

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

*Financial Statements*

June 30, 2022  
(With Independent Auditors' Reports Thereon)

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

**FINANCIAL STATEMENTS**

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

**FINANCIAL STATEMENTS**

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## INDEPENDENT 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, 2022, 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, 2022, 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, Oklahoma City Community College Foundation, Inc. (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 2022 the College adopted new accounting guidance, *GASBS No. 87, Leases*. 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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, 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, P.C.*

Edmond, Oklahoma  
October 13, 2022



## **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, 2022. 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.

### **Financial Highlights**

- During the year ended June 30, 2022, the College's net position increased by \$14 million to \$107.7 million or 15% compared to FY21.
  - Unrestricted net position increased by \$11.8 million primarily as a result of an increase in operating and non-operating income, a decrease in long-term debt and a decrease in the overall net impact of the pension and OPEB entries required under GASB 68 and GASB 75.
  - Net position invested in capital assets increased by \$1.6 million primarily as a result of capital expenditures related to campus improvements, offset by an increase in depreciation and amortization.
  - Restricted expendable net position increased by \$546 thousand as a result of an increase in scholarship and other funds available.
- Total operating revenues increased by \$9.6 million or 34% to \$37.9 million in FY22 from \$28.3 million in FY21.
  - This increase is primarily related to an increase in other revenue of \$3.4 million from federal HEERF funds for enrollment losses incurred from 2020-2022, increased revenue in prior year tuition and fees due to a reduction in our allowance for bad debt of \$2.4 million, along with an increase in auxiliary revenue of \$2 million. The \$2 million consisted of a \$1.6 million increase in bookstore revenue from offering day one inclusive access and an increase of \$300 thousand in cultural art performances and theater rentals due to changes in CDC regulations that permitted returning to normal theater operations following the pandemic.
- Total operating expenses increased by \$15 million or 19% to \$92.1 million in FY22 from \$77.2 million in FY21.
  - This increase is primarily due to an increase in scholarships and fellowship grants of \$11.5 million; of which \$10.9 million were HEERF/ARPA related payments, an increase in other expenses for an enrollment loss of \$3.4 million, increased contractual services of \$2 million, an increase in supplies and materials of \$1.2 million, an increase in utility expenses of \$486 thousand, and an increase in depreciation expense of \$455 thousand. These increases in expenses were offset by a decrease in compensation and benefits of \$5.6 million.
- Net non-operating and other revenues increased by \$12.7 million or 24% to \$66.6 million in FY22 from \$53.9 million in FY21.
  - This increase is primarily due to an increase of \$12.1 million in federal grants and contracts from HEERF funding, an increase in state appropriations of \$1 million, offset by a decrease in OTRS on-behalf contributions of \$300 thousand and ad valorem taxes of \$200 thousand.

See Independent Auditors' Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Using this Annual Report**

The accompanying financial statements reflect the activities of Oklahoma City Community College, its blended component unit, South Oklahoma City 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 OKC 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) principals. 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

See Independent Auditors’ Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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**

The College's net position is the difference between its assets and deferred outflows of resources and its liabilities and deferred inflows of resources reported in the statement of net position as of the end of the year. The College's net position increased in 2022 from 2021 as shown in below Table 1.

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 1: Assets, Liabilities, and Net Position**

|  | June 30,<br><u>2022</u> | June 30,<br><u>2021</u> | Increase<br>(Decrease) | %<br>Change |
|--|-------------------------|-------------------------|------------------------|-------------|
| <b>Assets and Deferred Outflows of Resources</b>     |                         |                         |                        |             |
| Current assets                                       | \$ 56,491,904           | \$ 57,239,993           | (748,089)              | (1)%        |
| Noncurrent assets:                                   |                         |                         |                        |             |
| Capital assets, net                                  | 97,580,318              | 96,805,099              | 775,219                | 1%          |
| Other  | 28,330,343              | 22,025,638              | 6,304,705              | 29%         |
| Deferred outflows                                    | <u>11,443,446</u>       | <u>19,441,590</u>       | <u>(7,998,144)</u>     | (41)%       |
| Total assets and deferred outflows of resources      | <u>193,846,011</u>      | <u>195,512,320</u>      | <u>(1,666,309)</u>     | (1)%        |
| <b>Liabilities and Deferred Inflows of Resources</b> |                         |                         |                        |             |
| Current liabilities                                  | 11,427,798              | 11,577,550              | (149,752)              | (1)%        |
| Noncurrent liabilities                               | 49,214,749              | 78,788,245              | (29,573,496)           | (38)%       |
| Deferred inflows                                     | <u>25,457,917</u>       | <u>11,471,754</u>       | <u>13,986,163</u>      | 122%        |
| Total liabilities and deferred                       | <u>86,100,464</u>       | <u>101,837,549</u>      | <u>(15,737,085)</u>    | (15)%       |
| <b>Net Position</b>                                  |                         |                         |                        |             |
| Net investment in capital assets                     | 81,432,899              | 79,799,008              | 1,633,891              | 2%          |
| Restricted—nonexpendable                             | 199,783                 | 199,783                 | -                      | 0%          |
| Restricted—expendable                                | 28,758,162              | 28,212,184              | 545,978                | 2%          |
| Unrestricted (deficit)                               | <u>(2,645,297)</u>      | <u>(14,536,204)</u>     | <u>11,890,907</u>      | (82)%       |
| Total net position                                   | <u>\$ 107,745,547</u>   | <u>93,674,771</u>       | <u>14,070,776</u>      | 15%         |

Total net position increased by \$14 million, or 15% in FY22. Unrestricted net position increased by \$11.8 million and net investments in capital assets increased \$1.6 million.

Total assets and deferred outflows of resources decreased \$1.6 million over FY21. This is mainly attributed to a decrease in deferred outflows related to pension liabilities; this was offset by an increase in other noncurrent assets due to an increase in restricted cash and cash equivalents reserved for capital projects and building levy funds.

Total liabilities and deferred inflows of resources decreased \$15.7 million over FY21. This is mainly attributed to a decrease in noncurrent liabilities from a decrease in net pension liabilities and an increase in deferred inflows related to pensions.

See Independent Auditors' Report.

See accompanying notes to financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The College's Operating Results and Changes in Net Position

**Table 2: Operating Results and Changes in Net Position**

|   | Years Ended June 30,  |                      | Increase             | %             |
|---|-----------------------|----------------------|----------------------|---------------|
|   | <u>2022</u>           | <u>2021</u>          | <u>(Decrease)</u>    | <u>Change</u> |
| Operating revenues:                       |                       |                      |                      |               |
| Tuition and fees, net                     | \$ 26,099,953         | \$ 22,637,236        | 3,462,717            | 15%           |
| Federal and state grants and contracts    | 3,669,531             | 3,127,249            | 542,282              | 17%           |
| Auxiliary enterprise charges              | 2,815,349             | 649,408              | 2,165,941            | 334%          |
| Other                                     | <u>5,361,712</u>      | <u>1,913,118</u>     | <u>3,448,594</u>     | 180%          |
| Total operating revenues                  | 37,946,545            | 28,327,011           | 9,619,534            | 34%           |
| Operating expenses                        | <u>92,159,213</u>     | <u>77,226,289</u>    | <u>14,932,924</u>    | 19%           |
| Operating loss                            | <u>(54,212,668)</u>   | <u>(48,899,278)</u>  | <u>(5,313,390)</u>   | 11%           |
| Non-operating revenues (expenses):        |                       |                      |                      |               |
| State appropriations                      | 22,306,616            | 21,247,931           | 1,058,685            | 5%            |
| OTRS on-behalf contributions              | 1,762,872             | 2,094,313            | (331,441)            | (16)%         |
| Ad valorem taxes                          | 9,031,616             | 9,257,408            | (225,792)            | (2)%          |
| Federal grants and contracts              | 33,928,687            | 21,792,030           | 12,136,657           | 56%           |
| Investment income                         | 248,859               | 191,528              | 57,331               | 30%           |
| Interest expense                          | <u>(623,037)</u>      | <u>(664,118)</u>     | <u>41,081</u>        | (6)%          |
| Total non-operating revenues              | <u>66,655,613</u>     | <u>53,919,092</u>    | <u>12,736,521</u>    | 24%           |
| Other revenues:                           |                       |                      |                      |               |
| State appropriations for capital purposes | 1,267,350             | 1,039,624            | 227,726              | 22%           |
| OCIA on-behalf state appropriations       | 354,482               | 354,482              | -                    | 0%            |
| Capital gifts and donations               | <u>6,000</u>          | <u>307,592</u>       | <u>(301,592)</u>     | (98)%         |
| Total other revenues                      | <u>1,627,832</u>      | <u>1,701,698</u>     | <u>(73,866)</u>      | (4)%          |
| Changes in net position                   | <u>14,070,777</u>     | <u>6,721,512</u>     | <u>7,349,265</u>     | 109%          |
| Net position, beginning of year           | 93,674,770            | 86,783,750           | 6,891,020            | 8%            |
| Prior period adjustment                   | <u>-</u>              | <u>169,508</u>       | <u>(169,508)</u>     |               |
| Net position, beginning of year, restated | <u>93,674,770</u>     | <u>86,953,258</u>    | <u>6,721,512</u>     |               |
| Net position, end of year                 | <u>\$ 107,745,547</u> | <u>\$ 93,674,770</u> | <u>\$ 14,070,777</u> | 15%           |

Net position increased \$7.3 million during fiscal year 2022. This was primarily due to an increase in operating and non-operating revenues offset by a decrease in operating expenses.

See Independent Auditors' Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

During the fiscal year ended June 30, 2022, operating revenues increased by \$9.6 million compared to fiscal year 2021. The primary components of this increase were:

- Tuition and fees revenue increased by \$3.4 million due to an increased revenue of prior year tuition and fees due to a reduction in bad debt expense.
- Other operating revenues increased by \$3.4 million due to the reimbursement of lost revenue from 2020 – 2022 with HEERF funds.
- Auxiliary enterprise revenue increased by \$2.1 million due to an increase in bookstore revenue of \$1.6 million from day one access and \$300 thousand in cultural art performances and theater rentals

During the year ended June 30, 2022, total non-operating revenues and other revenues increased \$12.6 million. The primary components of this increase included:

- Federal grants and contracts increased \$12.1 million due to funding from HEERF pandemic assistance.

During the fiscal year ended June 30, 2022, operating expenses increased by \$14.9 million compared to fiscal year 2021. The primary components of this increase included:

- Total scholarships and fellowships increased by \$11.5 million. Mainly a result of HEERF payments to students of \$10.9 million
- Other operating expenses increased by \$3.4 million for the recognition of revenue loss for lower enrollment from Spring 2020 through Spring 2022.
- Contractual Services increased \$2 million. This is mainly due to increased contractual services hired through grants of \$1.6 million. Included in these costs are technology expenses related to the zoom classrooms and contractual services hired for the visual and performing arts center. In addition to the grant related contractual expenses, there was an increase in contractual services for contracting with cafeteria services of \$260 thousand, an increase contractual services for the bursar's office of \$80 thousand for implementing a new software for credit card processing and an increase in contractual service in student life of \$100 thousand for contracted speakers.
- Supplies and materials increased \$1.2 million due to a change in purchasing capitalization limits to bring the College in alignment with the state of Oklahoma's asset management guide. The new capitalization limits are higher per item expense and therefore more items will be recognized as expenses in the year of purchases rather than over several years with depreciation.
- Utility expenses increased \$486 thousand. This is due to state wide increases in rates along with increased usage during this year's artic ice storm and more employees and students returning to the campus following the pandemic.
- Depreciation expenses increased \$455 thousand.
- These increases were offset by a decrease in compensation and benefits expenses of \$5.6 million from a decrease in the College's portion of pension expense related to GASB 68 and GASB 75.

See Independent Auditors' Report.

See accompanying notes to financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The College's Statement of Cash Flows

During the fiscal year ended June 30, 2022, the College's overall cash and cash equivalents increased by \$4 million or 6% over fiscal year 2021.

The following table is summarized from the College's Statement of Cash Flows for the years ended June 30, 2022 and 2021.

**Table 3: Condensed Statements of Cash Flows**

|   | Years Ended June 30, |                   | Increase          | %             |
|---|----------------------|-------------------|-------------------|---------------|
|   | <u>2022</u>          | <u>2021</u>       | <u>(Decrease)</u> | <u>Change</u> |
| <b>Cash (used in) provided by:</b>                |                      |                   |                   |               |
| Operating activities                              | (54,125,932)         | (35,310,454)      | (18,815,478)      | 53%           |
| Noncapital financing activities                   | 62,956,412           | 49,998,728        | 12,957,684        | 26%           |
| Capital and related<br>financing activities       | (5,612,659)          | (3,681,798)       | (1,930,861)       | 52%           |
| Investing activities                              | <u>780,972</u>       | <u>652,474</u>    | <u>128,498</u>    | 20%           |
| <b>Increase in cash and<br/>cash equivalents</b>  | 3,998,793            | 11,658,950        | (7,660,157)       | (66)%         |
| Cash and cash equivalents at<br>beginning of year | <u>68,712,655</u>    | <u>57,053,705</u> | <u>11,658,950</u> | 20%           |
| Cash and cash equivalents at<br>end of year       | <u>\$ 72,711,448</u> | <u>68,712,655</u> | <u>3,998,793</u>  | 6%            |

See Independent Auditors' Report.

See accompanying notes to financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets

Capital assets, net of accumulated depreciation and amortization for the fiscal year ended June 30, 2022, increased \$741 thousand. The primary components of this increase included:

- Increased capitalized expenditures of building improvements in FY22 of \$2.9 million over FY21. These projects included roofing repairs and replacement, HVAC chiller renewal, Flooring replacement in the main campus, renovation of the general dining area, elevator modernization projects, and several health profession expansions.
- Recognition of capital leased assets due to the implementation of GASB 87. This pronouncement went into effect as of beginning of this reporting period and increased our capital assets \$398 thousand over FY21.
- In 2022, accumulated depreciation expense increased by \$2.1 million for a total of \$96.7 million to offset the increase in capital assets.
- Fiscal year 2021 leased assets was restated to reflect the beginning balance of leased assets as of 07/01/2022 for GASB 87.

**Table 4: Condensed Summary of Capital Assets**

|                               | Years Ended June 30,<br><u>2022</u> | <u>2021</u>         | Increase<br>(Decrease) | %<br>Change |
|-------------------------------|-------------------------------------|---------------------|------------------------|-------------|
| <b>Capital Assets</b>         |                                     |                     |                        |             |
| Land                          | \$ 2,937,133                        | 2,937,133           | -                      | 0%          |
| Artwork                       | 12,200                              | 12,200              | -                      | 0%          |
| Construction in progress      | 1,691,966                           | 1,006,379           | 685,587                | 68%         |
| Buildings and improvements    | 140,004,979                         | 137,020,960         | 2,984,019              | 2%          |
| Infrastructure                | 11,905,575                          | 11,905,575          | -                      | 0%          |
| Furniture and equipment       | 28,437,545                          | 29,639,310          | (1,201,765)            | (4)%        |
| Library materials             | 8,811,937                           | 8,811,938           | (1)                    | (0)%        |
| Leased assets *               | <u>495,534</u>                      | <u>96,723</u>       | <u>398,811</u>         | 412%        |
| Total capital assets          | 194,296,869                         | 191,430,218         | 2,866,651              | 1%          |
| Less accumulated depreciation | <u>(96,716,551)</u>                 | <u>(94,591,151)</u> | <u>(2,125,400)</u>     | 2%          |
| Capital assets, net           | <u>\$ 97,580,318</u>                | <u>96,839,067</u>   | <u>741,251</u>         | 1%          |

\* Leased assets added in FY22 to reflect the implementation of GASB 87

See Independent Auditors' Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Long Term Liabilities**

At June 30, 2022, the College had total long-term liabilities of \$16 million compared to \$18.1 million at June 30, 2021. No additional debt was incurred during the 2022 fiscal year.

Due to the implementation of GASB 87 the College now recognizes long term lease liabilities.

**Table 5: Condensed Summary of Long-Term Liabilities**

|                              | Years Ended June 30, |                    | Increase           | %             |
|------------------------------|----------------------|--------------------|--------------------|---------------|
|                              | <u>2022</u>          | <u>2021</u>        | <u>(Decrease)</u>  | <u>Change</u> |
| <b>Long-Term Liabilities</b> |                      |                    |                    |               |
| Capital note obligations     | \$ 12,931,754        | \$ 13,340,671      | (408,917)          | (3)%          |
| Revenue bonds payable        | 3,395,000            | 4,450,000          | (1,055,000)        | (24)%         |
| Premium and discounts, net   | 914,425              | 989,561            | (75,136)           | (8)%          |
| Lease liabilities, net       | 415,604              | 96,723             | 318,881            | 330%          |
| Compensated absences         | <u>1,425,636</u>     | <u>1,361,915</u>   | <u>63,721</u>      | 5%            |
| Total long-term liabilities  | 19,082,419           | 20,238,870         | (1,156,451)        | (6)%          |
| Less current portion         | <u>(2,993,957)</u>   | <u>(2,078,019)</u> | <u>(915,938)</u>   | 44%           |
| Net long-term liabilities    | <u>\$ 16,088,462</u> | <u>18,160,851</u>  | <u>(2,072,389)</u> | (11)%         |

See Independent Auditors' Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Economic Outlook**

Management believes the College has a solid financial foundation by which to continue accomplishing its mission.

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

- State allocations to the College increased by 4.9% for fiscal year 2023. This funding included allocations for STEM programs leading to degrees on Oklahoma's Top 100 Critical Occupations.
- The current state budget outlook for fiscal year 2023 does not anticipate a budget shortfall and recent increases in state revenues appear to lessen the prospect of having a revenue failure during fiscal year 2023. We are confident in the current economic outlook for the state of Oklahoma as a result of a record-breaking high deposit into the State Rainy Day Fund in fiscal year 2022. Oklahoma continues to experience economic growth and the natural gas market is reflecting recovery. 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.
- In June 2022 SB1458 appropriated \$9.7 million of American Rescue Plan Act (ARPA) funds to Oklahoma City Community College to establish a grant program for the purpose of recruiting, educating, and stabilizing Oklahoma's health care workforce. The College is planning to expand its nursing program as soon as FY23.
- Information and Technology Services continue to use HEERF funding to increase their purchases of laptops, Virtual Private Networks and remote desktop connection licenses to support faculty teaching online classes and employees working hybrid schedules. Students continue to enroll in online classes versus in person classes at a rate of 70/30 percent. The upgrades continue to support IT infrastructure to continue optimal online performance.
- The decision to designate approximately \$4 million dollars in fiscal year 2023 of HEERF/ARPA funds, towards the payoff of student account balances from spring 2020 to spring 2022 will positively impact enrollment, accounts receivable and cash flow of the College.

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.

See Independent Auditors' Report.

See accompanying notes to financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Contacting the College's Financial Management**

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



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

**STATEMENT OF NET POSITION**

|  | <i>June 30, 2022</i>                         | <i>September 30, 2021</i>  |
|--|--|--|
|  | Oklahoma City<br>Community<br><u>College</u> | The Foundation<br>for<br>Oklahoma City<br><u>Community College</u> |
| <b>Assets and Deferred Outflows of Resources</b>       |  |  |
| Current assets:  |  |  |
| Cash and cash equivalents                              | \$ 45,632,928                                | 263,650  |
| Restricted cash and cash equivalents                   | 1,672,577                                    | -  |
| Student accounts receivable, net                       | 7,399,506                                    | -  |
| Other receivables                                      | 1,532,949                                    | -  |
| Short term portion of lease receivables                | 17,634                                       | -  |
| Interest receivable                                    | 9,474  | -  |
| Inventories  | 226,836                                      | -  |
| Total current assets                                   | <u>56,491,904</u>                            | <u>263,650</u>   |
| Noncurrent assets:                                     |  |  |
| Restricted cash and cash equivalents                   | 25,405,943                                   | -  |
| Investments  | 2,058,654                                    | 3,238,326  |
| Net OPEB asset—OTRS                                    | 810,837                                      | -  |
| Long term portion of lease receivables                 | 54,909                                       | -  |
| Capital assets, non-depreciable                        | 4,641,299                                    | -  |
| Capital assets, depreciable and amortizable, net       | 92,939,019                                   | -  |
| Total noncurrent assets                                | <u>125,910,661</u>                           | <u>3,238,326</u>   |
| Total assets   | <u>182,402,565</u>                           | <u>3,501,976</u>   |
| Deferred outflows of resources:                        |  |  |
| Deferred outflows related to pension                   | 11,065,822                                   | -  |
| Deferred outflows related to OPEB                      | 314,092                                      | -  |
| Deferred outflows related to capital lease obligations | 63,532                                       | -  |
| Total deferred outflows of resources                   | <u>11,443,446</u>                            | <u>-</u>   |

(Continued)

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

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

**STATEMENT OF NET POSITION, CONTINUED**

|   | <i>June 30, 2022</i>                         | <i>September 30, 2021</i>  |
|---|--|--|
|   | Oklahoma City<br>Community<br><u>College</u> | The Foundation<br>for<br>Oklahoma City<br><u>Community College</u> |
| <b>Liabilities, Deferred Inflows of Resources, and<br/>Net Position</b> |  |  |
| Current liabilities:  |  |  |
| Accounts payable  | 2,286,049                                    | -  |
| Accrued payroll   | 2,077,022                                    | -  |
| Other accrued liabilities   | 175,000                                      | -  |
| Unearned revenue  | 3,746,207                                    | -  |
| Other current liabilities   | 149,563                                      | -  |
| Current portion of long-term debt, net of premiums & discounts          | 2,293,617                                    | -  |
| Current portion of leased liabilities                                   | 113,475                                      | -  |
| Current portion of accrued compensated absences                         | 586,865                                      | -  |
| Total current liabilities   | <u>11,427,798</u>                            | <u>-</u>   |
| Noncurrent liabilities:   |  |  |
| Accrued compensated absences  | 838,771                                      | -  |
| Bonds payable, net of premium and discounts                             | 3,130,345                                    | -  |
| Lease obligations   | 302,129                                      | -  |
| Notes payable   | 11,817,217                                   | -  |
| Total OPEB liability  | 603,373                                      | -  |
| Net pension liability   | 32,522,914                                   | -  |
| Total noncurrent liabilities  | <u>49,214,749</u>                            | <u>-</u>   |
| Total liabilities   | <u>60,642,547</u>                            | <u>-</u>   |
| Deferred inflows of resources:  |  |  |
| Deferred inflows on capital bond restructure                            | 277,373                                      | -  |
| Deferred inflows related to pension                                     | 22,764,695                                   | -  |
| Deferred inflows related to OPEB  | 2,343,436                                    | -  |
| Deferred inflows on capital leases                                      | 72,413                                       | -  |
| Total deferred inflows of resources                                     | <u>25,457,917</u>                            | <u>-</u>   |
| Net position:   |  |  |
| Net investment in capital assets  | 81,432,899                                   | -  |
| Restricted for:   |  |  |
| Scholarships—nonexpendable  | 199,783                                      | 1,841,589  |
| Scholarships and other—expendable                                       | 236,939                                      | 1,160,509  |
| Capital projects  | 25,602,341                                   | -  |
| Debt service  | 2,347,163                                    | -  |
| OPEB  | 571,719                                      | -  |
| Unrestricted (deficit)  | <u>(2,645,297)</u>                           | <u>499,878</u>   |
| Total net position  | <u>\$ 107,745,547</u>                        | <u>3,501,976</u>   |

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

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

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

| <i>Years Ended</i>  | <i>June 30, 2022</i>                  | <i>September 30, 2021</i>                                   |
|---|---------------------------------------|---|
|   | Oklahoma City<br>Community<br>College | The Foundation<br>for<br>Oklahoma City<br>Community College |
| Operating revenues:   |                                       |   |
| Tuition and fees, net of scholarship allowances<br>of \$6,901,440 | \$ 26,099,953                         | -   |
| Federal and state grants and contracts                            | 3,669,531                             | -   |
| Sales and services of educational departments                     | 300,389                               | -   |
| Auxiliary enterprise charges:                                     |                                       |   |
| Food services   | 340,606                               | -   |
| Bookstore, net of scholarship allowances<br>of \$1,500,082        | 1,675,216                             | -   |
| All other auxiliary enterprises                                   | 799,527                               | -   |
| Other operating revenues  | 5,061,323                             | 288,346   |
| Total operating revenues  | 37,946,545                            | 288,346   |
| Operating expenses:   |                                       |   |
| Compensation and benefits   | 42,757,105                            | -   |
| Contractual services  | 9,850,254                             | -   |
| Supplies and materials  | 4,368,485                             | -   |
| Utilities   | 1,667,374                             | -   |
| Communications  | 177,869                               | -   |
| Other operating expenses  | 5,264,799                             | 685,377   |
| Scholarships and fellowships                                      | 21,685,572                            | 197,877   |
| Depreciation expense  | 6,387,755                             | -   |
| Total operating expenses  | 92,159,213                            | 883,254   |
| Operating (loss) income   | (54,212,668)                          | (594,908)   |

(Continued)

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

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

**STATEMENT OF REVENUES, EXPENSES, AND**

| <i>Years Ended</i>                                   | <i>June 30, 2022</i>                  | <i>September 30, 2021</i>                                   |
|--|---------------------------------------|---|
|  | Oklahoma City<br>Community<br>College | The Foundation<br>for<br>Oklahoma City<br>Community College |
| Non-operating revenues (expenses):                   |                                       |   |
| State appropriations                                 | 22,306,616                            | -   |
| On-behalf contributions for OTRS                     | 1,762,872                             | -   |
| Operational and incentive levy funds                 | 6,734,771                             | -   |
| Building levy funds                                  | 2,296,845                             | -   |
| Federal and state grants—non-operating               | 33,928,687                            | -   |
| Investment income                                    | 248,859                               | 471,519   |
| Interest expense                                     | (623,037)                             | -   |
| Total non-operating revenues                         | <u>66,655,613</u>                     | <u>471,519</u>  |
| Income before other revenues                         | <u>12,442,945</u>                     | <u>(123,389)</u>  |
| Other revenues:                                      |                                       |   |
| State appropriations restricted for capital purposes | 1,267,350                             | -   |
| OCIA on-behalf state appropriations                  | 354,482                               | -   |
| Capital gifts and donations                          | <u>6,000</u>                          | <u>169,727</u>  |
| Total other revenues                                 | <u>1,627,832</u>                      | <u>169,727</u>  |
| Changes in net position                              | 14,070,777                            | 46,338  |
| Net position, beginning of year                      | <u>93,674,770</u>                     | <u>3,455,638</u>  |
| Net position, end of year                            | <u>\$ 107,745,547</u>                 | <u>3,501,976</u>  |

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

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

**STATEMENT OF CASH FLOWS**

*Year Ended June 30, 2022*

|   | Oklahoma City<br>Community<br><u>College</u> |
|---|--|
| <b>Operating activities:</b>                              |  |
| Receipts for tuition and fees                             | \$ 22,716,495                                |
| Receipts for grants and contracts                         | 4,369,126                                    |
| Receipts for auxiliary enterprise charges                 | 2,851,801                                    |
| Receipts for educational activities                       | 407,013                                      |
| Payments to other operating receipts                      | (275,807)                                    |
| Payments to employees for compensation and benefits       | (46,574,294)                                 |
| Payments to other entities                                | (37,938)                                     |
| Payments for scholarships                                 | (21,685,572)                                 |
| Payments to suppliers                                     | <u>(15,896,756)</u>                          |
| Net cash used in operating activities                     | <u>(54,125,932)</u>                          |
| <b>Noncapital financing activities:</b>                   |  |
| State appropriations                                      | 22,306,616                                   |
| Ad valorem taxes received                                 | 6,721,109                                    |
| Non-operating grants                                      | <u>33,928,687</u>                            |
| Net cash provided by noncapital financing activities      | <u>62,956,412</u>                            |
| <b>Capital and related financing activities:</b>          |  |
| Purchases of capital assets                               | (7,652,734)                                  |
| Capital appropriations received                           | 1,267,350                                    |
| Capital gifts and donations received                      | 6,000  |
| Building levy funds received                              | 2,296,842                                    |
| Principal paid on capital debt and leases                 | (1,170,479)                                  |
| Interest paid on capital debt and leases                  | (786,642)                                    |
| Proceeds from sale of capital assets                      | <u>427,004</u>                               |
| Net cash used in capital and related financing activities | <u>(5,612,659)</u>                           |

(Continued)

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

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

**STATEMENT OF CASH FLOWS, CONTINUED**

*Year Ended June 30, 2022*

|   | Oklahoma City<br>Community<br>College |
|---|---------------------------------------|
| <b>Investing activities:</b>  |                                       |
| Proceeds from sales and maturities of investments                                     | 590,970                               |
| Interest received on investments  | 190,002                               |
| Net cash provided by investing activities   | <u>780,972</u>                        |
| <b>Increase in cash and cash equivalents</b>  | 3,998,793                             |
| Cash and cash equivalents, beginning of year  | 68,712,655                            |
| Cash and cash equivalents, end of year  | <u><u>\$ 72,711,448</u></u>           |
| <b>Reconciliation of operating loss to<br/>net cash used in operating activities:</b> |                                       |
| Operating loss  | \$ (54,303,039)                       |
| Adjustments to reconcile operating loss to<br>net cash used in operating activities:  |                                       |
| Depreciation expense  | 6,387,755                             |
| On-behalf contributions for OTRS  | 1,762,872                             |
| Net OPEB asset  | (748,081)                             |
| Total OPEB liability  | (4,936)                               |
| Net pension liability   | (27,592,894)                          |
| Deferred amounts related to pensions and OPEB   | 22,074,681                            |
| Changes in net assets and liabilities:  |                                       |
| Receivables, net  | (1,696,857)                           |
| Inventories   | 431,419                               |
| Accounts payable and accrued liabilities  | (264,194)                             |
| Unearned revenue  | (913,193)                             |
| Compensated absences and accrued payroll  | 778,473                               |
| Deposits held for others  | <u>(37,938)</u>                       |
| Net cash used in operating activities   | <u><u>\$ (54,125,932)</u></u>         |

(Continued)

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

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

**STATEMENT OF CASH FLOWS, CONTINUED**

*Year Ended June 30, 2022*

|   | Oklahoma City<br>Community<br><u>College</u> |
|---|--|
| <b>Noncash investing, noncapital financing, and capital and related financing activities:</b> |  |
| Principal and interest on capital debt paid by state on behalf of the College                 | \$ <u>354,482</u>                            |
| On-behalf payments for OTRS   | \$ <u>1,762,872</u>                          |
| <b>Reconciliation of cash and cash equivalents to the statement of net position:</b>          |  |
| Current cash and cash equivalents   | \$ 45,632,928                                |
| Current restricted cash and cash equivalents  | 1,672,577                                    |
| Noncurrent restricted cash and cash equivalents   | <u>25,405,943</u>                            |
| Total cash and cash equivalents   | \$ <u>72,711,448</u>                         |

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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1) NATURE OF OPERATIONS AND

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

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

**Reporting Entity**

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

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

**Discretely Presented Component Unit**

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

See Independent Auditors’ Report.



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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Basis of Accounting**

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

**Cash and Cash Equivalents**

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

**Deposits and Investments**

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

**Inventories**

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

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Student Accounts Receivable and Other Receivables**

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

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

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

**Restricted Cash and Cash Equivalents**

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

**Capital Assets**

Capital assets are stated at cost or fair value if acquired by gift, less accumulated depreciation. For equipment, the College's capitalization policy includes information technology items with a unit cost of \$500, 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. Routine repairs and maintenance are charged to operating expense in the year in which the expense occurs

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Unearned Revenues**

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**Compensated Absences**

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

**Noncurrent Liabilities**

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

**Leases**

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

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

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

**Income Taxes**

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

**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.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(1) NATURE OF OPERATIONS AND**  
**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, 2022, the College's deferred outflows were comprised of deferred charges of \$11 million related to pensions, \$63 thousand related to capital lease obligation, and \$314 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, 2022, the College's deferred inflows were comprised of deferred charges on OCIA (Oklahoma Capitol Improvement Authority) bond restructures of \$277 thousand, deferred charges of \$22.7 million related to pensions, \$2.3 million related to OPEB, and \$72 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.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**New Accounting Pronouncements**

*New Accounting Pronouncement Adopted*

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College adopted GASB 87 as of July 1, 2021. See footnote 5: lease receivables, (See note 7) capital assets – leased capital assets and footnote 8 long term liabilities, lease obligations.

*New Accounting Pronouncements Not Yet Adopted*

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

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(2) DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk—Deposits**

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

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

At June 30, 2022, the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Deposits with the State Treasurer | \$ 42,783,273        |
| U.S. financial institutions       | 28,934,943           |
| Petty cash and change funds       | <u>15,000</u>        |
|                                   | <u>\$ 71,733,216</u> |

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool, OK INVEST. OK INVEST pools the resources of all state funds and agencies and invests them in (a) U.S. Treasury securities which are explicitly backed by the full faith and credit of the U.S. government; (b) U.S. agency securities which carry an implicit guarantee of the full faith and credit of the U.S. government; (c) money market mutual funds which participate in investments, either directly or indirectly, in securities issued by the U.S. Treasury and/or agency and repurchase agreements relating to such securities; and (d) investments related to tri-party repurchase agreements which are collateralized at 102% and whereby the collateral is held by a third party in the name of the State Treasurer.

At June 30, 2022, the bank balance of the College's deposits with the State Treasurer and U.S. financial institutions was \$71,723,578. Of funds on deposit with the State Treasurer, amounts invested in OK INVEST totaled \$10,116,757.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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, 2022, the distribution of deposits in OK INVEST was as follows:

| <u>OK INVEST Portfolio</u>        | <u>Cost</u>          | <u>Market Value</u> |
|-----------------------------------|----------------------|---------------------|
| U.S. agency securities            | \$ 2,909,999         | 2,820,592           |
| Money market mutual fund          | 458,466              | 458,466             |
| Certificates of deposit           | 35,859               | 35,859              |
| Mortgage-backed agency securities | 2,678,809            | 2,484,608           |
| Municipal bonds                   | 8,478                | 8,471               |
| Foreign bonds                     | 35,455               | 35,128              |
| U.S. Treasury obligations         | <u>3,989,690</u>     | <u>3,903,123</u>    |
|                                   | <u>\$ 10,116,756</u> | <u>9,746,247</u>    |

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

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OKLAHOMA CITY COMMUNITY COLLEGE  
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

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(2) DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk—Deposits, Continued

Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk.

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

Investments

At June 30, 2022, the College had the following investments:

|   |                     |
|---|---------------------|
| U.S. Treasury money market mutual funds | \$ 1,783,402        |
| Oklahoma State Regents Endowment        | <u>275,252</u>      |
|   | <u>\$ 2,058,654</u> |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Investments, Continued**

Investment maturities were as follows at June 30, 2022:

| <u>Investment Type</u>                  | <u>Fair<br/>Value</u> | <u>Investment Maturities</u> |                               |
|---|-----------------------|------------------------------|-------------------------------|
|   |                       | <u>Not<br/>Applicable</u>    | <u>Less Than<br/>One Year</u> |
| U.S. Treasury money market mutual funds | \$ 1,783,402          | -                            | 1,783,402                     |
| Oklahoma State Regents Endowment        | <u>275,252</u>        | <u>275,252</u>               | <u>-</u>                      |
|   | <u>\$ 2,058,654</u>   | <u>275,252</u>               | <u>1,783,402</u>              |

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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

**Fair Value**

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

The College had the following recurring fair value measurements as of June 30, 2022:

- U.S. Treasury money market mutual funds of \$1,783,402 were valued using quoted market prices (Level 2 inputs).
- Investments held at the State Regents of Higher Education of \$275,252 (Level 3 inputs).

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(3) STUDENT ACCOUNTS RECEIVABLE**

Student accounts receivable consisted of the following at June 30, 2022:

|                                      |                     |
|--------------------------------------|---------------------|
| Student tuition and fees             | \$ 22,279,193       |
| Less allowance for doubtful accounts | <u>(14,879,687)</u> |
|                                      | <u>\$ 7,399,506</u> |

**(4) OTHER RECEIVABLES**

Other receivables consisted of the following at June 30, 2022:

|                   |                     |
|-------------------|---------------------|
| Due from grantors | \$ 1,481,441        |
| Taxes receivable  | <u>51,508</u>       |
|                   | <u>\$ 1,532,949</u> |

**(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 is as follows:

Lease of property: Rooftop property located at Capital Hill, Annual installments totaling, \$17,940 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 | \$ 17,634        |
| Long term lease receivable  | <u>54,909</u>    |
|                             | <u>\$ 72,543</u> |

**(6) UNEARNED REVENUE**

Unearned revenue consisted of the following at June 30, 2022:

|                          |                     |
|--------------------------|---------------------|
| Student tuition and fees | \$ 1,572,778        |
| Grants and contracts     | <u>2,173,429</u>    |
|                          | <u>\$ 3,746,207</u> |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(7) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Transfers</u>   | <u>Retirements</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|--------------------|--------------------|---------------------------|
| Capital assets not being depreciated:              |                              |                    |                    |                    |                           |
| Land   | \$ 2,937,133                 | -                  | -                  | -                  | 2,937,133                 |
| Artwork  | 12,200                       |                    |                    | -                  | 12,200                    |
| Construction in progress                           | <u>1,006,380</u>             | <u>3,967,518</u>   | <u>(3,281,932)</u> | -                  | <u>1,691,966</u>          |
| Total capital assets not<br>being depreciated      | <u>3,955,713</u>             | <u>3,967,518</u>   | <u>(3,281,932)</u> | -                  | <u>4,641,299</u>          |
| Other capital assets:                              |                              |                    |                    |                    |                           |
| Buildings and improvements                         | 137,020,960                  | 3,243,032          | -                  | (259,013)          | 140,004,979               |
| Infrastructure                                     | 11,905,575                   | -                  | -                  | -                  | 11,905,575                |
| Furniture and equipment                            | 29,639,310                   | 3,229,006          | -                  | (4,430,771)        | 28,437,545                |
| Library materials                                  | 8,811,937                    | -                  | -                  | -                  | 8,811,937                 |
| Leased Assets                                      | <u>96,723</u>                | <u>398,811</u>     | -                  | -                  | <u>495,534</u>            |
| Total other capital assets                         | <u>187,474,505</u>           | <u>6,870,849</u>   | -                  | <u>(4,689,784)</u> | <u>189,655,570</u>        |
| Less accumulated depreciation:                     |                              |                    |                    |                    |                           |
| Buildings and improvements                         | (57,811,892)                 | (3,730,316)        |                    | 57,624             | (61,484,584)              |
| Infrastructure                                     | (6,130,582)                  | (429,479)          |                    |                    | (6,560,061)               |
| Furniture and equipment                            | (23,101,348)                 | (1,864,470)        |                    | 4,205,156          | (20,760,662)              |
| Library materials                                  | (7,547,329)                  | (283,654)          |                    |                    | (7,830,983)               |
| Leased Assets                                      | <u>-</u>                     | <u>(80,261)</u>    | -                  | -                  | <u>(80,261)</u>           |
| Total accumulated depreciation<br>and amortization | <u>(94,591,151)</u>          | <u>(6,388,180)</u> | -                  | <u>4,262,780</u>   | <u>(96,716,551)</u>       |
| Other capital assets, net                          | <u>92,883,354</u>            | <u>482,669</u>     | -                  | <u>(427,004)</u>   | <u>92,939,019</u>         |
| Total capital assets, net                          | <u>\$ 96,839,067</u>         | <u>4,450,187</u>   | <u>(3,281,932)</u> | <u>(427,004)</u>   | <u>97,580,318</u>         |
| Capital asset summary:                             |                              |                    |                    |                    |                           |
| Capital assets not being depreciated               | 3,955,713                    | 3,967,518          | (3,281,932)        | -                  | 4,641,299                 |
| Other capital assets, at cost                      | <u>187,474,505</u>           | <u>6,870,849</u>   | -                  | <u>(4,689,784)</u> | <u>189,655,570</u>        |
| Total cost of capital assets                       | 191,430,218                  | 10,838,367         | (3,281,932)        | (4,689,784)        | 194,296,869               |
| Less: accumulated depreciation<br>and amortization | <u>(94,591,151)</u>          | <u>(6,388,180)</u> | -                  | <u>4,262,780</u>   | <u>(96,716,551)</u>       |
| Capital assets, net                                | <u>\$ 96,839,067</u>         | <u>4,450,187</u>   | <u>(3,281,932)</u> | <u>(427,004)</u>   | <u>97,580,318</u>         |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(7) CAPITAL ASSETS, CONTINUED**

At June 30, 2022, the cost and related accumulated depreciation of assets held under capital notes obligations were as follows:

|                           | <u>Asset Cost</u>    | <u>Accumulated<br/>Depreciation</u> | <u>Net Book Value</u> |
|---------------------------|----------------------|-------------------------------------|-----------------------|
| Arts Education Center     | \$ 9,748,824         | 3,188,678                           | 6,560,146             |
| Health Professions Center | 6,913,007            | 2,261,130                           | 4,651,877             |
| Performing Arts Center    | <u>4,075,000</u>     | <u>823,490</u>                      | <u>3,251,510</u>      |
|                           | <u>\$ 20,736,831</u> | <u>6,273,298</u>                    | <u>14,463,533</u>     |

**Leased Capital Assets**

The College as a lessee, has entered into lease agreements for printing equipment summarized below. Due to the adaptation of GASB 87, beginning capital assets have been restated to reflect leased capital assets in place as of 07/01/2022.

Leases of equipment: Annual installments totaling \$415,604 with interest rates ranging from .2% to 2.8%, and due dates ranging from 2022 to 2027.

415,273

|   |                 |
|---|-----------------|
| Leased capital equipment, beg of year *restated | 96,723          |
| Leased capital equipment additions:             | 398,811         |
| Leased capital equipment disposals              | -               |
| Less: Leased capital equipment amortization     | <u>(80,261)</u> |
| Leased Assets, Net                              | 415,273         |

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(7) CAPITAL ASSETS, CONTINUED**

**Leased Capital Assets, continued**

|                                   | Balance at<br>07/01/2021 | Additions  | Transfers,<br>Gifts, &<br>Adjustments | Retirements | Balance at<br>06/30/2022 |
|-----------------------------------|--------------------------|------------|---------------------------------------|-------------|--------------------------|
| Leased Assets                     |                          |            |                                       |             |                          |
| Non-major infrastructure networks | \$ -                     | \$ -       | \$ -                                  | \$ -        | \$ -                     |
| Non-structural improvements       | -                        | -          | -                                     | -           | -                        |
| Buildings & Improvements          | -                        | -          | -                                     | -           | -                        |
| Equipment                         | 96,723                   | 398,811    | -                                     | -           | 495,534                  |
| Library Materials                 | -                        | -          | -                                     | -           | -                        |
| Total leased assets               | 96,723                   | 398,811    | -                                     | -           | 495,534                  |
| Accumulated Amortization          |                          |            |                                       |             |                          |
| Non-major infrastructure networks | -                        | -          |                                       |             | -                        |
| Non-structural improvements       | -                        | -          |                                       |             | -                        |
| Buildings & Improvements          | -                        | -          | -                                     | -           | -                        |
| Equipment                         | -                        | 80,261     | -                                     | -           | 80,261                   |
| Library Materials                 | -                        | -          | -                                     | -           | -                        |
| Total amortization                | -                        | 80,261     | -                                     | -           | 80,261                   |
| Leased Assets, net                | \$ 96,723                | \$ 318,550 | \$ -                                  | \$ -        | \$ 415,273               |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(8) LONG-TERM LIABILITIES**

Long-term liabilities activity, exclusive of the net pension liability and total OPEB liability, for the year ended June 30, 2022, was as follows:

|   | <u>Maturity<br/>Through</u> | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u>  | <u>Ending<br/>Balance</u> | <u>Current<br/>Portion</u> |
|---|-----------------------------|------------------------------|------------------|--------------------|---------------------------|----------------------------|
| Revenue bonds payable and<br>capital note obligations:      |                             |                              |                  |                    |                           |                            |
| Revenue bonds payable:                                      |                             |                              |                  |                    |                           |                            |
| Student Facility, Series 2006                               | 7/1/2022                    | \$ 1,080,000                 | -                | (530,000)          | 550,000                   | 550,000                    |
| Student Facility, Series 2015                               | 7/1/2026                    | 3,370,000                    | -                | (525,000)          | 2,845,000                 | 535,000                    |
| Total revenue bonds payable                                 |                             | <u>4,450,000</u>             | <u>-</u>         | <u>(1,055,000)</u> | <u>3,395,000</u>          | <u>1,085,000</u>           |
| Capital note obligations:                                   |                             |                              |                  |                    |                           |                            |
| OCIA Series 2014A (Refunding)                               | 7/1/2031                    | 7,442,671                    | -                | -                  | 7,442,671                 | 693,787                    |
| ODFA MRP Lease 2020   | 6/1/2030                    | 3,231,333                    | -                | (309,000)          | 2,922,333                 | 321,083                    |
| ODFA MRP Lease 2020A  | 6/1/2040                    | 2,666,667                    | -                | (99,917)           | 2,566,750                 | 99,667                     |
| Total capital note obligations                              |                             | <u>13,340,671</u>            | <u>-</u>         | <u>(408,917)</u>   | <u>12,931,754</u>         | <u>1,114,537</u>           |
| Total revenue bonds payable and<br>capital note obligations |                             | <u>17,790,671</u>            | <u>-</u>         | <u>(1,463,917)</u> | <u>16,326,754</u>         | <u>2,199,537</u>           |
| Other liabilities:  |                             |                              |                  |                    |                           |                            |
| Premiums and discounts, net                                 |                             | 989,561                      | -                | (75,136)           | 914,425                   | 94,080                     |
| Lease liabilities, net                                      |                             | 96,723                       | 318,550          | -                  | 415,604                   | 113,475                    |
| Accrued compensated absences                                |                             | 1,361,915                    | 63,721           | -                  | 1,425,636                 | 586,865                    |
| Total other liabilities                                     |                             | <u>2,448,199</u>             | <u>382,271</u>   | <u>(75,136)</u>    | <u>2,755,665</u>          | <u>794,420</u>             |
| Total long-term liabilities                                 |                             | <u>\$ 20,238,870</u>         | <u>382,271</u>   | <u>(1,539,053)</u> | <u>19,082,419</u>         | <u>2,993,957</u>           |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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 2022. The proceeds received from the 2006 Bonds were used to refund the 1993 Bonds in the amount of \$2,055,000, advance refund a portion of the 2000 Bonds in the amount of \$5,165,000, establish a Bond Fund Reserve, and pay costs of issuance of the Bonds. Principal and interest payments are secured by a lien and a pledge on the net revenue of the auxiliary facilities, unencumbered monies in the funds and accounts established by the bond resolution, student service facility fees, and student activity fees. The 2006 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes.

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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, 2022, 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.

At June 30, 2022, future aggregate maturities of principal and interest requirements on the College's various revenue bonds payable are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Total Revenue Bonds</b> |                 |                  |
|---------------------------------|----------------------------|-----------------|------------------|
|                                 | <b>Principal</b>           | <b>Interest</b> | <b>Total</b>     |
| 2023                            | 1,085,000                  | 88,325          | 1,173,325        |
| 2024                            | 555,000                    | 60,975          | 615,975          |
| 2025                            | 570,000                    | 44,100          | 614,100          |
| 2026                            | 585,000                    | 26,775          | 611,775          |
| 2027                            | 600,000                    | 9,000           | 609,000          |
|                                 | <u>3,395,000</u>           | <u>229,175</u>  | <u>3,624,175</u> |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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 will be amortized by the College as interest expense through fiscal year 2016 at the rate of \$240,675 per year. At June 30, 2016, the entire amount had been amortized.

On April 9, 2014, the College's remaining 2005F 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, 2022, 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 2022, 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.

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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.

Future minimum note payments under all capital notes obligations at June 30, 2022, are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Total Capital Notes</b> |                 |               |
|---------------------------------|----------------------------|-----------------|---------------|
|                                 | <b>Principal</b>           | <b>Interest</b> | <b>Total</b>  |
| 2023                            | 1,114,537                  | 574,045         | 1,688,582     |
| 2024                            | 1,170,220                  | 523,787         | 1,694,007     |
| 2025                            | 1,203,316                  | 470,610         | 1,673,926     |
| 2026                            | 1,253,215                  | 420,805         | 1,674,020     |
| 2027                            | 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       |
|                                 | 12,931,754                 | 3,514,182       | \$ 16,445,936 |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(8) LONG-TERM LIABILITIES, CONTINUED**

**Lease Obligations**

The College as a lessee, has entered into lease agreements for printing equipment summarized below.

| <b>Year Ending<br/>June 30,</b> | <b>Total Lease Payables</b> |                 |              |
|---------------------------------|-----------------------------|-----------------|--------------|
|                                 | <b>Principal</b>            | <b>Interest</b> | <b>Total</b> |
| 2023                            | 113,475                     | 6,225           | 119,700      |
| 2024                            | 93,888                      | 4,712           | 98,600       |
| 2025                            | 84,414                      | 3,319           | 87,733       |
| 2026                            | 81,398                      | 1,892           | 83,290       |
| 2027                            | 42,429                      | 503             | 42,932       |
|                                 | 415,604                     | 16,651          | \$ 432,255   |

Leases of equipment with installments totaling \$432,255, with principal payments of \$415,604 and interest of \$16,651 based on imputed interest rates ranging from 0.2% to 2.8% and due dates ranging from 2023 to 2027.

**(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 (OTRS or the "System"). Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at [www.ok.gov/TRS](http://www.ok.gov/TRS).

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**EMPLOYEE RETIREMENT PLANS, CONTINUED**

**Oklahoma Teachers' Retirement System, continued**

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after 5 years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the 3 highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest 5 consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement 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.
- 2% of final average compensation for the applicable years of credited service.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(9) EMPLOYEE RETIREMENT PLANS, CONTINUED**

**Oklahoma Teachers Retirement System, Continued**

*Benefits Provided, Continued—*

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan or by the Internal Revenue Code (IRC).
- Members may elect to make additional contributions to a tax-sheltered annuity program, up to the exclusion allowance provided under the IRC under Code Section 403(b).

*Contributions—*The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7.0% of their annual compensation, which is paid on their behalf by the College. Participating employers are required to contribute 9.5% of the employees' annual compensation and an additional 7.9% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance Plan (see Note 10). Contributions to the pension plan from the College for the year ended June 30, 2022, were \$3,475,110. The State also made on-behalf contributions to OTRS, of which \$1,762,872 was recognized by the College for the year ended June 30, 2022; these on-behalf payments did not meet the criteria of a special funding situation.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—*At June 30, 2022, the College reported a liability of \$32,522,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The 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, 2021. Based upon this information, the College's proportion was 0.6366%.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(9) EMPLOYEE RETIREMENT PLANS, CONTINUED**

**Oklahoma Teachers' Retirement System, Continued**

For the year ended June 30, 2022, the College recognized pension benefit of \$590,688. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                 | \$ 2,144,468                      | 1,209,416                        |
| Changes of assumptions   | 5,059,252                         | 323,888                          |
| Net difference between projected and actual earnings on pension plan investments   | -                                 | 16,892,008                       |
| Changes in College's proportionate share of contributions                          | 320,384                           | 4,304,677                        |
| Differences between College contributions and proportionate share of contributions | 66,608                            | 34,706                           |
| College contributions subsequent to the measurement date                           | 3,475,110                         | -                                |
|  | <u>\$ 11,065,822</u>              | <u>22,764,695</u>                |

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued*—The \$3,475,110 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |                        |
|---------------------|------------------------|
| Year ended June 30: |                        |
| 2022                | \$ (4,770,613)         |
| 2023                | (2,868,220)            |
| 2024                | (2,472,018)            |
| 2025                | (5,026,734)            |
| 2026                | (36,398)               |
|                     | <u>\$ (15,173,983)</u> |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(9) EMPLOYEE RETIREMENT PLANS, CONTINUED**

**Oklahoma Teachers' Retirement System, Continued**

*Actuarial Assumptions*—The net pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021, 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.

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OKLAHOMA CITY COMMUNITY COLLEGE  
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

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(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, 2022, are summarized in the following table:

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

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

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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<br>(6.0%) | Current<br>Discount<br>Rate (7.0%) | 1% Increase<br>(8.0%) |
|-------------------------------------|-----------------------|------------------------------------|-----------------------|
| Employers' net<br>pension liability | \$ 53,159,237         | \$ 32,522,914                      | \$ 15,438,842         |

*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](http://www.ok.gov/TRS).

**Defined Contribution Plan**

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

*Funding Policy*—The College contributed approximately \$759,336 for the year ended June 30, 2022. Prior to January 1, 2009, plan participants were responsible for selecting a qualified program for their defined contribution plan contributions. However, due to a change in IRS regulations, the College made a decision to choose a single provider for contributions and VOYA was selected as the sole provider effective January 1, 2009. Effective July 1, 2019, the College changed vendors to VALIC Retirement Services Company (AIG). All contributions are now transmitted to AIG on a biweekly basis. Participants continue to be responsible, however, for monitoring the performance of their individual accounts.

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS**

The College participates in two employee OPEB plans as follows:

| <u>Name of Plan/System</u>                | <u>Type of Plan</u>                                     |
|---|---|
| Supplemental Health Insurance Plan (OTRS) | Cost Sharing Multiple Employer—<br>Defined Benefit Plan |
| OCCC Retiree Benefits Plan                | Single Employer—<br>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](http://www.ok.gov/TRS).

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

*Contributions*—Employer and employee contributions are made based upon the OTRS plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.12% of normal cost, as determined by an actuarial valuation for 2022. Contributions allocated to the OPEB plan from the College were \$42,956.

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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, 2022, the College reported an asset of \$810,837 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The 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, 2021. Based upon this information, the College's proportion was 0.6366%.

For the year ended June 30, 2022, the College recognized OPEB benefit of \$28,149. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                            | \$ -                              | 126,942                          |
| Change in assumptions   | 110,211                           |                                  |
| Net difference between projected and actual earnings on OPEB plan investments | -                                 | 434,876                          |
| Changes in College's proportionate share of contributions                     | 11,381                            | 1,131                            |
| College contributions during measurement date                                 | 17,811                            | 28,401                           |
| College contributions subsequent to the measurement date                      | 42,956                            | -                                |
|   | <u>\$ 182,359</u>                 | <u>591,350</u>                   |

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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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 \$42,956 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, 2023. 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: |                     |
|---------------------|---------------------|
| 2023                | \$ (114,978)        |
| 2024                | (93,776)            |
| 2025                | (100,084)           |
| 2026                | (134,245)           |
| 2027                | (6,694)             |
| Thereafter          | <u>(2,170)</u>      |
|                     | <u>\$ (451,947)</u> |

See Independent Auditors' Report.

**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**

**Supplemental Health Insurance Plan (OTRS), Continued**

*Actuarial Assumptions*—The net OPEB asset as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021, 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
- Mortality Rates for Active Members— Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**

**Supplemental Health Insurance Plan (OTRS), Continued**

*Actuarial Assumptions, Continued—*

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

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

*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:

|                          | <u>1% Decrease<br/>(6.0%)</u> | <u>Current Discount<br/>Rate (7.0%)</u> | <u>1% Increase<br/>(8.0%)</u> |
|--------------------------|-------------------------------|---|-------------------------------|
| College's net OPEB asset | <u>\$ 520,921</u>             | <u>810,837</u>                          | <u>1,056,494</u>              |

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OKLAHOMA CITY COMMUNITY COLLEGE  
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

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(10) **OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**

**Supplemental Health Insurance Plan (OTRS), Continued**

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

*Employees Covered by Benefit Terms*—At June 30, 2022, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Active employees   | 404        |
| Inactives or beneficiaries currently<br>receiving benefit payments | <u>18</u>  |
|  | <u>422</u> |

*Total OPEB Liability*—The College’s total OPEB liability of \$603,373 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**

**OCCC Retiree Benefits Plan, Continued**

*Actuarial Assumption*—The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022, 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%  |

- 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%        |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**  
**OCCC Retiree Benefits Plan, Continued**

**Changes in Total OPEB Liability** –The following table reports the components of changes in total OPEB liability:

|   | Total OPEB<br>Liability<br>(a) |
|---|--------------------------------|
| <b>Balances Beginning of Year</b>                     | <u>\$ 608,309</u>              |
| <b>Changes for the Year:</b>                          |                                |
| Service cost  | 27,274                         |
| Interest expense                                      | 12,806                         |
| Changes of assumptions                                | (69,254)                       |
| differences between actual and<br>expected experience | 109,677                        |
| Benefits paid   | <u>(85,439)</u>                |
| <b>Net Changes</b>                                    | <u>(4,936)</u>                 |
| <b>Balances End of Year</b>                           | <u>\$ 603,373</u>              |

**Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate**–The following presents the total OPEB liability (asset) of the employer calculated using the discount rate of 3.54%, as well as what the Plan's total OPEB liability (asset) 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<br>(2.54%) | Current Discount<br>Rate (3.54%) | 1% Increase<br>(4.54%) |
|---------------------------------------|------------------------|----------------------------------|------------------------|
| Employers' net opeb liability (asset) | \$ 652,839             | \$ 603,373                       | \$ 557,975             |

**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<br>(3.50%) | Healthcare Cost<br>Trend Rates<br>(4.50%) | 1% Increase<br>(5.50%) |
|---------------------------------------|------------------------|---|------------------------|
| Employers' net opeb liability (asset) | \$ 541,269             | \$ 603,373                                | \$ 679,763             |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(10) OTHER POSTEMPLOYMENT BENEFIT PLANS, CONTINUED**

**OCCC Retiree Benefits Plan, Continued**

**OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2022, the College recognized OPEB expense of (\$326,578). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 96,086                         | \$ 45,739                        |
| Changes in assumptions                             | 35,647                            | 1,706,347                        |
| Total  | <u>\$ 131,733</u>                 | <u>\$ 1,752,086</u>              |

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

Year ended June 30:

|            |                       |
|------------|-----------------------|
| 2023       | \$ (366,660)          |
| 2024       | (366,660)             |
| 2025       | (366,660)             |
| 2026       | (366,660)             |
| 2027       | (167,410)             |
| Thereafter | 13,697                |
| Total      | <u>\$ (1,620,353)</u> |

**(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.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(11) RELATED-PARTY TRANSACTIONS, CONTINUED**

The operation levy was 5.08 mills for the fiscal year ended June 30, 2022, 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, 2022, 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 \$1,750,000 in 2022 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, 2022, totaled approximately \$9,031,600, including the building levy of approximately \$2,296,850. The building levy is restricted for capital projects.

**Oklahoma City Community College Foundation**

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

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

The Foundation awarded scholarships totaling approximately \$197,800 for the year ended September 30, 2021, to students and faculty members of the College. The Foundation also paid approximately \$653,700 for supporting the College's operations for the year ended September 30, 2021.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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, 2022, approximately \$7,397,000 of program loans were provided to students.

**Risk Management**

During the course of ordinary business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2022, that management believes would result in a material loss to the College in the event of an adverse outcome.

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

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(12) COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT, CONTINUED**

**Risk Management, Continued**

The College maintains a self-insured medical plan. As of June 30, 2022, the College had a cash balance of \$587,713 and accrued \$175,000 for unpaid claims for the self-insured medical plan. A third party receives, processes, and pays claims in accordance with the provisions of the plan. The College purchases insurance for claims which exceed a certain threshold.

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

**COVID-19**

The novel coronavirus ("COVID-19"), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities, including the City of Oklahoma City, Oklahoma, have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The pandemic continued to impact the operations of the College and the Foundation during the year ended June 30, 2022. This is primarily due to continuing remote and hybrid work requirements for some employees and remote classroom learning for the College's students. As of June 30<sup>th</sup> 2022, the College was awarded approximately \$41.5 million cumulative of federal funding as part of the CARES Act/HEERF/American Rescue Plan, which was available to help offset the impact that COVID-19 had on the College's operations. The College's and the Foundation's management have considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2022, financial statements.

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

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(13) SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 13, 2022, 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.

**(14) OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION**

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

The financial statements of the Foundation included in this report are prepared on a cash basis for the year ended September 30, 2021. 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 \$263,650, and investments of \$3,238,326. The cash and cash equivalent balances are generally in the form of checking accounts and money market accounts and at September 30, 2021, 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 \$1,841,589 of the net position of the Foundation is permanently restricted. Earnings on the permanently restricted net position are generally restricted for use in various scholarship and leadership programs.

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.

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(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, 2022.

|  | Oklahoma City<br>Community<br>College | South Oklahoma<br>City Area<br>School District | Total              |
|--|---------------------------------------|--|--------------------|
| <b>Assets</b>                                      |                                       |  |                    |
| Current assets:                                    |                                       |  |                    |
| Cash and cash equivalents                          | \$ 32,555,296                         | 13,077,632                                     | 45,632,928         |
| Restricted cash and cash equivalents               | 1,672,577                             | -  | 1,672,577          |
| Student accounts receivable, net                   | 7,399,506                             | -  | 7,399,506          |
| Other receivables                                  | 1,481,440                             | 51,509   | 1,532,949          |
| Short term portion of lease receivables            | 17,634                                | -  | 17,634             |
| Interest receivable                                | 9,474                                 | -  | 9,474              |
| Inventories  | 226,836                               | -  | 226,836            |
| Total current assets                               | <u>43,362,763</u>                     | <u>13,129,141</u>                              | <u>56,491,904</u>  |
| Noncurrent assets:                                 |                                       |  |                    |
| Restricted cash and cash equivalents               | 9,548,633                             | 15,857,310                                     | 25,405,943         |
| Investments  | 2,058,654                             | -  | 2,058,654          |
| Net OPEB asset                                     | 810,837                               | -  | 810,837            |
| Lease receivables                                  | 54,909                                | -  | 54,909             |
| Capital assets, net                                | 92,786,425                            | 4,793,893                                      | 97,580,318         |
| Total noncurrent assets                            | <u>105,259,458</u>                    | <u>20,651,203</u>                              | <u>125,910,661</u> |
| Total assets                                       | <u>148,622,221</u>                    | <u>33,780,344</u>                              | <u>182,402,565</u> |
| <b>Deferred Outflows of Resources</b>              |                                       |  |                    |
| Deferred outflows of resources                     | <u>11,443,446</u>                     | <u>-</u>                                       | <u>11,443,446</u>  |
| Total deferred outflows<br>of resources            | <u>11,443,446</u>                     | <u>-</u>                                       | <u>11,443,446</u>  |
| Total assets and<br>deferred outflows of resources | <u>\$ 160,065,667</u>                 | <u>33,780,344</u>                              | <u>193,846,011</u> |

(Continued)

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(15) COMBINING INFORMATION, CONTINUED**

|  | Oklahoma City<br>Community<br><u>College</u> | South Oklahoma<br>City Area<br><u>School District</u> | <u>Total</u>      |
|--|--|---|-------------------|
| <b>Current Liabilities</b>                         |  |   |                   |
| Accounts payable                                   | \$ 2,286,049                                 | -   | 2,286,049         |
| Accrued payroll                                    | 2,077,022                                    | -   | 2,077,022         |
| Other accrued liabilities                          | 175,000                                      | -   | 175,000           |
| Unearned revenue                                   | 3,746,207                                    | -   | 3,746,207         |
| Other current liabilities                          | 149,563                                      | -   | 149,563           |
| Current portion of accrued<br>compensated absences | 586,865                                      | -   | 586,865           |
| Current portion of leased liabilities              | 113,475                                      | -   | 113,475           |
| Current portion of long-term debt                  | 2,293,617                                    | -   | 2,293,617         |
| Total current liabilities                          | <u>11,427,798</u>                            | <u>-</u>  | <u>11,427,798</u> |
| <b>Noncurrent Liabilities</b>                      |  |   |                   |
| Accrued compensated absences                       | 838,770                                      | -   | 838,770           |
| Bonds payable,<br>net of premium and discounts     | 3,130,346                                    | -   | 3,130,346         |
| Lease obligations                                  | 302,129                                      | -   | 302,129           |
| Notes payable                                      | 11,817,217                                   | -   | 11,817,217        |
| Total OPEB liability                               | 603,373                                      | -   | 603,373           |
| Net pension liability                              | 32,522,914                                   | -   | 32,522,914        |
| Total noncurrent liabilities                       | <u>49,214,749</u>                            | <u>-</u>  | <u>49,214,749</u> |
| Total liabilities                                  | <u>60,642,547</u>                            | <u>-</u>  | <u>60,642,547</u> |
| <b>Deferred Inflows of Resources</b>               |  |   |                   |
| Deferred inflows of resources                      | <u>25,457,917</u>                            | <u>-</u>  | <u>25,457,917</u> |
| Total deferred inflows of resources                | <u>25,457,917</u>                            | <u>-</u>  | <u>25,457,917</u> |

(Continued)

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(15) COMBINING INFORMATION, CONTINUED**

|   | Oklahoma City<br>Community<br><u>College</u> | South Oklahoma<br>City Area<br><u>School District</u> | <u>Total</u>           |
|---|--|---|------------------------|
| <b>Net Position</b>   |  |   |                        |
| Net investment in capital assets  | 76,639,006                                   | 4,793,893   | 81,432,899             |
| Restricted for:   |  |   |                        |
| Scholarships—nonexpendable  | 199,783                                      | -   | 199,783                |
| Scholarships and other—expendable   | 236,939                                      | -   | 236,939                |
| Capital projects  | 9,745,031                                    | 15,857,310  | 25,602,341             |
| Debt service  | 2,347,163                                    | -   | 2,347,163              |
| OPEB  | 571,719                                      | -   | 571,719                |
| Unrestricted (deficit)  | <u>(15,774,438)</u>                          | <u>13,129,141</u>                                     | <u>(2,645,297)</u>     |
| Total net position  | <u>73,965,203</u>                            | <u>33,780,344</u>                                     | <u>107,745,547</u>     |
| <br>Total liabilities, deferred inflows of<br>resources, and net position | <br><u>\$ 160,065,667</u>                    | <br><u>33,780,344</u>                                 | <br><u>193,846,011</u> |

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**OKLAHOMA CITY COMMUNITY COLLEGE**  
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**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(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, 2022.

|  | Oklahoma City<br>Community<br><u>College</u> | South Oklahoma<br>City Area<br><u>School District</u> | <u>Total</u>        |
|--|--|---|---------------------|
| Operating revenues:  |  |   |                     |
| Tuition and fees, net of scholarship<br>allowances of \$11,280,589 | \$ 26,099,953                                | -   | 26,099,953          |
| Federal and state grants and contracts                             | 3,669,531                                    | -   | 3,669,531           |
| Sales and services of<br>educational department                    | 300,389                                      | -   | 300,389             |
| Auxiliary enterprise charges:                                      |  | -   |                     |
| Food services  | 340,606                                      | -   | 340,606             |
| Bookstore, net of scholarship<br>allowances of \$2,451,924         | 1,675,216                                    | -   | 1,675,216           |
| All other auxiliary enterprises                                    | 799,527                                      | -   | 799,527             |
| Other operating revenues   | 5,061,323                                    | -   | 5,061,323           |
| Total operating revenues   | <u>37,946,545</u>                            | <u>-</u>  | <u>37,946,545</u>   |
| Operating expenses:  |  |   |                     |
| Compensation   | 42,757,105                                   | -   | 42,757,105          |
| Contractual services   | 9,692,471                                    | 157,783   | 9,850,254           |
| Supplies and materials   | 4,368,485                                    | -   | 4,368,485           |
| Utilities  | 1,667,374                                    | -   | 1,667,374           |
| Communications   | 177,869                                      | -   | 177,869             |
| Other operating expenses   | 5,264,799                                    | -   | 5,264,799           |
| Scholarships and fellowships                                       | 21,685,572                                   | -   | 21,685,572          |
| Depreciation expense   | 6,054,022                                    | 333,733   | 6,387,755           |
| Total operating expenses   | <u>91,667,697</u>                            | <u>491,516</u>  | <u>92,159,213</u>   |
| Operating loss   | <u>(53,721,152)</u>                          | <u>(491,516)</u>                                      | <u>(54,212,668)</u> |

(Continued)

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(15) COMBINING INFORMATION, CONTINUED**

|  | Oklahoma City<br>Community<br><u>College</u> | South Oklahoma<br>City Area<br><u>School District</u> | <u>Total</u>       |
|--|--|---|--------------------|
| Non-operating revenues (expenses):                   |  |   |                    |
| State appropriations                                 | 22,306,616                                   | -   | 22,306,616         |
| On-behalf contributions for OTRS                     | 1,762,872                                    | -   | 1,762,872          |
| Operational and incentive levy funds                 | -  | 6,734,771   | 6,734,771          |
| Building levy funds                                  | -  | 2,296,845   | 2,296,845          |
| Federal grants—non-operating                         | 33,928,687                                   | -   | 33,928,687         |
| Investment income                                    | (128,443)                                    | 377,302   | 248,859            |
| Interest expense                                     | (623,037)                                    | -   | (623,037)          |
| Net non-operating revenues                           | <u>57,246,695</u>                            | <u>9,408,918</u>                                      | <u>66,655,613</u>  |
| Income before other revenues                         | <u>3,525,543</u>                             | <u>8,917,402</u>                                      | <u>12,442,945</u>  |
| Other revenues:                                      |  |   |                    |
| Technical education transfers                        | 1,750,000                                    | (1,750,000)   | -                  |
| State appropriations restricted for capital purposes | 1,267,350                                    | -   | 1,267,350          |
| OCIA on-behalf state appropriations                  | 354,482                                      | -   | 354,482            |
| Capital gifts and donations                          | 6,000  | -   | 6,000              |
| Total other revenues                                 | <u>3,377,832</u>                             | <u>(1,750,000)</u>                                    | <u>1,627,832</u>   |
| Changes in net position                              | <u>6,903,375</u>                             | <u>7,167,402</u>                                      | <u>14,070,777</u>  |
| Net position, beginning of year                      | <u>67,061,828</u>                            | <u>26,612,942</u>                                     | <u>93,674,770</u>  |
| Net position, end of year                            | <u>\$ 73,965,203</u>                         | <u>33,780,344</u>                                     | <u>107,745,547</u> |

See Independent Auditors' Report.

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

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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, 2022.

|  | Oklahoma City<br>Community<br><u>College</u> | South Oklahoma<br>City Area<br><u>School District</u> | <u>Total</u>      |
|--|--|---|-------------------|
| Net cash used in operating activities                                      | \$ (52,516,335)                              | (1,609,597)   | (54,125,932)      |
| Net cash provided by<br>noncapital financing activities                    | 56,235,302                                   | 6,721,110   | 62,956,412        |
| Net cash (used in) provided by capital<br>and related financing activities | (8,094,697)                                  | 2,482,038   | (5,612,659)       |
| Net cash provided by investing activities                                  | <u>701,856</u>                               | <u>79,116</u>   | <u>780,972</u>    |
| Increase in cash and cash equivalents                                      | (3,673,874)                                  | 7,672,667   | 3,998,793         |
| Cash and cash equivalents,<br>beginning of year                            | <u>47,450,379</u>                            | <u>21,262,276</u>                                     | <u>68,712,655</u> |
| Cash and cash equivalents,<br>end of year                                  | <u>\$ 43,776,505</u>                         | <u>28,934,943</u>                                     | <u>72,711,448</u> |

See Independent Auditors' Report.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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

**THE NET PENSION LIABILITY**

*Last 8 Fiscal Years\**

|  | <u>2022</u>   | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| College's proportion of<br>the net pension liability   | 0.6366%       | 0.6334%     | 0.6319%     | 0.7186%     | 0.8318%     | 0.8213%     | 0.8504%     | 0.8349%     |
| College's proportionate share of<br>the net pension liability  | \$ 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   | \$ 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<br>the net pension liability as a percentage<br>of its covered-employee payroll | 101.50%       | 190.18%     | 141.68%     | 139.12%     | 166.46%     | 206.27%     | 149.74%     | 132.20%     |
| Plan fiduciary net position as a percentage<br>of the total pension liability                                    | 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 8 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

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

**Oklahoma Teachers' Retirement System**

*Last 8 Fiscal Years*

|   | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                     | \$ 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<br>contractually required contribution | <u>3,475,110</u> | <u>3,174,172</u> | <u>3,123,436</u> | <u>2,961,896</u> | <u>3,076,126</u> | <u>3,200,432</u> | <u>3,341,557</u> | <u>3,423,665</u> |
| Contribution deficiency (excess)  | \$ <u>-</u>      | \$ <u>-</u>      | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| 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       |
| Contributions as a percentage of<br>covered-employee payroll            | 9.76%            | 9.90%            | 9.88%            | 10.03%           | 9.85%            | 10% *            | 10%              | 10%              |

\*The fund implemented GASB 75 for OPEB effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68

Only the last 8 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

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

**THE NET OPEB ASSET**

*Last 5 Fiscal Years\**

|   | <u>2022</u>  | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------|-------------|-------------|-------------|-------------|
| The College's proportion of the net OPEB asset  | 0.6366%      | 0.6335%     | 0.6319%     | 0.7186%     | 0.8318%     |
| The College's proportionate share of the net OPEB liability (asset)                                     | \$ (810,837) | \$ 62,756   | 390,750     | 464,428     | 370,952     |
| The College's covered-employee payroll  | 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 | (2.53)%      | 0.20%       | 1.32%       | 1.49%       | 1.12%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                                 | 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 5 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

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

**Supplemental Health Insurance Plan—OTRS**

*Last 5 Fiscal Years*

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

Only the last 5 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

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

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

*Last 5 Fiscal Years*

|  | <u>2022</u>       | <u>2021</u>       | <u>2020</u>      | <u>2019</u>      | <u>2018</u>        |
|--|-------------------|-------------------|------------------|------------------|--------------------|
| Total OPEB liability   |                   |                   |                  |                  |                    |
| Service cost   | \$ 27,274         | \$ 27,274         | 225,418          | 225,418          | 225,418            |
| Interest   | 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          | <u>(85,439)</u>   | <u>(91,975)</u>   | <u>(108,229)</u> | <u>(52,711)</u>  | <u>(49,448)</u>    |
| Net change in total OPEB liability                                   | (4,936)           | (77,308)          | (2,517,342)      | 334,284          | 232,343            |
| <br>Total OPEB—beginning   | <u>608,309</u>    | <u>685,617</u>    | <u>3,202,959</u> | <u>2,868,675</u> | <u>2,636,332</u> * |
| Total OPEB liability—ending  | <u>\$ 603,373</u> | <u>\$ 608,309</u> | <u>685,617</u>   | <u>3,202,959</u> | <u>2,868,675</u>   |
| <br>Covered-employee payroll   | \$ 22,335,915     | \$ 19,733,677     | 19,733,677       | 29,518,515       | 31,221,710         |
| <br>Total OPEB liability as a percentage of covered-employee payroll | 2.70%             | 3.08%             | 3.47%            | 10.85%           | 9.19%              |

\*Restated

Only the last 5 fiscal years are presented because 10-year data is not yet available.

The discount rate used for 2018 is 3.88%.

The discount rate used for 2019 is 3.50%.

The discount rate used for 2020 is 2.21%.

The discount rate used for 2021 is 2.16%.

The discount rate used for 2022 is 3.54%.

See Independent Auditors' Report.

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Year Ended June 30, 2022*

| <b>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</b>          | <b>Assistance<br/>Listing<br/>Number</b> | <b>Grant or<br/>Pass-Through Entity<br/>Identifying Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|--|--|--|--|---|
| <b>U.S. Department of Education:</b>   |  |  |  |   |
| <i>Pass-through Oklahoma Department of Career &amp; Technology Education:</i>      |  |  |  |   |
| Adult Education—Basic Grants to States   |  |  |  |   |
| Adult Education & Literacy   | 84.002                                   | V002A200037  | N/A  | \$ 1,709,154                              |
| WIOA Adult Education Service to Corrections & Institutionalized Individuals        | 84.002                                   | V002A200037  | N/A  | 40,249                                    |
| WIOA Integrated English Literary and Civics Education                              | 84.002                                   | V002A200037  | N/A  | 231,718                                   |
| <i>Total Pass-Through Oklahoma Department of Career &amp; Technology Education</i> |  |  |  | <u>1,981,121</u>                          |
| <i>Student Financial Assistance Cluster:</i>                                       |  |  |  |   |
| Federal Supplemental Educational Opportunities Grants                              | 84.007                                   | P007A203452  | N/A  | 447,922                                   |
| Federal Work Study Program   | 84.033                                   | P033A203452  | N/A  | 202,137                                   |
| Federal Pell Grant Program   | 84.063                                   | P063P203334  | N/A  | 13,147,942                                |
| Federal Direct Student Loan Program  | 84.268                                   | P268K213334  | N/A  | 7,397,035                                 |
| <i>Total Student Financial Assistance Cluster</i>                                  |  |  |  | <u>21,195,036</u>                         |

(Continued)

See Independent Auditors' Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

*Year Ended June 30, 2022*

| <b>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</b>         | <b>Assistance<br/>Listing<br/>Number</b> | <b>Grant or<br/>Pass-Through Entity<br/>Identifying Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|---|--|--|--|---|
| <b>U.S. Department of Education, Continued:</b>                                   |  |  |  |   |
| <i>Education Stabilization Fund Program:</i>                                      |  |  |  |   |
| COVID-19 Higher Education Emergency Relief Fund—<br>Student Aid Portion           | 84.425E                                  | P425E201837  | N/A  | 9,980,898                                 |
| COVID-19 Higher Education Emergency Relief Fund—<br>Institutional Portion         | 84.425F                                  | P425F201204  | N/A  | 7,405,818                                 |
| <i>Total Education Stabilization Fund Program</i>                                 |  |  |  | <u>17,386,716</u>                         |
| <b>TRIO Cluster:</b>  |  |  |  |   |
| Student Support Services  | 84.042A                                  | P042A201258/P042A201258-21                                     | N/A  | 272,017                                   |
| Upward Bound  | 84.047A                                  | P047A170460-20/P047A170460-21                                  | N/A  | 340,591                                   |
| <i>Total TRIO Cluster</i>   |  |  |  | <u>612,608</u>                            |
| <i>Pass-through Oklahoma Department of<br/>Career &amp; Technology Education:</i> |  |  |  |   |
| Career and Technical Education—Basic Grants to States:<br>Carl D. Perkins         | 84.048A                                  | V048A210036  | N/A  | 206,079                                   |
| <b>Total U.S. Department of Education</b>   |  |  |  | <u>41,381,560</u>                         |

(Continued)

See Independent Auditors' Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.



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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

*Year Ended June 30, 2022*

| <b>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</b>         | <b>Assistance<br/>Listing<br/>Number</b> | <b>Grant or<br/>Pass-Through Entity<br/>Identifying Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|---|--|--|--|---|
| <b>U.S. Department of Human Services:</b>   |  |  |  |   |
| <i>Pass-Through University of Oklahoma:</i>                                       |  |  |  |   |
| Biomedical Research and Research Training   | 93.859                                   | 5P20GM103447-22  | N/A  | 29,508                                    |
|   |  |  |  | <u>29,508</u>                             |
| <i>Pass-Through Oklahoma State Regents for Higher Education:</i>                  |  |  |  |   |
| Scholars for Excellence in Childcare  | 93.575                                   | 1936002309   | N/A  | 70,754                                    |
| Temporary Assistance for Needy Families   | 93.558                                   | 1502OKTANF   | N/A  | 204,260                                   |
| <i>Total Pass-Through Oklahoma State Regents for<br/>Higher Education</i>         |  |  |  | <u>275,014</u>                            |
| <i>Pass-Through Oklahoma Department of<br/>Career &amp; Technology Education:</i> |  |  |  |   |
| Temporary Assistance for Needy Families   | 93.558                                   | 1502OKTANF   | N/A  | 41,021                                    |
|   |  |  |  | <u>41,021</u>                             |
| <b>Total U.S. Department of Human Services</b>                                    |  |  |  | <u>345,543</u>                            |

(Continued)

See Independent Auditors' Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

*Year Ended June 30, 2022*

| <b>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</b> | <b>Assistance<br/>Listing<br/>Number</b> | <b>Grant or<br/>Pass-Through Entity<br/>Identifying Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|---|--|--|--|---|
| <b>National Science Foundation:</b>                                       |  |  |  |   |
| <i>Pass-Through Whatcom Community College:</i>                            |  |  |  |   |
| CyberCorps Scholarships   | 47.076                                   | DGE-1842096  | N/A  | <u>1,777</u>                              |
| <b>Total National Science Foundation</b>                                  |  |  |  | <u>1,777</u>                              |
| <b>National Endowment for the Humanities:</b>                             |  |  |  |   |
| <i>Pass-Through Oklahoma Humanities:</i>                                  |  |  |  |   |
| American Rescue Plan Grant  | 45.129                                   | Y21.358  | N/A  | <u>15,000</u>                             |
| <b>Total National Endowment for the Humanities</b>                        |  |  |  | <u>15,000</u>                             |
| <b>U.S. Small Business Administration:</b>                                |  |  |  |   |
| Shuttered Venue Operators Grant (SVOG)                                    | 59.075                                   | SBAHQ21SV011178  | N/A  | <u>261,784</u>                            |
| <b>Total National Endowment for the Humanities</b>                        |  |  |  | <u>261,784</u>                            |
| <b>Total expenditures of federal awards</b>                               |  |  |  | <u><u>42,005,664</u></u>                  |

See Independent Auditors' Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

**(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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position, or cash flows of the College.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(3) FEDERAL DIRECT STUDENT LOAN PROGRAM**

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

**(4) SUBRECIPIENTS**

During the year ended June 30, 2022, the College did not provide federal awards to subrecipients.

**(5) INDIRECT COST RATE**

The College has a Negotiated Indirect Cost Rate Agreement issued by the U.S. Department of Human Services issued as of January 10, 2014. The negotiated rate of 46% was applied in accordance with the Agreement for the year ended June 30, 2022, except that certain grants limited the rate charged.

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, 2022, and the related statements 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 2022. 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, P.C.*

Edmond, Oklahoma  
October 13, 2022



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, 2022. 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, 2022.

***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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the College as of and for the year ended June 30, 2022, 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, 2022, 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, P.C.*

Edmond, Oklahoma  
October 13, 2022





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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2022**

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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:

| <u>Federal AL Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------------|---|
| **                          | Student Financial Assistance Cluster      |
| **                          | Education Stabilization Fund              |
|                             | <i>Other Programs</i>                     |
| 84.002                      | Adult Education—Basic Grants              |

\*\* 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:

\$ 1,260,170

Auditee qualified as low-risk auditee?

X yes      \_\_\_\_\_ no

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)**  
**Year Ended June 30, 2022**

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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.*

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

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2022**

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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.*