

Oklahoma City Community College

**Financial Statements
with Independent Auditors' Reports**

June 30, 2013



Oklahoma City Community College
Table of Contents
June 30, 2013

Independent Auditors' Report on Financial Statements	1
Management's Discussion and Analysis	i
Financial Statements	
Statements of Net Position.....	3
Statements of Revenues, Expenses and Changes in Net Position.....	4
Statements of Cash Flows	5
Notes to Financial Statements	7
Oklahoma City Community College Foundation	25
Reports Required by <i>Government Auditing Standards</i>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	35
Reports Required by OMB Circular A-133	
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	37
Schedule of Expenditures of Federal Awards	39
Notes to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs.....	42
Summary Schedule of Prior Audit Findings	44





**HINKLE &
COMPANY**
PC

Strategic
Business Advisors

**Independent Auditors' Report
on Financial Statements**

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Oklahoma City Community College and its component unit, as of and for the year ended June 30, 2013, the related notes to the financial statements, which collectively, comprise the Oklahoma City Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Oklahoma City Community College Foundation. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oklahoma City Community College Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.SBAdvisors.com

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma City Community College and its component unit as of June 30, 2013, and the changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xi be presented to supplement the consolidated financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 consolidated financial statements, and other knowledge we obtained during our audit of the consolidated 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 Information

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements of the Oklahoma City Community College taken as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013 on our consideration of the Oklahoma City Community College's internal control over financial reporting and 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 result of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Hille & Company, PC



OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

The following Management Discussion and Analysis (MD&A) of the activities and financial performance of Oklahoma City Community College (the "College") provides an overview of the College's financial activities for the fiscal years ended June 30, 2013 and 2012. This analysis is intended to provide you, the reader, with a summary of significant financial activities and information and should be read in conjunction with the College's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

June 30, 2013 compared to June 30, 2012

- During the year ended June 30, 2013, the College's net assets increased by \$6,872,862 to \$74,956,704. This change includes a prior period adjustment of \$190,999 for Bond Issuance Costs that were previously carried as an asset. This change was required under GASB 65 which took effect in FY2013 and required that Bond Issuance Costs be written off as an expenditure rather than capitalized and amortized over the life of the bonds. Unrestricted net assets decreased by \$2,420,849. Net assets invested in capital assets decreased by \$1,410,708 and expendable net assets restricted for capital projects increased by \$11,119,810, primarily as a result of the increase in capital expenditures and the decrease in debt related to capital assets.
- Total operating revenues decreased to \$26,920,080 in 2013 from \$28,222,237 in 2012 primarily due to decreases in tuition and fees, bookstore revenue, and grants and contracts revenue. These decreases are primarily due to the drop in enrollment from FY2012 to FY2013.
- Total operating expenses decreased to \$78,936,139 in 2013 from \$84,926,641 primarily due to decreases in compensation, depreciation expense, supplies and materials, utilities, communication expense, scholarships and fellowships, and other operating expenses. This is discussed in further detail within this document.
- Net non-operating revenues decreased to \$55,139,137 in 2013 from \$56,139,562 in 2012. Although there was an approximate \$3.0 million dollar reduction in federal grants and contracts revenue received in FY2013 as compared to FY2012, this reduction was offset by an approximate \$1.5 million dollar increase in state appropriations of which approximately \$1.0 million of the increase was for capital lease obligations paid by OCIA on behalf of OCCC. Also offsetting the decrease in federal grants and contracts revenue was the increase in ad valorem taxes of approximately \$1.8 million, which was primarily a result of the building levy assessed by the County Tax Assessor in 2013 and disbursed to the South Oklahoma City Area School District.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

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

The Basic Financial Statements

One of the most important questions about the College is whether it is better off or worse off as a result of the year's financial activities. The statements of net assets and the statements of revenues, expenses, and changes in net assets report information about the College as a whole and about its activities in a way that answers 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. The accrual basis of accounting recognizes revenues when earned, and expenses when incurred regardless of when cash is actually received or disbursed.

The statements of net assets and the statements of revenues, expenses and changes in net assets report the College's net assets and changes to them. You can think of the College's net assets - the difference between assets and liabilities - as one way to measure the College's financial health or financial position.

Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating. You will also need to consider non-financial factors, however, such as changes in the College's programs and degrees offered and accreditations status, in addition to the condition of its physical facilities, to fully assess the overall health of the College.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

A comparative schedule of the College's net assets, for the years ended June 30, 2013 and 2012 is shown below, to include the percentage of annual change. The amounts are from the statements of net assets which are presented on an accrual basis of accounting, whereby capital assets are capitalized and depreciated.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Condensed Statements of Net Assets

	<u>2013</u>	<u>2012</u>	<u>(Decrease)</u>	<u>Change</u>
Current assets	\$ 21,280,861	\$ 22,843,289	\$ (1,562,428)	-7%
Noncurrent assets:				
Capital assets, net	91,922,709	82,972,463	8,950,246	11%
Other	<u>12,708,919</u>	<u>14,567,221</u>	<u>(1,858,302)</u>	<u>-13%</u>
TOTAL ASSETS	<u>125,912,489</u>	<u>120,382,973</u>	<u>5,529,516</u>	<u>5%</u>
Current liabilities	14,307,393	12,445,188	1,862,205	15%
Noncurrent liabilities	<u>36,648,391</u>	<u>39,662,943</u>	<u>(3,014,552)</u>	<u>-8%</u>
TOTAL LIABILITIES	<u>50,955,784</u>	<u>52,108,131</u>	<u>(1,152,347)</u>	<u>-2%</u>
Net position:				
Invested in capital assets	12,883,567	14,294,275	(1,410,708)	-10%
Restricted for non-expendable	296,574	303,207	(6,633)	-2%
Restricted for expendable	49,316,181	38,796,129	10,520,052	27%
Unrestricted	<u>12,460,382</u>	<u>14,881,231</u>	<u>(2,420,849)</u>	<u>-16%</u>
TOTAL NET POSITION	<u>\$ 74,956,704</u>	<u>\$ 68,274,842</u>	<u>\$ 6,681,862</u>	<u>10%</u>

June 30, 2013 compared to June 30, 2012

Current Assets decreased \$1,562,428 in 2013 primarily due to a reduction in cash reserves in the auxiliary cash funds. Approximately \$3.2 million of reserve funds from the auxiliary cash account were transferred to funds restricted for capital assets. These funds were being held in reserve for construction of the Performing Arts Center.

As of fiscal year end 2013, net capital assets increased \$8,950,246 from the balance at June 30, 2012. Further discussion regarding capital assets is included in this document.

Other non-current assets decreased by \$1,858,302 primarily due to the expenditure of capital funds for construction of the Performing Arts Center Theater.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Current liabilities increased by \$1,862,205 primarily due to increases in accounts payable and the current portion of long-term liabilities. At the recommendation of the auditors, a payable for health insurance claims was also added in the amount of \$175,000, which represents an average of one month of claims.

Non-current liabilities decreased by \$3,014,552 primarily due to debt service payments on the revenue bonds and the capital lease obligations.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Operating Revenues:				
Tuition and fees, net	\$ 17,568,966	\$ 18,528,876	\$ (959,910)	-5%
Grants and contracts	\$ 2,533,902	\$ 2,860,839	\$ (326,937)	-11%
Auxilliary enterprise charges	4,304,408	4,894,981	(590,573)	-12%
Other	<u>2,512,804</u>	<u>1,937,541</u>	<u>575,263</u>	<u>30%</u>
TOTAL OPERATING				
REVENUES	26,920,080	28,222,237	(1,302,157)	-5%
Less operating expenses	<u>78,936,139</u>	<u>84,926,641</u>	<u>(5,990,502)</u>	<u>-7%</u>
OPERATING LOSS	(52,016,059)	(56,704,404)	4,688,345	-8%
Nonoperating revenues				
State appropriations	25,316,891	24,805,077	511,814	2%
State payments from				
Federal ARRA revenues	-	14,767	(14,767)	0%
OTRS on behalf contributions	2,435,116	2,474,219	(39,103)	-2%
Ad valorem taxes	7,051,053	5,246,764	1,804,289	34%
Federal grants and contracts	18,464,968	21,504,500	(3,039,532)	-14%
State and local grants				
and contracts	3,047,750	3,020,118	27,632	1%
Investment income	387,237	195,878	191,359	98%
Net interest income (expense)	<u>(1,563,878)</u>	<u>(1,121,761)</u>	<u>(442,117)</u>	<u>39%</u>
NET NONOPERATING				
REVENUES	<u>55,139,137</u>	<u>56,139,562</u>	<u>(1,000,425)</u>	<u>-2%</u>
State appropriations for capital	838,105	829,331	8,774	1%
OCIA on behalf				
state appropriations	1,299,678	300,576	999,102	332%
Net gain/loss on sale				
of capital assets	-	-	-	100%
Capital gifts and donations	<u>1,612,000</u>	<u>109,610</u>	<u>1,502,390</u>	<u>1371%</u>
NET INCREASE IN NET ASSETS	6,872,861	674,675	6,198,186	919%
NET ASSETS,				
BEGINNING OF YEAR	68,083,843	67,600,167	483,676	1%
NET ASSETS, ENDING	\$ 74,956,704	\$ 68,274,842	\$ 6,681,862	10%
RESTATEMENT (NOTE)	<u>-</u>	<u>\$ (190,999)</u>	<u>\$ 190,999</u>	
JUNE 30, 2012 AS RESTATED	<u>\$ 74,956,704</u>	<u>\$ 68,083,843</u>	<u>\$ 6,872,861</u>	<u>10%</u>

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

The following is a summary of some of the more significant revenue, expense and non-operating revenue changes and the increase (or decrease) recognized.

June 30, 2013 compared to June 30, 2012

During the year ended June 30, 2013, operating revenues decreased by \$1,302,157.

- Net tuition and fees decreased by \$959,911 primarily due to lower enrollment.
- There was a modest increase in tuition and mandatory fees, and the student activity fee. Facility fees were not increased.
- Bookstore revenue, net of scholarship allowances, decreased \$541,600 primarily as a result of decreased sales of new textbooks, clothing, and supplies, as a result of the overall decrease in enrollment.
- Other Operating Revenues increased by \$526,291 primarily due to funds accrued at year-end for the State's Risk Management Program for the 5/31 storm damage and for insurance claim payment received which was related to the cooling tower repair.

Operating expenses decreased \$5,990,503 in fiscal year 2013 compared to 2012.

- Employee compensation decreased \$697,041 and benefit costs decreased \$471,046. Adjunct faculty compensation decreased in the amount of \$115,040 and full-time faculty compensation decreased by \$454,969. The primary decrease in benefit costs is the difference between the budgeted self-insured health premiums collected and the actual claims expense paid by the self-insured plan.
- Contractual services increased by \$171,265 and materials and supplies expense decreased by \$491,395 as a result of reclassification of expenditures at year-end from expenses to fixed assets for expenses related to capital projects.
- Other operating expense decreased \$1,034,175 primarily due to decreases in bad debt expense, indirect costs, registration fees, travel expenses, memberships and a decrease in student expenses and stipends related to the Upward Bound program.
- Scholarships and fellowships decreased \$3,248,046 due to a decrease in Pell grants primarily as a result of lower enrollment.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

During the year ended June 30, 2013 net non-operating revenues decreased by \$1,000,425.

- State appropriations, including on-behalf and capital contributions, increased by \$1,480,587 primarily due to increases in on-behalf payments for OCIA leases which were re-financed in fiscal year 2011 and for which the first deferred payment was made in fiscal year 2013, and concurrent enrollment payments.

June 30, 2013 compared to June 30, 2012

- Ad valorem taxes increased by \$1,804,289, which is primarily related to assessment of a building fund levy by the County Tax Assessor.
- Federal grants and contracts revenue decreased 3,039,532 primarily due to fewer Pell grants being awarded due to decreased enrollment.
- State and local grants and contracts revenue increased \$27,631 due to the addition of several new private grants, including the Dollar General Literacy grant, the Families of Promise grant from the Potts Family Foundation, and the Oklahoma City Foundation grant for the Friends of 10th Street.

Net assets increased \$6,681,863 during fiscal year 2013. This is primarily due to the increase in revenue from ad valorem taxes, increases in on-behalf contributions, increases in Capital gifts and donations, and the increase in operating income due to the decrease in operating expenses.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Condensed Statements of Cash Flows

	2013	2012	(Decrease)	Change
Cash provided (used) by:				
Operating activities	\$ (43,120,764)	\$ (48,208,455)	\$ 5,087,691	-11%
Noncapital				
financial activities	53,915,152	54,612,278	(697,126)	-1%
Capital and related				
financing activities	(15,184,145)	(11,269,155)	(3,914,990)	35%
Investing Activities	5,831,992	2,005,854	3,826,138	191%
Net increase in cash				
and cash equivalents	1,442,235	(2,859,478)	4,301,713	-150%
Cash and cash				
equivalents, beginning	21,507,447	24,557,924	(3,050,477)	-12%
Prior period adjustment				
(Note)		(190,999)		
Cash and cash				
equivalents, ending	\$ 22,949,682	\$ 21,507,447	\$ 1,442,235	7%

June 30, 2013 compared to June 30, 2012

The College's overall cash and cash equivalents increased by \$1,442,235, including a prior period adjustment of (\$190,999), per GASB 65.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

June 30, 2013 compared to June 30, 2012

Capital assets, net of accumulated depreciation increased \$8,950,246 due to a mixture of purchases for furniture and computer equipment of \$685,197; construction work in progress increases of \$8.9 million primarily due to the construction of the Performing Arts Theater; improvements to landscaping and infrastructure; and additional accumulated depreciation. Current year depreciation expense totaled \$4,621,070 compared to depreciation expense of \$4,708,209 in the prior year.

Condensed Summary of Capital Assets

	Years Ended June 30,		Increase	%
	2013	2012	(Decrease)	Change
Capital assets:				
Land	\$ 2,937,133	\$ 2,937,133	\$ -	0%
Construction in progress	19,207,764	10,235,914	8,971,850	88%
Buildings and improvements	89,305,152	88,043,147	1,262,005	1%
Infrastructure	7,700,859	6,283,001	1,417,858	23%
Furniture and equipment	22,654,177	21,968,980	685,197	3%
Library materials	<u>6,385,831</u>	<u>5,975,396</u>	<u>410,435</u>	<u>7%</u>
TOTAL CAPITAL ASSETS	148,190,916	135,443,571	12,747,345	9%
Less accumulated depreciation	<u>(56,268,209)</u>	<u>(52,471,110)</u>	<u>(3,797,099)</u>	<u>7%</u>
CAPITAL ASSETS, NET	<u>\$ 91,922,707</u>	<u>\$ 82,972,461</u>	<u>\$ 8,950,246</u>	<u>11%</u>

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

June 30, 2013 compared to June 30, 2012

At June 30, 2013, the College had total long-term liabilities of \$40,340,535 compared to \$42,897,845 at June 30, 2012. No additional debt was incurred during the fiscal year ended June 30, 2013.

Condensed Summary of Long Term Liabilities

	<u>2013</u>	<u>2012</u>	<u>(Decrease)</u>	<u>Change</u>
Capital lease obligations	\$ 19,505,502	\$ 20,619,460	\$ (1,113,958)	-5%
Revenue bonds payable	19,315,000	20,635,000	(1,320,000)	-6%
Premium on bonds	361,167	392,499	(31,332)	-8%
Compensated absences	<u>1,158,866</u>	<u>1,250,886</u>	<u>(92,020)</u>	<u>-7%</u>
TOTAL LONG-TERM LIABILITIES	40,340,535	42,897,845	(2,557,310)	-6%
Less: current portion	<u>(3,692,143)</u>	<u>(3,234,903)</u>	<u>(457,240)</u>	<u>14%</u>
NET LONG-TERM LIABILITIES	<u>\$ 36,648,392</u>	<u>\$ 39,662,942</u>	<u>\$ (3,014,550)</u>	<u>-8%</u>

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2013 and 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Oklahoma City Community College enrollment decreased approximately 7.6% in fiscal year 2013. In fiscal year 2014 as we approach the end of September 2013, fall semester enrollment is down by approximately 4.9%. Fiscal year 2013 state appropriations for National Guard Waiver reimbursement and Concurrent Enrollment reimbursement were \$65,949 and \$451,606 respectively. This is a total increase of 103% from fiscal year 2012. Total budgeted state appropriations for fiscal year 2013 increased approximately 6.0%, including the increase in the National Guard and Concurrent Enrollment reimbursements.

OCCC in its commitment to continue to provide quality education programs and continued services as expected by the student body modestly increased tuition rates by just over 4.2% for fiscal year 2013. The State budget outlook, although significantly improved, does not promise any additional appropriations to Higher Education. Although enrollment has fallen from prior year levels, the prior years' cumulative enrollment increases have established a higher base enrollment level. The additional South Oklahoma Area School District incentive levy tax also continues to enhance the economic outlook for the College. In addition, during fiscal year 2013 a building levy was assessed and collected by the County Tax Assessor and distributed to the South Oklahoma City Area School District. The College will continue a conservative budgeting approach which utilizes a contingency methodology to ensure the College's financial viability.

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 Vice President for Business and Finance at Oklahoma City Community College, 7777 South May Avenue, Oklahoma City, Oklahoma 73159.

Oklahoma City Community College
Statements of Net Position
June 30, 2013

	Oklahoma City Community College	Component Year Ended September 30, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,214,958	\$ 2,275,348
Restricted cash and cash equivalents	784,505	—
Student accounts receivable, net of allowance for doubtful accounts	3,110,572	—
Other receivables	1,584,557	—
Interest receivables	9,328	—
Inventories	576,941	—
Total Current Assets	21,280,861	2,275,348
Noncurrent Assets		
Restricted cash and cash equivalents	6,950,219	—
Investments	4,714,894	452,274
Other assets	1,043,805	—
Capital assets, net of accumulated depreciation	91,922,709	—
Total Noncurrent Assets	104,631,627	452,274
Total Assets	125,912,488	2,727,622
Liabilities		
Current Liabilities		
Accounts payable	6,111,715	—
Accrued expenses	190,565	—
Deferred revenues	3,007,848	—
Due to student groups and other organizations	927,691	—
Accrued interest payable	377,430	—
Current portion of noncurrent liabilities	3,692,144	—
Total Current Liabilities	14,307,393	—
Noncurrent Liabilities, net of current portion		
Accrued compensated absences	452,692	—
Revenue bonds payable	18,160,000	—
Premium on revenue bonds	333,149	—
Capital lease obligations	17,702,550	—
Total Noncurrent Liabilities	36,648,391	—
Total Liabilities	50,955,784	—
Net Position		
Invested in capital assets	12,883,567	—
Restricted for:		
Nonexpendable scholarship endowment	296,574	—
Expendable		
Scholarships, research, instruction and other	156,509	750,679
Capital projects	49,159,672	1,877,163
Unrestricted	12,460,382	99,780
Net Position	\$ 74,956,704	\$ 2,727,622



Oklahoma City Community College
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013

	<u>Oklahoma City Community College</u>	<u>Component Year Ended September 30, 2012</u>
Operating Revenues		
Tuition and fees, net of scholarship allowances of \$8,828,922	\$ 17,568,966	\$ —
Grants and contracts	2,533,902	—
Sales and services of educational departments	787,708	—
Auxiliary enterprise charges		—
Food services	160,372	—
Bookstore, net of scholarship allowances of \$2,019,573	3,097,759	—
All other auxiliary enterprises	1,046,278	—
Other sources	<u>1,725,095</u>	<u>278,156</u>
Total Operating Revenue	<u>26,920,080</u>	<u>278,156</u>
Operating Expenses		
Compensation and employee benefits	47,717,347	—
Contractual services	6,407,720	—
Supplies and materials	5,560,756	—
Utilities	1,755,367	—
Communications	259,264	—
Other operating expenses	2,964,524	263,800
Scholarships and fellowships	9,650,090	82,878
Depreciation expense	<u>4,621,070</u>	<u>—</u>
Total Operating Expenses	<u>78,936,138</u>	<u>346,678</u>
Operating Loss	<u>(52,016,058)</u>	<u>(68,522)</u>
Nonoperating Revenues (Expenses)		
State appropriations	25,316,890	—
On-behalf contributions for OTRS	2,435,116	—
Ad valorem taxes	7,051,053	—
Federal grants and contracts	18,464,968	—
State and local grants and contracts	3,047,750	—
Investment income	387,237	46,011
Other nonoperating revenues (expenses)	<u>(1,563,878)</u>	<u>—</u>
Net Nonoperating Revenues	<u>55,139,136</u>	<u>46,011</u>
Income (loss) before other revenues, expenses, gains and losses	3,123,078	(22,511)
State appropriations restricted for capital purposes	838,105	—
OCIA on-behalf state appropriations	1,299,678	—
Capital gifts and donations	<u>1,612,000</u>	<u>253,764</u>
Net Increase in Net Position	6,872,861	231,253
Net Position, Beginning of Year as originally stated	<u>68,274,842</u>	—
Restatement of Net Position – See Note 1	<u>(190,999)</u>	—
Net Position, Beginning of Year	<u>68,083,843</u>	<u>2,496,369</u>
Net Position at End of Year	<u>\$ 74,956,704</u>	<u>\$ 2,727,622</u>



Oklahoma City Community College
Statements of Cash Flows
For the Year Ended June 30, 2013

	Oklahoma City Community College	Component Year Ended September 30, 2012
Cash Flows from Operating Activities		
Tuition and fees	\$ 18,196,388	\$ —
Grants and contracts	3,056,263	—
Payments to suppliers and other operating payments	(22,761,394)	—
Payments to employees	(44,909,023)	—
Auxiliary enterprises sales and services	4,307,106	—
Other operating revenue	1,725,095	185,243
Other operating payments	(2,735,199)	—
Net Cash Used in Operating Activities	(43,120,764)	185,243
Cash Flows from Noncapital Financing Activities		
State appropriations	25,316,891	—
Other student financial assistance received	13,191,624	—
Other student financial assistance payments	(13,191,624)	—
Ad valorem property taxes received	7,085,543	—
Federal and state grants	21,512,718	—
Net Cash Provided by Noncapital Financing Activities	53,915,152	—
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(15,338,695)	—
Proceeds from sales of capital assets	—	—
Capital appropriations received	2,450,105	—
Principal paid on capital leases and bonds	(1,878,916)	—
Interest paid on capital leases and bonds	(607,638)	—
Proceeds received from bond issue	—	—
Net Cash Used in Capital and Related Financing Activities	(15,375,144)	—
Cash Flows from Investing Activities		
Sales and purchases of investments	5,639,018	—
Certificates of Deposits	—	(250,000)
Interest received on investments	192,974	12,744
Net Cash Provided by Investing Activities	5,831,992	(237,256)
Net Change in Cash and Cash Equivalents	1,251,236	(52,013)
Cash and Cash Equivalents at Beginning of Year	21,698,446	2,327,361
Cash and Cash Equivalents at End of Year	\$ 22,949,682	\$ 2,275,348

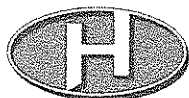


Oklahoma City Community College
Statements of Cash Flows
For the Year Ended June 30, 2013

(Continued)

	Oklahoma City Community College	Component Year Ended September 30, 2012
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (52,016,057)	\$ (68,522)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	3,797,099	—
On-behalf contributions for OTRS	2,435,116	—
Changes in operating assets and liabilities		
Receivables, net	1,327,334	—
Inventories	(2,616)	—
Accounts payable and accrued liabilities	759,968	—
Compensated absences	(92,021)	—
Other assets	607,967	—
Deferred revenue	62,446	—
Net Cash Used by Operating Activities	\$ (43,120,764)	\$ (68,522)

	Oklahoma City Community College	Component Year Ended September 30, 2012
Noncash Investing and Capital and Related Financing Activities		
Principal and interest on capital debt paid by state agency on behalf of the College	\$ 744,635	\$ —
Reconciliation of Cash and Cash Equivalents to the Statements of Net Assets		
Current assets		
Cash and cash equivalents	\$ 15,214,958	\$ 2,275,348
Restricted cash and cash equivalents	784,505	—
Noncurrent assets		
Investments	—	452,274
Restricted cash and cash equivalents	6,950,219	—
	\$ 22,949,682	\$ 2,727,622



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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 higher education primarily for people of central Oklahoma and surrounding areas through academic programs, cultural enrichment, lifelong learning experiences, and public service activities. 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 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"), which are agencies of the state of Oklahoma. 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 of the District have been prepared and can be obtained by contacting the College's Vice President for Business and Finance.

Discretely Presented Component Unit

The Oklahoma City Community College Foundation (the "Foundation") is a component unit of the College that should be discretely presented with the financial statements of the College. The Foundation has a fiscal year ended 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.

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. All significant intra-agency transactions have been eliminated. The College has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Deposits and Investments

The College accounts for its investments 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 GASB Statement No. 40, Deposit and Investment Risk Disclosures, the College has disclosed its deposit and investment policies related to the risks identified in GASB Statement No. 40. Changes in unrealized gains (losses) on the carrying value of the investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets.

Inventories

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

Student Accounts Receivable and Other Receivables

Accounts receivable consists 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 less 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. Other accounts receivable also include the distribution from the Oklahoma State Regents' endowment trust fund and amounts due from the Oklahoma Capital Improvement Authority ("OCIA") for proceeds from the capital bond improvement program allocated to the College. No allowance for doubtful accounts has been provided for other receivables.

Restricted Cash and Investments

Cash and investments 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 statements of net position.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Unearned Revenues

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

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statements of net position, and as a component of compensation and benefit expense in the statements of revenues, expenses and changes in net position.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Net Position

The College's net position is classified as follows:

Invested in capital assets

This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted net position – expendable

Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net position – nonexpendable

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

Unrestricted net position

Unrestricted net position represent 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 towards unrestricted resources, and then towards restricted resources.

Income Taxes

The College, as a political subdivision of the State of Oklahoma, 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 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 nonoperating revenues according to the following criteria:

Operating revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances.

Nonoperating revenues

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB 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, such as state appropriations, governmental and other pass-through grants, and investment income.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

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 statements 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 in the College's financial statements. 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.

Prior Period Adjustment

With the implementation of GASB Statement No. 65, beginning net position was restated in the amount of \$190,999 for the elimination of debt issue costs. Statement No. 65 requires debt issue costs, excluding any portion restated to prepaid insurance, be recognized as an expense in the period incurred

Note 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 or the College will not be able to recover collateral securities in the possession of an outside party. Generally, the College deposits its funds with the Office of the State Treasurer (OST) and those funds are pooled with funds of other state agencies and then, in accordance with statutory limitations, are placed in financial institutions or invested as the OST may determine, in the states' name. State statutes require the OST to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The OST's responsibilities include receiving and collateralizing the deposit of State funds, investing State funds in compliance with statutory requirements, and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. If the College deposits funds directly with financial institutions, those funds must be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank in the College's name. Some deposits with the OST are placed in the OST'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 participants 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 OST.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 2: Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

At June 30, 2013 the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

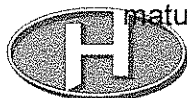
	<u>2013</u>
Deposits with the State Treasurer	\$ 20,582,713
U.S. financial institutions	2,002,935
Petty cash and change funds	<u>25,000</u>
	<u>\$ 22,610,648</u>

At June 30, 2013, the bank balance of the College's deposits with the State Treasurer and U.S. Financial Institutions was \$23,022,450. Of funds on deposit with the OST, amounts invested in OK INVEST total \$3,337,013 in 2013.

For financial reporting purposes, deposits with the OST that are invested in OK INVEST are classified as cash equivalents. The distribution of deposits in OK INVEST are as follows:

At June 30, 2013		
<i>OK INVEST</i> Portfolio	Cost	Market Value
U.S. agency securities	\$ 1,311,723	\$ 1,306,177
Money market mutual fund	313,134	313,134
Commercial Sweep	70,138	70,138
Certificates of Deposit	85,246	85,246
Mortgage Backed Agency Securities	1,433,927	1,440,967
Municipal Bonds	56,218	62,229
Foreign Bonds	26,358	26,343
U.S. treasury obligations	40,269	49,141
Totals	<u>\$ 3,337,013</u>	<u>\$ 3,353,375</u>

Custodial Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the OST establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the OST website at <http://www.treasurer.state.ok.us/>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. OK INVEST maintains an overall weighted average maturity of less than two years.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 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 OST information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations.

Liquidity risk is the risk that OK INVEST will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in OK INVEST is not insured or guaranteed by the State of Oklahoma, the Federal Deposit Insurance Corporation or any other government agency.

Investments

Investments are recorded at fair value, as determined by quoted market prices.

At June 30, 2013 the College had the following investments:

Investment	2013
State Treasurer's Internal Investment Pool	\$ 368,465
Other investments	
Bond funds-	
U.S. Treasury money market mutual funds	3,563,397
Prudential Financial, Inc. stock	624,069
Oklahoma State Regents Endowment	158,963
	\$ 4,714,894

The underlying collateral for amounts invested with the State Treasurer's internal investment pool is U.S. Treasury obligations and U.S. Agency obligations.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 2: Deposits and Investments (Continued)

Investments (Continued)

Investment maturities were as follows at June 30, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Not Applicable	Less Than One	One to Five	Six to Ten	More Than Ten
State Treasurer's Internal Investment Pool	\$ 368,465	\$ 368,465	\$ -	\$ -	\$ -	\$ -
Other investments						
U.S. Treasury money market mutual funds	3,563,397	-	3,563,397	-	-	-
Prudential Financial, Inc. stock	624,069	624,069	-	-	-	-
Oklahoma State Regents Endowment	158,963	158,963	-	-	-	-
	<u>\$ 4,714,894</u>	<u>\$ 1,151,497</u>	<u>\$ 3,563,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 and investments guaranteed by the U.S. Government.

Note 3: Student Accounts Receivable

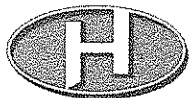
Accounts receivable consisted of the following at June 30, 2013:

	2013
Student tuition and fees	\$ 3,210,791
Auxiliary enterprises and other operating activities	(38,205)
	3,172,586
Less: Allowance for doubtful accounts	(62,014)
Net student accounts receivable	<u>\$ 3,110,572</u>

Note 4: Other Receivables

Other receivables consist of the following at June 30, 2013:

	2013
Due from grantors	\$ 522,361
Taxes receivable	34,490
Other receivables	1,027,706
Total other receivables	<u>\$ 1,584,557</u>



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 5: Capital Assets

Capital asset activities for the year ended June 30, 2013 were as follows:

	Year Ended June 30, 2013				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
Capital assets not being depreciated					
Land	\$ 2,937,133	\$ -	\$ -	\$ -	\$ 2,937,133
Construction in Progress	<u>10,235,914</u>	<u>11,651,714</u>	<u>(2,679,864)</u>	<u>-</u>	<u>19,207,764</u>
Total not being depreciated	<u>\$ 13,173,047</u>	<u>\$ 11,651,714</u>	<u>\$ (2,679,864)</u>	<u>\$ -</u>	<u>\$ 22,144,897</u>
Other capital assets					
Buildings and improvements	\$ 88,043,147	\$ -	\$ 1,262,005	\$ -	\$ 89,305,152
Infrastructure	6,283,001	-	1,417,858	-	7,700,859
Furniture and equipment	21,968,980	1,573,231	-	(888,034)	22,654,177
Library materials	<u>5,975,396</u>	<u>410,435</u>	<u>-</u>	<u>-</u>	<u>6,385,831</u>
Total other capital assets	122,270,524	1,983,666	2,679,863	(888,034)	126,046,019
Less accumulated depreciation for					
Buildings and improvements	(31,520,396)	(2,161,417)	-	-	(33,681,813)
Infrastructure	(3,058,518)	(189,173)	-	-	(3,247,691)
Furniture and equipment	(13,480,858)	(1,930,485)	-	823,971	(14,587,372)
Library materials	<u>(4,411,338)</u>	<u>(339,995)</u>	<u>-</u>	<u>-</u>	<u>(4,751,333)</u>
Total accumulated depreciation	<u>(52,471,110)</u>	<u>(4,621,070)</u>	<u>-</u>	<u>823,971</u>	<u>(56,268,209)</u>
Other capital assets, net	<u>\$ 69,799,414</u>	<u>\$ (2,637,404)</u>	<u>\$ 2,679,863</u>	<u>\$ (64,063)</u>	<u>\$ 69,777,810</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 13,173,047	\$ 11,651,714	\$ (3,697,733)	\$ -	\$ 22,144,897
Other capital assets, at cost	<u>122,270,524</u>	<u>1,983,666</u>	<u>2,679,863</u>	<u>(888,034)</u>	<u>126,046,019</u>
Total cost of capital assets	135,443,571	13,635,380	(1,017,870)	(888,034)	148,190,916
Less accumulated depreciation	<u>(52,471,110)</u>	<u>(4,621,070)</u>	<u>-</u>	<u>823,971</u>	<u>(56,268,209)</u>
Capital Assets, net	<u>\$ 82,972,461</u>	<u>\$ 9,014,310</u>	<u>\$ (1,017,870)</u>	<u>\$ (64,063)</u>	<u>\$ 91,922,707</u>

Capitalized Interest

The college has capitalized construction period interest as a component of capital assets constructed for its own use. For the year ended June 30, 2013, total interest capitalized was \$342,840.

At June 30, 2013 the cost and related accumulated depreciation of assets held under capital lease obligations was as follows:

	<u>2013</u>
Equipment	\$ 3,881,144
Less: accumulated depreciation	<u>(3,223,459)</u>
	<u>\$ 657,685</u>



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 6: Unearned Revenue

Unearned revenue consisted of the following at June 30:

Student tuition and fees	\$ 1,714,719
Auxiliary enterprises and other operating activities	610,550
Grants and contracts	<u>682,579</u>
Total unearned revenue	<u>\$ 3,007,848</u>

Note 7: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Interest Rates (In %)	Maturity Through	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable and capital leases							
Revenue bonds payable							
Student Facility, Series 2005	3.00-5.00	7/1/2026	7,630,000	-	(380,000)	\$ 7,250,000	395,000
Student Facility, Series 2006	3.50-4.00	7/1/2022	5,355,000	-	(645,000)	4,710,000	455,000
Student Facility, Series 2010	2.25-5.00	7/1/2030	<u>7,650,000</u>	-	<u>(295,000)</u>	<u>7,355,000</u>	<u>305,000</u>
Total revenue bonds payable			20,635,000	-	(1,320,000)	19,315,000	1,155,000
Capital lease obligations							
OCIA Series 2004A		8/1/2019	563,518	-	(67,537)	495,981	70,926
OCIA Series 2005F		7/1/2030	9,982,535	-	(487,506)	9,495,029	510,717
OCIA Series 2010A (Refunding)		7/1/2017	3,957,214	-	-	3,957,214	-
OCIA Series 2010B (Refunding)		7/1/2014	1,427,944	-	-	1,427,944	832,226
ODFA master lease 2009B	1.00-2.00	11/15/2012	72,500	-	(72,500)	-	-
ODFA MRP lease 2010A	.45-4.25	6/1/2040	3,920,667	-	(88,333)	3,832,334	59,583
ODFA master lease 2010B	.72-5.00	11/15/2013	200,500	-	(140,917)	59,583	92,083
ODFA master lease 2011C	.45-5.00	5/15/2014	494,583	-	(257,166)	237,417	237,417
Total capital lease obligations			<u>20,619,461</u>	-	<u>(1,113,959)</u>	<u>19,505,502</u>	<u>1,802,952</u>
Total revenue bonds payable and capital lease obligations			<u>41,254,461</u>	-	<u>(2,433,959)</u>	<u>38,820,502</u>	<u>2,957,952</u>
Other liabilities							
Premium			392,499	-	(31,332)	361,167	28,018
Accrued compensated absences			1,250,887	614,153	(706,174)	1,158,866	706,174
Total other liabilities			<u>1,643,386</u>	<u>614,153</u>	<u>(737,506)</u>	<u>1,520,033</u>	<u>734,192</u>
Total long-term liabilities			<u>\$ 42,897,847</u>	<u>\$ 614,153</u>	<u>\$ (3,171,465)</u>	<u>\$ 40,340,535</u>	<u>\$ 3,692,144</u>



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 7: Long-Term Liabilities (Continued)

Revenue Bonds

The Student Facilities Program Revenue Bonds, Series 2005 (the "2005 Bonds") were issued in the original amount of \$10,000,000. Principal payments of \$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, 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.

The Student Facilities Program Revenue Bonds, Refunding Series 2006 (the "2006 Bonds") were issued in the original amount of \$7,455,000. Principal payments of \$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. In conjunction with the refunding of said debt, an irrevocable trust was established with the trustee for the remaining payments required. At June 30, 2011, the 2000 Bonds have been fully retired. Payments will continue on the 2006 Bonds through 2022.

The Student Facilities Program Revenue Bonds, Series 2010 (the "2010 Bonds") were issued in the original amount of \$8,000,000. Principal payments of \$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, the proceeds to be used to construct a Performing Arts Theater. 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.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 7: Long-Term Liabilities (Continued)

Revenue Bonds (Continued)

At June 30, 2013, future aggregate maturities of principal and interest requirements on the College's various revenue bonds payable are as follows:

Years Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,155,000	\$ 732,103	\$ 1,887,103
2015	1,135,000	690,976	1,825,976
2016	1,175,000	653,212	1,828,212
2017	1,215,000	612,603	1,827,603
2018	1,250,000	569,826	1,819,826
2019-2023	7,020,000	2,096,334	9,116,334
2024-2028	4,780,000	821,000	5,601,000
2029-2033	1,585,000	105,984	1,690,984
	<u>\$ 19,315,000</u>	<u>\$ 6,282,038</u>	<u>\$ 25,597,038</u>

Capital Lease Obligations

Oklahoma Capital Improvement Authority Lease Obligations

In September 1999, the OCIA issued its OCIA Bond Issues, 1999 Series A, B and C. Of the total bond indebtedness, the State Regents allocated approximately \$1,200,000 to the College. Concurrently with the allocation, the College entered into a lease agreement with OCIA, for the project being funded by the OCIA bonds. The lease agreement provides for the College to make specified monthly payments to OCIA over the respective terms of the agreement, which is for approximately 20 years. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the College. Lease principal and interest payments to OCIA totaling \$95,415 during the year ended June 30, 2013 were made by the State of Oklahoma on behalf of the College. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the statements of revenues, expenses and changes in net position.

In 2004, the OCIA issued bond series 2004A that refunded a significant portion of the 1999A bonds. Consequently, the amortization of the 1999A bond issue ended in 2010. The lease agreement no longer secures the 1999A bond issue but will now act as security for the 2004A bond issue over the term of the lease through the year 2020. As a result, there are two amortization schedules, which have been combined, related to this one lease agreement.

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. Total lease payments over the term of the agreement including principal and interest, beginning July 1, 2006 through July 1, 2030, will be \$26,426,878. Payments will be made annually ranging from \$420,423 to \$1,104,109, by the State of Oklahoma on behalf of the



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 7: Long-Term Liabilities (Continued)

Capital Lease Obligations (Continued)

Oklahoma Capital Improvement Authority Lease Obligations (Continued)

College. Concurrently with the allocation, the College entered into a lease agreement with OCIA, for the projects being funded by the OCIA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the College.

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

Through June 30, 2013, the College has drawn down all of its total allotment for expenses incurred in connection with the specific projects. These expenses have been capitalized as investments in capital assets or recorded as operating expenses, in accordance with the College's policy. In fiscal year 2013, lease principal and interest payments to OCIA totaling \$1,299,678 were made by the State of Oklahoma on behalf of the college. These on-behalf payments have been recorded as OCIA on-behalf state appropriations in the statements of revenues, expenses and changes in net position.

ODFA Master Lease Obligations

On December 9, 2009, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2009B in the amount of \$511,000. Total lease payments over the term of the agreement, beginning January 15, 2010 through November 15, 2012, are \$528,034. Payments are made monthly ranging from \$14,754 to \$15,847. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation. The \$72,500 balance of this capital lease obligation was paid during fiscal year 2013.

On September 15, 2010, the College entered into a capital lease obligation for the ODFA Master Revenue Bonds, Series 2010A in the amount of \$4,075,000. Total lease payments over the term of the agreement, beginning October 15, 2010 through May 15, 2040, are \$6,947,413. Payments are made monthly ranging from \$19,314 to \$23,111. Proceeds from the obligation will be used for construction of the new Performing Arts Theater, along with the issuance costs of the obligation.

On December 16, 2010, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2010B in the amount of \$413,000. Total lease payments over the term of the agreement, beginning January 15, 2011 through November 15, 2013 are \$437,508. Payments are made monthly ranging from \$12,280 to \$12,957. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 7: Long-Term Liabilities (Continued)

Capital Lease Obligations (Continued)

On November 9, 2011, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2011C in the amount of \$645,000. Total lease payments over the term of the agreement, beginning December 15, 2011 through May 15, 2014 are \$688,604. Payments are monthly ranging from \$22,852 to \$23,248. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation.

Future minimum lease payments under all capital lease obligations are as follows:

Years Ending June 30:			
2014	\$ 1,802,952	\$ 872,154	\$ 2,675,106
2015	1,551,985	811,936	\$ 2,363,921
2016	1,533,324	742,803	\$ 2,276,127
2017	1,604,021	675,226	\$ 2,279,247
2018	1,677,732	602,653	\$ 2,280,385
2019-2023	2,149,463	2,539,473	\$ 4,688,936
2024-2028	4,986,158	1,696,078	\$ 6,682,236
2029-2033	2,831,199	540,365	\$ 3,371,564
2034-2038	945,667	213,510	\$ 1,159,177
2039-2040	423,000	26,743	\$ 449,743
	<u>\$ 19,505,501</u>	<u>\$ 8,720,941</u>	<u>\$ 28,226,442</u>

Note 8: Retirement Plans

The College's academic and non-academic personnel are covered by various retirement plans. One plan available to College personnel is the Oklahoma Teachers' Retirement System, which is a cost-sharing multiple employer defined benefit pension plan administered by the State of Oklahoma. The College also sponsors a Supplemental Retirement Plan, which is a single-employer public-employee retirement system which was approved in 1971.

Oklahoma Teachers' Retirement System

Plan Description

The College contributes to the Oklahoma Teachers' Retirement System ("OTRS"), which is a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 8: Retirement Plans (Continued)

Plan Description (Continued)

The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of OTRS. OTRS does not provide for a cost-of-living adjustment. OTRS issues a publicly available financial report that includes financial statements and supplementary information for OTRS. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, by calling (405) 521-2387, or at the OTRS website at www.trs.state.ok.us.

Funding Policy

The College is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 9.5%, is applied to annual compensation, and is determined by state statute. The contribution rate was 9.5% in fiscal year 2013.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2013. These contributions were made directly by the College for 2013.

The College's contributions to OTRS for the year ended June 30, 2013 were approximately \$5,330,000 equal to the required contributions for the year. These contributions included the College's statutory contribution and the share of the employee's contribution paid directly by the College.

The State of Oklahoma is also required to contribute to OTRS on behalf of the participating employers. For 2013, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the OTRS on behalf of participating employers.

The College has estimated the amounts contributed to OTRS by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for OTRS for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2013 the total amounts contributed to OTRS by the State of Oklahoma on behalf of the College were approximately \$2,435,000. These on-behalf payments have been recorded as non-operating state appropriations revenues and operating compensation and employee benefits expenses in the statements of revenues, expenses and changes in net position.

Defined Contribution Plan

All full-time employees are eligible for the Defined Contribution Plan after ninety (90) days of employment with the College. The College contributes a discretionary 4.50% of the participants' regular annual salary provided the participants contribute a minimum of 1.50% of their regular annual salary.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 8: Retirement Plans (Continued)

Funding Policy

The College contributed approximately \$944,000 for the year ended June 30, 2013. 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 ING was selected as the sole provider effective January 1, 2009. All contributions are now electronically transmitted to ING on a monthly basis. Participants continue to be responsible, however, for monitoring the performance of their individual accounts.

Note 9: Related Party Transactions

The College and South Oklahoma City Area School District (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, with the exception of the Treasurer as the Board of Regents for the College. There are no restrictions governing the College with respect to student enrollment. Generally, an in-District student will also participate in non-District courses offered by the College, such that the students are common to both entities. The District levies ad valorem taxes on owners of real property to provide funding for Vo-tech Ed.

The operation levy was 5.08 mills for year ended June 30, 2013, 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, 2013, which was also collectible on December 31 and March 31 each year. The cost of providing the respective instruction and related services is to be borne by each entity. Pursuant to the terms of the agreement, the District allocated the College \$5,200,000 in 2013 to provide technical education to District students. This amount has been eliminated in the accompanying financial statements as inter-fund transfers. In 2013, the District also disbursed approximately \$107,000 towards the construction of the Allee' for the Performing Arts Theater Center. These funds were provided by the building levy assessed in fiscal year 2013. Ad valorem taxes received by the District for the year ended June 30, 2013, totaled approximately \$7,051,000, including the building levy of \$1,706,000.

Since its inception in 1970, the District has constructed buildings and purchased equipment which is leased to the College for instructional and other ancillary purposes at a cost of \$1 per year. The book value of the leased property at June 30, 2013 was approximately \$2,386,000. The lease is for a period of one year and was renewed July 1, 2013. Maintenance, insurance, and operating costs related thereto are paid for by the College.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 9: Related Party Transactions (Continued)

Oklahoma City Community College Foundation

The Oklahoma City Community College 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 has entered into a written agreement with the Foundation whereby the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, bequests, and payment of services for the benefit of the College. During the year ended September 30, 2012, the Foundation awarded scholarships to College students totaling approximately \$83,000. Goods and services were provided on behalf of the College of approximately \$187,000, for the year ended September 30, 2012.

Note 10: Commitments and Contingencies

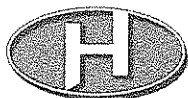
The College participates in a number of federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantors agency for expenditures disallowed under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

The College participates in the Federal Family Education Loan Program (the "Program"), which includes the Federal Stafford Loan Program and the Federal Parents Loans for Undergraduate Students Program. The Program does not require the College to draw down cash; however, the College is required to perform certain administrative functions under the Program. Failure to perform such functions may require the College to reimburse the loan guarantee agencies. For the years ended June 30, 2013. Approximately \$13,500,000 of program loans were provided to College students.

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, 2013 that management believes would result in a material loss to the College in the event of an adverse outcome.

Note 11: Risk Management

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, workers' compensation, and unemployment. Settled claims have not exceeded this commercial coverage in any of the three preceding years.



Oklahoma City Community College
Notes to Financial Statements
June 30, 2013

Note 11: Risk Management (Continued)

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

The College is self-insured for unemployment liabilities. Payments are made to the State 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.

NOTE 12: Accounting Standards Issued Not Yet Adopted

Fiscal Year Ended June 30, 2015

Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

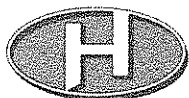
GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the College has not yet determined the impact that implementation of GASB No. 68 will have on its net pension.

NOTE 13: Subsequent Events

Subsequent events have been evaluated through October 4, 2013, which is the date the financial statements were issued.

NOTE 14: Oklahoma City Community College Foundation

The following are significant disclosures of the Foundation.



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Note 1: Nature of Organization

The Oklahoma City Community College Foundation (Foundation) is a nonprofit organization organized in 1997 and obtained 501(C)(3) status on April 23, 1998 from the State of Oklahoma. The Foundation is located at 7777 South May Avenue, Oklahoma City, OK 73159-4444. The mission of the Foundation is to benefit, support and enhance the development and priorities of the Oklahoma City Community College (OCCC). The primary purposes of the Foundation are to fund scholarships to students attending OCCC and to provide resources to supplement college operations. The efforts of the Foundation are to generate funds which shall be in alignment with the academic needs and priorities of OCCC. The Foundation shall ensure integrity to meet donor expectations.

Note 2: Basis of Presentation

The Foundation follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 117, *Financial Statement of Not-For-Profit Organizations*. Under FASB Statement No. 117, the Foundation is reporting information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- a. Permanently Restricted net assets are those that were given to the Foundation where the principal and any earnings are restricted for a particular use as designated by the donor.
- b. Temporarily Restricted net assets are those that were given to the Foundation where the principal and any earnings expire upon the passage of a prescribed period or upon the occurrence of a stated event as specified by the donor.
- c. Unrestricted net assets are those, not included in the above categories, given to the Foundation where the principal, as well as earnings, can be used by the Foundation for whatever purpose the Foundation determines. Donor-restricted resources intended for capital projects are released and reclassified as unrestricted support when spent.

Note 3: Basis of Accounting

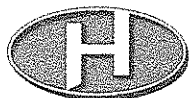
The Foundation prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting (OCBOA) other than accounting principles generally accepted in the United States of America.

Separate accounts are maintained for each fund; however, the accompanying financial statements have been prepared on a basis which shows the financial position and changes in net assets of the Foundation in total. Funds with similar characteristics have been combined for financial statement presentation.

Interest income earned on money market and operating accounts are recognized as unrestricted income on the cash basis. Interest income earned on certificate of deposits and endowment fund are recognized on the cash basis with the appropriate pro rata share of earnings going to their respective funds.

Per Foundation investment policy (Note 4), funds may be commingled with other funds for investment purposes with the appropriate pro rata share of earnings going to their respective funds. Dividend income is recognized on the cash basis with the appropriate pro rata share of earnings going to their respective funds.

If financials were presented on the basis of generally accepted accounting principles (GAAP), there would be no significant differences.



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Note 4: Summary of Significant Accounting Policies

Financial Management Policies were approved at board meeting held on October 25, 2000. In August 2009, amended policy to include the Director of Development as authorized signer on account. Policies include:

- a. Board approval for any purchase or expenditure of \$5,000 or more, except as budgeted;
- b. All disbursements over \$1,500 are required to have two (2) of the following authorized signatures; President, Treasurer, Executive Director or Director of Development of the Foundation. Upon position change of authorized signatures, a new bank signature card shall be completed/updated;
- c. The Executive Director and/or Director of Development has signature authority on disbursements up to \$1,500; and
- d. An Annual Operating Budget shall be presented to the Foundation Board for approval on an annual basis.

Plan of Work is prepared and approved by board on an annual basis.

Investments were held in Retirement Investment Advisors Accounts. Investments held at year end are recorded at their fair market values as of September 30, 2012.

The investment policy statement was approved by board on March 8, 2006. The purpose investment policy statement is to establish a clear understanding between the Board, the Investment Committee, Fund Managers, if any, and any outside advisors. The written investment policy allows the Board and Committee to clearly establish the prudence and diversification standards they want the investment process to maintain. The effect of the written policy is to increase the likelihood that the funds managed pursuant to this policy will be able to meet the use of the funds intended by the donors and/or the financial needs of the Foundation.

An Investment Policy was presented by Investment Committee and approved by the board on October 7, 1999. Investment Committee is authorized to manage funds until it is deemed appropriate to designate a money manager. Policy includes but not limited to asset allocation, prohibited assets classes and transactions, evaluation and performance criteria, investment guidelines, spending policy, types of funds and earnings allocation. Investment policy statement may be amended from time to time at the discretion of the Board of Trustees of the Foundation. Types of Funds specifically noted in original policy are:

- a. The Quasi Endowment Fund represents a pool of funds set aside by the Foundation to create institutional savings. The principal may be invaded. The fund can be commingled with other endowment funds for investment purposes, with the appropriate pro rata share of earning going to funds as specified.
- b. The Equipment Endowment Fund represents a pool of gifts for the Foundation given by donors for the specific purpose of buying equipment for the College from earnings. The principal cannot be invaded. The fund can be commingled with other endowment funds for investment purposes, with the appropriate pro rata share of earning going to buy equipment.
- c. The Scholarship Endowment Fund represents a pool of gifts for the Foundation given by donors for the specific purpose of awarding scholarships to students from earnings. The principal cannot be invaded. The fund can be commingled with other endowment funds for investment purposes, with the appropriate pro rata share of earning going to scholarships.



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

- d. The Library Endowment Fund represents a pool of gifts for the Foundation given by donors for the specific purpose of providing support for the College library from earnings. The principal cannot be invaded. The fund can be commingled with other endowment funds for investment purposes, with the appropriate pro rata share of earning going to the College library.
- e. The Unrestricted Fund represents a pool of funds given to the Foundation where the principal, as well as earnings, can be used by the Foundation for whatever purpose the Foundation determines.
- f. The Restricted Fund represents a pool of funds given to the Foundation where the principal and any earnings are restricted for a particular use as designated by the donor. Separate amounts may be restricted for various purposes within this fund.

Note 5: Checking and Money Market Accounts

The Foundation has a checking account and a money market account, which both are held at Coppermark Bank. The accounts are covered by F.D.I.C. insurance upto \$250,000. Balance in each account at September 30, 2012 and 2011 are:

	<u>2012</u>	<u>2011</u>
Checking Account	\$ 610,518.50	\$ 423,720.25
Money Market Account	<u>\$ 1,664,829.66</u>	<u>\$ 1,903,641.44</u>
TOTALS	<u>\$ 2,275,348.16</u>	<u>\$ 2,327,361.69</u>

Note 6: Certificate of Deposit

The Foundation established certificate of deposit at First United Bank totaling \$250,000 in May 2012 earning interest at 1% annually maturing in one year (May 2013).

Interest earned during audit period total \$1,469.44

Note 7: Endowment Fund

The Foundation currently holds an Endowment FAS136 Fund at the Oklahoma City Community Foundation (OKCCF).

Investments into OKCCF

Assets/Money transferred to OKCCF is reported as assets of the OKCCF. Foundation invested \$30,000 of unrestricted funds in November 2011 which is included in the Market Value at June 30, 2012.

In January 2012, Foundation received donations for endowment fund totaling \$1,235. This amount will need to be transferred to OKCCF.



**Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011**

Assets/Money transferred to OKCCF is reported as such:

Transfers from Foundation are "Reciprocal Funds" and

Transfers from Others for the Benefit of the Foundation are "Third-Party Funds"

Market Value of Assets held at OKCCF on behalf of Foundation is:

	Reciprocal Funds	Third-Party Funds	TOTAL FUNDS
Market Value at June 30, 2012 (AUDITED)	\$ 105,745.82	\$ 121,632.17	\$ 227,377.99
Reciprocal Transfers	--0--	--0--	--0--
Contributions	--0--	--0--	--0--
Net Investment Income	4,155.65	4,779.89	8,935.54
Administrative Fees and Expenses	(165.17)	(189.98)	(355.15)
Distributions	--0--	--0--	--0--
Market Value at September 30, 2012 (UNAUDITED)	\$ 109,736.30	\$ 126,222.08	\$ 235,958.38

Distributions from OKCCF

During audit period, OKCCF distributed three (3) gifts totaling \$10,600 to Foundation.

The OKCCF is required to report an offsetting liability representing the present value of future distributions to be made to the Foundation under ASC 958-605 (formerly SFAS No. 136).

Distributions are calculated using the OKCCF's approved spending policy which states that 5% of the average market value over the previous twelve (12) quarters will be distributed each year. This spending policy was change in fiscal year 2011 from eight (8) to twelve (12) quarters in order to smooth out the market fluctuations to provide more consistent distributions from year to year. Distributions are accrued at OKCCF year-end (June 30) and generally made available to organizations after year-end audit has been finalized.

Future distributions/liability reported by OKCCF at end of their audit period June 30, 2012 were:

	Reciprocal Funds	Third-Party Funds	TOTAL FUNDS
Future Distributions Liability at June 30, 2012	\$ 5,021	\$ 4,366	\$ 9,387

These funds were distribution to Foundation in October 2012

Funds were deposited in Foundation's account on October 24, 2012 and reported as "Unrestricted Funds"



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Note 8: Cash for Scholarships Held in Bursar's Office

The Foundation makes checks payable to OCCC for student scholarships. At times students do not complete the semester in which they are awarded the scholarships or students are in the military and had to be deployed during semester. The Bursar's office does not return money to Foundation, but instead holds money in an account. The balance held in the Bursar's office at September 30, 2012 is as follows:

Fall 2009 Semester	\$ 748.00
Spring 2010 Semester	\$ 700.00
Fall 2010 Semester	\$ 686.40
Fall 2012 Semester	<u>\$ 2,990.42</u>
Total	<u>\$ 5,124.82</u>

Note 9: Investments and Fair Value Measurements

Investments

Investments are currently held at Retirement Investment Advisors Inc. Funds totaling \$130,000 were originally invested with Vanguard in 2001. In September 2006, a portion of funds were transferred from Vanguard to Retirement Investment Advisors. In April 2007, the balance of funds was transferred from Vanguard to Retirement Investment Advisors. Breakdown of fund investments is as follows:

- a. Funds for OKC-Go Program were contributed by general donations (\$33,500), Bishop (\$30,500), Rapp Foundation (\$5,000), Reynolds (\$15,000) and Sonic (\$25,000).
Total OKC-Go Investment \$ 109,000
 - b. Fund – Library Completion Investment \$ 6,500
 - c. Fund – Sorosis Scholarship Investment \$ 10,000
 - d. Fund – Technology Fund \$ 4,500
- TOTAL ORIGINAL INVESTMENT: \$ 130,000

During year, investments earned \$3,898.32 in dividends but had an overall gain in market value totaling \$27,899.35. Investment account balance at September 30, 2012 and 2011 were \$200,804.77 and \$169,007.10 respectively.

Balance by fund is as follows:

	<u>2012</u>	<u>2011</u>
OKC-Go Program	\$ 168,367.06	\$ 141,705.95
Library Completion	\$ 10,040.25	\$ 8,450.36
Sorosis Scholarship	\$ 15,446.52	\$ 13,000.55
Technology Fund	<u>\$ 6,950.94</u>	<u>\$ 5,850.24</u>
TOTAL	<u>\$ 200,804.77</u>	<u>\$ 169,007.10</u>

Balance by Asset Allocation is as follows:

	<u>2012</u>	<u>2011</u>
Domestic Equities	\$ 84,992.06	\$ 66,168.28
Domestic Fixed Income	\$ 81,226.67	\$ 56,301.86
International Equities	\$ 33,118.49	\$ 26,779.80
International Fixed Income	\$ --0--	\$ 18,289.73
Cash & Equivalents	<u>\$ 1,467.55</u>	<u>\$ 1,467.43</u>
TOTAL	<u>\$ 200,804.77</u>	<u>\$ 169,007.10</u>



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Fair Value Measurements

Accounting Standards Codification Topic 820, *Fair Value Measurements* (ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued at the market value of the assets net of the investment management fee, of each sub-account and the number of outstanding units.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Within the fair value hierarchy, the Foundation's investments fair value as of September 30, 2012 is as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual Funds	\$200,804.77	--0--	--0--	\$200,804.77



**Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011**

Note 10: Assets/Equipment

The Foundation purchased equipment and software and is using the following depreciation/amortization methods.

Equipment totaling \$16,269 was purchased at various times. Assets were depreciated over 5 years using the Doubling Declining method. Equipment is fully depreciated.

Software totaling \$1,949.84 was purchased on 04/17/2007. Software was amortized over 3 years using the Straight-Line method. Software is fully amortized.

Note 11: Contingent Liabilities

OKC-Go Program: Scholarships are approved but not paid until approximately a year later. Scholarships are approved to allow students to get all necessary supplies to begin course work. Payments are made to OCCC after all the student's funds/grants/scholarships are exhausted in each semester. The estimated contingent liability for the school year 2011-2012 is as follows:

Fall 2011 Semester \$ 1,531.71

Note 12: Theater Campaign

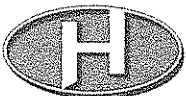
In 2007, the Foundation launched a campaign to raise money to build a theater for OCCC. As of September 30, 2012, balances are as follows:

	2012	2011
Theater Campaign	\$ 1,756,237.49	\$ 1,521,597.63
Theater Campaign-Best Seat	\$ 95,852.54	\$ 88,352.54
Theater Campaign-WOS Art	\$ 23,604.00	\$ 13,145.00
Interest Income-CD-1 st United	\$ 1,469.44	-0-
Total	\$ 1,877,163.47	\$ 1,623,095.17

The Performing Arts Theaters is scheduled to be completed around August 2013.

Note 13: Capitol Hill Center Renovation Campaign

In May 2012, the board approved a \$5,000,000 Capitol Hill Center Renovation Campaign. A \$1,000,000 TIF grant from the City of Oklahoma City and \$100 donation has been received thus far.



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Note 14: "SCHOLARSHIP" Donations and Disbursements by Name/Category

NAME	2012 DONATIONS	2012 DISBURSEMENTS	2011 DONATIONS	2011 DISBURSEMENTS
AIB Scholarship	\$ 1,052.10		0.00	0.00
Alejandro Sanchez Scholarship	3,955.00	2,500.00	2,065.00	0.00
Alumni Association Fund	1,413.30	100.00	1,400.00	0.00
Bartlett Fund	1,416.70	500.00	500.00	500.00
Black Student Association	587.00	500.00	390.00	500.00
Bobby D. Gaines	115.39	300.00	64.61	300.00
Bode Nursing	100.00	2,385.64	340.00	2,296.40
Bruce Owen			5.00	0.00
Burkhalter	375.00	1,000.00	500.00	0.00
Calhoun Nursing		1,500.00	4,155.00	0.00
Carl Albert Film & Video			0.00	0.00
Chesapeake		5,000.00	10,000.00	10,500.00
Connie Nieser	1,655.46	1,500.00	2,156.39	1,600.00
Cynthia Williams Nursing	712.50		5,390.00	0.00
Essay Contest	1,000.00	1,000.00	0.00	0.0
Engineering	20,000.00	2,000.00	5,000.00	1,000.00
Faculty Association	6,308.62	5,300.00	6,104.22	7,000.00
Gamel	15,000.00	27,000.00	25,000.00	21,000.00
Holton Music			200.00	0.00
HOPE	916.74		999.98	250.00
Intl Student Association	933.85	900.00	422.20	0.00
Jack Cain	1,298.37		352.62	0.00
Jaronek-Schribner			1,000.00	1,000.00
Kay Edwards	460.00	500.00	480.00	0.00
Kayla Fessler		500.00	90.00	500.00
Language Scholarship			0.00	0.00
Larry D. Golden	1,675.00	300.00	1,720.00	300.00
Larry Lundy Memorial	150.00		1,961.00	0.00
Lee Ann Hall	1,090.00	400.00	1,972.00	400.00
Linda Thornton	175.00	250.00	323.00	250.00
Marion Paden	11,644.00	500.00	10,188.00	0.00
Mary Ann Merz	140.00	300.00	103.00	300.00
Matt Skvaria	115.47		244.63	0.00
Metro Auto/Bridgestone Firestone	8,163.84	1,500.00	5,000.00	5,000.00
Moore Service League			0.00	1,000.00
Nursing			3,467.50	3,550.00
Nursing Emergency Fund	360.00	306.86		
Nursing Student Assn-5K	4,725.00	3,500.00	0.00	0.00
Robert P. Todd Leadership	2,420.00	500.00	738.00	500.00
Rutledge Scholarship	1,050.00	1,300.00	1,100.00	165.79
Safari McDoulett Memorial	21,283.00	1,312.12	0.00	0.00

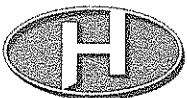


Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Sertoma/Deaf Hearing	214.57		0.00	0.00
Sechrist	3,295.76	1,000.00	2,233.46	1,000.00
Sharon Robinson		150.00	0.00	150.00
Student	27,048.73	18,773.80	17,730.36	17,745.35
Susan Clowers Memorial		300.00	0.00	300.00
Thurman			5,000.00	0.00
Wellness Center	4,652.31		0.00	0.00
TOTALS:	\$ 145,502.71	\$ 82,878.42	\$ 118,395.97	\$ 77,107.54

Note 15: "SPECIAL PROJECTS" Donations and Disbursements by Name/Catetory

NAME	2012		2011	
	DONATIONS	DISBURSEMENTS	DONATIONS	DISBURSEMENTS
AD Astra	\$ 5,000.00	\$ 5,000.00	\$ 10,000.00	\$ 10,000.00
AD Astra 2013		2,000.00		
Arts Festival	25,100.00	15,895.80	8,070.00	9,877.36
Arts & Humanities	291.00	967.60	1,091.08	0.00
Biology Dept.	0.00		3,975.00	0.00
Biotech Fund	0.00		0.00	0.00
Business Division	535.00		86.00	0.00
Child Development	700.00		1,000.00	0.00
Community Develop. Fund			10,000.00	5,573.51
Cultural Arts 2012	830.00	2,130.54		
Cultural Projects	3,646.82	3,868.25	5,508.68	6,677.48
Cultural (Adastra)			5,000.00	5,000.00
Cultural (Kilpatrick/Ad Astra)	10,000.00	12,000.00	0.00	8,129.17
Cultural Series			0.00	800.00
Facility Assn Oper Fund	795.00	75.46	330.00	64.30
Film Creativity			0.00	0.00
Film & Video (Kilpatrick/Reynolds)	40,000.00	40,000.00	50,000.00	50,802.33
Film & Video Program			0.00	46.31
Golf Tournament	500.00	500.00	0.00	0.00
Film Project 06/Student			0.00	200.00
Ground & Landscaping			275.00	0.00
Health Professions Division	350.00		992.50	118.23
Health Professions Div-EMS	150.00		81.25	0.00
Institute Global Excellence	231.82		235.68	0.00
Information Technology Div	597.00		723.08	0.00
Library Completion		2,015.38		
NAIA Swim/Dive Meet	5,000.00	1,326.58	0.00	0.00
Nursing Pinning Ceremony Fund	840.00	835.00	0.00	0.00



Oklahoma City Community College Foundation
(A Non-Profit Organization)
Notes to Financial Statements
Years Ending September 30, 2012 and 2011

Nursing Expense Fund			50.00	650.00
Performing Theater Art Gallery			68.00	0.00
Regents Tree Project			2,950.00	0.00
Science Dept.	59.17	227.00	100.00	500.00
Science/Health Labs	632.49		468.34	0.00
Security Life			0.00	0.00
Social Sciences Div.	2,600.00		80.00	0.00
Steinway Piano		100,000.00	100,000.00	0.00
TV New Lab Grant	0.00		0.00	395.00
Technology	145.00		0.00	0.00
Women's Career Program	0.00		0.00	0.00
TOTALS:	\$ 98,003.30	\$ 186,841.61	\$ 201,084.61	\$ 98,833.69

Note 16: Donated and Reduced-Fee Services

Contributed services are reported in the financial statements for voluntary donations of services when those services: (1) Create or enhance non-financial assets; or (2) Require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by the donation.

Federal and State Income Tax Returns (Form 990 & Form 512-E) are prepared and donated by David Greenwell (Prior Treasurer). Auditing services were provided by Karen J. Tucker, CPA at a reduced fee. The estimated fair value of these donated services was \$5,200.

Additionally, a number of volunteers have donated significant amounts of time to the Foundation in various capacities. However, these services have not been recognized, inasmuch as such services either do not require specialized skills or would not typically be purchased had they not been provided by donation. The value of these services is not readily determinable.

Note 17: Federal Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(C)(3) of the Internal Revenue Code and corresponding provisions of Oklahoma law and, accordingly, is not subject to federal or state income taxes. There are no unrelated business activities that would trigger a tax liability. The tax years ending 2009, 2010, 2011 and 2012 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under code section 170 of the internal revenue code.

Note 18: Subsequent Events

Subsequent events have been evaluated through May 13, 2013, which is the date the financial statements were available to be issued. No events occurred up to May 13, 2013, that required a change to the financial statements.

Events occurring after that date have not been evaluated to determine whether a change in the financial statement would be required.





**HINKLE &
COMPANY**

PC

Strategic
Business Advisors

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

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

We have audited, in accordance with 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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Oklahoma City Community College's basic financial statements, and have issued our report thereon dated October 4, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oklahoma City Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Oklahoma City Community 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.SBAdvisors.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma City Community 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill & Company, PC

Tulsa, Oklahoma
October 4, 2013





**HINKLE &
COMPANY**
PC

Strategic
Business Advisors

**Independent Auditors' Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by OMB Circular A-133**

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Oklahoma City Community College compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a material effect on each of the Oklahoma City Community College's major federal award programs for the year ended June 30, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Oklahoma City Community 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, 2013.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.SBAdvisors.com

Report on Internal Control Over Compliance

Management of the Oklahoma City Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Oklahoma City Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma City Community College's internal control over compliance.

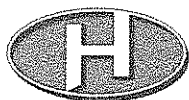
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hill & Company, PC

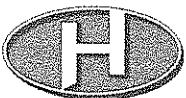
Tulsa, Oklahoma
October 4, 2013



Oklahoma City Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	Amount Expended
U.S. Department of Education		
Student Financial Aid Cluster		
Federal Pell Grant	84.063	\$ 17,593,870
Federal Work Study	84.033	308,636
Federal Supplemental Education Opportunity Grant	84.007	268,276
Federal Family Education Loans	84.032	357,135
Federal Direct Student Loan Program	84.268	13,191,624
College Access Challenge Grant	84.378A	38,256
Total Student Financial Aid		<u>31,757,797</u>
Other Programs		
U.S. Department of Education		
Upward Bound	84.047	278,705
TRIO Student Support Services	84.042A	210,785
U.S. Department of Education Pass-Through		
Oklahoma State Department of Education		
Adult Education & Family Literacy Act	84.002	702,031
ESL / Civics	84.002	93,620
Speech / Language Pathology Program	84.027	16,169
U.S. Department of Education Pass-Through		
Oklahoma Department of Career and Technology Education		
Office of Vocational and Adult Education		
Basic Grants to States – Carl D Perkins	84.048	156,484
Basic Grants to States – Carl D Perkins – Consortium	84.048	57,378
Total U. S. Department of Education – Other Programs		<u>1,515,172</u>
U.S. Department of Health and Human Services Pass Through		
Oklahoma Department of Human Services		
Child Development – DHS Daycare Reimbursement	93.575	106,643
Child Development – DHS Scholars for Excellence	93.575	1,496
DHS Scholars for Excellence	93.596	63,882
Administration for Children and Families		
OSHRE –		
TANF	93.558	86,955
Career Transition Project – Pass-through Entity ID – 633	93.558	262,281
U.S. Department of Agriculture Pass Through		
Food and Nutrition Service – Oklahoma Department of Education		
Child and Adult Care Food Program	10.558	40,301
U.S. Department of Housing – Pass Through / HUD		
Special Project Grant/HUD	14.251	5,898

(continued)



**Oklahoma City Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

(Continued)

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	Amount Expended
National Science Foundation Pass - Through University of Tulsa		
Cyber Security Ed Cons	47.076	1,264
Cyber Watch Phase II (Prince George CC)	47.076	27,155
UCO/STEM Double Bridge Liaison	47.076	2,430
U. S. Department of Labor Pass-Through Program from:		
Traditional Leadership Academy	17.261	94,318
Trade-Adjustment Career Training	17.282	280,330
National Institute of Health Pass-Through Program From:		
Regents of University of Oklahoma Health Science & Technology Idea Networks of Biomedical Research Excellence	93.389	48,859
Clinical Equipment -- HRSA	93.887	7,987
Pass-Through Program From: East Central University NIH-ECU Minority	93.389	15,621
U. S. Department of Homeland Security State of Oklahoma-Office of the Governor Homeland Security Table-Talk Exercise	97.073	1,687
Total Expenditures of Federal Awards		<u>\$ 34,320,076</u>



Oklahoma City Community College
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1: Summary of Significant Accounting Policies

The schedule of expenditures of federal awards includes the federal awards activity of Oklahoma City Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Federal Family Education Loan Program

The College participates in the Federal Family Education Loan Program (the FFEL Program), CFDA Number 84.032, which includes the Federal Stafford Loan Program and Federal Parents Loans for Undergraduate Students. The FFEL Program does not require the College to draw down cash; however, the College is required to perform certain administrative functions under the FFEL Program. Failure to perform such functions may require the College to reimburse the loan guarantee agencies.

Note 3: Subrecipients

During the year ended June 30, 2013, the College did not provide any federal awards to subrecipients.



Oklahoma City Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Summary of Auditors' Results

1. The opinion expressed in the independent accountants' report was:
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The College's major program was:

Cluster/Program	CFDA Number
Student Financial Aid	84.007, 84.033, 84.032, 84.063 84.268, 84.375

8. A threshold of \$623,000 was used to distinguish between Type A and Type B programs as those terms are defined by OMB Circular A-133.

9. The College qualifies as a low-risk auditee as that term is defined by OMB Circular A-133.



**Oklahoma City Community College
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

(Continued)

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reportable by OMB Circular A-133

No matters are reportable.



Oklahoma City Community College
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

