Oklahoma City Community College

(A Component Unit of the State of Oklahoma)

Financial Statements

June 30, 2023
(With Independent Auditor's Reports Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Opinions

We have audited the accompanying financial statements of the Oklahoma City Community College (the "College"), which is a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

We did not audit the financial statements of the College's discretely presented component unit, The Foundation for Oklahoma City Community College (the "Foundation"). Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the College adopted new accounting guidance, GASB No. 96*, Subscription-Based Information Technology Arrangements* and GASB No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, 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 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.

Arledge & Associates PC

Edmond, Oklahoma
October 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the 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, 2023. This analysis is intended to provide a summary of significant financial activities and information and should be read in conjunction with the accompanying financial statements of the College.

Using this Annual Report

The accompanying financial statements reflect the activities of Oklahoma City Community College, its blended component unit, South Oklahoma City Area School District (the South OKC School District), and its discretely presented component unit, The Foundation for Oklahoma City Community College. This MD&A, however, focuses only on highlights and explanations of significant changes in financial operations and results for Oklahoma City Community College and its blended component unit, The South Oklahoma City Area School District and will be referred to in combined form as "the College."

The College presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) principles. The financial statements of the College include the following:

- The Management's Discussion and Analysis (MD&A)
- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- the Statement of Cash Flows
- Notes to Financial Statements
- Schedules of Pension Liability and Other Postemployment Benefits (OPEB)
- The Schedule of Expenditures and Federal Awards

The Statements of Net Position and The Statement of 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 considered regardless of when cash is received or paid.

The College's net position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the year. The statement of net position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

The College's statement of revenues, expenses and changes in net position presents the College's overall results from operations. This statement is divided into operating revenues, operating expenses, and non - operating revenues and expenses.

These two statements report the College's net position and changes in it. The difference in these areas 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 cash came from, what cash was used for, and what was the change in cash and cash equivalents during the reporting period. It also assists users in assessing an entity's ability to generate future net cash flows, meet obligations as they come due and external financing needs.

The College's Net Position

As of June 30, 2023, the College's total net position was $114 million as shown in table 1 below.

Table 1: Assets, Liabilities, and Net Position

	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change
Assets and Deferred Outflows of Resources				
Current assets	$ 53,535,375	$ 56,491,904	$ (2,956,527)	(5)%
Noncurrent assets:				
Capital assets, net	100,914,677	97,580,318	3,334,359	3%
Other	29,696,679	28,330,343	1,366,336	5%
Deferred outflows	15,358,377	11,443,446	3,914,931	34%
Total assets and deferred outflows of resources	199,505,108	193,846,011	5,659,099	3%
Liabilities and Deferred Inflows of Resources				
Current liabilities	13,025,727	11,427,798	1,597,929	14%
Noncurrent liabilities	68,051,100	49,214,749	18,836,351	38%
Deferred inflows	4,367,162	25,457,917	(21,090,755)	(83)%
Total liabilities and deferred inflows of resources	85,443,989	86,100,464	(656,475)	(1)%
Net Position				
Net investment in capital assets	86,027,017	81,432,899	4,594,118	6%
Restricted—nonexpendable	199,783	199,783	-	0%
Restricted—expendable	27,911,733	28,758,162	(846,429)	(3)%
Unrestricted (deficit)	(77,414)	(2,645,297)	2,567,883	(97)%
Total net position	$ 114,061,119	$ 107,745,547	$ 6,315,572	6%

Total net position increased by $6.3 million, or 6% in fiscal year 2023. This was mainly attributed to an increase in net position in net investments in capital assets of $4.5 million and an increase in unrestricted net position of $2.5 million.

Total assets and deferred outflows of resources increased by a total of $5.6 million, or 3% in fiscal year 2023. This was mainly attributed to an increase in deferred outflows of $3.9 million along with an increase in net capital assets of $3.3 million. These increases were offset by a decrease in current assets of $2.9 million with $2 million of that being a decrease in unrestricted cash and equivalents.

Total liabilities and deferred inflows of resources decreased $656 thousand, or 1% in fiscal year 2023. Although immaterial in total, there was a shift between deferred inflows and non-current liabilities of $20 million in fiscal year 2023 related to pension liability and deferred inflows related to pensions due to fluctuations in the market valuations of the state pension plan recognized by GASB 68.

The College's Operating Results and Changes in Net Position

As of June 30, 2023, the College's net position increased $6.3 million from 2022 as shown below.

Table 2: Operating Results and Changes in Net Position

	Years Ended June 30, 2023	2022	Increase (Decrease)	% Change
Operating revenues:				
Tuition and fees, net	$ 22,026,143	$ 26,099,953	$ (4,073,810)	(16)%
Federal and state grants or contracts	3,715,902	3,669,531	46,371	1%
Auxiliary enterprise charges	2,705,248	2,815,349	(110,101)	(4)%
Other	2,681,275	5,361,712	(2,680,437)	(50)%
Total operating revenues	31,128,568	37,946,545	(6,817,977)	(18)%
Operating expenses	89,673,637	92,159,213	(2,485,576)	(3)%
Operating loss	(58,545,069)	(54,212,668)	(4,332,401)	8%
Non-operating revenues (expenses):				
State appropriations	24,646,628	22,306,616	2,340,012	10%
OTRS on-behalf contributions	2,749,410	1,762,872	986,538	56%
Ad valorem taxes	9,798,797	9,031,616	767,181	8%
Federal grants and contracts	25,089,976	33,928,687	(8,838,711)	(26)%
Investment income	1,285,859	248,859	1,037,000	417%
Interest expense	(1,047,855)	(623,037)	(424,818)	68%
Total non-operating revenues	62,522,815	66,655,613	(4,132,798)	(6)%
Other revenues:				
State appropriations for capital purposes	1,267,350	1,267,350	-	0%
OCIA on-behalf state appropriations	1,048,269	354,482	693,787	196%
Capital gifts and donations	22,207	6,000	16,207	270%
Total other revenues	2,337,826	1,627,832	709,994	44%
Changes in net position	6,315,572	14,070,777	(7,755,205)	(55)%
Net position, beginning of year	107,745,547	93,674,770	14,070,777	15%
Net position, end of year	$ 114,061,119	$ 107,745,547	$ 6,315,572	6%

The College had total revenues of $97 million and total expenses of $90.7 million resulting in a positive $6.3 million net position increase for the fiscal year 2023. Additional details of revenues and expenses year over year are provided in table 3 and table 4.

The College's Operating Results and Changes in Net Position, Continued

Table 3: Total Revenue by Category – detail table

Revenue By Category	2023	2022	Increase (Decrease)	% Change
Operating Revenues	$ 31,128,568	$ 37,946,545	$ (6,817,977)	(18)%
Non-Operating Revenues	63,570,670	67,278,650	(3,707,980)	(6)%
Other Revenues	2,337,826	1,627,832	709,994	44%

During the fiscal year ended June 30, 2023, operating revenues decreased by $6.8 million. This was mainly due to a decrease in tuition and fees of $4 million in 2023 over 2022, or a 16% decline. The College has not increased tuition or mandatory fees since the fall of 2018, and during 2023 the College saw a decline in enrollment. In addition to the decrease in tuition and fee revenue in 2023, the College had a decrease of $2.6 million of other operating revenue in 2023 over 2022. This was the result of the College having lost revenue recognition from HEERF funds in 2022 that it did not have in 2023.

During the fiscal year ended June 30, 2023, total non-operating revenues decreased by $3.7 million. The primary component of this related to an $8.8 million decrease in federal grants due to reduced HEERF grants received and utilized in 2023, which were large revenue streams in 2022. This was offset by increased revenue in state appropriations of $2.3 million, increased interest income from investments of $1 million, along with increased ad-valorem taxes and OTRS on behalf contributions.

During the fiscal year ended June 30, 2023, total other revenues increased by $709 thousand. This was due to Oklahoma Capital Improvement Authority (OCIA) debt service payments made on behalf of the College for bonds that funded capital improvements and building construction. These on behalf payments require no cash outlay by the College. In fiscal year 2023, the OCIA on behalf payments resulted in $1 million recognized as non-operating revenue, $700 thousand more than what was recognized in 2022.

The College's Operating Results and Changes in Net Position, Continued

Table 4: Total Expenses by Category – detail table

Expenses By Category	2023	2022	Increase (Decrease)	% Change
Compensation	$ 48,926,016	$ 42,757,105	$ 6,168,911	14%
Supplies and materials	5,433,940	4,368,485	1,065,455	24%
Contractual services	10,747,420	9,850,254	897,166	9%
Utilities	2,183,764	1,667,374	516,390	31%
Depreciation and amortization expense	6,580,059	6,387,755	192,304	3%
Communication Expense	184,212	177,869	6,343	4%
Scholarships and fellowships	14,055,430	21,685,572	(7,630,142)	(35)%
Other operating expenses	1,562,796	5,264,799	(3,702,003)	(70)%
Total Operating Expenses	89,673,637	92,159,213	(2,485,576)	(3)%
Interest expense (non-operating)	1,047,855	623,037	424,818	68%
Total Expenses	$ 90,721,492	$ 92,782,250	$ (2,060,758)	(2)%

During the fiscal year ended June 30, 2023, overall operating expenses decreased by $2.5 million compared to fiscal year 2022.

The primary components of this decrease are related to HEERF expenses incurred in 2022 that were not applicable to 2023. This included $7.6 million of HEERF scholarships that were awarded to students in 2022 and $3.7 million of enrollment loss expenses that were recognized as other expenses in 2022.

The College had increased compensation expenses in fiscal year 2023 of $6.2 million.

The College had increased supplies and material expenses in fiscal year 2023 of $1 million. The College saw an overall increase in expenses in supplies and materials year over year; however, the largest contributor in this area was associated with increased Day One Access electronic books for students through the bookstore. Day One Access expenses increased $526 thousand in 2023 over 2022.

The College had increased contractual services in fiscal year 2023 of $897 thousand, which mainly consisted of increased costs associated with telecom, network, and IT solutions, increased risk management insurance premiums from the state of Oklahoma, increased costs of contractual agreements with performing artists for the Visual and Performing Arts Center and costs associated with contracting with a consultant to conduct a compensation study.

The College had increased utility expenses of $516 thousand in fiscal year 2023. This increase was due to an increase in electricity rates.

The College had an increase in non-operating interest expenses in 2023 of $425 thousand. This increase was related to the payoff of the 2006 series revenue bonds.

The College's Statement of Cash Flows

The Statement of Cash Flows is another way to assess the financial health of an institution. The primary purpose of the statement is to provide relevant information by reporting the major sources and uses of cash. This statement assists in evaluating the College's ability to generate cash flows in four primary sections. The first section relates to cash flows from operating activities and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes; it includes state appropriations and grants and contracts. The third section reflects cash flows from capital and related financing activities. This section also deals with the cash used for the acquisition and construction of capital and related assets. The fourth section reflects the cash flows from investing activities and shows the purchases and proceeds of sales of investments, and interest received from investing activities.

As of June 30, 2023, the College had $72.6 million in cash and cash equivalents.

During the fiscal year ended June 30, 2023, the College's overall cash and cash equivalents decreased by $137 thousand over fiscal year 2022.

The following table is summarized from the College's Statement of Cash Flows for the years ended: June 30, 2023, and June 30, 2022.

Table 5: Condensed Statement of Cash Flows

	Years Ended June 30, 2023	2022	Increase (Decrease)	% Change
Cash (used in) provided by:				
Operating activities	$ (50,666,302)	$ (54,125,932)	$ 3,459,630	6%
Noncapital financing activities	57,060,147	62,956,412	(5,896,265)	(9)%
Capital and related financing activities	(6,715,536)	(5,612,659)	(1,102,877)	(20)%
Investing activities	184,761	780,972	(596,211)	(76)%
Increase (decrease) in cash and cash equivalents	(136,930)	3,998,793	(4,135,723)	(103)%
Cash and cash equivalents, beginning of year	72,711,448	68,712,655	3,998,793	6%
Cash and cash equivalents, end of year	$ 72,574,518	$ 72,711,448	$ (136,930)	(0)%

Capital Assets

As of June 30, 2023, the College had $100.9 million in capital assets, net of accumulated depreciation. This was an overall increase of $3.3 million in comparison to fiscal year 2022. The College's assets increased mainly due to capital projects that are captured in building improvements and construction in progress. These projects consisted of paving projects, roof replacements and repairs, and ongoing work for upgrading HVAC systems. These increases were offset by the accumulated depreciation of $5 million.

The following table summarizes the College's capital assets, net of depreciation for the years ended: June 30, 2023, and June 30, 2022.

Table 6: Condensed Summary of Capital Assets

	Years Ended June 30,		Increase	%
	2023	2022	(Decrease)	Change
Capital Assets				
Land	$ 2,937,133	$ 2,937,133	$ -	0%
Artwork	12,200	12,200	-	0%
Construction in progress	4,968,615	1,691,966	3,276,649	194%
Buildings and improvements	144,370,763	140,004,979	4,365,784	3%
Infrastructure	11,905,575	11,905,575	-	0%
Furniture and equipment	28,891,836	28,437,545	454,291	2%
Library materials	8,811,937	8,811,937	-	0%
Leased assets	501,698	495,534	6,164	1%
Intangible assets: software *	190,314	-	190,314	0%
Total capital assets	202,590,071	194,296,869	8,293,202	4%
Less accumulated depreciation and amortization	(101,675,394)	(96,716,551)	(4,958,843)	5%
Capital assets, net	$ 100,914,677	$ 97,580,318	$ 3,334,359	3%

* Intangible assets: software added in FY23 to reflect the implementation of GASB96

Long Term Liabilities

As of June 30, 2023, the College had total long-term liabilities of $14.3 million compared to $16 million on June 30, 2022. No additional debt was incurred during the 2023 fiscal year.

In fiscal year 2023 the College implemented GASB 96 – Subscription based information technology arrangements (SBITAS). This implementation involves recognizing subscription-based IT agreements as subscription liabilities and intangible assets.

Table 7: Condensed Summary of Long-Term Liabilities

	Years Ended June 30, 2023	Years Ended June 30, 2022	Increase (Decrease)	% Change
Long-Term Liabilities				
Capital note obligations	$ 11,817,217	$ 12,931,754	$ (1,114,537)	(9)%
Revenue bonds payable	2,310,000	3,395,000	(1,085,000)	(32)%
Premium and discounts, net	820,345	914,425	(94,080)	(10)%
Lease & subscription liabilities, net *	482,651	415,604	67,047	16%
Compensated absences	1,597,151	1,425,636	171,515	12%
Total long-term liabilities	17,027,364	19,082,419	(2,055,055)	(11)%
Less current portion	(2,709,360)	(2,993,957)	284,597	(10)%
Net long-term liabilities	$ 14,318,004	$ 16,088,462	$ (1,770,458)	(11)%

* SBITA data only included in 2023, due to GASB 96 implementation

Economic Outlook

Executive Leadership is in the process of working with a consulting firm to develop and implement an updated strategic plan to successfully continue the mission of student success and community enrichment. For the fiscal year 2024, the college annual plan continues to support the previous five-year plan of a focus on; Renewal, Change & Innovation.

Management believes the college must take a conservative stance concerning future financial decisions to protect the financial soundness for the college.

Inflation is the most significant issue impacting the financial condition of the university, with the costs of goods and services continuing to rise, including personnel costs. The primary areas impacted by rising costs are capital projects, maintenance contracts for facilities and grounds, utilities, and compensation. Compensation has increased due to a revised personnel compensation pay plan and approved and new faculty and staff positions.

During fiscal year 2023 the college had its first decrease in cash and cash equivalents in 10 years. Although revenues exceeded expenses in fiscal year 2023, this is not an indication of a positive cash flow.

MANAGEMENT'S DISCUSSION AND ANALYSIS

While being diligent and adaptive in our strategies to recruit, admit and enroll students, the College is showing a slight decline in enrollment for fall 2023 at the time these financial reports were produced. These declines are not unique to Oklahoma City Community College and are being experienced both across our state institutions of higher education, as well as nationally.

It is important to note that the college has not increased tuition or mandatory fees since the fall of 2018 in an effort to offer an affordable option for educational opportunities for students. Currently Oklahoma City Community College offers the lowest in state total per credit hour tuition and mandatory fee rate in the state of Oklahoma at $135.29 per hour. This is 4% lower than any other state college and 24% lower than other OKC metro colleges.

With the continued rise in costs due to inflation, the college will need to consider an increase to both tuition and mandatory fees in the future. The College will also consider increasing transfers from the South Oklahoma City School District more than historically.

One of the most important sources of revenue for a public college in the State of Oklahoma is the state appropriation allocated to the Oklahoma State Regents for Higher Education, which in turn is allocated to each college in the state. The College's state allocations increased by 19.2% for fiscal year 2024.

Included in the state allocations is specific funding included for a second year of a three-year allocation for STEM programs leading to degrees on Oklahoma's Top 100 Critical Occupations.

In addition, approximately $2.6 million of the state allocations for fiscal year 2024 was allocated and restricted to address compensation increases for faculty. Eligibility was restricted by the OSRHE for faculty who teach classes leading to degrees with a focus on the strategic plan adopted by the State Regents in February 2023. This plan focuses on degrees and programs leading to jobs in the top critical state occupations. Some of the degree programs offered by OCCC, which support careers in Oklahoma's Top 100 Critical Occupations, include business, automotive and information security. OCCC is the only community college in the Oklahoma City area with nationally accredited programs for business (ACBSP), automotive technology (NATEF) and cyber/information security (CAE2Y). Our cyber/information security degree is also recognized by the Department of Homeland Security and the National Security Agency (NSA).

The current state budget outlook for fiscal year 2024 does not anticipate a budget shortfall. State revenues continue to fluctuate. At this time, it is not anticipated we will have a revenue failure during fiscal year 2024. The College will closely monitor the economic outlook for the state of Oklahoma and is building a contingency plan in the event of a needed transition. We do find reassurance in the fact the state has built up as strong State Rainy Day Fund in fiscal year 2023. The Oklahoma economy has slowed and has resulted in a reduction of Gross Receipts. State officials continue to monitor national and global economic trends to remain aware of inflation and interest rates and their effect on local business and employment, which continues to hover at 2.7 percent.

The College has begun the expansion of its health professions program with the appropriated $9.7 million of American Rescue Plan Act (ARPA) funds grant. This year has been marked by exceptional growth and significant investments in our nursing program. In the past year, our nursing program has witnessed remarkable growth, with a staggering 33.3% increase in overall enrollment. The increased enrollment numbers prompted the adding of four course sections to our existing program. To keep pace with the evolving healthcare landscape, we made substantial investments in technology and equipment. This year, we added 80 state-of-the-art laptops to our resources, ensuring that our students have access to the latest tools for research and learning. Recognizing the importance of hands-on experience, we introduced cutting-edge technology to our nursing labs. Our newly acquired pediatric and adult high-fidelity mannequins equipped with AI capabilities offer our students a realistic and immersive learning environment. These mannequins provide invaluable training opportunities, enhancing our students' clinical skills and readiness. Our commitment to providing top-tier education also extends to our faculty. This year, we proudly welcomed three additional faculty members to our team, further enriching the depth of knowledge and expertise within our program. Additionally, the addition of a Clinical and Lab Director will ensure efficient management and coordination of our clinical and laboratory resources.

A challenge at this point in the process is securing additional clinical sites and recruitment of students, as all Oklahoma programs are competing to expand their nursing programs.

In addition to the expansion of the health professions program, the College has gained board approval for application for program medications through the Oklahoma State Regents for Higher Education (OSRHE) to add three new degree options in health sciences. These degree options will give students that are not accepted into the nursing, physical therapist assistant and occupational therapy assistant programs specific associate degree paths to pursue in their field of preference.

In a continued effort to provide valuable opportunities for workforce collaborations OCCC serves as the state leader in Oklahoma in the creation and awarding of micro-credentials. Micro-credentials are a framework for delivering competency-based qualifications that are shorter than a comprehensive certification. They enable learners to demonstrate their knowledge and gain skills in a specific topic through short series of courses to help individuals acquire in-demand skills. We currently offer 51 micro-credential opportunities, and we are in the process of proposing more for approval by the OSRHE this academic year. OSRHE and OCCC continue to partner to provide grants for scholarships for these opportunities to students.

The college continues to be aggressive in applying for grants and developing partnerships with third parties to pursue collaborative sources of funding opportunities. It is imperative we continue to focus on various capital sources. The College has several priority areas including funding for a career services center, adding additional mental health resources, funding for its food pantry and clothes closet, continued scholarships, and adding an outdoor stage. It will be imperative to continue this effort to secure 3rd party funding to support the mission and objectives of the College.

Given students' reliance on Federal financial aid and the school's opportunities for Federal grant programs, the national political environment also has a direct influence on the College. Discussions on funding priorities and changes to regulations for student financial aid, loans and grants could have a material economic effect on the school. The College has benefited from CARES Act emergency stimulus funding, but further direct assistance from the federal government is not likely.

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.

While the college continues to navigate the challenging higher education environment, it will remain focused on its mission of student success and community enrichment.

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

Years Ended	*June 30, 2023*	*September 30, 2022*
	Oklahoma City Community College	The Foundation for Oklahoma City Community College
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	$ 43,555,147	$ 276,883
Restricted cash and cash equivalents	1,739,866	-
Student accounts receivable, net	6,778,136	-
Other receivables	1,192,315	-
Short term portion of lease receivables	17,719	-
Interest receivable	19,842	-
Inventories	232,350	-
Total current assets	53,535,375	276,883
Noncurrent assets:		
Restricted cash and cash equivalents	27,279,505	-
Investments	2,101,527	2,718,678
Net OPEB asset—OTRS	278,457	-
Long term portion of lease receivables	37,190	-
Capital assets, non-depreciable	7,917,948	-
Capital assets, depreciable and amortizable, net	92,996,729	-
Total noncurrent assets	130,611,356	2,718,678
Total assets	184,146,731	2,995,561
Deferred outflows of resources:		
Deferred outflows related to pension	14,891,230	-
Deferred outflows related to OPEB	408,249	-
Deferred outflows related to capital lease obligations	58,898	-
Total deferred outflows of resources	$ 15,358,377	$ -

(Continued)

See Independent Auditor's Report.
See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION, CONTINUED

Years Ended	*June 30, 2023*	*September 30, 2022*
	Oklahoma City Community College	The Foundation for Oklahoma City Community College
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable	$ 3,713,007	$ -
Accrued payroll	1,916,315	-
Other accrued liabilities	764,650	-
Unearned revenue	3,740,754	-
Other current liabilities	181,640	-
Current portion, accrued compensated absences	749,179	-
Current portion, leased and subscription liabilities	138,465	-
Current portion, long-term debt, net of premium & discounts	1,821,717	-
Total current liabilities	13,025,727	-
Noncurrent liabilities:		
Accrued compensated absences	847,972	-
Bonds payable, net of premium and discounts	2,478,849	-
Lease and subscription obligations	344,186	-
Notes payable	10,646,997	-
Total OPEB liability	563,350	-
Net pension liability	53,169,746	-
Total noncurrent liabilities	68,051,100	-
Total liabilities	81,076,827	-
Deferred inflows of resources:		
Deferred inflows on capital bond restructure	239,111	-
Deferred inflows related to pension	2,591,190	-
Deferred inflows related to OPEB	1,482,182	-
Deferred inflows on capital leases	54,679	-
Total deferred inflows of resources	4,367,162	-
Net position:		
Net investment in capital assets	86,027,017	-
Restricted for:		
Scholarships—nonexpendable	199,783	1,551,731
Scholarships and other—expendable	-	1,185,917
Capital projects	27,448,679	-
OPEB	463,054	-
Unrestricted (deficit)	(77,414)	257,913
Total net position	$ 114,061,119	$ 2,995,561

See Independent Auditor's 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

Years Ended	*June 30, 2023*	*September 30, 2022*
	Oklahoma City Community College	The Foundation for Oklahoma City Community College
Operating revenues:		
Tuition and fees, net of scholarship allowances of $7,814,469	$ 22,026,143	$ -
Federal and state grants and contracts	3,715,902	-
Sales and services of educational departments	437,317	-
Auxiliary enterprise charges:		
Food services	60,075	-
Bookstore, net of scholarship allowances of $1,784,912	1,617,399	-
All other auxiliary enterprises	1,027,774	-
Other operating revenues	2,243,958	292,360
Total operating revenues	31,128,568	292,360
Operating expenses:		
Compensation and benefits	48,926,016	-
Contractual services	10,747,420	-
Supplies and materials	5,433,940	-
Utilities	2,183,764	-
Communications	184,212	-
Other operating expenses	1,562,796	256,253
Scholarships and fellowships	14,055,430	202,855
Depreciation and amortization expense	6,580,059	-
Total operating expenses	89,673,637	459,108
Operating (loss) income	$ (58,545,069)	$ (166,748)

(Continued)

See Independent Auditor's 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

Years Ended	*June 30, 2023*	*September 30, 2022*
	Oklahoma City Community College	The Foundation for Oklahoma City Community College
Non-operating revenues (expenses):		
State appropriations	$ 24,646,628	$ -
On-behalf contributions for OTRS	2,749,410	-
Operational and incentive levy funds	7,300,822	-
Building levy funds	2,497,975	-
Federal and state grants—non-operating	25,089,976	-
Investment income (loss)	1,285,859	(605,746)
Interest expense	(1,047,855)	-
Total non-operating revenues	62,522,815	(605,746)
Income before other revenues	3,977,746	(772,494)
Other revenues:		
State appropriations restricted for capital purposes	1,267,350	-
OCIA on-behalf state appropriations	1,048,269	-
Capital gifts and donations	22,207	266,079
Total other revenues	2,337,826	266,079
Changes in net position	6,315,572	(506,415)
Net position, beginning of year	107,745,547	3,501,976
Net position, end of year	$ 114,061,119	$ 2,995,561

See Independent Auditor's 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, 2023

	Oklahoma City Community College
Operating activities:	
Receipts for tuition and fees	$ 22,407,665
Receipts for grants and contracts	4,367,358
Receipts for auxiliary enterprise charges	2,623,858
Receipts for educational activities	437,317
Receipts for other operating activities	681,162
Receipts for specific college entities	32,077
Payments to employees for compensation and benefits	(50,032,294)
Payments for scholarships	(14,055,553)
Payments to suppliers	(17,127,892)
Net cash used in operating activities	(50,666,302)
Noncapital financing activities:	
Receipts of state appropriations	24,646,628
Receipts of ad valorem taxes	7,327,436
Receipts of non-operating grants	25,089,976
Other non-capital financing payments	(3,893)
Net cash provided by noncapital financing activities	57,060,147
Capital and related financing activities:	
Receipts of capital appropriations	1,267,350
Receipts of capital gifts and donations	22,207
Receipts of building levy funds	2,497,975
Proceeds from sales of capital assets	198,809
Proceeds from revenue bonds and capital debt	1,543,839
Principal paid on capital debt and leases	(2,132,489)
Payments for purchases of capital assets	(10,113,227)
Net cash used in capital and related financing activities	(6,715,536)

(Continued)

See Independent Auditor’s 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, 2023

	Oklahoma City Community College
Investing activities:	
Interest received on investments	184,760
Net cash provided by investing activities	184,760
Decrease in cash and cash equivalents	(136,930)
Cash and cash equivalents, beginning of year	72,711,448
Cash and cash equivalents, end of year	$ 72,574,518
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (58,545,069)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	6,580,059
On-behalf contributions for OTRS	2,749,410
Net OPEB asset	532,380
Total OPEB liability	(40,023)
Net pension liability	20,646,832
Deferred amounts related to pensions and OPEB	(25,005,686)
Changes in net assets and liabilities:	
Receivables, net	956,918
Inventories	(5,514)
Accounts payable and accrued liabilities	1,426,958
Unearned revenue	(5,453)
Compensated absences and accrued payroll	10,809
Deposits held for others	32,077
Net cash used in operating activities	$ (50,666,302)

(Continued)

See Independent Auditor's Report.
See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2023

		Oklahoma City Community College
Noncash investing, noncapital financing, and capital and related financing activities:		
Principal and interest on capital debt paid by state on behalf of the College	$	1,048,269
On-behalf payments for Oklahoma Teachers' Retirement System	$	2,749,410
Reconciliation of cash and cash equivalents to the statement of net position:		
Current cash and cash equivalents	$	43,555,147
Current restricted cash and cash equivalents		1,739,866
Noncurrent restricted cash and cash equivalents		27,279,505
Total cash and cash equivalents	$	72,574,518

See Independent Auditor’s Report.
See accompanying notes to financial statements.

(1) 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 technical school municipality 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 14.

(1) 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. Accrual accounting is an accounting method that recognizes revenue in the period in which it's earned and realizable, but not necessarily when the cash is actually received. Similarly, expenses are recognized in the period in which the related revenue is recognized rather than when the related cash is paid.

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 or net realizable value, determined using the first-in, first-out method or market price.

(1) 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 receivables 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 as bad debt 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 information technology items with a unit cost of $500 or more, and all other assets with a cost of $2,500 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, 10–50 years for buildings, improvements, and infrastructure; 5–20 years for furniture and equipment; and 10 years for library materials. Leased assets under the GASB 87 pronouncement are amortized over the life of the associated contract. Subscription agreements that are recognized as intangible assets under GASB 96 pronouncement are amortized over the life of the subscription. Routine repairs and maintenance are charged to operating expense in the year in which the expense occurs.

(1) 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, 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, and 4) lease and subscription obligations that are recognized as part of GASB 87 and GAB 96.

Leases

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. The College generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known. Actual results could differ from those estimates.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

The College, as an agency 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).

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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, 2023, the College's deferred outflows were comprised of deferred charges of $15 million related to pensions, $59 thousand related to capital lease obligation, and $408 thousand 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, 2023, the College's deferred inflows were comprised of deferred charges on OCIA (Oklahoma Capitol Improvement Authority) bond restructures of $239 thousand, deferred charges of $2.6 million related to pensions, $1.5 million related to OPEB, and $55 thousand related to capital lease obligations related to the adoption of GASB 87.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements

New Accounting Pronouncement Adopted

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 adopted GASB 96 effective July 1, 2022, for the June 30, 2023, reporting year. Due to the adoption of GASB 96, the College has added a new capital asset class of intangible assets: software. These assets will be amortized over the subscription period.

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 adopted GASB 94 effective July 1, 2022, for the June 30, 2023, reporting year. The College was not impacted by the adoption of GASB 94 and did not have any PPP agreements in place as of fiscal year 2023.

(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.

As of June 30, 2023, the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

Deposits with the State Treasurer	$ 38,368,408
U.S. financial institutions	34,191,110
Petty cash and change funds	15,000
	$ 72,574,518

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.

As of June 30, 2023, the bank balance of the College's deposits with the State Treasurer and U.S. financial institutions was $72,559,518. Of funds on deposit with the State Treasurer, amounts invested in OK INVEST totaled $8,852,486.

(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, 2023, the distribution of deposits in OK INVEST was as follows:

OK INVEST Portfolio	Cost	Market Value
U.S. agency securities	$ 1,474,151	$ 1,434,530
Money market mutual fund	660,104	660,104
Certificates of deposit	22,618	22,618
Mortgage-backed agency securities	1,640,698	1,449,504
Foreign bonds	26,062	25,758
U.S. Treasury obligations	5,028,853	4,879,590
	$ 8,852,486	$ 8,472,104

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.

(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

As of June 30, 2023, the College had the following investments:

U.S. Treasury money market mutual funds	$ 1,853,090
Oklahoma State Regents Endowment	248,437
	$ 2,101,527

See Independent Auditor's Report.

(2) DEPOSITS AND INVESTMENTS, CONTINUED

Investments, Continued

As of June 30, 2023, investment maturities were as follows:

		Investment Maturities	
Investment Type	Fair Value	Not Applicable	Less Than One Year
U.S. Treasury money market mutual funds	$ 1,853,090	$ -	$ 1,853,090
Oklahoma State Regents Endowment	248,437	248,437	-
	$ 2,101,527	$ 248,437	$ 1,853,090

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, 2023:

- U.S. Treasury money market mutual funds of $1,853,090 were valued using quoted market prices (Level 2 inputs).

- Investments held at the State Regents of Higher Education of $248,437 (Level 3 inputs).

(3) STUDENT ACCOUNTS RECEIVABLE

As of June 30, 2023, student accounts receivable consisted of the following:

Student tuition and fees	$	21,182,478
Less allowance for doubtful accounts		(14,404,342)
Student accounts receivable, net	$	6,778,136

(4) OTHER RECEIVABLES

As of June 30, 2023, other receivables consisted of the following:

Due from grantors	$	1,167,420
Taxes receivable		24,895
Total other receivables	$	1,192,315

(5) LEASE RECEIVABLES

The College as a lessor, has entered into a lease agreement involving rooftop property for placement of wireless communication tower. A summary of the entity's lease terms, and interest rates are as follows:

Lease of property: Rooftop property located at Capitol Hill, Annual installments totaling $17,945 with a lease term of 60 monthly payments due at the beginning of each period. The present value of the lease receivable was calculated with an imputed interest rate of 0.5%

Short term lease receivable	$	17,719
Long term lease receivable		37,190
Total lease receivable	$	54,909

(6) UNEARNED REVENUE

As of June 30, 2023, unearned revenue consisted of the following:

Unearned revenue from student tuition and fees	$	1,809,636
Unearned revenue from grants and contracts		1,931,118
Total unearned revenue	$	3,740,754

See Independent Auditor's Report.

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, 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	1,691,966	7,647,668	(4,371,020)	-	4,968,614
Total capital assets not depreciated	4,641,299	7,647,668	(4,371,020)	-	7,917,947
Other capital assets:					
Buildings and improvements	140,004,979	4,365,784	-	-	144,370,763
Infrastructure	11,905,575	-	-	-	11,905,575
Furniture and equipment	28,437,545	2,246,623	-	(1,792,332)	28,891,836
Library materials	8,811,937	-	-	-	8,811,937
Leased Assets	495,534	33,857	-	(27,693)	501,698
Intangible Assets: Software	-	190,314	-	-	190,314
Total other capital assets	189,655,570	6,836,578	-	(1,820,025)	194,672,124
Less accumulated depreciation:					
Buildings and improvements	(61,484,584)	(3,923,767)	-	-	(65,408,351)
Infrastructure	(6,560,061)	(429,479)	-	-	(6,989,540)
Furniture and equipment	(20,760,662)	(1,818,352)	-	1,593,523	(20,985,491)
Library materials	(7,830,983)	(242,610)	-	-	(8,073,593)
Less accumulated amortization:					-
Leased asset equipment	(80,261)	(127,788)	-	27,693	(180,356)
Intangible asset subscription software	-	(38,063)	-	-	(38,063)
Total accumulated depreciation and amortization	(96,716,551)	(6,580,059)	-	1,621,216	(101,675,394)
Other capital assets, net	92,939,019	256,519	-	(198,809)	92,996,730
Total capital, leased and intangible assets, net	**$ 97,580,318**	**7,904,187**	**(4,371,020)**	**(198,809)**	**$ 100,914,677**
Capital asset summary:					
Capital assets not being depreciated	4,641,299	7,647,668	(4,371,020)	-	7,917,947
Other capital assets, at cost	189,655,570	6,836,578	-	(1,820,025)	194,672,124
Total cost of all capital, leased, and intangible assets	194,296,869	14,484,246	(4,371,020)	(1,820,025)	202,590,071
Less accumulated depreciation	(96,716,551)	(6,580,059)	-	1,621,216	(101,675,394)
Capital, leased, and intangible assets, net	**$ 97,580,318**	**7,904,187**	**(4,371,020)**	**(198,809)**	**$ 100,914,677**

See Independent Auditor’s Report.

(7) CAPITAL ASSETS, CONTINUED

As of June 30, 2023, the cost and related accumulated depreciation of assets held under capital notes obligations were as follows:

	Asset Cost	Accumulated Depreciation	Net Book Value
Arts Education Center	$ 9,748,824	$ (3,432,398)	$ 6,316,426
Health Professions Center	6,913,007	(2,433,955)	4,479,052
Performing Arts Center	4,075,000	(721,615)	3,353,385
	$ 20,736,831	$ (6,587,968)	$ 14,148,863

CAPITAL ASSETS, LEASED ASSETS

As of June 30, 2023, the College as a lessee, had entered into lease agreements for printing equipment summarized below. Due to the adaptation of GASB 87, the College recognizes leased assets as capital assets, and they are amortized over the life of the lease.

	Balance 07/01/2022	Additions	Transfers, Gifts, & Adjustments	Retirements	Balance 06/30/2023
Leased assets					
Buildings & Improvements	$ -	-	-	-	$ -
Equipment	495,534	33,857	-	(27,693)	501,698
Vehicles	-	-	-	-	-
Library Materials	-	-	-	-	-
Total leased assets	495,534	33,857	-	(27,693)	501,698
Accumulated amortization					
Buildings & Improvements	-	-	-	-	-
Equipment	(80,261)	(127,788)	-	27,693	(180,356)
Vehicles	-	-	-	-	-
Library Materials	-	-	-	-	-
Total amortization	(80,261)	(127,788)	-	27,693	(180,356)
Leased assets, net	$ 415,273	(93,931)	-	-	$ 321,342

See Independent Auditor's Report.

(7) CAPITAL ASSETS, CONTINUED

CAPITAL ASSETS, INTANGIBLE ASSETS (SBITA)

The College has entered into contracts for subscription-based information technology arrangements that qualify as a SBITA according to GASB 96 summarized below. Due to the adaptation of GASB 96 in fiscal year 2023, the college must record a right-to-use subscription-based asset - an intangible asset and amortize the asset over the term of the contract.

	Balance 07/01/2022	Additions	Transfers, Gifts, & Adjustments	Retirements	Balance 06/30/2023
Intangible assets					
SBITA platforms as a service	$ -	-	-	-	$ -
SBITA intangible software	-	190,314	-	-	190,314
SBITA library materials	-	-	-	-	-
Total intangible assets	-	190,314	-	-	190,314
Accumulated amortization					
SBITA platforms as a service	-	-	-	-	-
SBITA intangible software	-	(38,063)	-	-	(38,063)
SBITA library materials	-	-	-	-	-
Total amortization	-	(38,063)	-	-	(38,063)
Intangible assets, net	$ -	152,251	-	-	$ 152,251

(8) LONG-TERM LIABILITIES

Long-term liabilities activity, exclusive of the net pension liability and total OPEB liability, for the year ended June 30, 2023, was as follows:

	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable and capital note obligations:						
Revenue bonds payable:						
Student Facility, Series 2006	7/1/2022	$ 550,000	-	(550,000)	-	$ -
Student Facility, Series 2015	7/1/2026	2,845,000	-	(535,000)	2,310,000	555,000
Total revenue bonds payable		3,395,000	-	(1,085,000)	2,310,000	555,000
Capital note obligations:						
OCIA Series 2014A (Refunding)	7/1/2031	7,442,671	-	(693,787)	6,748,884	729,053
ODFA MRP Lease 2020	6/1/2030	2,922,333	-	(321,083)	2,601,250	334,083
ODFA MRP Lease 2020A	6/1/2040	2,566,750	-	(99,667)	2,467,083	107,083
Total capital note obligations		12,931,754	-	(1,114,537)	11,817,217	1,170,219
Total revenue bonds payable and		16,326,754	-	(2,199,537)	14,127,217	1,725,219
Other long term liabilities:						
Premiums and discounts, net		914,425	-	(94,080)	820,345	96,498
Lease and subscription liabilities, net		415,604	190,314	(123,267)	482,651	-
Accrued compensated absences		1,425,636	171,515	-	1,597,151	749,179
Total other liabilities		2,755,665	361,829	(217,347)	2,900,147	845,677
Total long-term liabilities		$ 19,082,419	361,829	(2,416,884)	17,027,364	$ 2,570,896

See Independent Auditor's Report.

(8) 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 2023. 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 was exempt from federal and state income taxes. The 2006 Series Bonds were paid in full in 2023.

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 Note Revenue Bonds Series 2020 (the "2020 Bonds") in the amount of $3,552,000. Note payments, including principal and interest at 4%, will be paid monthly through the life of the note 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.

(8) 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, 2023, the unamortized gain totaled $39,061. 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.

As of June 30, 2023, future aggregate maturities of principal and interest requirements on the College's various revenue bonds payable are as follows:

Year Ending	Total Revenue Bonds		
June 30,	Principal	Interest	Total
2024	555,000	60,975	615,975
2025	570,000	44,100	614,100
2026	585,000	26,775	611,775
2027	600,000	9,000	609,000
	$ 2,310,000	$ 140,850	$ 2,450,850

See Independent Auditor's Report.

(8) LONG-TERM LIABILITIES, CONTINUED

Capital Note Obligations

OCIA Note 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 Note agreement with OCIA for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent notes 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 was 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 note 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, 2023, the unamortized gain totaled $219,840. The restructured note 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 note 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 note agreement and the refinanced note agreement of $1,072,471, which approximates the economic savings of the transaction.

Through June 30, 2016, the College had 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 2023, the monthly capital note 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.

(8) LONG-TERM LIABILITIES, CONTINUED

Capital Note Obligations, Continued

Oklahoma Development Finance Authority (ODFA) Master Note Obligations

On September 15, 2010, the College entered into a capital note obligation for the ODFA Master Revenue Bonds, Series 2010A in the amount of $4,075,000. Total note 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 Note Revenue Bonds Series 2020A (the “2020A Bonds”) in the amount of $2,768,000. Note 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, 2040. 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.

As of June 30, 2023, the future minimum note payments under all capital notes obligations, are as follows:

Year Ending	Total Capital Notes		
June 30,	Principal	Interest	Total
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	1,311,836	363,550	1,675,387
2028-2032	5,515,213	906,571	6,421,784
2033-2035	810,667	210,707	1,021,373
2038-2041	552,750	44,107	596,857
	$ 11,817,217	$ 2,940,137	$ 14,757,354

(8) LONG-TERM LIABILITIES, CONTINUED

Lease Obligations

As of June 30, 2023, the College as a lessee, has entered into lease agreements for printing equipment summarized below.

Leases of equipment with installments totaling $342,689, with principal payments of $332,237 and interest of $10,452 based on imputed interest rates ranging from 0.2% to 2.8% and due dates ranging to 2027.

Year Ending	Total Lease Payables		
June 30,	Principal	Interest	Total
2024	102,196	4,712	106,908
2025	95,330	3,319	98,649
2026	89,011	1,892	90,903
2027	45,700	529	46,229
	$ 332,237	$ 10,452	$ 342,689

SBITA Obligations

As of June 30, 2023, the College has entered into a contract agreement for subscription-based information technology and software that meets the categories to qualify as a GASB (SBITA) liability as summarized below.

A contract with installments totaling $159,599, with principal payments of $150,414 and interest of $9,185 based on an imputed interest rate of 2.41% and a due date ranging to 2027.

Year Ending	Total SBITA Payables		
June 30,	Principal	Interest	Total
2024	36,269	3,631	39,900
2025	37,145	2,755	39,900
2026	38,040	1,859	39,899
2027	38,960	940	39,900
	$ 150,414	$ 9,185	$ 159,599

(9) 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 (TRS 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. TRS 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 who joined the System prior to November 1, 2017, and have accumulated a minimum of five years of eligible service shall be vested in the System and considered eligible to receive a monthly retirement benefit at some future date. Members who join the System on or after November 1, 2017, will become vested when they have accumulated seven years of eligible 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 through October 31, 2011, are eligible for maximum benefits when their age and years of creditable service total 90 or age 62. Members who joined the System on or after November 1, 2011, are eligible for maximum benefits when their age and years of creditable service total 90 or age 65. Members whose age and service do not equal the eligible limit may receive reduced benefits at an earlier age depending upon their date of joining the System. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

(9) EMPLOYEE RETIREMENT PLANS, CONTINUED

Oklahoma Teachers' Retirement System, Continued

- 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 benefits the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, 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 was paid on their behalf by the College. Participating employers are required to contribute 9.5% of the employees' annual compensation and an additional 8% for any employees' salaries covered by federal and other external 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, 2023, were $3,690,327. The State also made on behalf contributions to OTRS, of which $2,749,410 was recognized by the College for the year ended June 30, 2023; these on behalf payments did not meet the criteria of a special funding situation.

(9) 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—At June 30, 2023, the College reported a liability of $53,169,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2022. Based upon this information, the College's proportion was 0.64767%.

For the year ended June 30, 2023, the College recognized pension expense of $3,087,656. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,703,314	$ 665,098
Changes of assumptions	3,587,453	-
Net difference between projected and actual earnings on pension plan investments	5,061,770	-
Changes in College's proportionate share of contributions	800,716	1,891,870
Differences between College contributions and proportionate share of contributions	47,650	34,222
College contributions subsequent to the measurement date	3,690,327	-
Total deferred outflows and inflows - pensions	$ 14,891,230	$ 2,591,190

See Independent Auditor's Report.

(9) 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 $3,690,327 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 ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	1,886,375
2025	2,268,353
2026	(336,329)
2027	4,741,562
2028	49,752
	$ 8,609,713

Actuarial Assumptions - the net pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age
- Inflation—2.25%
- Future Ad Hoc Cost-of-Living Increases—None
- Salary Increases - Composed of 2.25 percent wage inflation, plus 0.75 percent 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.

(9) 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, 2023, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.9%
International Equity	16.7%	5.5%
Domestic Fixed Income	22.0%	1.3%
Real Estate**	10.0%	3.5%
Private Equity	8.0%	7.6%
Private Debt	5.0%	4.6%
Total	100.0%	

** The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) 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, 2022. 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 percentage of projected member payroll based on the past five years of actual contributions.

(9) 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%)
Employers' net pension liability	$ 74,863,321	$ 53,169,746	$ 35,335,081

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.

In March 2023 the College began offering a Roth provision to the defined contribution retirement plan.

Funding Policy—The College contributed approximately $735,484 for the year ended June 30, 2023. 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 decided 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. In September 2022 AIG rebranded and became a public company under the name Corebridge.

Participants continue to be responsible, however, for monitoring the performance of their individual accounts.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS

The College participates in two employee OPEB plans as follows:

Name of Plan/System	Type of Plan
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 9; 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 0.12% of normal cost, as determined by an actuarial valuation for 2023. Contributions allocated to the OPEB plan from the College were $41,385.

(10) 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, 2023, the College reported an asset of $278,457 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. 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, 2022. Based upon this information, the College's proportion was 0.636596%.

For the year ended June 30, 2023, the College recognized OPEB benefit of $14,986. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 92,693
Changes of assumptions	83,970	-
Net difference between projected and actual earnings on pension plan investments	116,427	-
Changes in College's proportionate share of contributions	6,932	899
Differences between College contributions and proportionate share of contributions	47,103	22,465
College contributions subsequent to the measurement date	41,385	-
Total deferred outflows and inflows - OPEB OTRS	$ 295,817	$ 116,057

(10) 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—

The $41,385 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2024. 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 ended June 30:	
2024	23,601
2025	17,293
2026	(16,869)
2027	110,682
2028	2,696
Thereafter	972
	$ 138,375

Actuarial Assumptions—the net OPEB asset as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age
- Inflation—2.25%
- Future Ad Hoc Cost-of-Living Increases—None
- Salary Increases—composed of 2.25 percent wage inflation, plus 0.75 percent 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.

See Independent Auditor's Report.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

- 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.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.9%
International Equity	16.7%	5.5%
Domestic Fixed Income	22.0%	1.3%
Real Estate**	10.0%	3.5%
Private Equity	8.0%	7.6%
Private Debt	5.0%	4.6%
Total	100.0%	

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

Discount Rate— A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2022. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

Supplemental Health Insurance Plan (OTRS), Continued

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate— The following presents the net OPEB (liability) asset of the employer calculated using the discount rate of 7.0%, as well as what the Plan'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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net OPEB (liability) asset	$ (11,601)	$ 278,457	$ 524,074

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 Statement 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.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

Employees Covered by Benefit Terms—At June 30, 2022, the following employees were covered by the benefit terms: This data was used in the actuarial valuation roll forward for fiscal year 2023.

Active employees	404
Inactives or beneficiaries currently receiving benefit payments	18
	422

Total OPEB Liability—the College's total OPEB liability of $563,350 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumption—the total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2023, used the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.54%, (1.04% real rate of return plus 2.50% inflation)
- Healthcare cost trend rates - Level 4.50%
- Salary Scale – 3.25%
- 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-2021
- 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%

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, 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.

	Total OPEB Liability (a)
Balances Beginning of Year	$ 603,373
Changes for the Year:	
Service cost	24,695
Interest expense	20,721
Benefits paid	(85,439)
Net Changes	(40,023)
Balances End of Year	$ 563,350

Sensitivity of the Total OPEB (Liability) Asset to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 3.54%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Employers' net OPEB (liability) asset	$ (609,535)	$ (563,350)	$ (520,963)

See Independent Auditor's Report.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

Sensitivity of the Total OPEB (Liability) Asset to Changes in the Healthcare Cost Trend Rate- The following presents the total OPEB (liability) asset of the employer calculated using the healthcare cost trend rate of 4.50%, as well as what the Plan's total OPEB (liability) asset 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 (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
Employers' net OPEB (liability) asset	$ (505,365)	$ (563,350)	$ (634,673)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the College recognized OPEB expense of ($321,244). On June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 82,497	$ 37,345
Changes in assumptions	29,935	1,328,780
Total deferred outflow and inflow - OPEB retiree benefits plan	$ 112,432	$ 1,366,125

See Independent Auditor's Report.

(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED

OCCC Retiree Benefits Plan, Continued

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

Year ended June 30:	
2024	(366,660)
2025	(366,660)
2026	(366,660)
2027	(167,410)
2028	6,831
Thereafter	6,866
	$ (1,253,693)

(11) 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.

The operation levy was 5.08 mills for the fiscal year ended June 30, 2023, 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, 2023, 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 $5,500,000 in 2023 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, 2023, totaled $9,798,797, including the building levy of $2,497,975. The building levy is restricted for building related projects.

(11) RELATED-PARTY TRANSACTIONS, CONTINUED

The Foundation for Oklahoma City Community College

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 $203,000 for the year ended September 30, 2022, to students and faculty members of the College. The Foundation also paid approximately $206,000 for supporting the College's operations for the year ended September 30, 2022.

(12) 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, 2023, approximately $7,196,584 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 on June 30, 2023, that management believes would result in a material loss to the College in the event of an adverse outcome.

(12) COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT, CONTINUED Risk Management, Continued

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.

The College also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through CompSource Mutual. CALM is a political subdivision of the State of Oklahoma and is governed by a board of trustees elected from members of the participating colleges and universities.

The College maintains a self-insured medical plan. As of June 30, 2023, the College had a cash balance of $350,698 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 claim paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability would be paid from current operations.

(13) SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 13, 2023, 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.

See Independent Auditor's Report.

(14) THE FOUNDATION FOR OKLAHOMA CITY COMMUNITY COLLEGE

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, 2022. 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 $276,883, and investments of $2,718,678. The cash and cash equivalent balances are generally in the form of checking accounts and money market accounts and at September 30, 2022, 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 $1,551,731 of the net position of the Foundation was permanently restricted as of September 30, 2022. Earnings on the permanently restricted net position are generally restricted for use in various scholarship and leadership programs.

During September 2020, the Foundation changed its name to "The Foundation for Oklahoma City Community College."

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

(15) 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, 2023.

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 28,245,354	$ 15,309,793	$ 43,555,147
Restricted cash and cash equivalents	1,739,866	-	1,739,866
Student accounts receivable, net	6,778,136	-	6,778,136
Other receivables	1,167,418	24,897	1,192,315
Short term portion of lease receivables	17,719	-	17,719
Interest receivable	19,842	-	19,842
Inventories	232,350		232,350
Total current assets	38,200,686	15,334,690	53,535,375
Noncurrent assets:			
Restricted cash and cash equivalents	8,398,188	18,881,317	27,279,505
Investments	2,101,527	-	2,101,527
Net OPEB asset	278,457	-	278,457
Lease receivables	37,190	-	37,190
Capital assets, net	96,428,877	4,485,800	100,914,677
Total noncurrent assets	107,244,239	23,367,117	130,611,356
Total assets	145,444,925	38,701,807	184,146,731
Deferred Outflows of Resources			
Deferred outflows of resources	15,358,377	-	15,358,377
Total deferred outflows of resources	15,358,377	-	15,358,377
Total assets and deferred outflows of resources	$ 160,803,302	$ 38,701,807	$ 199,505,108

(Continued)

See Independent Auditor’s Report.

(15) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Current Liabilities			
Accounts payable	$ 3,713,007	$ -	$ 3,713,007
Accrued payroll	1,916,315	-	1,916,315
Other accrued liabilities	764,650	-	764,650
Unearned revenue	3,740,754	-	3,740,754
Other current liabilities	181,640	-	181,640
Current portion, accrued compensated absences	749,179	-	749,179
Current portion, leased and subscription liabilities	138,465		138,465
Current portion, long-term debt	1,821,717	-	1,821,717
Total current liabilities	13,025,727	-	13,025,727
Noncurrent Liabilities			
Accrued compensated absences	847,972	-	847,972
Bonds payable, net of premium and discounts	2,478,849	-	2,478,849
Lease and subscription obligations	344,186	-	344,186
Notes payable	10,646,997	-	10,646,997
Total OPEB liability	563,350	-	563,350
Net pension liability	53,169,746	-	53,169,746
Total noncurrent liabilities	68,051,100	-	68,051,100
Total liabilities	81,076,827	-	81,076,827
Deferred Inflows of Resources			
Deferred inflows of resources	4,367,162	-	4,367,162
Total deferred inflows of resources	4,367,162	-	4,367,162

(Continued)

See Independent Auditor's Report.

(15) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Net Position			
Net investment in capital assets	81,541,217	4,485,800	86,027,017
Restricted for:			
Scholarships—nonexpendable	199,783	-	199,783
Capital projects	8,567,362	18,881,317	27,448,679
OPEB	463,054	-	463,054
Unrestricted (deficit)	(15,412,104)	15,334,690	(77,414)
Total net position	75,359,312	38,701,807	114,061,119
Total liabilities, deferred inflows of resources, and net position	$ 160,803,301	$ 38,701,807	$ 199,505,108

See Independent Auditor's Report.

(15) 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, 2023.

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Operating revenues:			
Tuition and fees, net of scholarship allowances of $7,814,469	$ 22,026,143	$ -	$ 22,026,143
Federal and state grants and contracts	3,715,902	-	3,715,902
Sales and services of educational departments	437,317	-	437,317
Auxiliary enterprise charges:		-	
Food services	60,075	-	60,075
Bookstore, net of scholarship allowances of $1,784,912	1,617,399	-	1,617,399
All other auxiliary enterprises	1,027,774	-	1,027,774
Other operating revenues	2,243,955	3	2,243,958
Total operating revenues	31,128,565	3	31,128,568
Operating expenses:			
Compensation	48,926,016	-	48,926,016
Contractual services	10,582,935	164,485	10,747,420
Supplies and materials	5,433,940	-	5,433,940
Utilities	2,183,764	-	2,183,764
Communications	184,212	-	184,212
Other operating expenses	1,562,796	-	1,562,796
Scholarships and fellowships	14,055,430	-	14,055,430
Depreciation expense	6,271,966	308,093	6,580,059
Total operating expenses	89,201,059	472,578	89,673,637
Operating loss	$ (58,072,494)	$ (472,575)	$ (58,545,069)

(Continued)

See Independent Auditor's Report.

(15) COMBINING INFORMATION, CONTINUED

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Non-operating revenues (expenses):			
State appropriations	24,646,628		24,646,628
On-behalf contributions for OTRS	2,749,410		2,749,410
Operational and incentive levy funds		7,300,822	7,300,822
Building levy funds		2,497,975	2,497,975
Federal grants—non-operating	25,089,976	-	25,089,976
Investment income	190,618	1,095,241	1,285,859
Interest expense	(1,047,855)	-	(1,047,855)
Net non-operating revenues	51,628,777	10,894,037	62,522,815
Income before other revenues	(6,443,717)	10,421,463	3,977,746
Other revenues:			
Technical education transfers	5,500,000	(5,500,000)	-
State appropriations restricted for capital purposes	1,267,350	-	1,267,350
OCIA on-behalf state appropriations	1,048,269	-	1,048,269
Capital gifts and donations	22,207	-	22,207
Total other revenues	7,837,826	(5,500,000)	2,337,826
Changes in net position	1,394,109	4,921,463	6,315,572
Net position, beginning of year	73,965,203	33,780,344	107,745,547
Net position, end of year	$ 75,359,312	$ 38,701,807	$ 114,061,119

See Independent Auditor's Report.

(15) 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, 2023.

	Oklahoma City Community College	South Oklahoma City Area School District	Total
Net cash provided by (used in) operating activities	$ (45,001,819)	$ (5,664,483)	$ (50,666,302)
Net cash provided by (used in) noncapital financing activities	49,732,712	7,327,435	57,060,147
Net cash provided by (used in) capital and related financing activities	(9,213,511)	2,497,975	(6,715,536)
Net cash provided by (used in) investing activities	(910,479)	1,095,240	184,761
Increase (decrease) in cash and cash equivalents	(5,393,097)	5,256,167	(136,930)
Cash and cash equivalents, beginning of year	43,776,505	28,934,943	72,711,448
Cash and cash equivalents, end of year	$ 38,383,408	$ 34,191,110	$ 72,574,518

See Independent Auditor's Report.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit I

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 9 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.6477%	0.6366%	0.6334%	0.6319%	0.7186%	0.8318%	0.8213%	0.8504%	0.8349%
College's proportionate share of the net pension liability	$53,169,746	32,522,914	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	$35,604,281	32,054,457	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	149.30%	101.50%	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	70.05%	80.80%	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 9 fiscal years are presented because 10-year data is not yet available.

See Independent Auditor's Report.

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

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Oklahoma Teachers' Retirement System
Last 9 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,690,327	3,475,110	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	3,690,327	3,475,110	3,174,172	3,123,436	2,961,896	3,076,126	3,200,432	3,341,557	3,423,665
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
College's covered-employee payroll	$ 37,393,115	35,604,281	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	9.87%	9.76%	9.90%	9.88%	10.03%	9.85%	10%	10%	10%

*Notes to schedule:
Employer contribution rate: 9.5%
Employer rate for federal and other external source match: 8%
Only the last 9 fiscal years are presented because 10-year data is not yet available.

See Independent Auditor's 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 6 Fiscal Years**

	2023	2022	2021	2020	2019	2018
The College's proportion of the net OPEB asset	63.66%	0.6366%	0.6335%	0.6319%	0.7186%	0.8318%
The College's proportionate share of the net OPEB liability (asset)	$ (278,457)	(810,837)	62,756	390,750	464,428	370,952
The College's covered-employee payroll	$ 35,604,281	32,054,457	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	(0.78)%	(2.53)%	0.20%	1.32%	1.49%	1.12%
Plan fiduciary net position as a percentage of the total OPEB liability	110.31%	129.91%	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 6 fiscal years are presented because 10-year data is not yet available.

See Independent Auditor's Report.

Exhibit IV

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

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Supplemental Health Insurance Plan—OTRS
Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 41,385	42,956	5,979	5,883	19,979	48,843
Contributions in relation to the contractually required contribution	41,385	42,956	5,979	5,883	19,979	48,843
Contribution deficiency (excess)	$ -	-	-	-	-	-
The College's covered-employee payroll	$ 37,393,115	35,604,281	32,054,457	31,609,184	29,518,515	31,221,710
Contributions as a percentage of covered-employee payroll	0.11%	0.12%	0.02%	0.02%	0.07%	0.16%

Only the last 6 fiscal years are presented because 10-year data is not yet available.

See Independent Auditor's 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 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 24,695	27,274	27,274	225,418	225,418	225,418
Interest	20,721	12,806	14,739	118,099	106,448	102,290
Change in assumptions	-	(69,254)	2,668	-	-	-
Differences between expected and actual experience	-	109,677	(30,014)	(2,752,630)	55,129	(45,917)
Benefit payments, including refunds of member contributions	(85,439)	(85,439)	(91,975)	(108,229)	(52,711)	(49,448)
Net change in total OPEB liability	(40,023)	(4,936)	(77,308)	(2,517,342)	334,284	232,343
Total OPEB—beginning	603,373	608,309	685,617	3,202,959	2,868,675	2,636,332
Total OPEB liability—ending	$ 563,350	603,373	608,309	685,617	3,202,959	2,868,675
Covered-employee payroll	$ 22,335,915	22,335,915	19,733,677	19,733,677	29,518,515	31,221,710
Total OPEB liability as a percentage of covered-employee payroll	2.52%	2.70%	3.08%	3.47%	10.85%	9.19%
Discount rate used	2.52%	3.54%	2.16%	2.21%	3.50%	3.88%

See Independent Auditor's Report.

INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND
THE UNIFORM GUIDANCE

Table of Contents

Supplemental Information:

Reports Required by *Governmental Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

Arledge
certified public accountants

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

To Board of Regents
Oklahoma City Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma City Community College (the "College"), collectively a component unit of the State of Oklahoma, which comprises the statement of net position as of and for the year ended June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the year ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 13 2023. 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.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Arledge & Associates PC

Edmond, Oklahoma
October 13, 2023

Arledge
certified public accountants

INDEPENDENT AUDITOR'S 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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oklahoma City Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 13, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arledge & Associates PC

Edmond, Oklahoma
October 13, 2023

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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:				
Pass-through Oklahoma Department of Career & Technology Education:				
Adult Education—Basic Grants to States				
Adult Education & Literacy	84.002	V002A220037	N/A	$ 1,518,770
WIOA Adult Education Service to Corrections & Institutionalized Individuals	84.002	V002A220037	N/A	20,984
WIOA Integrated English Literary and Civics Education	84.002	V002A220037	N/A	130,601
Total Pass-Through Oklahoma Department of Career & Technology Education				1,670,356
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunities Grants	84.007	P007A223452	N/A	343,934
Federal Work Study Program	84.033	P033A223452	N/A	230,359
Federal Pell Grant Program	84.063	P063P223334	N/A	13,360,578
Federal Direct Student Loan Program	84.268	P268K213334	N/A	7,196,584
Total Student Financial Assistance Cluster				21,131,455

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2023

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:				
Education Stabilization Fund Program:				
COVID-19 Higher Education Emergency Relief Fund—Institutional Portion	84.425F	P425F201204	N/A	8,510,632
Total Education Stabilization Fund Program				8,510,632
TRIO Cluster:				
Trio Equal Opportunity Center	84.006A	P066A220042	N/A	109,716
Student Support Services	84.042A	P042A201258-21/22	N/A	263,287
Upward Bound	84.047A	P042A201258-21/P047A221524	N/A	359,492
Total TRIO Cluster				732,495
Pass-through Oklahoma Department of Career & Technology Education:				
Career and Technical Education—Basic Grants to States: Carl D. Perkins	84.048A	V048A210036	N/A	290,173
Total U.S. Department of Education				32,335,111

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2023

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:				
Pass-through Oklahoma Department of Mental Health and Substance Abuse Services:				
HEPS Opioid/Stimulant Prevention Grant	93.788	H79TI083333	N/A	79,377
				79,377
Pass-Through Oklahoma State Regents for Higher Education:				
Scholars for Excellence in Childcare	93.575	1936002309	N/A	86,491
Temporary Assistance for Needy Families	93.558	1502OKTANF	N/A	204,371
Total Pass-Through Oklahoma State Regents for Higher Education				290,863
Pass-Through Oklahoma Department of Career & Technology Education:				
Temporary Assistance for Needy Families	93.558	1502OKTANF	N/A	24,229
				24,229
Total U.S. Department of Human Services				394,469

(Continued)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Number	Grant or Identifying Number	Passed Subrecipients	Total Expenditures
U.S. Department of Treasury:				
State of Oklahoma:				
American Rescue Plan Act - Nursing Inititiative Grant	21.027	ARPA-YY000223	N/A	434,453
Total U.S. Department of Treasury				434,453
U.S. Department of State:				
Pass-through World Learning, Inc:				
IDEAS Study Abroad Grant	19.009	IDEAS21-OCCC01	N/A	9,190
Total U.S. Department of State				9,190
U.S. Department of Agriculture Forest Service:				
Pass-through Oklahoma Department of Agriculture, Food, and Forestry:				
Urban & Community Forestry Program	19.009	22-766	N/A	3,097
Total U.S. Department of Agriculture Forest Service				3,097

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Number	Grant or Identifying Number	Passed Subrecipients	Total Expenditures
National Institute of Health:				
Pass-through Regents of the University of Oklahoma:				
Idea Networks of Biomedical Research Excellence	93.859	5P20GM103447-23	N/A	26,766
Total National Institute of Health				26,766
U.S. Small Business Administration:				
Shuttered Venue Operators Grant (SVOG)	59.075	SBAHQ21SV011178	N/A	25,229
Total U.S. Small Business Administration				25,229
Total expenditures of federal awards				**$ 33,228,315**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

(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, 2023. 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 (the "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 parent to pay the costs of the student's attendance at a postsecondary school. The Direct Loan Program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The 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, 2023, the College did not provide federal awards to subrecipients.

(5) INDIRECT COST RATE

The College has a Negotiated Indirect Cost Rate Agreement (the "Agreement") issued by the U.S. Department of Health and Human Services issued as of June 15, 2017. The negotiated rate of 46% was applied in accordance with the Agreement for the year ended June 30, 2023, except that certain grants limited the rate charged.

(6) SUBSEQUENT EVENTS

The College has evaluated the effects of all subsequent events from June 30, 2023, through October 13, 2023, the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. The College is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION I—SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued on whether the financial Statements were in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified?	_____ yes	X none reported
Noncompliance material to financial statements noted?	_____ yes	X no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified?	_____ yes	X no
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	X no

Identification of major federal programs:

Federal AL Number(s)	Name of Federal Program or Cluster
**	Student Financial Assistance Cluster
**	Education Stabilization Fund Program
	Other Programs
84.002	Adult Education—Basic Grants
**	TRIO Cluster

** Refer to the Schedule of Expenditures of Federal Awards for AL numbers related to these programs.

Dollar threshold used to distinguish between Type A and Type B programs:	$ 986,672	
Auditee qualified as low-risk auditee?	X yes	_____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

None noted in prior year audit.

Internal Control Findings

None noted in prior year audit.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None noted in prior year audit.

Internal Control Findings

None noted in prior year audit.