

**OKLAHOMA CITY
COMMUNITY COLLEGE**

June 30, 2010

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

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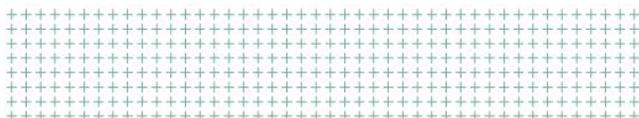
Independent Auditors' Report

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

We have audited the accompanying statements of net assets of Oklahoma City Community College (the "College"), a component unit of the State of Oklahoma, as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the College's discretely presented component unit, the Oklahoma City Community College Foundation. Those financial statements were audited by another auditor, whose report thereon has been furnished to us, and in our opinion, insofar as they relate to the amounts included for the Foundation, are based on the report of the other auditor.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were audited by other auditors and were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Oklahoma City Community College and its discretely presented component unit, Oklahoma City Community College Foundation, as of June 30, 2010 and 2009, and the respective changes in financial position and, where applicable, cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2010, on our consideration of the 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 results of that testing, and not to provide an opinion on the internal control over financial reporting and 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.

Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 8, 2010

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis
Years Ended June 30, 2010, 2009 and 2008

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, 2010, 2009 and 2008. 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, 2010 compared to June 30, 2009

- During the year ended June 30, 2010, the College's net assets increased by \$5,563,622, to \$64,344,559. Unrestricted net assets increased by \$2,378,207. Net assets invested in capital assets, net of debt increased by \$305,635 and expendable net assets restricted for capital projects increased by \$3,491,555.
- Total operating revenues increased to \$24,496,895 in 2010 from \$22,282,088 in 2009 primarily as a result of increased tuition and fees revenue.
- Total operating expenses increased to \$77,190,829 in 2010 from \$66,402,263 primarily due to increases in scholarships and compensation.
- Net non-operating revenues increased to \$54,740,601 in 2010 from \$45,234,390 in 2009, primarily as a result of an increase in Federal grants and contracts. The increase in ad valorem taxes was also a contributing factor.

June 30, 2009 compared to June 30, 2008

- During the year ended June 30, 2009, the College's net assets increased by \$3,461,642, to \$58,780,937 from \$55,319,295 in 2008. Unrestricted net assets increased by \$1,603,770. Net assets invested in capital assets, net of debt increased by \$943,784 and expendable net assets restricted for capital projects increased by \$1,784,235.
- Total operating revenues decreased to \$22,282,088 in 2009 from \$22,344,906 in 2008, primarily as a result of decreased other operating revenues.
- Total operating expenses increased to \$66,402,263 in 2009 from \$61,215,866 in 2008. This change is primarily due to increases in compensation, contractual services and Scholarships.
- Net non-operating revenues increased to \$45,234,390 in 2009 from \$43,199,636 in 2008, primarily as a result of an increase in Federal grants and contracts.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

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, 2010, 2009 and 2008, 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, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Condensed Statements of Net Assets

	June 30, 2010	June 30, 2009	Increase (Decrease)	% Change	June 30, 2008	Increase (Decrease)	% Change
Current assets	\$ 28,664,196	\$ 23,432,205	\$ 5,231,991	22%	\$ 21,708,226	\$ 1,723,979	8%
Noncurrent assets:							
Capital assets, net	70,397,334	70,282,154	115,180	0%	66,878,401	3,403,753	5%
Other	4,186,658	4,644,531	(457,873)	-10%	8,374,534	(3,730,003)	-45%
TOTAL ASSETS	<u>103,248,188</u>	<u>98,358,890</u>	<u>4,889,298</u>	<u>5%</u>	<u>96,961,161</u>	<u>1,397,729</u>	<u>1%</u>
Current liabilities	9,766,408	9,054,014	712,394	8%	9,597,631	(543,617)	-6%
Noncurrent liabilities	29,137,221	30,523,939	(1,386,718)	-5%	32,044,235	(1,520,296)	-5%
TOTAL LIABILITIES	<u>38,903,629</u>	<u>39,577,953</u>	<u>(674,324)</u>	<u>-2%</u>	<u>41,641,866</u>	<u>(2,063,913)</u>	<u>-5%</u>
Net assets:							
Invested in capital assets, net of related debt	39,539,557	39,233,922	305,635	1%	38,290,138	943,784	2%
Restricted for non-expendable	266,740	263,835	2,905	1%	296,486	(32,651)	-11%
Restricted for expendable	9,882,970	7,006,095	2,876,875	41%	6,059,356	946,739	16%
Unrestricted	14,655,292	12,277,085	2,378,207	19%	10,673,315	1,603,770	15%
TOTAL NET ASSETS	<u>\$ 64,344,559</u>	<u>\$ 58,780,937</u>	<u>\$ 5,563,622</u>	<u>9%</u>	<u>\$ 55,319,295</u>	<u>\$ 3,461,642</u>	<u>6%</u>

June 30, 2010 compared to June 30, 2009

Current Assets increased \$5,231,991 in 2010 primarily due to the increase in cash and cash equivalents due to proceeds from the sale of the John Massey Building, unspent Section 13 Offset funds, refunded bond debt service reserve funds and facility fees collected for the construction of a new performing arts theater.

As of fiscal year end 2010, net capital assets increased \$115,180 from the balance at June 30, 2009. Further discussion regarding capital assets is found on page 12.

Other non-current assets decreased by \$457,873 due to decrease in OCIA bond proceeds receivable resulting from construction of our new Visual and Performing Arts Center and Health Professions Education Center.

Current liabilities increased by \$712,394 primarily due to increased deferred revenue.

Non-current liabilities decreased \$1,386,718 due to debt service payments on both revenue bonds and capital lease obligations.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

June 30, 2009 compared to June 30, 2008

Current Assets increased \$1,723,979 primarily due to increased current cash and cash equivalents.

Capital assets, net of accumulated depreciation increased \$3,403,753 primarily due to the completion of the new Visual and Performing Arts Center and Health Professions Education Center, the purchase of a building for the Capitol Hill Center, the SAS reporting system, the remodel of the Engineering lab and many other improvements to campus facilities.

Other non-current assets decreased by \$3,730,003 due to decrease in OCIA bond proceeds receivable resulting from construction of our new Visual and Performing Arts Center and Health Professions Education Center.

Current liabilities decreased \$543,617 primarily due to decreased accounts payable for capital projects. Due to most of the construction of the new Visual and Performing Arts Center and Health Professions Education Center occurring in fiscal year 2008, accounts payable was much larger at June 30, 2008 than at June 30, 2009, when construction on these two buildings was substantially complete.

Non-current liabilities decreased \$1,520,296 due to debt service payments on both revenue bonds and capital lease obligations.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2010	2009	Increase (Decrease)	%	2008	Increase (Decrease)	%
				Change			Change
Operating Revenues:							
Tuition and fees, net	\$ 17,871,495	\$ 16,519,171	\$ 1,352,324	8%	\$ 16,140,763	\$ 378,408	2%
Auxilliary enterprise charges	5,117,435	4,860,757	256,678	5%	4,281,982	578,775	14%
Other	1,507,965	902,160	605,805	67%	1,922,161	(1,020,001)	-53%
TOTAL OPERATING							
REVENUES	24,496,895	22,282,088	2,214,807	10%	22,344,906	(62,818)	0%
Less operating expenses	77,190,829	66,402,263	10,788,566	16%	61,215,866	5,186,397	8%
OPERATING LOSS	(52,693,934)	(44,120,175)	(8,573,759)	19%	(38,870,960)	(5,249,215)	14%
Nonoperating revenues							
State appropriations	24,676,854	26,551,943	(1,875,089)	-7%	26,551,866	77	0%
State payments from							
Federal ARRA revenues	1,850,823	-	1,850,823	0%	-	-	0%
OTRS on behalf contributions	1,793,106	1,983,347	(190,241)	-10%	2,012,771	(29,424)	-1%
Ad valorem taxes	4,984,414	3,337,534	1,646,880	49%	3,473,070	(135,536)	-4%
Federal grants and contracts	19,560,733	11,997,748	7,562,985	63%	9,363,422	2,634,326	28%
State and local grants							
and contracts	2,941,918	2,394,002	547,916	23%	2,126,830	267,172	13%
Investment income	298,838	252,762	46,076	18%	706,704	(453,942)	-64%
Net interest income (expense)	(1,366,085)	(1,282,946)	(83,139)	6%	(1,035,027)	(247,919)	24%
NET NONOPERATING							
REVENUES	54,740,601	45,234,390	9,506,211	21%	43,199,636	2,034,754	5%
State appropriations for capital	896,272	896,272	-	0%	1,092,701	(196,429)	-18%
OCIA on behalf							
state appropriations	1,119,879	1,119,671	208	0%	1,119,107	564	0%
Prudential Financial, Inc.	-	255,953	(255,953)	100%	-	-	100%
Net gain/loss on sale							
of capital assets	808,416	-	808,416	100%	-	-	0%
Capital gifts and donations	692,388	75,531	616,857	817%	152,939	(77,408)	-51%
NET INCREASE IN NET ASSETS	5,563,622	3,461,642	2,101,980	61%	6,693,423	(3,231,781)	-48%
NET ASSETS,							
BEGINNING OF YEAR	58,780,937	55,319,295	3,461,642	6%	48,625,872	6,693,423	14%
NET ASSETS, ENDING	\$ 64,344,559	\$ 58,780,937	\$ 5,563,622	9%	\$ 55,319,295	\$ 3,461,642	6%

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

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, 2010 compared to June 30, 2009

During the year ended June 30, 2010, operating revenues increased by \$2,214,807.

- Net tuition and fees increased by \$1,352,324 primarily due to an approximate 12% increase in enrollment with tuition and fee rates remaining the same.
- Bookstore revenue, net of scholarship allowances increased \$407,903 due to increase sales of textbooks related to increased enrollment.
- Other Operating Revenues increased \$630,092, due to enhanced child development fees, antenna space rental, printing services, film and video production and other miscellaneous income.

Operating expenses increased \$10,788,566 in fiscal year 2010 compared to 2009.

- Employee compensation increased \$2,757,146. Benefit costs increased by just over \$917,000. Adjunct faculty compensation increased in the amount of \$658,387 to meet the needs of increased enrollment. The College added three full time faculty and two professional positions, while also increasing Student employment compensation in the amount of \$507,288 due to the availability of the American Reinvestment and Recovery Act (ARRA) funding that became available in fiscal year 2010.
- Other operating expense increased \$1,273,312 due to an increase in bad debt expense.
- Scholarships and fellowships increased \$5,715,113 due to an increase in Pell grants.

During the year ended June 30, 2010 net non-operating revenues increased \$7,655,388.

- State appropriations, including on-behalf and capital contributions, decreased by \$1,875,089, primarily due to a budget reduction of \$1,995,832 created by State revenue shortfall.
- State Payments from Federal ARRA revenues were provided in fiscal year 2010 to offset the College's decreased State appropriations of \$1,995,832. The College was able to drawdown \$1,850,823 of these funds by June 30, 2010.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

June 30, 2010 compared to June 30, 2009 (Continued)

- Ad valorem taxes increased by \$1,646,880 due primarily to an increase in fiscal year 2010 ad valorem taxes received due to a 5 mill District incentive levy in which the South Oklahoma City Area School District received 2.5 mills which was assessed in fiscal year 2010. Moore Norman Technology Center, Francis Tuttle Technology Center and Metro Tech Technology Center received the other 2.5 mills collectively.
- Federal grants and contracts revenue increased \$7,562,985 primarily due to increased Pell authorizations.
- State and local grants and contracts revenue increased \$547,916 due to an increase in OHLAP, OTAG scholarships and Adult Education and Literacy grants.

Net assets increased \$5,563,622 during fiscal year 2010. This is primarily due to the increase in revenue from Federal and state grants and contracts and the sale of the John Massey Center Building. Increased tuition and fees and the South Oklahoma Area School District incentive levy revenue received also contributed to the increase in net assets.

June 30, 2009 compared to June 30, 2008

During the year ended June 30, 2009, operating revenues decreased by \$62,818.

- Net tuition and fees increased by \$378,408 primarily due to a slight increase in enrollment as well as a 7.69% increase in tuition and fee rates.
- Auxiliary Other Income increased \$352,052 due primarily to increased Corporate Learning revenue.
- Bookstore revenue, net of scholarship allowances increased \$228,372 due to increase sales of textbooks.
- The increases above were partially offset by a decrease in Other Operating Revenue of \$1,117,970. This decrease was due to an increase in allowance for doubtful accounts. A decrease in miscellaneous income was also a contributing factor.

Operating expenses increased \$5,186,397 in fiscal year 2009 compared to 2008.

- Employee compensation increased \$2,930,666. The College added 17 new positions during 2009. Benefit costs increased by just over \$857,210 and employees received an average 3.5% salary increase.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

June 30, 2009 compared to June 30, 2008 (Continued)

- Contractual services increased \$1,075,069 due to increased cost of software maintenance, grounds keeping, legal and accounting, as well as other various contracts throughout the College.
- Supplies and materials increased \$305,242 primarily due to an increased cost of textbooks for resale sold in the OCCC bookstore.
- Utilities increased by \$264,375 due to the completion of the new Visual and Performing Arts Center and Health Professions Education Center, which became operational during fiscal year 2009.
- Scholarships and fellowships increased by \$747,655 due to a large increase in financial aid of \$2,642,036 offset by an increase in scholarship allowance. Pell Grants increased significantly and a new Department of Labor grant was added in fiscal year 2009. OHLAP mandatory fee scholarships increased as well.

During the year ended June 30, 2009 net non-operating revenues increased \$2,034,754.

- State appropriations, including on-behalf and capital contributions, decreased by \$225,212 primarily due to the receipt of a one-time capital contribution of \$196,429 in fiscal year 2008 that was not continued in fiscal year 2009. OTRS on-behalf contributions also decreased by \$29,424.
- Investment income decreased by \$453,942 due to decreased OCIA bond funds used for the construction of the new Visual and Performing Arts Center and Health Professions Education Center.
- Federal grants and contracts revenue increased \$2,634,326 primarily due to increased Pell authorizations.
- State and local grants and contracts revenue increased \$267,172 due to an increase in OHLAP scholarships.

Net assets increased \$3,461,642 during fiscal year 2009. This is primarily due to the increase in revenue from Federal and state grants and contracts. Increased tuition and fees also contributed to the increase in net assets.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

Condensed Statements of Cash Flows

	Years Ended June 30, 2010	2009	Increase (Decrease)	% Change	June 30, 2008	Increase (Decrease)	% Change
Cash provided (used) by:							
Operating activities	\$ (45,705,074)	\$ (39,798,920)	\$ (5,906,154)	15%	\$ (34,419,601)	\$ (5,379,319)	16%
Noncapital financial activities	55,117,705	45,529,847	9,587,858	21%	42,519,835	3,010,012	7%
Capital and related financing activities	(4,557,871)	(4,938,008)	380,137	-8%	579,108	(5,517,116)	-953%
Investing Activities	<u>725,937</u>	<u>690,179</u>	<u>35,758</u>	<u>5%</u>	<u>(7,074,125)</u>	<u>7,764,304</u>	<u>-110%</u>
Net increase in cash and cash equivalents	5,580,697	1,483,098	4,097,599	276%	1,605,217	(122,119)	-8%
Cash and cash equivalents, beginning	<u>18,780,061</u>	<u>17,296,963</u>	<u>1,483,098</u>	<u>9%</u>	<u>15,691,746</u>	<u>1,605,217</u>	<u>10%</u>
Cash and cash equivalents, ending	<u>\$ 24,360,758</u>	<u>\$ 18,780,061</u>	<u>\$ 5,580,697</u>	<u>30%</u>	<u>\$ 17,296,963</u>	<u>\$ 1,483,098</u>	<u>9%</u>

June 30, 2010 compared to June 30, 2009

The College's overall cash and cash equivalents increased by \$5,580,697. This change was primarily due to the increased cash flows related to the sale of the John Massey Center Building, the incentive tax levy revenue received, increased tuition and fees, and the increase in Federal grants and contracts revenue.

June 30, 2009 compared to June 30, 2008

The College's overall cash and cash equivalents increased by \$1,483,098. This change was primarily due to the increased cash flows related to the increase in Federal grants and contracts revenue.

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

June 30, 2010 compared to June 30, 2009

Capital assets, net of accumulated depreciation increased \$115,180 due to a mixture of purchases for furniture and computer equipment of \$2.6 million, the donation of the old John Glenn Elementary school which is being used for our new Family and Community Education Center at the appraised value of \$630,000, construction work in progress totaling over \$2.8 million including the Family and Community Education Center, Aquatics Center upgrades, Roof replacements, Health Professions Education Center improvements, offset by the sale of the John Massey Center for approximately \$2.6 million and additional accumulated depreciation. Current year depreciation expense totaled \$4,592,662 compared to depreciation expense of \$4,004,373 in the prior year.

June 30, 2009 compared to June 30, 2008

As of fiscal year end 2009, net capital assets increased \$3,403,753 from the balance at June 30, 2008. This change was primarily due to the completion of the new Visual and Performing Arts Center and Health Professions Education Center. Fiscal year 2009 depreciation expense totaled \$4,004,373 compared to depreciation expense of \$3,760,438 in the fiscal year 2008.

Condensed Summary of Capital Assets

	Years Ended June 30,		Increase	%	June 30,	Increase	%
	2010	2009	(Decrease)	Change	2008	(Decrease)	Change
Capital assets:							
Land	\$ 2,937,133	\$ 2,767,133	\$ 170,000	6%	\$ 2,767,133	\$ -	0%
Construction in progress	154,984	974,142	(819,158)	-84%	14,869,157	(13,895,015)	-93%
Buildings and improvements	82,828,234	80,896,593	1,931,641	2%	62,974,468	17,922,125	28%
Infrastructure	5,156,324	4,957,892	198,432	4%	3,906,201	1,051,691	27%
Furniture and equipment	18,844,456	17,079,396	1,765,060	10%	16,699,566	379,830	2%
Library materials	5,211,176	4,850,229	360,947	7%	4,529,063	321,166	7%
TOTAL CAPITAL ASSETS	115,132,307	111,525,385	3,606,922	3%	105,745,588	5,779,797	5%
Less accumulated depreciation	(44,734,974)	(41,243,231)	(3,491,743)	8%	(38,867,187)	(2,376,044)	6%
CAPITAL ASSETS, NET	\$ 70,397,333	\$ 70,282,154	\$ 115,179	0%	\$ 66,878,401	\$ 3,403,753	5%

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE (Continued)

June 30, 2010 compared to June 30, 2009

At June 30, 2010, the College had total long-term liabilities of \$31,707,150 compared to \$32,996,724 at June 30, 2009. Debt incurred during the current year included the issuance of ODFA master lease 2009B, which was used to purchase computer equipment to be used for instruction in the amount of \$509,808.

June 30, 2009 compared to June 30, 2008

At June 30, 2009, the College had total long-term liabilities of \$32,996,724 compared to \$34,378,521 at June 30, 2008. Debt incurred during the current year included the issuance of ODFA master lease 2008A, which was used to purchase computer equipment to be used for instruction in the amount of \$438,290.

Condensed Summary of Long Term Liabilities

	Years Ended June 30,		Increase	%	June 30,	Increase	%
	2010	2009	(Decrease)	Change	2008	(Decrease)	Change
Capital lease obligations	\$ 15,251,078	\$ 15,640,276	\$ (389,198)	-2%	\$ 16,169,832	\$ (529,556)	-3%
Revenue bonds payable	14,930,000	15,855,000	(925,000)	-6%	16,745,000	(890,000)	-5%
Premium on bonds	387,642	413,218	(25,576)	-6%	424,826	(11,608)	-3%
Compensated absences	1,138,430	1,088,230	50,200	5%	1,038,863	49,367	5%
TOTAL LONG-TERM LIABILITIES	31,707,150	32,996,724	(1,289,574)	-4%	34,378,521	(1,381,797)	-4%
Less: current portion	<u>(2,569,929)</u>	<u>(2,472,785)</u>	<u>(97,144)</u>	<u>4%</u>	<u>(2,334,286)</u>	<u>(138,499)</u>	<u>6%</u>
NET LONG-TERM LIABILITIES	<u>\$ 29,137,221</u>	<u>\$ 30,523,939</u>	<u>\$ (1,386,718)</u>	<u>-5%</u>	<u>\$ 32,044,235</u>	<u>\$ (1,520,296)</u>	<u>-5%</u>

OKLAHOMA CITY COMMUNITY COLLEGE
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2010, 2009 and 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Oklahoma City Community College experienced a sizeable increase in enrollment in fiscal year 2010. In fiscal year 2011 as we approach the end of September 2010, fall semester enrollment is up by 6.1%. Fiscal year 2010 state appropriations were reduced during the year by a total of \$1,927,306, which was offset by a onetime supplemental allocation of \$840,709. This reduced the 2011 base budget amount before an additional 2011 reduction of \$467,144. Fiscal year 2011 state appropriations for National Guard Waiver reimbursement and Concurrent Enrollment reimbursement were \$159,088 and \$175,524 respectively. Federal State Fiscal Stabilization Award from American Reinvestment and Recovery Act funds (ARRA) decreased from \$1,995,832 in 2009 to \$1,734,793 in 2010, however the state made up the difference in the amount of \$261,039 in additional state appropriations. Total budgeted state appropriations for fiscal year 2011 decreased approximately 5.26%, including ARRA.

While the College elected to leave tuition and fee rates level for fiscal year 2010, decreased state appropriations and increased expenses during the fiscal year made it necessary to raise tuition rates by just under 5.5% for fiscal year 2011. The State budget outlook is somewhat downcast particularly with the Federal State Fiscal Stabilization Award ending in fiscal year 2011; however, current enrollment levels and the additional South Oklahoma Area School District incentive levy tax create a stable economic outlook for the College. 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 the Oklahoma City Community College, 7777 South May Avenue, Oklahoma City, Oklahoma 73159.

STATEMENTS OF NET ASSETS

OKLAHOMA CITY COMMUNITY COLLEGE

	College	
	June 30	
	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,224,820	\$ 15,643,255
Restricted cash and cash equivalents	3,997,010	3,000,806
Investments	133,895	581,621
Student accounts receivable, net of allowance for doubtful accounts	3,187,156	3,004,364
Other receivables	561,727	552,710
Interest receivable	17,128	11,445
Inventories	542,460	638,004
TOTAL CURRENT ASSETS	<u>28,664,196</u>	<u>23,432,205</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	138,928	136,000
Investments	3,306,930	3,291,983
Receivable from state agency for bond proceeds	305,148	748,037
Other assets	435,652	468,511
Capital assets, net of accumulated depreciation	70,397,334	70,282,154
TOTAL NONCURRENT ASSETS	<u>74,583,992</u>	<u>74,926,685</u>
TOTAL ASSETS	<u>\$ 103,248,188</u>	<u>\$ 98,358,890</u>

	College	
	June 30	
	2010	2009
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 3,678,686	\$ 3,675,793
Deferred revenue	2,665,104	2,261,642
Due to student groups and organizations	337,602	301,467
Due to other governments	218,938	29,084
Accrued interest payable	296,149	313,243
Current portion of noncurrent liabilities	2,569,929	2,472,785
TOTAL CURRENT LIABILITIES	<u>9,766,408</u>	<u>9,054,014</u>
NONCURRENT LIABILITIES, net of current portion		
Accrued compensated absences	451,746	376,783
Revenue bonds payable	13,975,000	14,930,000
Premium on revenue bonds	362,400	386,533
Capital lease obligations	14,348,075	14,830,623
TOTAL NONCURRENT LIABILITIES	<u>29,137,221</u>	<u>30,523,939</u>
TOTAL LIABILITIES	<u>38,903,629</u>	<u>39,577,953</u>
NET ASSETS		
Invested in capital assets, net of debt	39,539,557	39,233,922
Restricted for:		
Nonexpendable	266,740	263,835
Expendable:		
Scholarships, research, instruction and other	195,659	203,348
Capital projects	9,365,314	5,873,759
Debt service	321,997	928,988
Unrestricted	14,655,292	12,277,085
TOTAL NET ASSETS	<u>\$ 64,344,559</u>	<u>\$ 58,780,937</u>

See notes to financial statements.

DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION

OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION

September 30, 2009 and 2008
(FISCAL YEAR ENDS OF COMPONENT UNIT)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents		
Cash	\$ 1,058,547	\$ 860,492
Certificate of deposit	-	-
TOTAL CASH AND CASH EQUIVALENTS	<u>1,058,547</u>	<u>860,492</u>
INVESTMENTS		
Retirement Investments	<u>152,178</u>	<u>148,494</u>
TOTAL INVESTMENTS	<u>152,178</u>	<u>148,494</u>
TOTAL CURRENT ASSETS	1,210,725	1,008,986
FIXED ASSETS		
Equipment, net of depreciation	<u>301</u>	<u>4,797</u>
TOTAL ASSETS	<u>\$ 1,211,026</u>	<u>\$ 1,013,783</u>
NET ASSETS		
Temporarily restricted	\$ 1,090,877	\$ 876,295
Unrestricted	<u>120,149</u>	<u>137,488</u>
TOTAL NET ASSETS	<u>\$ 1,211,026</u>	<u>\$ 1,013,783</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OKLAHOMA CITY COMMUNITY COLLEGE

	College	
	June 30	
	2010	2009
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$6,269,000 and \$4,906,000 in 2010 and 2009, respectively	\$ 17,871,495	\$ 16,519,171
Sales and services of educational departments	461,501	485,788
Auxiliary enterprise charges		
Food services	154,845	147,295
Bookstore, net of scholarship allowances of \$1,567,000 and \$1,227,000 in 2010 and 2009, respectively	4,189,516	3,781,613
All other auxiliary enterprises	773,074	931,849
Other operating revenues	1,046,464	416,372
TOTAL OPERATING REVENUES	24,496,895	22,282,088
OPERATING EXPENSES		
Compensation and employee benefits	45,273,412	42,516,266
Contractual services	5,643,956	5,347,269
Supplies and materials	5,806,648	5,731,077
Utilities	1,601,671	1,513,695
Communications	285,497	291,025
Other operating expenses	2,268,622	995,310
Scholarships and fellowships	11,718,361	6,003,248
Depreciation expense	4,592,662	4,004,373
TOTAL OPERATING EXPENSES	77,190,829	66,402,263
OPERATING LOSS	(52,693,934)	(44,120,175)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	24,676,854	26,551,943
State payments from federal ARRA revenues	1,850,823	-
OTRS on-behalf contributions	1,793,106	1,983,347
Ad valorem taxes	4,984,414	3,337,534
Federal grants and contracts	19,560,733	11,997,748
State and local grants and contracts	2,941,918	2,394,002
Investment income	298,838	252,762
Interest expense	(1,366,085)	(1,282,946)
NET NONOPERATING REVENUES	54,740,601	45,234,390
Income before other revenues, expenses, gains and losses	2,046,667	1,114,215

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

	College	
	June 30	
	2010	2009
State appropriations restricted for capital projects	896,272	896,272
OCIA on-behalf state appropriations	1,119,879	1,119,671
Prudential Financial, Inc.	-	255,953
Gain on sale of capital assets	808,416	-
Capital gifts and donations	692,388	75,531
	<u>5,563,622</u>	<u>3,461,642</u>
NET INCREASE IN NET ASSETS		
	5,563,622	3,461,642
NET ASSETS AT BEGINNING OF YEAR	<u>58,780,937</u>	<u>55,319,295</u>
NET ASSETS AT END OF YEAR	<u>\$ 64,344,559</u>	<u>\$ 58,780,937</u>

See notes to financial statements.

DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES

OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION

September 30, 2009 and 2008
(FISCAL YEAR ENDS OF COMPONENT UNIT)

	<u>2009</u>	<u>2008</u>
RECEIPTS, DONATIONS, AND OTHER SUPPORT:		
RESTRICTED		
Theater	\$ 274,100	\$ -
Theater (Best seat)	34,549	-
OKC-Go Program	1,280	2,380
Scholarships	107,909	113,635
Special projects	<u>66,336</u>	<u>352,622</u>
TOTAL RESTRICTED	484,174	468,637
UNRESTRICTED		
Donated services	5,275	5,375
Unrestricted (Other)	<u>12,744</u>	<u>29,574</u>
TOTAL UNRESTRICTED	<u>18,019</u>	<u>34,949</u>
TOTAL DONATIONS, GAINS, AND OTHER SUPPORT	502,193	503,586
DISBURSEMENTS:		
RESTRICTED		
OKC-Go Program	10,943	-
Scholarships	99,946	101,512
Special projects	<u>162,386</u>	<u>127,651</u>
TOTAL RESTRICTED	273,275	229,163
UNRESTRICTED		
Bank service charges	4,517	2,639
Credit card fees	332	168
Depreciation	4,496	5,532
Donated services	5,275	5,375
Unrestricted (Other)	<u>25,821</u>	<u>36,072</u>
TOTAL UNRESTRICTED	<u>40,441</u>	<u>49,786</u>
TOTAL DISBURSEMENTS	<u>313,716</u>	<u>278,949</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSES)	188,477	224,637
OTHER INCOME (EXPENSES)		
Interest income	5,083	17,545
Dividend income		
Retirement investment	5,083	2,969
Unrealized change in value - Investment		
Retirement investment	<u>(1,400)</u>	<u>(37,296)</u>
CHANGE IN NET ASSETS	197,243	207,855
NET ASSETS AT BEGINNING OF YEAR	<u>1,013,783</u>	<u>805,928</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,211,026</u>	<u>\$ 1,013,783</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

OKLAHOMA CITY COMMUNITY COLLEGE

	Years Ended June 30	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 17,951,682	\$ 15,709,664
Sales and services of education activities	461,501	485,788
Auxiliary enterprise charges	5,367,072	4,926,560
Other operating receipts	945,105	318,978
Payments to employees for salaries and benefits, net of on-behalf payments	(43,430,106)	(40,483,552)
Payments to suppliers and others	<u>(27,000,328)</u>	<u>(20,756,358)</u>
NET CASH USED IN OPERATING ACTIVITIES	(45,705,074)	(39,798,920)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations, net of on-behalf payments	25,796,733	27,671,614
State payments from Federal ARRA revenues	1,825,897	-
Grants and contracts	22,516,014	14,512,297
Ad valorem taxes	<u>4,979,061</u>	<u>3,345,936</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	55,117,705	45,529,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash paid for capital assets	(5,821,599)	(7,435,850)
(Gain)/loss on disposal of assets		
Proceeds from sales of capital assets	2,614,558	-
Capital appropriations received	508,953	525,300
Proceeds of capital debt and leases	977,037	4,727,258
Repayments of capital debt and leases	(1,437,879)	(1,472,583)
Interest paid on capital debt and leases	<u>(1,398,941)</u>	<u>(1,282,133)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(4,557,871)	(4,938,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,412,561)	(8,142,152)
Proceeds from sales and maturities of investments	1,993,622	8,605,408
Interest received on investments	<u>144,876</u>	<u>226,923</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>725,937</u>	<u>690,179</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,580,697	1,483,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>18,780,061</u>	<u>17,296,963</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 24,360,758</u>	<u>\$ 18,780,061</u>

(Continued)

STATEMENTS OF CASH FLOWS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

	Years Ended June 30	
	<u>2010</u>	<u>2009</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (52,693,934)	\$ (44,120,175)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	4,592,662	4,004,373
Net loss on disposal of fixed assets	-	103,255
On-behalf contributions to teachers' retirement system	1,793,106	1,983,347
Changes in net assets and liabilities		
Accounts receivables	(182,792)	(919,673)
Other receivables	(43,853)	(45,556)
Inventories	95,544	(61,253)
Accounts payable and accrued expenses	2,893	(909,002)
Deferred revenue	455,111	124,131
Due to student groups and organizations	36,135	(7,113)
Due to other governments	189,854	(621)
Compensated absences	50,200	49,367
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (45,705,074)</u>	<u>\$ (39,798,920)</u>
 NONCASH INVESTING, NONCAPITAL FINANCING AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal and interest on capital debt paid by state agency on behalf of the College	<u>\$ 1,119,879</u>	<u>\$ 1,119,671</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Current assets		
Cash and cash equivalents	\$20,224,820	\$ 15,643,255
Restricted cash and cash equivalents	3,997,010	3,000,806
Noncurrent assets		
Restricted cash and cash equivalents	<u>138,928</u>	<u>136,000</u>
	<u>\$ 24,360,758</u>	<u>\$ 18,780,061</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A--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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A-- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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

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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Student Accounts Receivable and Other Receivables--Continued: 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 assets.

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.

Deferred Revenues: Deferred 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. Deferred 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 assets, and as a component of compensation and benefit expense in the statements of revenues, expenses and changes in net assets.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 Assets: The College's net assets are classified as follows:

Invested in capital assets, net of related debt: 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.

Restricted net assets - expendable: Restricted expendable net assets 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 assets - nonexpendable: Nonexpendable restricted net assets 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 assets: Unrestricted net assets 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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.

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 assets. 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.

Reclassifications: Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE B--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.

At June 30, 2010 and 2009, the carrying amount of the College's deposits with the State Treasurer and other financial institutions was as follows:

	2010	2009
Deposits with the State Treasurer	\$ 23,985,797	\$ 18,740,431
U.S. financial institutions	359,961	24,630
Petty cash and change funds	15,000	15,000
	<u>\$ 24,360,758</u>	<u>\$ 18,780,061</u>

At June 30, 2010, the bank balance of the College's deposits with the State Treasurer and U.S. Financial Institutions was \$24,209,238. Of funds on deposit with the OST, amounts invested in *OK INVEST* total \$4,411,649 in 2010 and \$3,133,770 in 2009.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE B--DEPOSITS AND INVESTMENTS--Continued

Custodial Credit Risk - Deposits--Continued: 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, 2010		
<u>OK INVEST Portfolio</u>	<u>Cost</u>	<u>Market Value</u>
U.S. agency securities	\$ 1,690,365	\$ 1,718,746
Money market mutual fund	386,155	386,155
Certificates of Deposit	250,928	250,928
Tri-party repurchase agreements	282,925	282,925
Mortgage Backed Agency Securities	1,560,747	1,628,561
Municipal Bonds	95,054	101,919
Foreign Bonds	17,683	17,485
U.S. treasury obligations	127,792	135,267
Totals	<u>\$ 4,411,649</u>	<u>\$ 4,521,986</u>

At June 30, 2009		
<u>OK INVEST Portfolio</u>	<u>Cost</u>	<u>Market Value</u>
U.S. agency securities	\$ 1,379,198	\$ 1,420,527
Money market mutual fund	247,081	247,081
Certificates of Deposit	199,727	199,727
Tri-party repurchase agreements	244,780	244,780
Mortgage Backed Agency Securities	710,592	719,205
Municipal Bonds	50,394	50,807
Foreign Bonds	5,970	5,970
U.S. treasury obligations	296,028	306,372
Totals	<u>\$ 3,133,770</u>	<u>\$ 3,194,469</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE B--DEPOSITS AND INVESTMENTS--Continued

Custodial Credit Risk - Deposits--Continued: 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.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE B--DEPOSITS AND INVESTMENTS--Continued

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

At June 30, 2010 and 2009, the College had the following investments:

Investment	2010	2009
State Treasurer's Internal Investment Pool	\$ 17,736	\$ 17,174
Other investments		
Bond funds-		
U.S. Treasury money market mutual funds	2,837,104	2,824,199
South Oklahoma City Area School District (component unit)		
U.S. Treasury bills	-	581,621
Prudential Financial, Inc. stock	458,533	323,158
Oklahoma State Regents Endowment	127,452	127,452
	<u>\$ 3,440,825</u>	<u>\$ 3,873,604</u>

The underlying collateral for amounts invested with the State Treasurer's internal investment pool is U.S. Treasury obligations, U.S. Agency obligations, and Tri-Party repurchase agreements.

Investment maturities were as follows at June 30, 2010:

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	\$ 17,736	\$ 17,736	\$ -	\$ -	\$ -	\$ -
Other investments						
Bond funds-						
U.S. Treasury money market mutual funds	2,837,104	-	2,837,104	-	-	-
South Oklahoma City Area School District (component unit) -						
U.S. Treasury bill	-	-	-	-	-	-
Prudential Financial, Inc. stock	458,533	458,533				
Oklahoma State Regents Endowment	127,452	127,452	-	-	-	-
	<u>\$ 3,440,825</u>	<u>\$ 603,721</u>	<u>\$ 2,837,104</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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE C--STUDENT ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Student tuition and fees	\$ 3,270,120	\$ 2,993,493
Auxiliary enterprises and other operating activities	<u>(19,397)</u>	<u>56,060</u>
	3,250,723	3,049,553
Less: Allowance for doubtful accounts	<u>(63,567)</u>	<u>(45,189)</u>
Net student accounts receivable	<u>\$ 3,187,156</u>	<u>\$ 3,004,364</u>

NOTE D--OTHER RECEIVABLES

Other receivables consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Due from grantors	\$ 373,509	\$ 438,522
Taxes receivable	11,169	5,816
Other receivables	<u>177,049</u>	<u>108,372</u>
Total other receivables	<u>\$ 561,727</u>	<u>\$ 552,710</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE E--CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 were as follows:

	Year Ended June 30, 2010				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated					
Land	\$ 2,767,133	\$ 240,000	\$ -	\$ (70,000)	\$ 2,937,133
Construction in Progress	974,142	2,878,575	(3,697,733)	-	154,984
Total not being depreciated	<u>\$ 3,741,275</u>	<u>\$ 3,118,575</u>	<u>\$ (3,697,733)</u>	<u>\$ (70,000)</u>	<u>\$ 3,092,117</u>
Other capital assets					
Buildings and improvements	\$ 80,896,593	\$ 390,000	\$ 3,499,301	\$ (1,957,660)	\$ 82,828,234
Infrastructure	4,957,892	-	198,432	-	5,156,324
Furniture and equipment	17,079,396	2,644,465	-	(879,404)	18,844,457
Library materials	4,850,229	360,947	-	-	5,211,176
Total other capital assets	107,784,110	3,395,412	3,697,733	(2,837,064)	112,040,191
Less accumulated depreciation for					
Buildings and improvements	(25,340,307)	(2,133,205)	-	329,552	(27,143,960)
Infrastructure	(2,646,737)	(129,957)	-	-	(2,776,694)
Furniture and equipment	(9,782,798)	(2,028,808)	-	771,367	(11,040,239)
Library materials	(3,473,389)	(300,692)	-	-	(3,774,081)
Total accumulated depreciation	<u>(41,243,231)</u>	<u>(4,592,662)</u>	<u>-</u>	<u>1,100,919</u>	<u>(44,734,974)</u>
Other capital assets, net	<u>\$ 66,540,879</u>	<u>\$ (1,197,250)</u>	<u>\$ 3,697,733</u>	<u>\$ (1,806,145)</u>	<u>\$ 67,305,217</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 3,741,275	\$ 3,118,575	\$ (3,697,733)	\$ (70,000)	\$ 3,092,117
Other capital assets, at cost	107,784,110	3,395,412	3,697,733	(2,837,064)	112,040,191
Total cost of capital assets	111,525,385	6,513,987	-	(2,907,064)	115,132,308
Less accumulated depreciation	(41,243,231)	(4,592,662)	-	1,100,919	(44,734,974)
Capital Assets, net	<u>\$ 70,282,154</u>	<u>\$ 1,921,325</u>	<u>\$ -</u>	<u>\$ (1,806,145)</u>	<u>\$ 70,397,334</u>

At June 30, 2010 and 2009, the cost and related accumulated depreciation of assets held under capital lease obligations was as follows:

	2010	2009
Equipment	\$ 4,329,396	\$ 4,291,466
Less: accumulated depreciation	(3,126,231)	(3,008,310)
	<u>\$ 1,203,165</u>	<u>\$ 1,283,156</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE E--CAPITAL ASSETS--Continued

Capital asset activity for the year ended June 30, 2009 were as follows:

	Year Ended June 30, 2009				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated					
Land	\$ 2,767,133	\$ -	\$ -	\$ -	\$ 2,767,133
Construction in Progress	14,869,157	5,078,801	(18,973,816)	-	974,142
Total not being depreciated	<u>\$ 17,636,290</u>	<u>\$ 5,078,801</u>	<u>\$ (18,973,816)</u>	<u>\$ -</u>	<u>\$ 3,741,275</u>
Other capital assets					
Buildings and improvements	\$ 62,974,468	\$ -	\$ 17,922,125	\$ -	\$ 80,896,593
Infrastructure	3,906,201	-	1,051,691	-	4,957,892
Furniture and equipment	16,699,566	2,214,262	-	(1,834,432)	17,079,396
Library materials	4,529,063	321,166	-	-	4,850,229
Total other capital assets	88,109,298	2,535,428	18,973,816	(1,834,432)	107,784,110
Less accumulated depreciation for					
Buildings and improvements	(23,708,404)	(1,631,904)	-	-	(25,340,308)
Infrastructure	(2,572,161)	(74,575)	-	-	(2,646,736)
Furniture and equipment	(9,402,088)	(2,009,039)	-	1,628,329	(9,782,798)
Library materials	(3,184,534)	(288,855)	-	-	(3,473,389)
Total accumulated depreciation	<u>(38,867,187)</u>	<u>(4,004,373)</u>	<u>-</u>	<u>1,628,329</u>	<u>(41,243,231)</u>
Other capital assets, net	<u>\$ 49,242,111</u>	<u>\$ (1,468,945)</u>	<u>\$ 18,973,816</u>	<u>\$ (206,103)</u>	<u>\$ 66,540,879</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 17,636,290	\$ 5,078,801	\$ (18,973,816)	\$ -	\$ 3,741,275
Other capital assets, at cost	88,109,298	2,535,428	18,973,816	(1,834,432)	107,784,110
Total cost of capital assets	105,745,588	7,614,229	-	(1,834,432)	111,525,385
Less accumulated depreciation	<u>(38,867,187)</u>	<u>(4,004,373)</u>	<u>-</u>	<u>1,628,329</u>	<u>(41,243,231)</u>
Capital Assets, net	<u>\$ 66,878,401</u>	<u>\$ 3,609,856</u>	<u>\$ -</u>	<u>\$ (206,103)</u>	<u>\$ 70,282,154</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE F--DEFERRED REVENUE

Deferred revenue consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Student tuition and fees	\$ 1,594,107	\$ 1,268,015
Auxiliary enterprises and other operating activities	661,583	532,565
Grants and contracts	<u>409,414</u>	<u>461,062</u>
Total deferred revenue	<u>\$ 2,665,104</u>	<u>\$ 2,261,642</u>

NOTE G--LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 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 2000	4.30-5.55	7/1/2010	\$ 585,000	\$ -	\$ (285,000)	\$ 300,000	\$ 300,000
Student Facility, Series 2005	3.00-5.00	7/1/2026	8,710,000	-	(350,000)	8,360,000	360,000
Student Facility, Series 2006	3.50-4.00	7/1/2022	<u>6,560,000</u>	<u>-</u>	<u>(290,000)</u>	<u>6,270,000</u>	<u>295,000</u>
Total revenue bonds payable			15,855,000	-	(925,000)	14,930,000	955,000
Capital lease obligations							
OCIA capital lease obligation		8/1/2019	747,672	-	(58,438)	689,234	61,353
OCIA Series 2005F		7/1/2030	14,252,521	-	(328,881)	13,923,640	448,696
ODFA master lease 2006C	4.00	11/15/2009	99,167	-	(99,167)	-	-
ODFA master lease 2007C	4.00-4.50	11/15/2010	245,416	-	(172,500)	72,916	72,916
ODFA master lease 2008A	4.00-4.625	5/15/2011	295,500	-	(150,667)	144,833	144,833
ODFA master lease 2009B	1.00-2.00	11/15/2012	-	511,000	(90,545)	420,455	175,205
Total capital lease obligations			<u>15,640,276</u>	<u>511,000</u>	<u>(900,198)</u>	<u>15,251,078</u>	<u>903,003</u>
Total revenue bonds payable and capital lease obligations			<u>31,495,276</u>	<u>511,000</u>	<u>(1,825,198)</u>	<u>30,181,078</u>	<u>1,858,003</u>
Other liabilities							
Premium			413,218	1,665	(27,241)	387,642	25,242
Accrued compensated absences			<u>1,088,230</u>	<u>761,061</u>	<u>(710,861)</u>	<u>1,138,430</u>	<u>686,684</u>
Total other liabilities			<u>1,501,448</u>	<u>762,726</u>	<u>(738,102)</u>	<u>1,526,072</u>	<u>711,926</u>
Total long-term liabilities			<u>\$ 32,996,724</u>	<u>\$ 1,273,726</u>	<u>\$ (2,563,300)</u>	<u>\$ 31,707,150</u>	<u>\$ 2,569,929</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE G--LONG-TERM LIABILITIES--Continued

Long-term liability activity for the year ended June 30, 2009 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 2000	4.30-5.55	7/1/2010	\$ 860,000	\$ -	\$ (275,000)	\$ 585,000	\$ 285,000
Student Facility, Series 2005	3.00-5.00	7/1/2026	9,050,000	-	(340,000)	8,710,000	350,000
Student Facility, Series 2006	3.50-4.00	7/1/2022	6,835,000	-	(275,000)	6,560,000	290,000
Total revenue bonds payable			16,745,000	-	(890,000)	15,855,000	925,000
Capital lease obligations							
OCIA capital lease obligation		8/1/2019	803,329	-	(55,657)	747,672	58,438
OCIA Series 2005F		7/1/2030	14,567,836	-	(315,315)	14,252,521	328,881
ODFA master lease 2005C	3.50	11/15/2008	54,167	-	(54,167)	-	-
ODFA master lease 2006C	4.00	11/15/2009	333,417	-	(234,250)	99,167	99,167
ODFA master lease 2007C	4.00-4.50	11/15/2010	411,083	-	(165,667)	245,416	172,500
ODFA master lease 2008A	4.00-4.625	5/15/2011	-	424,000	(128,500)	295,500	150,667
Total capital lease obligations			16,169,832	424,000	(953,556)	15,640,276	809,653
Total revenue bonds payable and capital lease obligations			32,914,832	424,000	(1,843,556)	31,495,276	1,734,653
Other liabilities							
Premium			424,826	16,494	(28,102)	413,218	26,685
Accrued compensated absences			1,038,863	790,384	(741,017)	1,088,230	711,447
Total other liabilities			1,463,689	806,878	(769,119)	1,501,448	738,132
Total long-term liabilities			\$ 34,378,521	\$ 1,230,878	\$ (2,612,675)	\$ 32,996,724	\$ 2,472,785

Revenue Bonds

The Student Facilities Program Revenue Bonds, Series 2000 (the "2000 Bonds") were issued in the original amount of \$7,600,000. A total of \$5,165,000 was refunded by the Student Facilities Program Revenue Bonds (the "2006 Bonds") in fiscal year 2006. Principal payments of \$200,000 to \$315,000 are due each July 1 through 2010. Principal and interest payments are secured by a lien and a pledge on the net revenue of the auxiliary facilities, a student service facility fee of \$10.30 per credit hour, a student activity fee of \$5.15 per credit hour, and unencumbered monies in the funds and accounts pertaining to the bonds for the repayments. The 2000 Bonds are payable from the above pledged revenues of the College. Interest on the bonds is exempt from federal and state income taxes.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE G--LONG-TERM LIABILITIES--Continued

Revenue Bonds--Continued

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, 2010, amounts held in escrow amounted to \$5,201,607.

At June 30, 2010, future aggregate maturities of principal and interest requirements on the College's various revenue bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending June 30:			
2011	\$ 955,000	\$ 574,389	\$ 1,529,389
2012	990,000	539,581	1,529,581
2013	1,025,000	504,645	1,529,645
2014	850,000	471,472	1,321,472
2015	815,000	441,571	1,256,571
2016-2020	4,555,000	1,714,724	6,269,724
2021-2025	4,420,000	723,271	5,143,271
2026-2030	1,320,000	59,753	1,379,753
	<u>\$ 14,930,000</u>	<u>\$ 5,029,406</u>	<u>\$ 19,959,406</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE G--LONG-TERM LIABILITIES--Continued

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 \$95,523 and \$95,517 during the years ended June 30, 2010 and 2009, respectively, 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 assets.

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 will end in 2010. The lease agreement will no longer secure 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 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE G--LONG-TERM LIABILITIES--Continued

Oklahoma Capital Improvement Authority Lease Obligations--Continued

Through June 30, 2010, the College has drawn down \$16,569,663 of its total allotment, including \$463,808 and \$3,443,144 of draw downs during the years ended June 30, 2010 and 2009, respectively, 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. The College has recorded a receivable totaling \$305,148 and \$748,037 at June 30, 2010, and 2009, respectively, for its allotment not drawn down as of those dates, plus interest allocated by OSRHE in fiscal year 2010 in the amount of \$20,919, which is also available for draw downs. Lease payments to OCIA totaling \$1,024,356 and \$1,024,154 during the years ended June 30, 2010 and 2009, respectively, 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 assets.

ODFA Master Lease Obligations

On December 14, 2005, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2005C in the amount of \$381,000. Total lease payments over the term of the agreement, beginning January 15, 2006 through November 15, 2008, were \$407,328. Payments were made monthly ranging from \$11,160 to \$12,691. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation. This obligation was repaid in full during the fiscal year ended June 30, 2009.

On December 1, 2006, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2006C in the amount of \$688,000. Total lease payments over the term of the agreement, beginning December 15, 2006 through November 15, 2009, are \$741,935. Payments are made monthly ranging from \$20,577 to \$20,660. This obligation was repaid in full during the fiscal year ended June 30, 2010.

On December 5, 2007, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2007C in the amount of \$505,000. Total lease payments over the term of the agreement, beginning December 15, 2007 through November 15, 2010, are \$545,736. Payments are made monthly ranging from \$15,063 to \$15,167. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE G--LONG-TERM LIABILITIES--Continued

ODFA Master Lease Obligations--Continued

On September 3, 2008, the College entered into a capital lease obligation for the ODFA Master Lease Revenue Bonds, Series 2008A in the amount of \$424,000. Total lease payments over the term of the agreement, beginning October 15, 2008 through May 15, 2011, are \$461,439. Payments are made monthly ranging from \$13,783 to \$16,560. Proceeds from the obligation were used for various capital projects, along with the issuance costs of the obligation.

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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending June 30:			
2011	\$ 903,003	\$ 733,091	\$ 1,636,094
2012	705,026	698,184	1,403,210
2013	627,542	671,699	1,299,241
2014	581,642	644,065	1,225,707
2015	609,334	616,424	1,225,758
2016-2020	3,290,880	2,626,568	5,917,448
2021-2025	3,749,933	1,770,749	5,520,682
2026-2030	4,783,718	736,812	5,520,530
	<u>\$ 15,251,078</u>	<u>\$ 8,497,592</u>	<u>\$ 23,748,670</u>

NOTE H--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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE H--RETIREMENT PLANS--Continued

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.

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%, which was increased from 9.0% in January 2010, is applied to annual compensation, and is determined by state statute. The contribution rate was 8.5%-9% in fiscal year 2009 and 8.35% in fiscal year 2008.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2010, 2009, and 2008. These contributions were made directly by the College for 2010, 2009 and 2008.

The College's contributions to OTRS for the years ended June 30, 2010, 2009, and 2008, were approximately \$2,920,000, \$2,636,000 and \$2,295,000, respectively, equal to the required contributions for each 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 2010 and 2009, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE H--RETIREMENT PLANS--Continued

Funding Policy--Continued

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 years ended June 30, 2010 and 2009, the total amounts contributed to OTRS by the State of Oklahoma on behalf of the College were approximately \$1,793,000 and \$1,983,000, respectively. 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 assets.

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.

Funding Policy

The College contributed approximately \$966,000, \$912,000 and \$1,043,000, respectively, for the years ended June 30, 2010, 2009, and 2008. 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 I--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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE I--RELATED PARTY TRANSACTIONS

The operation levy was 5.08 mills for both years ended June 30, 2010 and 2009, 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, 2010, 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 and \$3,800,000 in 2010 and 2009, respectively, to provide technical education to District students. These amounts have been eliminated in the accompanying financial statements as interfund transfers. Ad valorem taxes received by the District for the years ended June 30, 2010 and 2009, totaled approximately \$4,984,000 and \$3,338,000, respectively.

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, 2010 and 2009 was approximately \$3,210,000 and \$3,526,000, respectively. The lease is for a period of one year and was renewed July 1, 2010. Maintenance, insurance, and operating costs related thereto are paid for by the College.

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 years ended June 30, 2010 and 2009, the Foundation awarded scholarships to College students totaling approximately \$95,000 and \$96,000, respectively. Goods and services were provided on behalf of the College of approximately \$153,000 and \$129,000, for the years ended June 30, 2010 and 2009, respectively.

NOTE J--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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE J--COMMITMENTS AND CONTINGENCIES--Continued

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, 2010 and 2009, approximately \$19,785,000 and \$13,025,000, respectively, 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, 2010 or 2009 that management believes would result in a material loss to the College in the event of an adverse outcome.

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION

The following are significant disclosures of the Foundation:

NOTE 1: NATURE OF ORGANIZATION

The Oklahoma City Community College Foundation (the "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.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 2: BASIS OF PRESENTATION--Continued

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.

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 and dividend income are recognized on the cash basis. 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.

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

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Management Policies were approved at the 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;

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

- b. All disbursements over \$1,500 are required to have two 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 the 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, 2009.

An Investment Policy was presented by the Investment Committee. Currently, the Investment Committee members are Paul Odom, David Greenwell, Dennis Clowers and Randy Thurman. The Board approved initial investment policy on October 7, 1999. The Investment Committee is authorized to manage funds until it is deemed appropriate to designate a money manager. Policy includes but is 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

- 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.
- 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.

The investment policy statement was approved by the Board on March 8, 2006. The purpose of the 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.

NOTE 5: CHECKING ACCOUNT

Checking account is held at Coppermark Bank. The account is covered by F.D.I.C. insurance up to \$100,000. Balance in account at September 30, 2009 was \$48,806.

NOTE 6: CASH SWEEP ACCOUNT

Cash Sweep account is held at Coppermark Bank. Balance in account at September 30, 2009 is \$1,009,741.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 7: CERTIFICATE OF DEPOSIT

None held at this time.

NOTE 8: 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 2008-2009 is \$28,925. Breakdown by semester is as follows:

Summer 2008 Semester	\$	675
Fall 2008 Semester	\$	12,120
Spring 2009 Semester	\$	4,605
Fall 2009 Semester	\$	11,525

NOTE 9: 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 serves that would be typically purchased if not provided by the donation.

Quarterly Financial Statements as well as Federal and State Income Tax Returns (Form 990 & Form 512-E) are prepared and donated by Treasurer David Greenwell. Auditing services were provided by Karen J. Tucker, CPA at a reduced fee. The estimated fair value of these donated services was \$5,275.

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 10: 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 11: ASSETS AND EQUIPMENT

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

<u>Description</u>	<u>Date Acquired</u>	<u>Value</u>	<u>Depreciation Method</u>	<u>Accumulated Depreciation</u>
Equipment	Various	\$ 16,269	5 Years, Double Declining	\$ 12,269
Software	4/17/2007	\$ 1,950	3 Years, Straight-Line	\$ 1,649

NOTE 12: INVESTMENT--RETIREMENT INVESTMENT, INC.

	<u>2009</u>	<u>2008</u>
Original Investments		
Fund-OKC-Go Program		
OKC-Go Program	\$ 33,500	\$ 33,500
Bishop Scholarship	30,500	30,500
Rapp Foundation	5,000	5,000
Reynolds Gift	15,000	15,000
Sonic Gift	25,000	25,000
Total Fund-OKC-Go Program	<u>109,000</u>	<u>109,000</u>
Fund-Library Completion	6,500	6,500
Fund-Sorosis Scholarship	10,000	10,000
Fund-Technology Fund	<u>4,500</u>	<u>4,500</u>
Total Original Investments at September 30, 2001	<u>130,000</u>	<u>130,000</u>
Dividends Income-Current Year	5,083	2,969
Dividends Income-Prior Years	11,752	8,783
Interest Income-Current Year	-	-
Interest Income-Prior Years	2,710	2,710
Change in Investment Current Year	(1,399)	(37,296)
Change in Investment Prior Years	<u>4,032</u>	<u>41,328</u>
Net Investments at September 30, 2009	<u>\$ 152,178</u>	<u>\$ 148,494</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 13: SCHOLARSHIP DONATIONS AND DISBURSEMENTS BY NAME/CATEGORY

NAME	2009	2009	2008	2008
	Donations	Disbursements	Donations	Disbursements
Bartlett Fund	\$ -	\$ 1,000	\$ -	\$ 500
Bobby D. Gaines	60	300	60	300
Bode Nursing	4,809	1,695	5,068	865
Bruce Owen	-	200	-	200
Burkhalter	481	500	6,019	500
Calhoun Nursing	2,890	1,500	1,101	-
Carl Albert Film Video	-	-	-	2,500
Chesapeake	10,000	7,500	10,500	10,000
Connie Nieser	2,122	1,600	4,005	1,750
Engineering	2,500	1,000	5,000	-
Faculty Association	5,677	7,133	6,753	6,400
Gamel	25,000	36,500	25,000	24,000
Holton Music	575	500	3,663	-
HOPE	1,908	2,750	925	-
Jack Cain	447	270	376	-
Kay Edwards	590	250	1,015	2,932
Kayla Fessler	-	-	5,000	-
Keith Leftwich	-	1,000	-	-
Language Scholarship	-	-	500	-
Larry D. Golden	1,395	200	1,245	200
Linda Thornton	715	250	330	250
Mary Ann Merz	180	300	74	300
Matt Skvaria	320	-	590	-
Metro Auto	-	-	5,000	6,000
Moore Service League	1,500	1,500	1,000	-
MTV/Laws Scholarship	7,433	7,433	-	-
Nursing	220	450	516	600
Nursing Student Association	812	475	443	-
Peter Wright	-	-	72	-
Robert P. Todd Leadership	570	500	497	500
Rutledge Scholarship	1,150	1,746	2,375	781
Schwab Memorial	-	508	-	6,513
Sechrist	2,824	1,200	3,548	100
Sharon Robinson	-	150	-	150
Student	33,731	21,236	22,960	35,871
Susan Clowers Memorial	-	300	-	300
	<u>\$ 107,909</u>	<u>\$ 99,946</u>	<u>\$ 113,635</u>	<u>\$ 101,512</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE K--OKLAHOMA CITY COMMUNITY COLLEGE FOUNDATION--Continued

NOTE 13: SCHOLARSHIP DONATIONS AND DISBURSEMENTS BY NAME/CATEGORY--
Continued

NAME	2009	2009	2008	2008
	Donations	Disbursements	Donations	Disbursements
AD Astra	\$ 15,000	\$ 25,000	\$ 20,250	\$ 960
Arts Festival	6,300	17,220	-	-
Arts & Humanities	175	-	10	-
Biology Department	3,885	-	1,387	-
Biotech fund	-	-	200	1,000
Business Division	275	-	960	-
Center for Learning/Teaching	100	-	20	9,014
Cultural Projects	1,588	2,543	870	1,419
Cultural (Kirkpatrick/AD Astra)	10,000	8,682	15,000	15,900
Film Creativity	-	491	8,500	7,989
Film & Video (Kirkpatrick/Reynolds)	25,000	102,166	81,000	32,652
Film-Allied Arts	-	453	1,000	546
Ground & Landscaping	240	-	570	-
Health Professions Division	1,083	26	1,080	500
Health Professions Division-EMS	290	3,806	4,568	1,751
Institute Global Excellence	43	-	-	-
Information Technology Division	1,650	-	1,380	-
Science/Health Labs	395	1,126	4,980	5,016
Security Life	312	312	312	312
Technology	-	-	310	-
Theater Campaign	-	-	210,225	-
TV New Lab	-	376	-	50,592
Writing Symposium	-	186	-	-
	<u>\$ 66,336</u>	<u>\$ 162,386</u>	<u>\$ 352,622</u>	<u>\$ 127,651</u>

NOTE L--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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE L--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 M--ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

In 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. GASB No. 59 provides updates and improvements to existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. Management has determined that this Statement will have no effect on the University's financial condition or results of operations.

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

The Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

We have audited the financial statements of Oklahoma City Community College (the "College"), a component unit of the State of Oklahoma, as of and for the years then ended June 30, 2010 and 2009, and have issued our report thereon dated October 8, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Other auditors audited the financial statements of the Oklahoma City Community Foundation (the "Foundation"), the College's discretely presented component unit, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, 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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Regents, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 8, 2010

Independent Auditors' Report on Compliance with
Requirements Applicable to each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133
and the Schedule of Expenditures of Federal Awards

Board of Regents
Oklahoma City Community College
Oklahoma City, Oklahoma

Compliance

We have audited the compliance of Oklahoma City Community College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of the College's management. Our responsibility is to express an opinion on the compliance of Oklahoma City Community College based on our audit.

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 of America; 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Oklahoma City Community College complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed two instances of noncompliance with those requirements which, are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2010-01 and Finding 2010-02.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2010-02. 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.

The College's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the College as of and for the year ended June 30, 2010, and have issued our report thereon dated October 8, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Regents, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 8, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 OKLAHOMA CITY COMMUNITY COLLEGE
 Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Expenditures</u>
U.S. Department of Education			
<i>Student Financial Aid Cluster</i>			
Direct Programs-			
Office of Student Financial Assistance-			
Federal Pell Grant Program	84.063		\$ 16,551,667
Academic Competitiveness Grant	84.375		96,488
Federal Family Education Loans	84.032		19,784,570
Federal Supplemental Educational Opportunity Grants	84.007		228,566
Federal Work-Study Program	84.033		210,170
<i>Total Student Financial Aid Cluster</i>			<u>36,871,461</u>
<i>Other Programs:</i>			
U.S. Department of Education			
Direct Programs-			
Office of Postsecondary Education-			
Trio			
Upward Bound	84.047		290,909
Student Support Services	84.042A		192,781
Higher Education Programs-			
Child Care Access Means Parents In School	84.335A		17,638
U.S. Department of Education			
Pass-through Grantor From:			
State of Oklahoma			
Office of the Governor			
ARRA Stimulus Funds	84.394	ARRA	1,850,823
Pass-Through Program From:			
Oklahoma State Department of Education			
U.S. Department of Education			
Adult Education & Family Literacy Act	84.002		555,937
Pass-Through Program From:			
Office of Vocational and Adult Education-			
Oklahoma Department of Career and Technology Education-			
Vocational Education-			
Basic Grants to States-Carl D. Perkins	84.048		137,171
Basic Grants to States-Carl D. Perkins-Consortium	84.048		69,290
Metro Tech Soar	84.243		10,465
Moore Norman Tech Prep Focus	84.243		6,473
Oklahoma State Regents for Higher Education-			
Tech-Prep Education	84.243		28,860
<i>Total U. S. Department of Education - other programs</i>			<u>3,160,347</u>
Total U.S. Department of Education			40,031,808

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued
 OKLAHOMA CITY COMMUNITY COLLEGE
 Year Ended June 30, 2010

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Program From:			
Oklahoma Department of Human Services-			
Child Development -DHS Daycare Reimbursement	93.575		71,310
Child Development-DHS Scholars for Excellence	93.575		<u>79,847</u>
Subtotal Direct Programs			<u>151,157</u>
Pass-Through Program From:			
Administration for Children and Families-			
Oklahoma State Regents for Higher Education-			
Temporary Assistance for Needy Families (TANF)			
Career Transition Project	93.558	633	<u>359,043</u>
Total U. S. Department of Health and Human Services			<u>359,043</u>
<u>U. S. Department of Agriculture</u>			
Pass-Through Program From:			
Food and Nutrition Service			
Oklahoma Department of Education			
Child and Adult Care Food Program	10.558	DC-55-076	<u>18,210</u>
Total U.S. Department of Agriculture			<u>18,210</u>
<u>U.S. Department of Labor</u>			
Pass-Through Program From:			
Community Based Job Training Grant	17.269		<u>486,805</u>
Total U. S. Department of Labor			<u>486,805</u>
<u>National Science Foundation</u>			
Bio-Technology Teacher Discovery	47.076		18,060
Pass-Through Program From:			
Oklahoma State University/OSRHE			
OSRHE/NSF Partnership	47.076		<u>11,323</u>
Total National Science Foundation			<u>29,383</u>
<u>National Institute of Health</u>			
Direct Programs:			
NIH-SEPA Biotechnology	93.389		90,038
Pass-Through Program From:			
Regents of University of Oklahoma Health Science and Technology			
Idea Networks of Biomedical Research Excellence	93.389		35,796
Pass-Through Program From:			
East Central University			
NIH-ECU Minority	93.389		<u>12,097</u>
Total National Institute of Health			<u>137,931</u>
Total Other Programs			<u>1,182,528</u>
Total Expenditures of Federal Awards			<u>\$ 41,214,335</u>

See notes to schedule of expenditures of federal awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

NOTE A--BASIS OF ACCOUNTING

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 States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B--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 C--SUBRECIPIENTS

Oklahoma City Community College provided no federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKLAHOMA CITY COMMUNITY COLLEGE

June 30, 2010

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	*
TRIO Cluster	*
Governor's ARRA Backfill Stimulus Funds	84.394 ARRA
Community Based Job Training Grant	17.269
Temporary Assistance for Needy Families (TANF)	93.558

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

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None to report for the June 30, 2010 period.

Section III--Findings Required to be Reported in Accordance with OMB Circular A-133:

See Finding 2010-01 and Finding 2010-02.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

FINDING 2010-01

Program CFDA No:
84.032

CFDA Program Title:
Federal Family Education Loan Program

Federal Award Year:
June 30, 2010

Finding:

We noted that two students, both of whom were first year, first time borrowers of Stafford loans in the Spring 2010 semester, received loans prior to 30 days after the first day of classes. This is the first year that the 30 day restriction has applied to OCCC, due to the fact that their published 2007 Cohort Default rate was 10.5%.

As a result of the two students identified in our testing above, we requested that OCCC review first year, first time borrowers to quantify the magnitude of the exception.

Of the 436 first year, first time borrowers of Stafford loans in Spring 2010, 262 students were disbursed early. Of these students, five (5) students withdrew or fell below half time status prior to the 30 day disbursement delay period. The total amount of the FFEL program loans made to these students was \$15,616.

Cause:

There was confusion when interpreting the SFA handbook regarding the Cohort Default rate and the 30 day restriction. It was thought that because it took three consecutive years to reach the exemption, the advantage of that exception would last three years.

Criteria:

In accordance with 34 CFR 682.604 (5), the institution may not release the first installment of a Stafford loan for endorsement to a student who is enrolled in the first year of an undergraduate program of study and who has not previously received a Stafford, SLS, Direct Subsidized, or Direct Unsubsidized loan until 30 days after the first day of classes unless the school has a Cohort default rate of less than 10% for each of the three most recent fiscal years for which data is available.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

FINDING 2010-01--Continued

Effect:

First year, first time borrowers who received their Stafford loans earlier than they should have, could have resulted in refunds due to students earlier than expected.

Context:

The institution was notified that their 2007 Cohort rate was above 10% in September 2009 and they were no longer exempt from the 30 day restriction; however, the parameters were already set in Datatel to disburse loans prior to 30 days after classes started. Because of misinterpreting the exemption rule, OCCC did not realize that it had to make the adjustments for the Spring 2010 disbursements.

Recommendation:

Prior to the school year, parameters should be constructed in Datatel to flag first year, first time borrowers so that OCCC is aware of all students that will require a later disbursement date. In addition, when the school receives notification of their Cohort rate, the parameters in Datatel should be reviewed to make sure no further changes are needed.

Institution Response:

The Financial Aid Office acknowledges a misinterpretation of the regulation leading to early release of some Spring Semester 2010 loan funds. Once this error was identified, the Financial Aid Office took all necessary steps to insure that summer 2010 and fall 2010 first year, first time borrower disbursements were scheduled after 30 days of the semester has elapsed. The College has made the necessary corrections to Datatel, and is fully compliant with 34CFR 682.604 (5).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

FINDING 2010-02

Program CFDA No:
84.394 ARRA

CFDA Program Title:
Governor's ARRA Backfill Stimulus Funds

Federal Award Year:
June 30, 2010

Finding:

The College entered into construction contracts that did not have the required Davis-Bacon Act language. As a result, the College did not obtain certified payrolls from the contractor or subcontractor, in a timely manner, to verify that prevailing wages were paid.

Cause:

The College was unaware of the Davis-Bacon Act requirement.

Criteria:

When required by the Davis-Bacon Act, the Department of Labor's (DOL) government wide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL. The College shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the College weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Effect:

Employees of the contractors and subcontractors used by the College may not have been paid a prevailing wage.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

FINDING 2010-02--Continued

Context:

The College had no previous experience with federal construction contracts in which the Davis-Bacon Act was applicable. In addition, the College was a subrecipient of the ARRA funds and did not receive any guidance from the primary recipient regarding the applicability of the Davis-Bacon Act. As a result, the College did not have an adequately designed system of internal control to ensure that the requirements of the Davis-Bacon Act were being followed.

Recommendation:

Prior to entering into a contract for construction, the College determines whether or not the Davis-Bacon Act applies, and includes the proper requirements in the contract. All ARRA monies used to fund construction projects are subject to the Davis-Bacon Act.

Questioned Cost:

The total ARRA expenditures were \$1,850,823. Of this amount, total labor costs of \$90,909 were subject to the Davis-Bacon Act. Labor costs totaling \$30,948 did not appear to meet the prevailing wage requirements of the Davis-Bacon Act.

Therefore total questioned costs are \$30,948.

Institution Response:

The College has contacted all contractors and subcontractors from whom construction services were provided and to whom ARRA funds were paid requesting the certification of payroll information as required by the Davis-Bacon Act. The College has received certified payroll information from all applicable contractors and subcontractors that were paid with ARRA funds. All information received subject to the Davis-Bacon Act requirements has been provided to the auditors for their review.

The College has fully implemented the auditors' recommendation and has put in place an internal control that will require any and all construction contracts funded with federal funds to be reviewed prior to execution to determine the applicability of the Davis-Bacon Act.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

OKLAHOMA CITY COMMUNITY COLLEGE

Year Ended June 30, 2010

No matters were reportable.