending Program requires the College to draw down cash from the U.S. Department of Education, as well as perform certain administrative functions under the Direct Lending Program. Failure to perform such functions may require the College to reimburse the U.S. Department of Education. For the year ended June 30, 2021, approximately \$8,451,000 of program loans were provided to students.

Risk Management

During the course of ordinary business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2021, that management believes would result in a material loss to the College in the event of an adverse outcome.

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; employee health, life, and accident benefits; and unemployment. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property damage, employee health, workers' compensation, and unemployment. Settled claims have not exceeded this commercial coverage in any of the 3 preceding years.

The College along with other state agencies and political subdivisions participate in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The College pays an annual premium to the pools for its torts, property, and workers' compensation insurance coverage. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(11) COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT, CONTINUED

Risk Management, Continued

The College maintains a self-insured medical plan. As of June 30, 2021, the College had a cash balance of \$357,658 and accrued \$175,000 for unpaid claims for the self-insured medical plan. A third party receives, processes, and pays claims in accordance with the provisions of the plan. The College purchases insurance for claims which exceed a certain threshold.

The College is also self-insured for unemployment liabilities. Payments are made to the Oklahoma Employment Security Commission on a claims paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

COVID-19

The novel coronavirus (“COVID-19”), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities, including the City of Oklahoma City, Oklahoma, have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The pandemic continued to impact the operations of the College and the Foundation during the year ended June 30, 2021. This is primarily due to continuing remote and hybrid work requirements for some employees and remote classroom learning for the College’s students. As of June 30, 2021, the College was awarded approximately \$40,604,000 cumulative of federal funding as part of the Education Stabilization Fund Program, which is available to help offset the impact that COVID-19 had on the College’s operations and emergency financial aid to the students. The College’s and the Foundation’s management have considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2021, financial statements.

The extent to which the COVID-19 pandemic may impact the College and the Foundation will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the College’s and the Foundation’s future operations, the size and duration of which is difficult to predict. The College and the Foundation will continue to actively monitor the situation and may take further actions altering operations that management determines are in the best interests of its employees, stakeholders, and students, or as required by federal, state, or local authorities.

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OKLAHOMA CITY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(12) SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 21, 2021, which is the date the financial statements were available to be issued, and has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

(13) OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION

The Foundation is a tax-exempt organization created in 1998 to support the College and its students. In recent years, the Foundation has provided funding for various building projects at the College, including the Performing Arts Center and the Capitol Hill Renovation project. The Foundation also provides support for various college scholarship programs. The majority of the Foundation's expenditures are directed toward, or in support of, the activities of the College.

The financial statements of the Foundation included in this report are prepared on a cash basis for the year ended September 30, 2020. The operating activities of the Foundation are limited, and differences between the cash basis and accrual basis of accounting are not material. The stand-alone financial statements of the Foundation are prepared in accordance with Financial Accounting Standards Board not-for-profit financial statement reporting standards, and the Foundation's stand-alone financial statements have been modified as required to conform their financial presentation to a governmental reporting format.

The assets of the Foundation, as presented in the accompanying financial statements, are in the form of cash and cash equivalents of \$1,586,398, and investments of \$1,869,240. The cash and cash equivalent balances are generally in the form of checking accounts, sweep accounts, and money market accounts and at September 30, 2020, were substantially covered by FDIC insurance. The investment balances are generally held in domestic and international equity investments.

The net position of the Foundation is generally restricted for specific purposes and \$1,485,070 of the net position of the Foundation is permanently restricted. Earnings on the permanently restricted net position are generally restricted for use in various scholarship and leadership programs.

In September 2020, the Foundation was rebranded as The Foundation for Oklahoma City Community College as part of an overall rebranding that coincided with a rebranding project of the Oklahoma City Community College. Prior to the rebranding, the Foundation was known as Oklahoma City Community College Foundation, Inc.

Separately issued audited financial statements of the Foundation are available upon request.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION

The following tables include combining statement of net position information for the College and its blended component unit, the District, as of June 30, 2021.

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 39,063,240	8,183,496	47,246,736
Restricted cash and cash equivalents	2,030,079	-	2,030,079
Student accounts receivable, net	4,640,853	-	4,640,853
Other receivables	2,615,780	37,847	2,653,627
Interest receivable	10,443	-	10,443
Inventories	658,255	-	658,255
Total current assets	<u>49,018,650</u>	<u>8,221,343</u>	<u>57,239,993</u>
Noncurrent assets:			
Restricted cash and cash equivalents	6,357,060	13,078,780	19,435,840
Investments	2,589,798	-	2,589,798
Net OPEB asset	62,756	-	62,756
Capital assets, net	<u>91,429,524</u>	<u>5,312,819</u>	<u>96,742,343</u>
Total noncurrent assets	<u>100,439,138</u>	<u>18,391,599</u>	<u>118,830,737</u>
Total assets	<u>149,457,788</u>	<u>26,612,942</u>	<u>176,070,730</u>
Deferred Outflows of Resources			
Deferred outflows of resources	<u>19,441,590</u>	<u>-</u>	<u>19,441,590</u>
Total deferred outflows of resources	<u>19,441,590</u>	<u>-</u>	<u>19,441,590</u>
Total assets and deferred outflows of resources	<u>\$ 168,899,378</u>	<u>26,612,942</u>	<u>195,512,320</u>

(Continued)

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Current Liabilities			
Accounts payable	\$ 3,045,836	-	3,045,836
Accrued payroll	1,362,269	-	1,362,269
Other accrued liabilities	244,525	-	244,525
Unearned revenue	4,659,400	-	4,659,400
Due to student groups and organizations	187,501	-	187,501
Current portion of accrued compensated absences	538,967	-	538,967
Current portion of long-term debt	<u>1,539,052</u>	-	<u>1,539,052</u>
Total current liabilities	<u>11,577,550</u>	-	<u>11,577,550</u>
Noncurrent Liabilities			
Accrued compensated absences	822,948	-	822,948
Bonds payable, net of premium and discounts	4,309,426	-	4,309,426
Capital lease obligations	12,931,754	-	12,931,754
Total OPEB liability	608,309	-	608,309
Net pension liability	<u>60,115,808</u>	-	<u>60,115,808</u>
Total noncurrent liabilities	<u>78,788,245</u>	-	<u>78,788,245</u>
 Total liabilities	 <u>90,365,795</u>	 -	 <u>90,365,795</u>
Deferred Inflows of Resources			
Deferred inflows of resources	<u>11,471,754</u>	-	<u>11,471,754</u>
Total deferred inflows of resources	<u>11,471,754</u>	-	<u>11,471,754</u>

(Continued)

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Net Position			
Net investment in capital assets	74,486,189	5,312,819	79,799,008
Restricted for:			
Scholarships—nonexpendable	199,783	-	199,783
Scholarships and other—expendable	107,409	-	107,409
Capital projects	7,391,409	13,078,780	20,470,189
Debt service	7,417,816	-	7,417,816
Unrestricted (deficit)	<u>(22,540,777)</u>	<u>8,221,343</u>	<u>(14,319,434)</u>
Total net position	<u>67,061,829</u>	<u>26,612,942</u>	<u>93,674,771</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 168,899,378</u>	 <u>26,612,942</u>	 <u>195,512,320</u>

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION, CONTINUED

The following tables include combining statement of revenues, expenses, and changes in net position information for the College and its blended component unit, the District, for the year ended June 30, 2021.

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Operating revenues:			
Tuition and fees, net of scholarship allowances of \$11,280,589	\$ 22,637,236	-	22,637,236
Federal and state grants and contracts	3,127,249	-	3,127,249
Sales and services of educational department	122,268	-	122,268
Auxiliary enterprise charges:			
Food services	152,703	-	152,703
Bookstore, net of scholarship allowances of \$2,451,924	15,192	-	15,192
All other auxiliary enterprises	481,513	-	481,513
Other operating revenues	1,790,849	1	1,790,850
Total operating revenues	<u>28,327,010</u>	<u>1</u>	<u>28,327,011</u>
Operating expenses:			
Compensation	48,416,614	-	48,416,614
Contractual services	7,653,857	139,350	7,793,207
Supplies and materials	3,084,410	-	3,084,410
Utilities	1,181,223	-	1,181,223
Communications	174,511	-	174,511
Other operating expenses	471,786	-	471,786
Scholarships and fellowships	10,172,445	-	10,172,445
Depreciation expense	5,536,115	395,978	5,932,093
Total operating expenses	<u>76,690,961</u>	<u>535,328</u>	<u>77,226,289</u>
Operating loss	<u>(48,363,951)</u>	<u>(535,327)</u>	<u>(48,899,278)</u>

(Continued)

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Non-operating revenues (expenses):			
State appropriations	21,247,931	-	21,247,931
On-behalf contributions for OTRS	2,094,313	-	2,094,313
Operational and incentive levy funds	-	6,897,125	6,897,125
Building levy funds	-	2,360,283	2,360,283
Federal grants—non-operating	21,792,030	-	21,792,030
Investment income	140,877	50,651	191,528
Interest expense	(664,118)	-	(664,118)
Net non-operating revenues	<u>44,611,033</u>	<u>9,308,059</u>	<u>53,919,092</u>
Income before other revenues	<u>(3,752,918)</u>	<u>8,772,732</u>	<u>5,019,814</u>
Other revenues:			
Technical education transfers	4,000,000	(4,000,000)	-
State appropriations restricted for capital purposes	1,039,624	-	1,039,624
OCIA on-behalf state appropriations	354,482	-	354,482
Capital gifts and donations	307,592	-	307,592
Total other revenues	<u>5,701,698</u>	<u>(4,000,000)</u>	<u>1,701,698</u>
Changes in net position	<u>1,948,780</u>	<u>4,772,732</u>	<u>6,721,512</u>
Net position, beginning of year	<u>64,943,541</u>	<u>21,840,210</u>	<u>86,783,751</u>
Prior period adjustment	169,508	-	169,508
Net position, beginning of year, restated	<u>65,113,049</u>	<u>21,840,210</u>	<u>86,953,259</u>
Net position, end of year	<u>\$ 67,061,829</u>	<u>26,612,942</u>	<u>93,674,771</u>

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(14) COMBINING INFORMATION, CONTINUED

The following table includes condensed combining statement of cash flow information for the College and its blended component unit, the District, for the year ended June 30, 2021.

	Oklahoma City Community <u>College</u>	South Oklahoma City Area <u>School District</u>	<u>Total</u>
Net cash used in operating activities	\$ (31,172,175)	(4,138,279)	(35,310,454)
Net cash provided by noncapital financing activities	43,039,963	6,958,765	49,998,728
Net cash (used in) provided by capital and related financing activities	(6,042,081)	2,360,283	(3,681,798)
Net cash provided by investing activities	<u>601,823</u>	<u>50,651</u>	<u>652,474</u>
Increase in cash and cash equivalents	6,427,530	5,231,420	11,658,950
Cash and cash equivalents, beginning of year	<u>41,022,849</u>	<u>16,030,856</u>	<u>57,053,705</u>
Cash and cash equivalents, end of year	<u>\$ 47,450,379</u>	<u>21,262,276</u>	<u>68,712,655</u>

See Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION

**OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)**

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
Oklahoma Teachers' Retirement System**

*Last 7 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability	0.6334%	0.6319%	0.7186%	0.8318%	0.8213%	0.8504%	0.8349%
College's proportionate share of the net pension liability	\$ 60,115,808	41,821,763	43,434,961	55,078,499	68,545,537	51,640,456	44,914,995
College's covered-employee payroll	\$ 31,609,184	29,518,515	31,221,710	33,089,019	33,230,845	34,485,614	33,974,444
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	190.18%	141.68%	139.12%	166.46%	206.27%	149.74%	132.20%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

*The amounts presented for each fiscal year were determined as of June 30th of the prior year.

Only the last 7 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

**OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)**

**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Oklahoma Teachers' Retirement System**

Last 7 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,174,172	3,123,436	2,961,896	3,076,126	3,200,432	3,341,557	3,423,665
Contributions in relation to the contractually required contribution	<u>3,174,172</u>	<u>3,123,436</u>	<u>2,961,896</u>	<u>3,076,126</u>	<u>3,200,432</u>	<u>3,341,557</u>	<u>3,423,665</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered-employee payroll	\$ 32,054,457	31,609,184	29,518,515	31,221,710	33,089,019	33,230,845	34,485,614
Contributions as a percentage of covered-employee payroll	9.90% *	9.88% *	10.03% *	9.85% *	10%	10%	10%

*The fund implemented GASB 75 for OPEB effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68 contribution to OTRS. When combined with the supplemental health insurance plan percentage for OPEB contributions to OTRS, the total amount contributed to OTRS is approximately 10%.

Only the last 7 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE NET OPEB ASSET**
Supplemental Health Insurance Plan—OTRS

*Last 4 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
The College's proportion of the net OPEB asset	0.6335%	0.6319%	0.7186%	0.8318%
The College's proportionate share of the net OPEB asset	\$ 62,756	390,750	464,428	370,952
The College's covered-employee payroll	31,609,184	29,518,515	31,221,710	33,089,019
The College's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.20%	1.32%	1.49%	1.12%
Plan fiduciary net position as a percentage of the total OPEB liability	102.30%	115.07%	115.41%	110.40%

*The amounts presented for each fiscal year were determined as of June 30th of the prior year.

Only the last 4 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Supplemental Health Insurance Plan—OTRS

Last 4 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,979	5,883	19,979	48,843
Contributions in relation to the contractually required contribution	<u>5,979</u>	<u>5,883</u>	<u>19,979</u>	<u>48,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The College's covered-employee payroll	<u>\$32,054,457</u>	<u>31,609,184</u>	<u>29,518,515</u>	<u>31,221,710</u>
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.07%	0.16%

Only the last 4 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

**OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OCCC Retiree Benefits Plan**

Last 4 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 27,274	225,418	225,418	225,418
Interest	14,739	118,099	106,448	102,290
Change in assumptions	2,668	-	-	-
Differences between expected and actual experience	(30,014)	(2,752,630)	55,129	(45,917)
Benefit payments, including refunds of member contributions	<u>(91,975)</u>	<u>(108,229)</u>	<u>(52,711)</u>	<u>(49,448)</u>
Net change in total OPEB liability	(77,308)	(2,517,342)	334,284	232,343
Total OPEB—beginning	<u>685,617</u>	<u>3,202,959</u>	<u>2,868,675</u>	<u>2,636,332</u> *
Total OPEB liability—ending	<u>\$ 608,309</u>	<u>685,617</u>	<u>3,202,959</u>	<u>2,868,675</u>
Covered-employee payroll	\$ 19,733,677	19,733,677	29,518,515	31,221,710
Total OPEB liability as a percentage of covered-employee payroll	3.08%	3.47%	10.85%	9.19%

*Restated

Only the last 4 fiscal years are presented because 10-year data is not yet available.

The discount rate used for 2018 is 3.88%.
 The discount rate used for 2019 is 3.50%.
 The discount rate used for 2020 is 2.21%.
 The discount rate used for 2021 is 2.16%.

See Independent Auditors' Report.

**INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND
THE UNIFORM GUIDANCE**

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
<i>Pass-through Oklahoma Department of Career & Technology Education:</i>				
Adult Education—Basic Grants to States				
Adult Education & Literacy	84.002	V002A200037	N/A	\$ 1,317,100
WIOA Adult Education Service to Corrections & Institutionalized Individuals	84.002	V002A200037	N/A	34,491
WIOA Integrated English Literacy and Civics Education	84.002	V002A200037	N/A	<u>135,613</u>
<i>Total Pass-Through Oklahoma Department of Career & Technology Education</i>				<u>1,487,204</u>
<i>Student Financial Assistance Cluster:</i>				
Federal Supplemental Educational Opportunities Grants	84.007	P007A193452	N/A	460,559
Federal Work Study Program	84.033	P033A193452	N/A	142,182
Federal Pell Grant Program	84.063	P063P193334	N/A	13,963,324
Federal Direct Student Loan Program	84.268	P268K203334	N/A	<u>8,450,885</u>
<i>Total Student Financial Assistance Cluster</i>				<u>23,016,950</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to Schedule of Expenditures of Federal Awards.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education, Continued:				
<i>Higher Education—Institutional Aid:</i>				
Title III Grant	84.031A	P031A140065	N/A	61,277
<i>Education Stabilization Fund Program:</i>				
COVID-19 Higher Education Emergency Relief Fund— Student Aid Portion	84.425E	P425E201837	N/A	4,155,750
COVID-19 Higher Education Emergency Relief Fund— Institutional Portion	84.425F	P425F201204	N/A	583,415
<i>Total Education Stabilization Fund Program</i>				<u>4,739,165</u>
<i>TRIO Cluster:</i>				
Student Support Services	84.042A	P042A151040-19	N/A	374,891
Upward Bound	84.047A	P047A170460-19	N/A	371,107
<i>Total TRIO Cluster</i>				<u>745,998</u>
<i>Pass-through Oklahoma Department of Career & Technology Education:</i>				
<i>Career and Technical Education—Basic Grants to States:</i>				
Carl D. Perkins	84.048	V048A190036	N/A	227,943
Total U.S. Department of Education				<u>30,278,537</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to Schedule of Expenditures of Federal Awards.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Human Services:				
<i>Pass-Through University of Oklahoma:</i>				
Biomedical Research and Research Training	93.859	P20GM103447-20	N/A	59,739
				<u>59,739</u>
<i>Pass-Through Oklahoma State Regents for Higher Education:</i>				
Scholars for Excellence in Childcare	93.575	N/A	N/A	70,516
Temporary Assistance for Needy Families	93.558	N/A	N/A	195,944
<i>Total Pass-Through Oklahoma State Regents for Higher Education</i>				<u>266,460</u>
<i>Pass-Through Oklahoma Department of Career & Technology Education:</i>				
Temporary Assistance for Needy Families	93.558	1502OKTANF	N/A	35,944
				<u>35,944</u>
Total U.S. Department of Human Services				<u>362,143</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to Schedule of Expenditures of Federal Awards.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation:				
<i>Pass-Through Whatcom Community College:</i>				
CyberCorps Scholarships	47.076	DGE-1842096	N/A	<u>19,156</u>
Total National Science Foundation				<u>19,156</u>
National Endowment for the Humanities:				
<i>Pass-Through Oklahoma Humanities:</i>				
HOPE OK Humanities Grant	45.129	N/A	N/A	<u>10,240</u>
Total National Endowment for the Humanities				<u>10,240</u>
Total expenditures of federal awards				<u><u>30,670,076</u></u>

See Independent Auditors' Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal awards activity of the Oklahoma City Community College (the "College") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position, or cash flows of the College.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) FEDERAL DIRECT STUDENT LOAN PROGRAM

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

(4) SUBRECIPIENTS

During the year ended June 30, 2021, the College did not provide federal awards to subrecipients.

(5) INDIRECT COST RATE

The College has a Negotiated Indirect Cost Rate Agreement issued by the U.S. Department of Human Services issued as of January 10, 2014. The negotiated rate of 46% was applied in accordance with the Agreement for the year ended June 30, 2021, except that certain grants limited the rate charged.

See Independent Auditors' Report.



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

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States 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 the Oklahoma City Community College (the "College"), collectively a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated October 21, 2021. Our report includes a reference to the financial statements of the Oklahoma City Community College Foundation (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation. Our report includes a paragraph disclaiming an opinion on required supplementary information.

Internal Control Over Financial Reporting

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

(Continued)

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

Internal Control Over Financial Reporting, Continued

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 21, 2021



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

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Oklahoma City Community College (the "College") with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

(Continued)

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Finlay + Cook, PLLC

Shawnee, Oklahoma
October 21, 2021

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: **Unmodified**

Internal control over financial reporting:

 Material weakness(es) identified? Yes No

 Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? Yes No

 Significant deficiency(ies) identified? Yes None Reported

Type of auditors’ report issued on compliance for the major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

(Continued)

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2021

SECTION I—SUMMARY OF AUDITORS’ RESULTS, CONTINUED

Federal Awards, Continued

Identification of major federal programs:

<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	<i>Student Financial Assistance Cluster</i>
84.007	Federal Supplemental Education Opportunity Grants
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loan Program
	<i>TRIO Cluster</i>
84.042A	Student Support Services
84.047A	Upward Bound
	<i>Education Stabilization Fund Program</i>
84.425E	COVID-19—Higher Education Emergency Relief Fund— Student Aid Portion
84.425F	COVID-19—Higher Education Emergency Relief Fund— Institutional Portion

Dollar threshold used to distinguish between type A and type B programs: **\$920,102**

Auditee qualified as low-risk auditee? Yes No

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

OKLAHOMA CITY COMMUNITY COLLEGE
(A Component Unit of the State of Oklahoma)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

No findings were noted for the year ended June 30, 2020.