



Financial Statements
June 30, 2020

Columbia Gorge Community College

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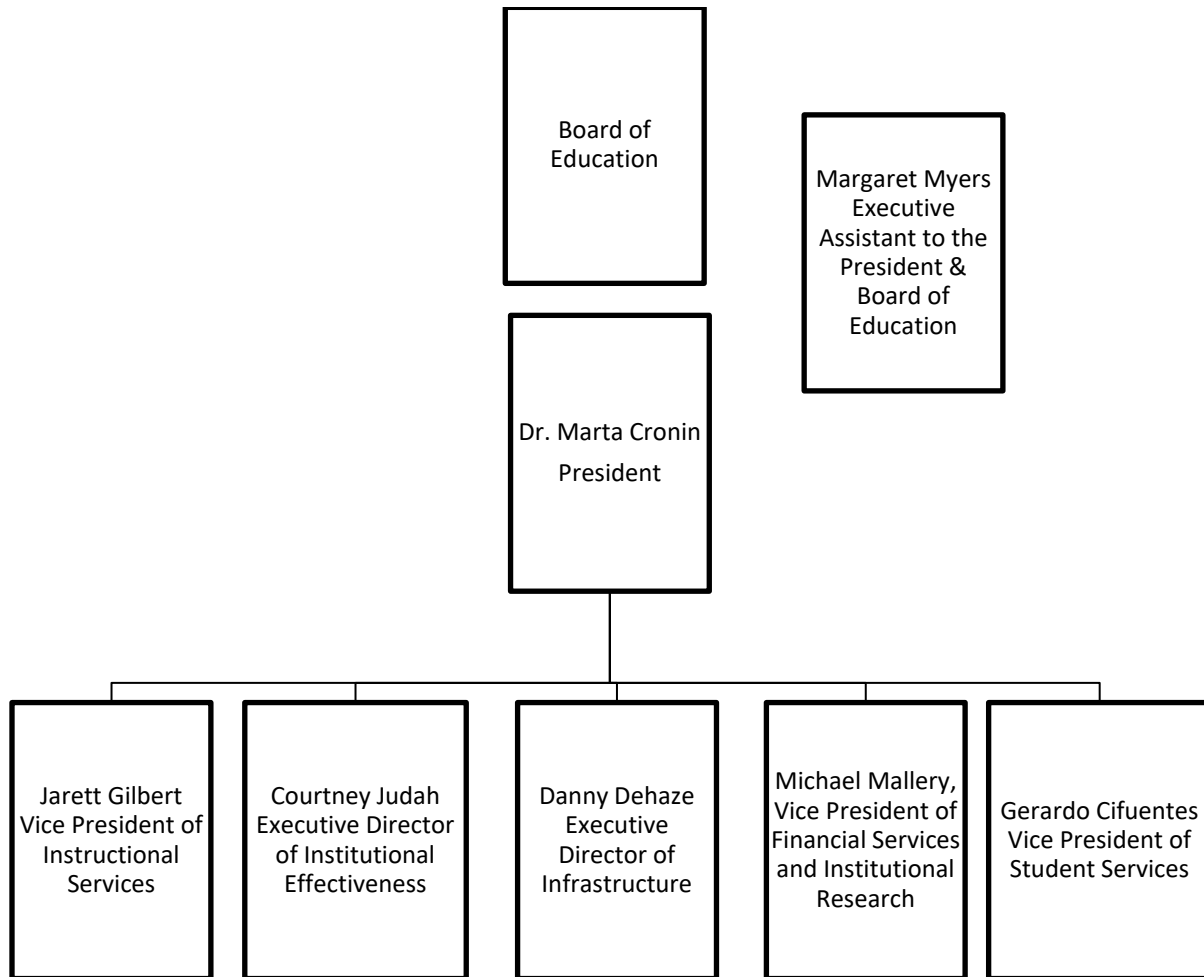
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Position #	Name	County	Term Ending
1	Sarah Segal Board Member	Wasco	June 30, 2021
2	Jonathan Fost Board Chair	Wasco	June 30, 2021
3	Robin Feuerbacher Board Member	Hood River	June 30, 2023
4	Randy Helm Board Member	Hood River	June 30, 2023
5	Kim Morgan Board Member	Wasco	June 30, 2021
6	Dr. Antonio Baptista Board Member	Hood River	June 30, 2023
7	Dave Mason Board Member	Wasco	June 30, 2021

ADMINISTRATION

Dr. Marta Cronin, President
Saundra Buchanan, Interim Chief Financial Officer (Fiscal Year 2021)
Michael Mallery, Vice President of Financial Services and Institutional Research
Jarett Gilbert, Vice President of Instructional Services
Gerardo Cifuentes, Vice President of Student Services
Danny Dehaze, Executive Director of Infrastructure
Courtney Judah, Executive Director of Institutional Effectiveness
Margaret Myers, Executive Assistant to the President, Board of Education, & Budget Committee





Independent Auditor's Report

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Gorge Community College (the College) and the discretely presented component unit, the Columbia Gorge Community College Foundation (the Foundation) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Correction of Errors in Previously Issued Financial Statements

As discussed in Note 13 to the financial statements, certain errors resulting in material misstatements of amounts previously reported for capital assets, deferred charge on refunding, accrued payroll and taxes, compensated absences and long-term liabilities as of June 30, 2019, were discovered by the auditors during the audit of the current year. Accordingly, amounts reported for capital assets, deferred charge on refunding, accrued payroll and taxes, compensated absences and long-term liabilities have been restated in the June 30, 2020 financial statements now presented, and an adjustment has been made to the College's net position as of July 1, 2019, to correct the errors. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Total OPEB Liability, Schedule of Net OPEB Liability - RHIA, Schedule of College Contributions - RHIA, Schedule of College's Proportionate Share of Net Pension Liability Contributions - OPERS, and Schedule of Employer Contributions -OPERS, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The accompanying supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information required by the State of Oregon are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

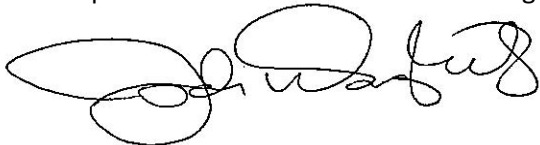
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2021 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated August 18, 2021, on our consideration of the College's compliance with certain provisions of laws and regulations, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Eide Bailly, LLP
Boise, Idaho
August 18, 2021

This section of Columbia Gorge Community College's (the College) annual financial report presents a comparative analysis of the financial activities of the College for the fiscal years ended June 30, 2020 and 2019.

This report consists of management's representations concerning the finances of the College. To provide a reasonable basis for making these representations, management of the College has established a comprehensive internal control framework that is designed both to protect the College's assets from loss, theft or misuse; and, to compile sufficient reliable information for the preparation of the College's financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Because the cost of internal controls should not outweigh their benefit, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This discussion and analysis is an introduction to the College's basic financial statements, which is comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. These entity-wide statements consist of the statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows which are described and analyzed in the following sections. The notes to the basic financial statements are required to complete the basic financial statements and are an integral component thereof.

The College has presented its basic financial statements in accordance with the Codification of Governmental Accounting and Financial Reporting Standards (the Codification) Section Co5: *Colleges and Universities* of the Governmental Accounting Standards Board (GASB).

The College uses an economic resources measurement focus and the accrual basis of accounting. All capital assets, the related accumulated depreciation, and deferred outflows of resources are to be reported in the statement of net position. All outstanding debt, as well as deferred inflows of resources will reduce net position. Depreciation will be recognized in the statement of revenues, expenses, and changes in net position. All revenues will be recognized in the year in which they are earned. Likewise, expenses will be reported in the year the liability is incurred regardless of when the amount is actually paid. Interest on debt will be accrued at June 30 and recorded as an expense in the statement of revenues, expenses, and changes in net position.

Section Co5 of the Codification applies to public colleges and universities. It stipulates the display and disclosure requirements of the basic financial statements. The financial information is to be presented for the College as a whole, rather than a series of fund types. The display and disclosure requirements are similar to that used by commercial organizations.

The basic financial statements are comprised of:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements

A statement of net position presents information on all of the College's assets (what it owns) and liabilities (what it owes). The difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is reported as net position. Over time, changes in net position are an indicator of improving or eroding financial health. Nonfinancial indicators, such as enrollment levels and the condition of the College's facilities must also be considered when evaluating the College's financial position.

The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year. As prescribed by GASB, revenues and expenses are reported as operating or nonoperating. Operating revenues and expenses generally result from providing services to students. All other revenues and expenses not meeting this definition are reported as nonoperating. Revenues are presented by source. Expenses are presented by function. GASB stipulates that State support and property taxes are reported as nonoperating revenues. This results in the display of a significant operating loss.

A statement of cash flows is intended to help evaluate the College's ability to meet its financial obligations as they become due. Cash inflows and outflows are identified as operating, noncapital financing, capital and related financing, and investing activities. The nature of operating activities was described in the previous paragraph. Capital and related financing activities are those items that are clearly attributable to the acquisition, construction, or improvement of capital assets. This includes the repayment of debt associated with these assets.

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

Financial highlights for the College for fiscal year ended June 30, 2020 are described below.

- The College's financial position at June 30, 2020 consists of assets of \$38,345,312, deferred outflows of resources of \$3,025,278, liabilities of \$29,556,496, deferred inflows of resources of \$1,034,333, and net position of \$10,779,761, a decrease of \$223,481, 2.0% from the prior year.
- Total assets decreased in 2020 by \$795,056 or 2.0%, primarily due to a decrease in receivables net of allowance for doubtful accounts and partially offset by increases in cash and cash equivalents of \$243,043 and in net capital assets of \$308,330 for construction in progress of the Skills Center and Resident Hall project.

Columbia Gorge Community College
Management's Discussion and Analysis
June 30, 2020

	2020	(as restated) 2019	Increase (Decrease)	Change %
Current Assets				
Cash and cash equivalents	\$ 9,721,153	\$ 9,478,110	\$ 243,043	2.6%
Other assets	1,326,204	2,712,046	(1,385,842)	-51.1%
Total current assets	<u>11,047,357</u>	<u>12,190,156</u>	<u>(1,142,799)</u>	-9.4%
Noncurrent Assets				
Net OPEB asset	88,655	49,242	39,413	80.0%
Capital assets, net	27,209,300	26,900,970	308,330	1.1%
Total noncurrent assets	<u>27,297,955</u>	<u>26,950,212</u>	<u>347,743</u>	1.3%
Total assets	<u>38,345,312</u>	<u>39,140,368</u>	<u>(795,056)</u>	-2.0%
Deferred Outflows Of Resources				
Pension, OPEB and refunding	<u>3,025,278</u>	<u>3,079,099</u>	<u>(53,821)</u>	-1.7%
Liabilities				
Current liabilities	3,133,444	2,916,407	217,037	7.4%
Noncurrent liabilities	26,423,052	27,200,054	(777,002)	-2.9%
Total liabilities	<u>29,556,496</u>	<u>30,116,461</u>	<u>(559,965)</u>	-1.9%
Deferred Inflows Of Resources				
Pension and OPEB	<u>1,034,333</u>	<u>1,099,764</u>	<u>(65,431)</u>	-5.9%
Net Position				
Net investment in capital assets	17,457,846	16,394,077	1,063,769	6.5%
Restricted for:				
Debt service	793,083	2,551,033	(1,757,950)	-68.9%
Capital projects	30,461	-	30,461	100.0%
Educational programs	424,443	359,194	65,249	18.2%
Unrestricted	<u>(7,926,072)</u>	<u>(8,301,062)</u>	<u>374,990</u>	-4.5%
Total net position	<u>\$ 10,779,761</u>	<u>\$ 11,003,242</u>	<u>\$ (223,481)</u>	-2.0%

Current Assets

Current assets of \$11,047,357 were more than sufficient to cover current liabilities of \$3,133,444. This represents a current ratio of 3.53 as compared to 4.40 in the prior year. Cash and cash equivalents increased by \$243,043 to \$9,721,153 as compared to \$9,478,110 in the prior year due primarily to an increase in the cash provided by State support, the use of cash for the Skills Center and Resident Hall project 2019 GO bonds, and the decrease in cash used by operating activities. Other current assets decreased by \$1,385,842 primarily due to a decrease in receivables net of allowance for doubtful accounts because of increases to the allowance for doubtful accounts. The overall decrease of current assets of \$1,142,799 is due primarily to the decrease in receivables net of allowance for doubtful accounts.

Noncurrent Assets

The College's noncurrent assets increased by \$347,743 to \$27,297,955 due primarily to annual depreciation charges of capital assets offset by current year additions to construction in progress of the Skills Center and Resident Hall project. Detailed changes to capital assets are shown in Note 5 of the Notes to Basic Financial Statements.

Deferred Outflows of Resources

The total deferred outflows of resources decreased by \$53,821 to \$3,025,278 from 2019, a decrease of 1.7%.

Current Liabilities

The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes and compensated absences, unearned revenue, and the current portion of bonds payable. Current liabilities increased by \$217,037 to \$3,133,444. This was primarily due to increases in accounts payable, interest payable and bonds payable.

Noncurrent Liabilities

Noncurrent liabilities consist of bonds payable less the current portions of specific obligations and the net pension liability. Noncurrent liabilities decreased by \$777,002 to \$26,423,052 due primarily to an increase in pension and OPEB liabilities.

Deferred inflows of resources have decreased by \$65,431 from \$1,099,764 to \$1,034,333. This is mainly due to changes in pension related deferrals.

Net Position

Total net position decreased by \$223,481 to \$10,779,761, a decrease of 2.0% from the prior year. Within net position, the net investment in capital assets is \$17,457,846, an increase of \$1,063,769 as compared to the prior year due to recording the capital projects. The deficit in unrestricted net position decreased by \$374,990 to (\$7,926,072).

Revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019:

	2020	2019*	Increase (Decrease)	Change %
Operating revenues	\$ 4,608,356	\$ 6,036,251	\$ (1,427,895)	-23.7%
Operating expenses	14,003,176	14,619,883	(616,707)	-4.2%
Operating loss	(9,394,820)	(8,583,632)	(811,188)	9.5%
Nonoperating revenues, net	9,172,985	7,847,633	1,325,352	16.9%
Loss on disposal of capital asset	(1,646)	-	(1,646)	100.0%
Changes In Net Position	<u>\$ (223,481)</u>	<u>\$ (735,999)</u>	<u>\$ 512,518</u>	-69.6%

*2019 totals have not been adjusted to reflect the impact of the prior period restatement.

See Note 13 for additional information.

Operating Revenues

The sources of operating revenue for the College are tuition and fees, federal, state, and local grants, bookstore sales, and other operating revenue. Tuition and fees, which include amounts paid for educational purposes, decreased 20.0% by \$509,355 to \$2,035,406, which represents 44.2% of operating revenue. Operating revenue from federal grants decreased by 34.8% from \$1,720,589 to \$1,122,307, which represents 24.4% of operating revenue. Operating revenue from state and local grants decreased by 14.9% from \$896,033 to \$762,943, which represents 16.6% of operating revenue. Operating revenue from auxiliary enterprises decreased by 67.2% from \$287,190 to \$94,227, primarily due to operational closures and changes to operations in response to the COVID-19 pandemic. Operating revenues decreased by 23.7% as compared to 2019.

Operating Expenses

Operating expenses decreased by 4.2% to \$14,003,176 for the 2020 fiscal year. Instruction expenses which represent 31.2% are the largest percentage of operating expenses. Academic support expenses represent 8.9% of operating expenses. Institutional support expenses, student services expenses and scholarships expenses represent 23.2%, 10% and 9.3% of operating expenses, respectively.

Nonoperating Revenues, net

Net nonoperating revenues increased overall by \$1,325,352 to \$9,172,985, an increase of 16.9% as compared to 2019, primarily due to an increase in state support due the state funding model.

The following table shows the statements of cash flows at June 30, 2020 and 2019:

	2020	2019*	Increase (Decrease) in Cash	Change %
Cash Provided by (Used in)				
Operating activities	\$ (6,660,158)	\$ (8,000,508)	\$ 1,340,350	-16.8%
Noncapital financing activities	9,839,483	7,856,287	1,983,196	25.2%
Capital financing activities	(3,185,307)	6,253,427	(9,438,734)	-150.9%
Investing activities	249,025	295,533	(46,508)	-15.7%
Net Change In Cash And Cash Equivalents	243,043	6,404,739	(6,161,696)	-96.2%
Cash and Cash Equivalents, Beginning of Year	9,478,110	3,073,371	6,404,739	
Cash and Cash Equivalents, End of Year	\$ 9,721,153	\$ 9,478,110	\$ 243,043	2.6%

*2019 totals have not been adjusted to reflect the impact of the prior period restatement. See Note 13 for additional information.

Operating Activities

The College's major sources of cash included in operating activities were tuition and fees of \$2,312,738, student financial aid (grants) of \$2,323,676, and other operating revenue of \$798,887. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid, totaling \$12,095,459. The net decrease in cash used for operating activities over the previous year of \$1,340,350 was a result of a decrease in cash received from tuition and fees and grants and aid from the previous year and a decrease in cash used for payments to employees and suppliers.

Noncapital Financing Activities

State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled \$9,839,483 primarily from cash received from state FTE reimbursement of \$5,837,319, cash from property taxes of \$2,810,560, and cash received for grants of \$1,161,940. Other sources include leases and other nonoperating revenue. Accounting standards require that these sources of revenue be reported as nonoperating even though the College depends on these revenues to continue the current level of operations. Cash used by noncapital financing activities include cash paid for principal and interest payments for pension bonds, and other nonoperating expenses.

The net cash provided by noncapital financing activities increased 25.2% or \$1,983,196 over the prior year. Cash received from state appropriations increased by \$1,553,880 due to the state funding model.

Capital Financing and Related Activities

The capital financing uses of cash were principal payments of \$1,402,000 and interest payments of \$727,233. Capital asset purchases totaled \$1,256,074 for the current year. The net cash used for capital and related activities decreased by \$9,438,734 or 150.9% from the previous year primarily due to proceeds from capital debt issuance that occurred in 2019. Principal paid on long-term debt increased by \$14,600 and interest paid on long-term debt increased by \$430,479.

Investing Activities

Earnings on investments decreased by \$46,508 to \$249,025 from earnings on funds in the cash, cash equivalents and investment accounts.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2020 amounts to \$27,209,300 net of accumulated depreciation. Capital assets include land, buildings, and improvements, and furniture, equipment, and machinery. Additions to construction in progress in 2020 were \$1,249,294 for the Skills Center and Residence Hall with completion in the summer of 2021. Additional information on the College's capital assets can be found in Note 5 of this report.

Debt Administration

As of June 30, 2020, the College had total debt outstanding of \$19,844,539, including \$7,475,000 series 2019 full faith and credit outstanding general obligation bonds and \$554,897 bond premium; the \$7,695,000 series 2012 outstanding general obligation refunding bonds and \$432,923 bond premium; the \$2,610,719 in outstanding pension obligation bond series 2003; the \$876,000 in the outstanding full faith and credit financing agreement for the purchase of the Hood River property; and the \$200,000 Port of The Dalles Note. Increases to the total debt outstanding of \$262,148 were from an adjustment to the pension obligation bonds and the new \$200,000 note issued in 2019. Total debt outstanding was reduced by \$1,771,706 of principal payments and amortization of the premium. All debt service payments were made on time.

Additional information on the College's bonds payable can be found in Note 7 of this report.

Economic Factors and Next Year's Operations

The College's strategic plan for 2018-2022 has five focus areas:

- Strengthening enrollment, specifically underserved students (Hispanic, 1st generation, low-income).
- Increasing retention rates and completion rates of enrolled students.
- Provide curriculum and programs that are relevant and diverse that further strengthen performance and meets the needs of the communities. This will be accomplished with the anticipated opening of the Skills Center and Resident Hall in Fall of 2021.
- Expand collaborations with business, industry, and educational partners to align with regional needs.

- Stable, flexible funding that maintains quality programs, faculty and staff while strengthening its ability to more effectively invest and allocate resources to achieve success.

The College budget for 2020-21 represents a quantitative expression of the mission of the College, providing for the highest quality of education and/or training possible while maintaining costs at a reasonable level. There are some challenges impacting the College's fiscal planning:

- Prior budget requirement growth without commensurate resource growth
- Programing and equipment costs related to the new skill center
- Continued fiscal evaluation of The Hook Café, ESOL, and Community Education
- Increasing cost of PERS and healthcare benefits
- Limited capacity to meet the growing needs of our communities

In the 2020-21 budget, you will find alignment with our College mission of “building dreams and transforming lives by providing lifelong educational programs that strengthen our community.” Through innovative restructuring and repurposing of resources, the College is well-positioned to begin offering new programs to better serve local industry partners and students within our service areas, as well as the outlying rural areas. Achieving financial stability will be a focus through an increase in enrollment and the enhancement of alternate revenue streams that have not been effectively utilized in the past. These are crucial focal points in order to offset the rising costs of unfunded mandates and challenges we are facing, as referenced in the bullets above.

In the upcoming year, we will continue the process of building of a new skill center and housing complex that will enable us to position the College as a destination institution and to better serve the local economy by offering programs and training for which we currently do not have the capacity.

We are confident that the restructuring of the college, staffing changes, focus on opportunities available to us and innovation in future programing will bring positive change and growth to the college. Columbia Gorge Community College is positioning itself to become a premier workforce training institution in the Columbia River Gorge and a destination for out-of-state and international students. Columbia Gorge Community College remains committed to the mission of building dreams and transforming lives by providing life-long educational opportunities that strengthen our community.

Requests for Information

This financial report is designed to provide a general overview of the College's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Vice President of Financial Services and Institutional Research
Columbia Gorge Community College
400 East Scenic Drive
The Dalles, OR 97058

Columbia Gorge Community College
Statement of Net Position
June 30, 2020

	<u>Primary Government</u>	<u>Component Unit</u>
Assets And Deferred Outflows Of Resources		
Current Assets		
Cash and cash equivalents	\$ 9,721,153	\$ 920,288
Investments	-	1,498,199
Receivables, net of allowance for doubtful accounts of \$678,652	1,211,987	-
Inventories and other current assets	114,217	-
Total current assets	<u>11,047,357</u>	<u>2,418,487</u>
Noncurrent Assets		
Net OPEB asset	88,655	-
Capital asset not being depreciated	3,559,804	-
Depreciable capital assets, net of depreciation	23,649,496	-
Total noncurrent assets	<u>27,297,955</u>	<u>-</u>
Total assets	<u>38,345,312</u>	<u>2,418,487</u>
Deferred Outflows Of Resources		
Deferred charge on refunding	618,048	-
OPEB related deferrals	282,837	-
Pension related deferrals	2,124,393	-
Total deferred outflows of resources	<u>3,025,278</u>	<u>-</u>

Columbia Gorge Community College
Statement of Net Position
June 30, 2020

	<u>Primary Government</u>	<u>Component Unit</u>
Liabilities, Deferred Inflows Of Resources, And Net Position		
Current Liabilities		
Accounts payable	401,520	-
Accrued payroll and taxes	487,792	-
Advanced revenue	360,450	-
Interest payable	95,829	-
Bonds and note payable	<u>1,787,853</u>	<u>-</u>
Total current liabilities	<u>3,133,444</u>	<u>-</u>
Noncurrent Liabilities		
Compensated absences liability	210,430	-
Pre-SLGRP pooled liability	521,363	-
Total OPEB liability	491,558	-
Net pension liability	7,143,015	-
Bonds and note payable, net of current portion	<u>18,056,686</u>	<u>-</u>
Total noncurrent liabilities	<u>26,423,052</u>	<u>-</u>
Total liabilities	<u>29,556,496</u>	<u>-</u>
Deferred Inflow Of Resources		
Pension related deferrals	1,007,116	-
OPEB related deferrals	<u>27,217</u>	<u>-</u>
Total deferred inflows of resources	<u>1,034,333</u>	<u>-</u>
Net Position		
Net investment in capital assets	17,457,846	-
Restricted for		
Debt service	793,083	-
Capital projects	30,461	-
Educational programs	424,443	-
Foundation activities	-	2,021,585
Unrestricted	<u>(7,926,072)</u>	<u>396,902</u>
Total net position	<u>\$ 10,779,761</u>	<u>\$ 2,418,487</u>

Columbia Gorge Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

	Primary Government	Component Unit
Operating Revenues		
Tuition and fees, net of \$886,699 scholarship allowance	\$ 2,035,406	\$ -
Grants		
Federal	1,122,307	-
State and local	762,943	-
Auxiliary enterprises	94,227	-
Other	593,473	-
Donations	-	749,776
Total operating revenues	<u>4,608,356</u>	<u>749,776</u>
Operating Expenses		
Instruction	4,374,651	-
Academic support	1,250,319	-
Student services	1,403,304	-
Institutional support	3,245,711	-
Scholarships	1,296,491	-
Plant operations	988,291	-
Auxiliary enterprises	498,311	-
Depreciation	946,098	-
Foundation operating expense	-	190,487
Total operating expenses	<u>14,003,176</u>	<u>190,487</u>
Operating Income (Loss)	<u>(9,394,820)</u>	<u>559,289</u>
Nonoperating Revenues (Expenses)		
State support	5,560,909	-
Property taxes	2,810,560	-
Grants	1,161,940	-
Interest income	249,025	-
Investment income, net of expenses	-	30,750
Lease income	228,078	-
Interest expense	(939,685)	-
Loss on disposal of capital assets	(1,646)	-
Other	102,158	-
Total nonoperating revenues (expenses)	<u>9,171,339</u>	<u>30,750</u>
Changes In Net Position	(223,481)	590,039
Net Position, Beginning Of Year, As Reported	11,148,131	1,828,448
Cumulative effect of adjustments (See Note 13)	(144,889)	-
Net Position, Beginning Of Year, As Restated	<u>11,003,242</u>	<u>1,828,448</u>
Net Position, End Of Year	<u>\$ 10,779,761</u>	<u>\$ 2,418,487</u>

See Notes to Financial Statements

Columbia Gorge Community College

Statement of Cash Flows

Year Ended June 30, 2020

Operating Activities	
Tuition and fees collected	\$ 2,312,738
Grants collected	2,323,676
Auxiliary enterprise charges collected	798,887
Payments to employees	(8,566,427)
Payments to suppliers	(2,159,772)
Payments for financial aid and scholarships	<u>(1,369,260)</u>
Net cash used for operating activities	<u>(6,660,158)</u>
Noncapital Financing Activities	
State support	5,837,319
Property taxes	2,810,560
Grants	1,161,940
Leases and other	330,236
Principal paid on noncapital debt	(260,000)
Interest paid on noncapital debt	<u>(40,572)</u>
Net cash provided by noncapital financing activities	<u>9,839,483</u>
Capital And Related Financing Activities	
Purchase of capital assets	(1,256,074)
Proceeds from capital debt	200,000
Principal paid on capital debt	(1,402,000)
Interest paid on capital debt	<u>(727,233)</u>
Net cash used for capital and related financing activities	<u>(3,185,307)</u>
Investing Activities	
Interest income	<u>249,025</u>
Net Change in Cash and Cash Equivalents	243,043
Cash And Cash Equivalents, Beginning Of Year	<u>9,478,110</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 9,721,153</u></u>

Columbia Gorge Community College

Statement of Cash Flows

Year Ended June 30, 2020

Reconciliation Of Operating Loss To Net Cash Flows Used For Operating Activities	
Operating loss	\$ (9,394,820)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	946,098
Changes in assets, deferred outflows, liabilities and deferred inflows	
Receivables	1,385,653
Inventories and other current assets	189
OPEB asset	(39,413)
Deferred outflows of resources related to OPEB	(241,399)
Deferred outflows of resources related to net pension liability	171,611
Accounts payable and accrued liabilities	241,986
Unearned revenue	(558,708)
Deferred inflows of resources related to OPEB	2,347
Deferred inflows of resources related to net pension liability	(67,778)
Compensated absences	66,392
Pre-SLGRP pooled liability	(121,089)
Total OPEB liability	233,917
Net pension liability	714,856
	<u> </u>
Net cash used for operating activities	\$ (6,660,158)
	<u> </u>
Noncash Transactions	
Accretion of interest on capital appreciation bonds	\$ 62,148
Amortization of debt premium	\$ 109,706

Note 1 - Principal Business Activity and Significant Accounting Policies

Columbia Gorge Community College (the College), is organized under the general laws of the state of Oregon and, as such, is a public institution under the general supervision by the Higher Education Coordinating Commission.

The College is an independent municipal corporation under Oregon Revised Statutes (ORS). The seven-member board appoints a president to administer the activities of the College. The College maintains a main campus in Wasco County and a second campus in Hood River County.

On July 17, 2013, the Northwest Commission on Colleges and Universities approved the College's request for independent accreditation, following a journey that began in 2006 upon direction of the College's board. The College had been accredited since its establishment in 1977 through a contract with Portland Community College (PCC). The College's quest for independent accreditation enjoyed the full support and encouragement of PCC, which had been responsible for program review and other key functions. Graduates also received diplomas from PCC instead of the College. The College achieved formal candidacy for independent accreditation in 2008, which in itself allowed the institution to compete for federal grants and award financial aid. Independent accreditation confers other major benefits, including greater flexibility in developing new instructional programs, additional access to resources, and most importantly, improved service to students. Independent accreditation is a milestone, not a destination. The distinction brings with it the requirement for continual evaluation and improvement, using specific measures to determine how the institution is meeting its mission of "Building dreams and transforming lives by providing life long educational opportunities that strengthen our community." That process will never end.

In evaluating how to define the College for financial reporting purposes, management has considered all potential component units. The accompanying financial statements present the College and its component unit entity for which the College is considered to be financially accountable.

Discretely Presented Component Unit

Component units are legally separate organizations for which the College is financially accountable. Component units may also include organizations that are fiscally dependent on the College, in that the College approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the College is not financially accountable but the nature and significance of the organization's relationship with the College is such that exclusion would cause the College's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards (the Codification) Section 2100: *Defining the Financial Reporting Entity* and thus are included in the financial statements of the College. The component unit, although a legally separate tax-exempt entity, is, reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the College; the College is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the College.

As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), the College includes one discretely presented component unit in its financial statements: the Columbia Gorge Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation's audit was performed in conjunction with the College's audit for the fiscal year ended June 30, 2020.

Basis of Presentation

The basic financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the GASB Section Co5: *Colleges and Universities*. The College follows the "business-type activities" reporting requirements of GASB that provides a comprehensive one-column look at the College's financial activities. The most significant accounting policies are described below.

Basis of Accounting

For financial statement reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period liabilities are incurred, regardless of the timing of related cash flows. All significant intracollege transactions have been eliminated.

Cash and Cash Equivalents

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Oregon Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The College maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool which is exempt from statutes requiring such insurance.

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash and investments held by the College, since it has the general characteristics of a demand deposit (i.e. deposits of additional cash may be made at any time and cash may be withdrawn at any time without prior notice or penalty).

Receivables

All student accounts, grants, student loans, and property taxes receivable are shown net of an allowance for uncollectible accounts. Student accounts receivable are recorded as tuition is assessed. The allowance for uncollectible accounts is determined based upon aged receivable balance and likelihood of collection.

Property taxes are levied and become a lien on all taxable property on July 1. Taxes are payable on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes receivable are recognized as revenue when levied.

Inventories

Inventories held for resale, primarily books and supplies, are valued at the lower of cost (first-in/first-out method) or market and are charged to expense as sold or used. Inventories of supplies are reported at cost.

Capital Assets

Capital assets include land and land improvements; building and building improvements; furniture, equipment, and machinery, and construction in progress. The College's capitalization threshold is \$5,000 for furniture, equipment, and machinery and \$50,000 for buildings and building improvements, and land and land improvements, and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized but are expensed as incurred.

Capital assets of the College are depreciated using the straight-line method over the following useful lives:

Building and building improvements	20–50 years
Furniture, equipment, and machinery	5–20 years
Land improvements	10–25 years

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the financial statements.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the government-wide financial statements.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The College reports deferred outflows of resources for deferred charges on refunding of debt, OPEB related items, and pension related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The College reports deferred inflows of resources for OPEB and pension related items.

Advanced Revenue

Summer term tuition and fees are collected in part in the months of May and June; however, the revenue and expense of summer term is reflected in the budget for the following fiscal year when it will be earned. Due to this timing difference, advanced revenue has been recorded to account for summer and fall term tuition and fees to be recognized as revenue in the month of July.

Grant or contract revenue which was received prior to the occurrence of qualifying expenses and prior to the end of the fiscal year but was intended for expense in the following fiscal year has been deferred and recognized as unearned revenue.

Pre-State and Local Government Rate Pool (SLGRP) Pooled Liability

The pre-SLGRP pooled liability is an actuarially determined liability recorded in the Statement of Net Position based on the College's entry into the state of Oregon Public Employees Retirement System (OPERS) State and Local Government Rate Pool. This preSLGRP pooled transition liability is reduced each year by contributions to OPERS and increased for interest charged by OPERS.

Bonds Payable

Bond premiums and discounts, and any amounts deferred on refunding of debt are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Premiums and discounts are netted against outstanding debt for reporting in the financial statements. The College reports a deferred charge on refunding as a deferred outflow of resources.

Pension

Eligible College employees are participants in the Oregon Public Employee Retirement System OPERS. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Obligation

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the total OPEB, and OPEB expense, information about the fiduciary net position of the College and additions to/deductions from College's fiduciary net position have been determined on the same basis as they are reported by College. For this purpose, the College recognizes benefit payments when due and payable in accordance with the benefit terms.

For purposes of measuring the net OPEB RHIA asset, deferred outflows of resources and deferred inflows of resources related to OPEB RHIA, and OPEB RHIA expense or (expense offset), information about the fiduciary net position of the OPERS RHIA and additions to/deductions from OPERS RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS RHIA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between the College's total assets and deferred outflow of resources less total liabilities and deferred inflows of resources. Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Net position is classified in the following components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restrictions may also result from 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. Restricted net position for the component unit relates to permanently restricted endowments they hold.

Unrestricted – This component of net position consists of resources available to be used for transactions relating to the general obligations of the College and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

The College policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Donor Designated Endowments - Foundation

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	With Donor Restrictions
Balance at July 1, 2019	\$ 1,384,776
Contributions	553,525
Investment income	26,387
Investment appreciation	21,016
Amounts appropriated for expenditures	(51,223)
	<hr/>
Endowment net assets, June 30, 2020	<u>\$ 1,934,481</u>

Classification of Revenues and Expenses

Classification of Revenues - The College has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, federal, state, and local grants and contracts.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as state apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in the GASB Codification.

Classification of Expenses - Nearly all of the College's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the College and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the College.

Federal Financial Assistance Programs

The College participates in federally funded programs, including primarily Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Family Education Loans.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability of the applicable funds. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in the financial statements.

Scholarship Allowances

Certain aid such as loans and funds provided to students as awarded by others is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Tuition and fees are shown net of scholarship allowances of \$886,699 for the year ended June 30, 2020.

Under the alternative method, these amounts are computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Stewardship, Compliance and Accountability

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except the property taxes received after year-end are not considered budgetary resources in the funds, depreciation on capital assets is not an expenditure of the funds, amortization of long-term assets is not an expenditure of the funds, inventory is not capitalized in the funds, and principal on debt services is an expenditure of the funds.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately two weeks later. The Board of Education may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

The General Fund expenditures are appropriated at the following levels: Academic support, Contingency, Debt service, Financial aid, Institutional support, Instruction, Plant operation and maintenance, and Student services. For all other funds, expenditures are appropriated at the following levels: Capital outlay, Contingencies, Debt service, Materials and services, and Personnel services.

Expenditures cannot legally exceed the above appropriation levels. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

The following funds had excess expenditures over appropriations for the fiscal year-end:

	Amount
General Fund - Academic Support	\$ 17,922
Internal Service Fund - Materials and Services	1,842
Debt Service Fund - Pension Bonds - Debt Service	92,573
Reserve Fund - General Operations	4,826
Student Aid Fund - Personnel Services	14,315
Scholarship Fund - Materials and Services	183,744

Note 3 - Cash, Cash Equivalents and Investments

The College's cash and cash equivalents are comprised of the following at June 30, 2020:

Primary Government	
Cash and cash equivalents:	
Cash on hand	\$ 4,596
Deposits with financial institutions	282,755
Oregon Local Government Investment Pool	9,431,683
Cash with PERS obligation bond paying agent	2,119
	<hr/>
Total cash and cash equivalents	\$ 9,721,153
	<hr/> <hr/>

The Foundation's cash and cash equivalents are comprised of the following at June 30, 2020:

Component Unit	
Cash and cash equivalents:	
Deposits with financial institutions and investments in overnight sweep accounts	\$ 920,288
	<hr/>
Total cash and cash equivalents component unit	\$ 920,288
	<hr/> <hr/>

Deposits with Financial Institutions

On June 30, 2020, the College held a \$286,144 book balance in demand deposits with a bank balance of \$549,957. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where balances exceed the Federal Deposit Insurance Corporation (FDIC) amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon State Treasury in the Public Funds Collateralization Program (PFCP).

Deposits with Financial Institutions - Foundation

Cash and cash equivalents consist of cash held in checking and money market with original maturities of less than 90 days, which are neither held for nor restricted by donors for long-term purposes. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2020, all deposits were insured.

Investments

State statutes authorize the College to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper, and the Oregon Local Government Pool, among others. The College has no investment policy that would further limit its investment choices.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2020. The LGIP seeks to exchange shares at \$1.00 per share; and investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments of \$1.00 per share, it is possible to lose money by investing in the pool. The College intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis. At June 30, 2020, the College held deposits of \$9,431,683 in the LGIP.

Fair Value Hierarchy

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each investment's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. As of June 30, 2020, the College held \$9,431,683 in the Oregon Local Investment Pool, which is measured at net present value, which is excluded from the fair value measurement hierarchy.

Interest Rate Risk

ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The College does not have an interest rate risk policy. With all College investments held with Oregon LGIP as of June 30, 2020, the College is in compliance with these ORS statutes.

Credit Risk

ORS limit the types of investments the College may have to limit exposure to credit risk. The College does not have credit risk policy. With all College investments held with Oregon LGIP as of June 30, 2020, the College is in compliance with these ORS statutes.

Custodial Credit Risk

Custodial credit risk on deposits is the risk that in the event of a bank failure, the College's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds to be members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created and administered by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposit in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits. The required pledge percentage is based in part on an individual bank's net worth and level of capitalization.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The College does not have an investment policy for custodial credit risk. As of June 30, 2020, all of the College deposits are insured or collateralized or covered under the Oregon collateral program as mentioned above, and therefore, are not subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have an investment policy for concentration of credit risk. As of June 30, 2020, all College investments were held with Oregon LGIP.

Investments - Foundation

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of revenues, expenses and changes in net position and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation maintains investment balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$500,000. At June 30, 2020, the Foundation had investment balances, including cash equivalents, held in brokerage firms in excess of SIPC in the amount of \$1,940,423.

Note 4 - Receivables

Receivables at June 30, 2020, consist of the following:

Grants and other agencies	\$ 1,082,939
Student	683,378
Property taxes	123,551
Other	771
	<hr/>
	1,890,639
Allowance for doubtful accounts	(678,652)
	<hr/>
Total	<u>\$ 1,211,987</u>

Note 5 - Capital Assets

	(as restated) Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 2,310,510	\$ -	\$ -	\$ 2,310,510
Construction in progress	<u>-</u>	<u>1,249,294</u>	<u>-</u>	<u>1,249,294</u>
 Total capital assets not being depreciated	 <u>2,310,510</u>	 <u>1,249,294</u>	 <u>-</u>	 <u>3,559,804</u>
Depreciable capital assets:				
Building and improvements	34,405,214	-	-	34,405,214
Furniture, equipment, and machinery	<u>2,226,528</u>	<u>6,780</u>	<u>(164,380)</u>	<u>2,068,928</u>
 Total capital assets being depreciated	 <u>36,631,742</u>	 <u>6,780</u>	 <u>(164,380)</u>	 <u>36,474,142</u>
 Total capital assets	 <u>38,942,252</u>	 <u>1,256,074</u>	 <u>(164,380)</u>	 <u>40,033,946</u>
Less accumulated depreciation for:				
Building and improvements	(10,315,382)	(787,558)	-	(11,102,940)
Furniture, equipment, and machinery	<u>(1,725,900)</u>	<u>(158,540)</u>	<u>162,734</u>	<u>(1,721,706)</u>
 Total accumulated depreciation	 <u>(12,041,282)</u>	 <u>(946,098)</u>	 <u>162,734</u>	 <u>(12,824,646)</u>
 Total depreciable capital assets, net of depreciation	 <u>24,590,460</u>	 <u>(939,318)</u>	 <u>(1,646)</u>	 <u>23,649,496</u>
 Total capital assets, net	 <u>\$ 26,900,970</u>	 <u>\$ 309,976</u>	 <u>\$ (1,646)</u>	 <u>\$ 27,209,300</u>

The College, as lessor, leases 9% of its building space totaling \$3,096,469 with accumulated depreciation of \$70,880 as of June 30, 2020. See Note 11 for further information.

Note 6 - Pre-State and Local government Rate Pool (SLGRP) Liability

This pre-SLGRP liability amount is the difference between the total unfunded actuarial liability (UAL) and the UAL attributable to the SLGRP for the employers that have joined the rate pool. The liability that existed prior to the College joining the rate pool is the sole responsibility of the College and is separate from the pooled PERS pension liability amount. At June 30, 2020, the College reported a liability of \$521,363 for its proportionate share of the pre-SLGRP liability. The College is being assessed an employer contribution rate of 1.85 percent of covered payroll for payment of this transition liability.

Note 7 - Bonds and Note Payable

The following is a summary of long-term debt transactions of the College:

	Original Amount	(as restated) Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Due in One Year
Bonds Payable						
General Obligation Refunding						
Bonds, Series 2012:						
Principal	\$ 13,790,000	\$ 9,000,000	\$ -	\$ (1,305,000)	\$ 7,695,000	\$ 1,360,000
Bond Premium	1,125,553	519,508	-	(86,585)	432,923	-
Pension Obligation Bonds:						
Series 2003 Original Issue	3,570,327	2,808,571	62,148	(260,000)	2,610,719	263,466
Full Faith and Credit Obligations						
Series, 2019						
Principal	7,475,000	7,475,000	-	-	7,475,000	-
Bond Premium	462,581	578,018	-	(23,121)	554,897	-
Full Faith and Credit Obligations						
Series 2013 Original Issue	1,500,000	973,000	-	(97,000)	876,000	100,000
Total bonds payable	<u>27,923,461</u>	<u>21,354,097</u>	<u>62,148</u>	<u>(1,771,706)</u>	<u>19,644,539</u>	<u>1,723,466</u>
Port of the Dalles Note	<u>1,500,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>64,387</u>
Total	<u>\$ 29,423,461</u>	<u>\$ 21,354,097</u>	<u>\$ 262,148</u>	<u>\$ (1,771,706)</u>	<u>\$ 19,844,539</u>	<u>\$ 1,787,853</u>

Future maturities of principal and interest of bonds payable are as follows:

Year Ending June 30,	General Obligation Refunding Bonds, Series 2012		Pension Obligation Bonds, Series 2003		FFC Obligations, Series 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,360,000	\$ 260,075	\$ 263,466	\$ 102,720	\$ -	\$ 294,800
2022	1,440,000	221,150	265,359	102,720	205,000	294,800
2023	1,530,000	173,550	261,894	102,720	215,000	288,650
2024	1,630,000	121,450	335,000	102,720	220,000	282,200
2025	1,735,000	59,200	375,000	83,759	230,000	273,400
2026-30	-	-	1,110,000	113,734	1,300,000	1,221,000
2031-35	-	-	-	-	1,570,000	940,400
2036-40	-	-	-	-	1,910,000	600,200
2041-44	-	-	-	-	1,825,000	186,200
Total	<u>\$ 7,695,000</u>	<u>\$ 835,425</u>	<u>\$ 2,610,719</u>	<u>\$ 608,373</u>	<u>\$ 7,475,000</u>	<u>\$ 4,381,650</u>

Year Ending June 30,	FFC Obligations, Series 2013		Total		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 100,000	\$ 24,173	\$ 1,723,466	\$ 681,768	\$ -	\$ 7,000
2022	103,000	21,423	2,013,359	640,093	100,000	8,965
2023	105,000	18,590	2,111,894	583,510	100,000	8,965
2024	108,000	15,703	2,293,000	522,073	-	-
2025	111,000	12,733	2,451,000	429,092	-	-
2026-30	349,000	19,553	2,759,000	1,354,287	-	-
2031-35	-	-	1,570,000	940,400	-	-
2036-40	-	-	1,910,000	600,200	-	-
2041-44	-	-	1,825,000	186,200	-	-
Total	<u>\$ 876,000</u>	<u>\$ 112,175</u>	<u>\$ 18,656,719</u>	<u>\$ 5,937,623</u>	<u>\$ 200,000</u>	<u>\$ 24,930</u>

General Obligation Bond Issue

On March 15, 2012, the College issued \$13,790,000 in General Obligation Bonds, Series 2012, to partially defease and refund series 2005 general obligation bonds approved by the College voters in Hood River and Wasco Counties.

Pension Obligation Bond Issue

On April 23, 2003, the College participated with six community colleges in a pooled issuance of limited tax pension obligation bonds to finance the College's estimated Oregon Public Employees Retirement System (PERS) unfunded actuarial liability. The College issued \$3,570,327 in debt as part of a pooled issuance of \$153,582,300. The \$3,570,327 of debt includes \$1,750,327 Series 2003A deferred interest bonds and \$1,820,000 Series 2003 current interest bonds. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 1.40% to 6.25%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.60% to 5.68%. Except for the payment of its pension bond payments and additional charges when due, each community college has no obligation or liability to any other participating college's pension bonds or liability to Oregon PERS.

Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of the Community College Support Fund support is withheld on August 15, October 15 and January 15 to repay debt. Funds are accumulated and invested by a trust officer and annual principal payments are made each June 30, and interest payments are made each June 30 and December 30, beginning December 2003 and ending June 2028. Interest rates range from 1.40% to 6.25% in accordance with the terms stated at issuance. The College anticipates the total cost of financing the College's unfunded actuarial liability in this manner will result in significant savings to the College when compared to paying for such costs as additional contribution rates to PERS.

Full Faith and Credit Financing Agreements

In 2019, the College issued \$7,475,000 full faith and credit obligation bonds at 4% interest that matures in 2044 to satisfy the state funding match for the Skills Center and Resident Housing capital project.

In 2013, the College Board approved obtaining a Full Faith and Credit Financing agreement in the amount of \$1,500,000 at 2.75% interest with payments starting in 2018 and ending in 2028. The purpose of the loan was to acquire and improve a property adjacent to the current Hood River campus for a possible future campus.

Port of the Dalles Promissory Note

In 2019, the College Board approve entering into a \$1,500,000 intergovernmental loan agreement with the Port of the Dalles. In support of the Skills Center and Resident Hall capital project, the Port of the Dalles authorized a financial package to the College for a loan of up to \$1,500,000 at 3.5% annual interest to be paid in full with interest no later than three years from the March 29, 2019 loan signature date. As of June 30, 2020, the College has drawn \$200,000 against the loan. The note and repayment schedule was updated on June 30, 2021, with the final due date remaining on October 1, 2022.

Note 8 - Pension Plans

Defined Benefit Pension Plan

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003 and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College Employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The individual Account Program (IAP), the defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, Chapter 238A, and Internal Revenue Code Section 401 (a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board as a governing body of PERS. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/pages/index.aspx>.

If the link is expired, please contact Oregon PERS for this information.

Benefits Provided

Tier One/Tier Two PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

- I. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if it results in a greater benefit.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance of he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a particular employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 year of service. Tier Two members are eligible for full benefits at age 60.

- II. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- III. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

- IV. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- I. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

- I. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- II. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- III. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit, and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

An OPSRP Individual Account Program (IAP) member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date of active member dies. Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2020 were \$751,750, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 17.97 percent for Tier One/Tier Two General Service Members and 10.04 percent for OPSRP Pension Program General Service Members. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Pension plan CAFR – Both the PERS and OPSRP plans are administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial valuation – The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for the normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarially accrued liabilities, which are being amortized over a fixed period with new unfunded actuarially accrued liabilities being amortized over 16 years from the valuation in which they are first recognized.

Actuarial methods and assumptions –

Valuation date	12/31/2017
Measurement date	06/30/2019
Experience Study Report	2016, Published 07/26/2017
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compund Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.10%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund of Funds - Events-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
 Total	 100.00%	
 Assumed Inflation - Mean		 2.50%

Discount rate – The discount rate used to measure the total pension liability was 7.2% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments for the Defined Benefit Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate – The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate.

The College's proportionate share of the collective net pension liability (asset) of the plan is as follows:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability (asset)	\$ 11,438,905	\$ 7,143,015	\$ 3,547,947

Determination of the College's proportionate share – The College's actuarially determined proportionate share of the plan amounts was 0.0413 percent for the fiscal year ended June 30, 2019 (measurement date) which was a decrease of 0.001% from its proportion measured as of June 30, 2018. The College's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2017) to the measurement date of June 30, 2019 and subtracting the plan's net position as of June 30, 2018.

The basis for College's proportion is actuarially determined by comparing College's projected long-term contribution effort to the plan with the total projected long-term contribution effort for all employers. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

Pension plan's fiduciary net position – Detailed information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the separately issued CAFR for the plan which is available as noted above.

Payables to the pension plan – At June 30, 2020, the College reported a payable of \$118,362 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2020.

Pension Expense, Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2020, the College recognized a net pension liability of \$7,143,015 and a pension expense of approximately \$1,570,439. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 393,916	\$ -
Changes in assumptions	969,031	-
Net difference between projected and actual earnings on pension plan investments	-	202,497
Changes in proportionate share	9,696	540,748
Differences between employer contributions and proportionate share of system contributions	-	263,871
Contributions subsequent to the measurement date	751,750	-
Total	<u>\$ 2,124,393</u>	<u>\$ 1,007,116</u>

The \$751,750 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Deferred outflows of resources will be recognized as pension expense. Pension related amounts will be recognized in future periods as follows:

Years Ending June 30,

2021	\$	388,919
2022		(198,464)
2023		73,038
2024		102,387
2025		(353)
		<u>365,527</u>
	\$	<u>365,527</u>

Defined Contribution Pension Plan

OPSRP Individual Account Program (OPSRP IAP)

The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6 percent of their annual covered salary to the IAP plan effective January 1, 2004. The College has elected to pay all of the employees' required IAP contributions. Although PERS members retain their existing PERS accounts, all current member contributions are deposited into the member's IAP. The College contributed \$300,698 to the IAP on behalf of employees in fiscal year 2020.

Note 9 - Other Postemployment Benefit Plans (OPEB)

Multiple Employer Plan

Plan Description and Administration

The College is a participating College in the Oregon Educators Benefit Board (OEBB) health care plan that provides postemployment health, dental, vision, and prescription coverage benefits to eligible employees and their eligible dependents. This plan is not a stand-alone plan, and therefore, does not issue its own financial statements. The College has approximately 90 employees and 6 retirees eligible for or receiving health care coverage through OEBB as of October 1, 2019.

The plan generally provides the employee with payment of group medical and dental insurance premiums from retirement date until age 65. Retired employees who are eligible for the OEBB plan may continue enrollment in the health plans on a self-pay basis until age 65.

Plan Membership

At July 1, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	4
Spouses of ineligible retirees	1
Active employees	84
	<u>89</u>

Benefits provided – Under the Plan, retirees eligible for a direct College subsidy pay the same amount for coverage as an active employee with the same coverage. This amount is the difference between the composite monthly premium and the College’s monthly contribution. The College pays for the excess, if any, of the tiered premium for selected coverages over the retiree’s payment. College contributions towards health care continue until the retiree is eligible for Medicare or deceased, whichever is earlier. The College also pays the life insurance premium for eligible retirees until the retiree is eligible for Medicare.

The College is also subject to ORS 243.303, which requires that early retirees (those not covered by Medicare) be allowed to stay on the College’s health plan on a self-pay basis. The statutory requirement under ORS 243.303 can result in an “implicit subsidy” (the difference between expected early retiree claim costs and the premium paid for the retiree) requiring additional cost and liability recognition under GASB Codification Section P52. The College participates in the Oregon Educators Benefit Board (OEBB), a statewide cost-sharing multiple-employer plan, as defined by GASB. In OEBB, the individual employer health plans are rated collectively, rather than individually by employer, and the same blended premium rate is charged to all active employees and non-Medicare-eligible retirees.

Contributions – For the year ended June 30, 2020, the College retirees paid 100% of their insurance premium costs.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2020, The College reported a total OPEB liability of \$491,558. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2019. For the year ended June 30, 2020, the College recognized OPEB expense offset of \$29,528. At June 30, 2020, the College reported deferred outflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Changes of assumptions or inputs	\$ 7,096	\$ 8,995
Differences between expected and actual experience	175,698	-
Contributions subsequent to the measurement date	96,619	-
	<u>\$ 279,413</u>	<u>\$ 8,995</u>
Total	<u>\$ 279,413</u>	<u>\$ 8,995</u>

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2021	\$ 26,706
2022	26,706
2023	26,706
2024	27,356
2025	28,606
Thereafter	<u>37,719</u>
	<u>\$ 173,799</u>

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate:	3.50%
Valuation date:	July 1, 2019
Measurement date:	June 30, 2019
Inflation:	2.5%
Salary increases:	3.50%
Withdrawal, retirement, and mortality rates:	December 31, 2018 Oregon PERS valuation
Election and lapse rates:	40% of eligible employees, 60% of male members and 35% of female members will elect spouse coverage, 5% lapse rate
Actuarial cost method:	Entry age normal

Change in Total OPEB Liability

Multiple Employer Plan:	Increase (Decrease) in Total OPEB Liability
Balance as of June 30, 2019	<u>\$ 257,641</u>
Changes for the year:	
Service cost	29,618
Interest on total OPEB liability	10,767
Changes in assumptions or other inputs	8,222
Changes in economic/demographic assumptions	203,587
Benefit payments	<u>(18,277)</u>
Net changes	<u>233,917</u>
Balance as of June 30, 2020	<u>\$ 491,558</u>

Sensitivity of the College's proportionate share of the total OPEB liability to changes in the discount rate – The following presents the College's total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 512,554	\$ 491,558	\$ 471,833

Sensitivity of the College's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the College's total OPEB liability if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 464,109	\$ 491,558	\$ 471,833

Retirement Health Insurance Account (RHIA)

Oregon Public Employees Retirement System (PERS or the System) administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Post Employment Benefit (OPEB) plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan. Contributions are mandatory for each employer that is a member of PERS. As of June 30, 2019, there were 807 participating employers. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Oregon Public Employees Retirement System, Financial and Administrative Services Division Administrator at PO Box 23700, Tigard, OR 97281-3700.

Plan Description

Oregon Revised Statute 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Funding Policy and Contributions

Contributions of employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

For the year ended June 30, 2019, PERS employers contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. These rates were based on the December 31, 2017 actuarial valuation.

Actuarial Methods and Assumptions – The net OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial valuation - December 31, 2017

Measurement date - June 30, 2019

Experience study - 2016, published July 26, 2017

Actuarial assumptions:

Actuarial cost method: Entry Age Normal

Inflation rate: 2.50 percent

Investment rate of return: 7.20 percent

Discount rate: 7.20 percent

Projected salary increases: 3.50 percent

Healthcare cost trend rate – not applicable

Mortality: *Healthy retirees and beneficiaries* - RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustment and set-backs as described in the valuation.

Active members - RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustment and set-backs as described in the valuation.

Disabled retirees - RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale.

All actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan.

Discount Rate – The discount rate used to measure the total OPEB asset at June 30, 2020 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

Long-Term Expected Rate of Return (RHIA) – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of turn for each major asset class, calculated using both arithmetic and geometric means; see PERS’ audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

Depletion Rate Projection (RHIA) – GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Asset (the Actuarial Accrued Asset calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means the projections would not reflect any adverse future experience, which might impact the plan’s funded position.

Based on these circumstances, it is our third-party actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Proportionate Share Allocation Methodology (RHIA) – The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of OPEB amounts.

Use of Estimates in the Preparation of the Schedules (RHIA) – The preparation of the Schedules in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

OPEB Asset, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB (RHIA) – At June 30, 2020, the College reported an asset of \$88,655 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The College's proportion of the net OPEB asset was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the College's proportion was 0.0459%, which was an increase of 0.001% from its proportion measured as of June 30, 2018.

At June 30, 2020, the College reported deferred outflow of resources and deferred inflow of resources related to pensions from the sources identified in the following table:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Differences between expected and actual experience	\$ -	\$ 11,691
Changes of assumptions	-	92
Net difference between projected and actual earnings on investment	-	5,472
Changes in proportionate share	239	967
	<hr/>	<hr/>
Total	\$ 239	\$ 18,222

Other amounts reported as deferred inflows related to the Oregon's PERS cost-sharing plan will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2021	\$ (9,147)
2022	(8,342)
2023	(1,058)
2024	564
	<hr/>
	\$ (17,983)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the College's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the College's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB Asset	\$ (68,730)	\$ (88,655)	\$ (105,632)

Note 10 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions; injuries to employees and natural disasters. The College is insured for the physical damage to vehicles and carries insurance for all risks of loss, including general and auto liability, property insurance, crime coverage, equipment breakdown coverage, and workers' compensation. General liability insurance generally covers casualty losses with a loss limit of \$20 million per occurrence and a \$30 million aggregate loss limit. The College's property insurance and equipment breakdown total loss limit is approximately \$85,393,003 with a \$10,000 property deductible, except for mobile equipment, which has a deductible of \$1,000. Auto liability is the same as general liability with \$100 comprehensive and \$500 collision deductible. Earthquake and flood coverage has a loss limit of \$20 million. Crime coverage has a loss limit of \$250,000. Workers' compensation insurance provides statutory coverage and \$1 million employer's liability coverage. There was no significant reduction in the College's insurance coverage during the year ended June 30, 2020, and no insurance settlement exceeded insurance coverage for the past three years.

Note 11 - Leases

Leases as Lessor

The College has entered into several lease agreements to other entities for offices, equipment space, or land owned by the College. Future revenue collections on these leases are approximately \$212,000 in 2021.

Commencing February 1, 2008, the College (lessor) entered into a ground lease agreement with the State of Oregon, acting by and through the Oregon Military Department (lessee), for certain real property involving land and an easement for a term of 50 years, with an additional automatic option to extend an additional 50 years. Rent for the entire term is \$1. This lease is related to the National Guard Readiness Center constructed on real property. See leases as lessee.

Leases as Lessee

In January 2014, the College entered into a lease for 13,087 square feet of exclusive space and 27,279 square feet of shared space with the state of Oregon acting by and through the Oregon Military Department to lease space in the new National Guard Readiness Center built on the property described in leases as lessor. There are no payment terms related to this lease. The initial term of the lease expires February 1, 2058 with an option to renew for an additional 50 years which is consistent with the ground lease discussed above under leases as lessor.

The College has also entered into service agreements to lease printing equipment along with a SAN maintenance agreement. The total for the year ending June 30, 2020 is approximately \$67,803.

Note 12 - Note 12 - Commitments and Contingencies

In 2019, the College Board approve entering into a \$1,500,000 intergovernmental loan agreement with the Port of the Dalles. In support of the Skills Center and Resident Hall capital project, the Port of the Dalles authorized a financial package to the College for a loan of \$1,500,000 at 3.5% annual interest to be paid in full with interest not later than three years from the March 29, 2019 loan signature date. As of June 30, 2020, the College has received \$200,000 against the loan.

The first promissory note and repayment schedule was updated on June 30, 2021, with the final due date remaining on October 1, 2022. The second promissory note of \$1,300,000 was executed on June 30, 2021 with a final payment due date of June 30, 2024, and a stated interest rate of 3.5%. The \$1,300,000 was drawn down on June 30, 2021.

Note 13 - Restatement of the Prior Year Net Position

The College's beginning net position has been restated as of July 1, 2019.

The College restated the beginning net position as of July 1, 2019 to correct material misstatements in the capital assets, deferred charge on refunding, compensated absences, bonds and related premiums balances.

Net Position - Beginning	\$ 11,148,131
Restatement of the College's net position due to correction of material misstatements in the previously issued financial statements:	
Understatement of capital assets	123,207
Understatement of deferred charge on refunding	110,728
Understatement of accrued payroll and taxes	(150,330)
Understatement of compensated absences	(144,038)
Understatement of bonds and related premiums	(84,456)
	<u> </u>
Net Position - Beginning, as restated	<u>\$ 11,003,242</u>



Required Supplementary Information
June 30, 2020

Columbia Gorge Community College

Columbia Gorge Community College
Schedule of Total OPEB Liability
June 30, 2020

Multiple Employer Plan	Reported as of the measurement date of June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Benefit payments	\$ (18,277)	\$ (14,124)	\$ (35,268)
Service cost	29,618	29,185	30,039
Interest on total OPEB liability	10,767	9,306	7,378
Change in assumptions	8,222	(4,489)	(10,753)
Changes in economic/demographic assumptions	<u>203,587</u>	<u>-</u>	<u>-</u>
Net changes in OPEB liability	233,917	19,878	(8,604)
Total OPEB liability – beginning	<u>257,641</u>	<u>237,763</u>	<u>246,367</u>
Total OPEB liability – ending	<u><u>\$ 491,558</u></u>	<u><u>\$ 257,641</u></u>	<u><u>\$ 237,763</u></u>

The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Columbia Gorge Community College
 Schedule of Net OPEB Asset - RHIA
 June 30, 2020

	Reported as of the measurement date of June 30,		
	2019	2018	2017
College's proportionate share of the net OPEB asset	\$ (88,655)	\$ (49,242)	\$ (19,537)
College's proportionate share at measurement date	0.04588%	0.04411%	0.04681%
College's covered payroll	\$ 6,428,159	\$ 5,541,426	\$ 5,501,994
College's proportionate share of the net OPEB asset as a percentage of its covered payroll	1.4%	0.9%	0.4%
RHIA Plan fiduciary net position as a percentage of the total OPEB asset	124.0%	124.0%	108.9%

The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.

Columbia Gorge Community College
 Schedule of College Contributions - RHIA
 June 30, 2020

	Reported as of the year-end date of June 30,		
	2020	2019	2018
Contractually required contributions	\$ 3,185	\$ 22,739	\$ 21,360
Contributions in relation to the contractually required contribution	(3,185)	(22,739)	(21,360)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
College's covered payroll	\$ 5,951,176	\$ 5,200,614	\$ 5,541,426
Contributions as a percentage of covered payroll	0.05%	0.44%	0.39%

The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.

Columbia Gorge Community College
Schedule of the College's Proportionate Share of the Net Pension Liability Contributions – OPERS
Oregon Public Employees Retirement System
June 30, 2020

As of the Measurement Date of June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2019	0.04129482%	\$ 7,143,015	\$ 5,200,614	137.35%	80.20%
2018	0.04243378%	6,428,159	5,541,426	116.00%	82.07%
2017	0.04270759%	5,756,999	5,501,994	104.63%	83.12%
2016	0.05359039%	8,045,162	4,311,800	186.58%	80.53%
2015	0.05487119%	3,150,408	5,350,895	58.88%	91.88%
2014	0.04866030%	(1,102,990)	5,251,319	-21.00%	103.60%

The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.

Columbia Gorge Community College
 Schedule of the College Contributions – OPERS
 Oregon Public Employees Retirement System
 June 30, 2020

Year Ended June 30,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2020	\$ 751,750	\$ 751,750	\$ -	\$ 5,951,176	12.63%
2019	671,111	671,111	-	5,200,614	12.90%
2018	544,313	544,313	-	5,541,426	9.82%
2017	463,803	463,803	-	5,501,994	8.43%
2016	402,001	402,001	-	4,311,800	9.32%
2015	496,715	496,715	-	5,350,895	9.28%

The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.



Supplementary Information
June 30, 2020

Columbia Gorge Community College

Oregon Administrative Rules require an individual Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, be prepared for each fund which the College is legally required to budget.

Measurement Focus and Basis of Accounting

The College focuses on changes in current financial resources in the preparation, adoption, and execution of annual budgets for the College's funds. The modified accrual basis of accounting is used to account for transactions or events that have increased or decreased the resources available for spending in the near future. The budget schedules include all transactions or events that affect the fund's current financial resources, even though these transactions may not affect net position. Such transactions include:

- The issuance of debt
- Debt service principal payments
- Capital outlay

Revenues are recognized when they are susceptible to accrual. To be susceptible to accrual, the revenue must be both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The College deems revenues received within 60 days of the end of the fiscal year to be available and subject to accrual. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recorded only when expected to be liquidated with available expendable financial resources. State support is recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grant revenue is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts, including property taxes, become measurable and available when cash is received by the College and recognized as revenue at that time.

Stewardship, Compliance, and Accountability

The appropriations resolution for the General Fund contains amounts for instruction, academic support, student services, institutional support, financial aid, plant operation and maintenance, and contingency. For all other funds, the appropriations resolution contains amounts for personnel services, materials and services, debt service, capital outlay, fund transfers and an operating contingency, if needed. This is the legal level of control for authorized expenditures.

The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent an over expenditure. Such budget changes require Board of Education approval.

Budget amounts shown in the individual fund financial schedules include appropriation transfers and appropriations increases pursuant to ORS 294.326(2), which allows for appropriations increases for unanticipated specific purpose grants. All appropriation transfers and increases are approved by the Board of Education. Appropriations for all funds lapse at the end of each fiscal year.

Description of Funds

The College has the following funds:

The *General Fund* accounts for the financial operations of the College not accounted for in any other fund. Major sources of revenue are local property taxes, state operational reimbursement based on full time equivalent enrollment, and tuition and fees collected from students. Expenditures are for contracted instructional services including instructors' and administrative salaries and benefits, supplies, administrative costs, plant operations and capital outlay.

The *Student Aid Fund* accounts for the administration of Federal Student Aid for all eligible students.

The *Grant Fund* accounts for the administration of Federal grants received by the College.

The *Scholarship Fund* accounts for the scholarships awarded to the College's students receiving scholarships from the Foundation.

The *Capital Projects Fund* accounts for the full faith and credit agreement obtained to purchase property in Hood River and complete site improvements as approved by the Board of Education in April 2013.

The *Internal Services Fund* accounts for the financing of goods or services provided to other units of the college, or to other agencies, on a cost-reimbursement basis.

The *Debt Service Funds* accounts for the accumulation of resources to pay the principal and interest on General Obligation Bonds, Series 2005 approved by College voters of Hood River and Wasco Counties. These bonds were refunded in March 2012. The fund also accounts for the accumulation of resources to pay the principal and interest on pension obligation bonds issued by the College in 2003 and is funded by a credit to the College's PERS employer rate beginning May 1, 2003.

The *Enterprise Fund* accounts for self-supporting programs and activities. Revenues received in excess of requirements are not legally restricted and may support general College operations.

The *College Bookstore Enterprise Fund* is used to record revenues and expenditures relating to textbooks and supplies made available to the students. Revenues are text and supply sales. Expenditures are for purchases of resale items.

The *Reserve Fund – Facilities and Grounds Maintenance* was established to accumulate resources for financing facilities and ground maintenance.

The *Reserve Fund – General Operations* was established to accumulate resources for future funding of general operations. Transfers are budgeted between the General Fund and the General Operations Reserve Fund to smooth the effects of the uneven community college support fund payments in each year of the biennium. The remaining balance is expected to be depleted in the following biennium.

The *Reserve Fund* – Skills Center and Housing was established to accumulate resources for funding of the Skills Center and Student Housing projects and for general operations of the program. This fund was budgeted in fiscal year 2019-20, however, there was no activity for the year.

The *Skills Center and Residence Hall Fund* accounts for the capital construction expenditures for the building to house three new programs: construction technology, metal fabrication, and aviation maintenance.

The *Student Fund* accounts for the activities of the student-organized Environmental Club, Phi Theta Kappa, Student Council, Student Nurse Association, Delta Energy Club, and Multicultural Club.

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ 4,525,424	\$ 4,525,424	\$ 4,901,247	\$ 375,823
Local sources	1,100,000	1,100,000	1,255,464	155,464
Tuition	2,369,000	2,369,000	1,802,668	(566,332)
Instructional fees	955,100	955,100	895,670	(59,430)
Special fees	104,163	104,163	115,430	11,267
Other sources	91,187	91,187	139,726	48,539
Sales and services	9,250	9,250	2,554	(6,696)
Total revenues	9,154,124	9,154,124	9,112,759	(41,365)
Expenditures				
Instruction	3,724,444	3,694,444	3,671,833	22,611
Academic support	1,021,630	1,111,630	1,129,552	(17,922)
Student services	1,372,044	1,374,644	1,209,321	165,323
Institutional support	2,028,243	2,304,143	2,007,350	296,793
Financial aid	21,100	25,100	23,303	1,797
Plant operation and maintenance	1,017,351	967,351	857,074	110,277
Contingency	234,794	234,794	-	234,794
Total expenditures	9,419,606	9,712,106	8,898,433	813,673
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(265,482)	(557,982)	214,326	772,308
Other Financing Sources (Uses)				
Transfer from other funds	460,000	752,500	467,939	(284,561)
Transfer to other funds	(176,000)	(176,000)	(164,423)	11,577
Total other financing sources (uses)	284,000	576,500	303,516	(272,984)
Net Change In Fund Balance	18,518	18,518	517,842	499,324
Fund balance, Beginning of Year	1,007,594	1,007,594	1,171,924	164,330
Fund Balance, End of Year	\$ 1,026,112	\$ 1,026,112	\$ 1,689,766	\$ 663,654

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Grant Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 818,584	\$ 1,815,905	\$ 1,015,110	\$ (800,795)
State sources	87,000	109,521	85,573	(23,948)
Tuition	12,000	20,500	16,062	(4,438)
Other sources	63,778	268,527	266,027	(2,500)
Total revenues	<u>981,362</u>	<u>2,214,453</u>	<u>1,382,772</u>	<u>(831,681)</u>
Expenditures				
Personnel services	700,100	1,155,539	901,876	253,663
Materials and services	345,767	1,321,295	400,208	921,087
Total expenditures	<u>1,045,867</u>	<u>2,476,834</u>	<u>1,302,084</u>	<u>1,174,750</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(64,505)	(262,381)	80,688	343,069
Other Financing Sources (Uses)				
Transfer from other funds	-	-	22,962	22,962
Transfer to other funds	(1,000)	-	(38,401)	(38,401)
Total other financing sources (uses)	<u>(1,000)</u>	<u>-</u>	<u>(15,439)</u>	<u>(15,439)</u>
Net Change In Fund Balance	(65,505)	(262,381)	65,249	327,630
Fund Balance, Beginning of Year	<u>238,240</u>	<u>348,299</u>	<u>359,194</u>	<u>10,895</u>
Fund Balance, End of Year	<u>\$ 172,735</u>	<u>\$ 85,918</u>	<u>\$ 424,443</u>	<u>\$ 338,525</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Internal Services Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Materials and services	22,000	22,000	23,842	(1,842)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(22,000)	(22,000)	(23,842)	(1,842)
Other Financing Sources (Uses)				
Transfer from other funds	-	-	-	-
Net Change In Fund Balance	(22,000)	(22,000)	(23,842)	(1,842)
Fund Balance, Beginning of Year	23,842	23,842	23,842	-
Fund Balance, End of Year	<u>\$ 1,842</u>	<u>\$ 1,842</u>	<u>\$ -</u>	<u>\$ (1,842)</u>

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and changes in Fund Balance
 Budget and Actual – Capital Projects Fund
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service:				
Principal payments	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	-	-
Fund Balance, Beginning of Year	7,042	7,042	7,042	-
Fund Balance, End of Year	<u>\$ 7,042</u>	<u>\$ 7,042</u>	<u>\$ 7,042</u>	<u>\$ -</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Skills Center and Residence Hall Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ -	\$ -	\$ 659,662	\$ 659,662
Total revenues	-	-	659,662	659,662
Expenditures				
Personnel services	51,272	51,272	50,417	855
Materials and services	1,095,000	1,300,000	1,282,559	17,441
Total expenditures	1,146,272	1,351,272	1,332,976	18,296
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(1,146,272)	(1,351,272)	(673,314)	677,958
Fund Balance, Beginning of Year	7,343,861	7,343,861	7,537,632	193,771
Fund Balance, End of Year	<u>\$ 6,197,589</u>	<u>\$ 5,992,589</u>	<u>\$ 6,864,318</u>	<u>\$ 871,729</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – College G.O. Bonds
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,550,233	\$ 1,550,233	\$ 1,555,466	\$ 5,233
Investment income	-	-	22,392	22,392
Total revenue	<u>1,550,233</u>	<u>1,550,233</u>	<u>1,577,858</u>	<u>27,625</u>
Expenditures				
Debt service:				
Principal payments	1,305,000	1,305,000	1,305,000	-
Interest payments	<u>299,225</u>	<u>299,225</u>	<u>299,225</u>	-
Total expenditures	<u>1,604,225</u>	<u>1,604,225</u>	<u>1,604,225</u> *	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(53,992)	(53,992)	(26,367)	27,625
Fund Balance, Beginning of Year	<u>54,235</u>	<u>54,235</u>	<u>62,625</u>	<u>8,390</u>
Fund Balance, End of Year	<u>\$ 243</u>	<u>\$ 243</u>	<u>\$ 36,258</u>	<u>\$ 36,015</u>

* Budget was appropriated by total debt service expenditures for the fund

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – Pension Bonds
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 206,000	\$ 206,000	\$ 217,923	\$ 11,923
Investment income	-	-	2,574	2,574
Total revenue	<u>206,000</u>	<u>206,000</u>	<u>220,497</u>	<u>14,497</u>
Expenditures				
Debt service				
Principal payments	-	-	260,000	(260,000)
Interest payments	<u>270,147</u>	<u>270,147</u>	<u>102,720</u>	<u>167,427</u>
Total expenditures	<u>270,147</u>	<u>270,147</u>	<u>362,720</u> *	<u>(92,573)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(64,147)	(64,147)	(142,223)	(78,076)
Fund Balance, Beginning of Year	<u>954,817</u>	<u>954,817</u>	<u>970,228</u>	<u>15,411</u>
Fund Balance, End of Year	<u><u>\$ 890,670</u></u>	<u><u>\$ 890,670</u></u>	<u><u>\$ 828,005</u></u>	<u><u>\$ (62,665)</u></u>

* Budget was appropriated by total debt service expenditures for the fund

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – Full Faith and Credit Bonds
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ -	\$ 200,000	\$ 200,000
Investment income	<u>200,750</u>	<u>200,750</u>	<u>163,669</u>	<u>(37,081)</u>
Total revenue	<u>200,750</u>	<u>200,750</u>	<u>363,669</u>	<u>162,919</u>
Expenditures				
Debt service				
Principal payments	97,000	97,000	97,000	-
Interest payments	<u>365,860</u>	<u>365,860</u>	<u>365,860</u>	<u>-</u>
Total expenditures	<u>462,860</u>	<u>462,860</u>	<u>462,860</u> *	<u>-</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(262,110)	(262,110)	(99,191)	162,919
Other Financing Sources (Uses)				
Transfer from other funds	462,860	462,860	123,840	(339,020)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 200,750</u>	<u>\$ 200,750</u>	<u>\$ 24,649</u>	<u>\$ (176,101)</u>

* Budget was appropriated by total debt service expenditures for the fund

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Reserve Fund – Facilities & Grounds Maintenance
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Other Financing Use				
Transfer to other funds	\$ (123,840)	\$ (123,840)	\$ (123,840)	\$ -
Fund Balance, Beginning of Year	147,259	147,259	147,259	-
Fund Balance, End of Year	<u>\$ 23,419</u>	<u>\$ 23,419</u>	<u>\$ 23,419</u>	<u>\$ -</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Reserve Fund – General Operations
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Materials and services	\$ 250,000	\$ 250,000	\$ 254,826	\$ (4,826)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(250,000)	(250,000)	(254,826)	(4,826)
Other Financing Use				
Transfer to other funds	(300,000)	(300,000)	(292,500)	7,500
Net Change In Fund Balance	(550,000)	(550,000)	(547,326)	2,674
Fund Balance, Beginning of Year	1,267,786	1,267,786	571,532	(696,254)
Fund Balance, End of Year	\$ 717,786	\$ 717,786	\$ 24,206	\$ (693,580)

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Reserve Fund – Skills Center/Housing
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Loan proceeds	\$ 1,500,000	\$ 1,500,000	\$ -	\$ (1,500,000)
Other sources	-	-	-	-
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Expenditures				
Materials and services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Use				
Transfer to other funds	<u>(339,020)</u>	<u>(234,020)</u>	<u>-</u>	<u>234,020</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	1,160,980	1,265,980	-	(1,265,980)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,160,980</u></u>	<u><u>\$ 1,265,980</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,265,980)</u></u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Enterprise Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Tuition	\$ 135,000	\$ 149,544	\$ 53,773	\$ (95,771)
Sales	321,447	329,258	52,453	(276,805)
Instructional and special fees	52,375	52,375	39,671	(12,704)
Other sources	<u>190,693</u>	<u>191,793</u>	<u>228,598</u>	<u>36,805</u>
Total revenue	<u>699,515</u>	<u>722,970</u>	<u>374,495</u>	<u>(348,475)</u>
Expenditures				
Personnel services	322,895	353,399	304,571	48,828
Materials and services	<u>263,214</u>	<u>303,665</u>	<u>132,370</u>	<u>171,295</u>
Total expenditures	<u>586,109</u>	<u>657,064</u>	<u>436,941</u>	<u>220,123</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>113,406</u>	<u>65,906</u>	<u>(62,446)</u>	<u>(128,352)</u>
Other Financing Use				
Transfer from other funds	96,000	96,000	81,500	(14,500)
Transfer to other funds	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources	<u>(64,000)</u>	<u>(64,000)</u>	<u>(78,500)</u>	<u>(14,500)</u>
Net Change In Fund Balance	49,406	1,906	(140,946)	(142,852)
Fund Balance, Beginning of Year	<u>104,066</u>	<u>128,579</u>	<u>(18,838)</u>	<u>(147,417)</u>
Fund Balance, End of Year	<u>\$ 153,472</u>	<u>\$ 130,485</u>	<u>\$ (159,784)</u>	<u>\$ (290,269)</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – College Bookstore Enterprise Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Text Book Sales, Net of Discount	\$ 210,900	\$ 210,900	\$ 38,041	\$ (172,859)
Total revenue	<u>210,900</u>	<u>210,900</u>	<u>38,041</u>	<u>(172,859)</u>
Expenditures				
Personnel services	62,214	62,214	56,044	6,170
Materials and services	<u>126,564</u>	<u>126,564</u>	<u>5,327</u>	<u>121,237</u>
Total expenditures	<u>188,778</u>	<u>188,778</u>	<u>61,371</u>	<u>127,407</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	22,122	22,122	(23,330)	(45,452)
Fund Balance, Beginning of Year	<u>22,371</u>	<u>22,371</u>	<u>28,873</u>	<u>6,502</u>
Fund Balance, End of Year	<u><u>\$ 44,493</u></u>	<u><u>\$ 44,493</u></u>	<u><u>\$ 5,543</u></u>	<u><u>\$ (38,950)</u></u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Student Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Membership dues	\$ 1,500	\$ 1,500	\$ 465	\$ (1,035)
Fundraising	<u>13,000</u>	<u>13,000</u>	<u>3,558</u>	<u>(9,442)</u>
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>4,023</u>	<u>(10,477)</u>
Expenditures				
Materials and services	<u>16,000</u>	<u>16,453</u>	<u>3,466</u>	<u>12,987</u>
Total expenditures	<u>16,000</u>	<u>16,453</u>	<u>3,466</u>	<u>12,987</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>(1,500)</u>	<u>(1,953)</u>	<u>557</u>	<u>2,510</u>
Other Financing Use				
Transfer to other funds	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
Net Change In Fund Balance	(1,500)	(1,953)	(943)	1,010
Fund Balance, Beginning of Year	<u>123,337</u>	<u>123,498</u>	<u>12,105</u>	<u>(111,393)</u>
Fund Balance, End of Year	<u>\$ 121,837</u>	<u>\$ 121,545</u>	<u>\$ 11,162</u>	<u>\$ (110,383)</u>

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Student Aid Fund
 Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 2,091,084	\$ 2,091,084	\$ 2,115,982	\$ 24,898
Expenditures				
Materials and services	2,091,084	2,091,084	2,090,341	743
Personnel services	14,250	14,250	28,565	(14,315)
Total expenditures	2,105,334	2,105,334	2,118,906	(13,572)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(14,250)	(14,250)	(2,924)	11,326
Net Change In Fund Balance	(14,250)	(14,250)	(2,924)	11,326
Fund Balance, Beginning of Year	16,333	16,333	4,297	(12,036)
Fund Balance, End of Year	\$ 2,083	\$ 2,083	\$ 1,373	\$ (710)

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Scholarship Fund
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 623,860	\$ 624,082	\$ 804,814	\$ 180,732
Expenditures				
Materials and services	703,860	704,082	887,826	(183,744)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(80,000)	(80,000)	(83,012)	(3,012)
Other Financing Sources (Uses)				
Transfer from other funds	80,000	80,000	84,423	4,423
Net Change In Fund Balance	-	-	1,411	1,411
Fund Balance, Beginning of Year	243	243	15,784	15,541
Fund Balance, End Of Year	\$ 243	\$ 243	\$ 17,195	\$ 16,952

Columbia Gorge Community College

Reconciliation of Excess (Deficiency) of Revenues Over Expenditures on a Budgetary Basis to Changes in Net
Position on a GAAP Basis
Year Ended June 30, 2020

Excess (deficiency) of revenues over (under) expenditures	
General Fund	\$ 214,326
Grant Fund	80,688
Internal Service Fund	(23,842)
Capital Projects Fund	-
Skills Center and Resident Hall Fund	(673,314)
College G.O. Bonds Fund	(26,367)
Pension Bonds Fund	(142,223)
Full Faith and Credit Bond Fund	(99,191)
Reserve Fund – Facilities & Grounds Maintenance	-
Reserve Fund – General Operations	(254,826)
Enterprise Fund	(62,446)
College Bookstore Enterprise Fund	(23,330)
Student Fund	557
Student Aid Fund	(2,924)
Scholarship Fund	(83,012)
	<hr/>
Total excess (deficiency) of revenues over (under) expenditures	(1,095,904)
	<hr/>
Reconciling items:	
Depreciation	(946,098)
Capital outlay	1,256,074
Loss on disposal of capital asset	(1,646)
OPEB and pension expense	(726,027)
Deferred charge on refunding amortization	(123,609)
Accrued interest payable	(95,829)
Interest accretion on capital appreciation bonds	(62,148)
Proceeds from note payable	(200,000)
Debt premium amortization	109,706
Debt service principal payments	1,662,000
	<hr/>
Total reconciling items	872,423
	<hr/>
Change in net position on a GAAP basis	\$ (223,481)
	<hr/> <hr/>

Columbia Gorge Community College
 Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis
 Year Ended June 30, 2020

Budgetary fund balances	
General Fund	\$ 1,689,766
Grant Fund	424,443
Internal Service Fund	-
Capital Projects Fund	7,042
Skills Center and Resident Hall Fund	6,864,318
College G.O. Bonds Fund	36,258
Pension Bonds Fund	828,005
Full Faith and Credit Bonds Fund	24,649
Reserve Fund – Facilities & Grounds Maintenance	23,419
Reserve Fund – General Operations	24,206
Enterprise Fund	(159,784)
College Bookstore Enterprise Fund	5,543
Student Fund	11,162
Student Aid Fund	1,373
Scholarship Fund	17,195
Total budgetary fund balances	9,797,595
Reconciling items:	
Capital assets	27,209,300
Net OPEB asset	88,655
Deferred outflows of resources	3,025,278
Accrued interest payable	(95,829)
Compensated absences	(210,430)
Pre-SLGRP pooled liability	(521,363)
Total OPEB liability	(491,558)
Net pension liability	(7,143,015)
Long-term debt	(19,844,539)
Deferred inflows of resources	(1,034,333)
Total reconciling items	982,166
Net position on a GAAP basis	\$ 10,779,761



Compliance Section
June 30, 2020

Columbia Gorge Community College



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

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

We have audited, 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, the financial statements of the business-type activities of Columbia Gorge Community College (the College) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements and have issued our report thereon dated August 18, 2021. Our report included an Emphasis of Matter paragraph concerning corrections of errors in previously issued financial statements resulting in material misstatements of amounts previously reported for capital assets, deferred charge on refunding, accrued payroll and taxes, compensated absences and long-term liabilities as of June 30, 2019. Our opinion is not modified with respect to that matter.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Columbia Gorge Community College College's Responses to Findings

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Boise, Idaho
August 18, 2021



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on Compliance for the Major Federal Program

We have audited Columbia Gorge Community College’s (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College’s major federal program for the year ended June 30, 2020. The College’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Eide Bailly LLP

Boise, Idaho
August 18, 2021



Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Columbia Gorge Community College (the College) as of and for the year ended June 30, 2020, and have issued our report thereon dated August 18, 2021 **August 18, 2021**. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- The College's expenditures exceeded appropriations for one of the six appropriations in the College's General Fund.
- The College's expenditures exceeded appropriations in the College's Internal Service Fund.
- The College's expenditures exceeded appropriations in the College's Debt Service Fund – Pension Obligation Bonds.
- The College's expenditures exceeded appropriations in the College's Reserve Fund – General Operations.
- The College's expenditures exceeded appropriations for one of the two appropriations in the College's Financial Aid Fund.
- The College's expenditures exceeded appropriations in the College's Scholarship Fund.

OAR 162-10-0230 Internal Control

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

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

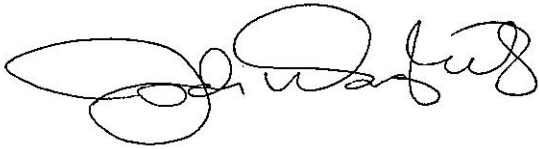
We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency.

The College's Response to Finding

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Eide Bailly", written in a cursive style.

For Eide Bailly, LLP
Boise, Idaho
August 18, 2021

Columbia Gorge Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2019-20 Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268		\$ 844,642
Federal Pell Grant Program	84.063		1,163,324
Federal Supplemental Educational Opportunity Grants	84.007		36,400
Federal Work-Study Program	84.033		<u>28,565</u>
Total Student Financial Assistance Cluster			<u>2,072,931</u>
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E		45,975
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		<u>53,254</u>
Subtotal			<u>99,229</u>
Passed-through State of Oregon – Department of Community Colleges and Workforce Development: Adult Education – Basic Grants to States	84.002	376.01	<u>117,541</u>
Total U.S. Department of Education			<u>2,289,701</u>
U.S. Department of Labor			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed-through East Cascade Works:			
Adult Formula	17.258	[1]	89,466
Youth Formula	17.259	[1]	119,209
Dislocated Worker Formula	17.278	[1]	<u>96,420</u>
Subtotal WIOA Cluster			<u>305,095</u>
National Dislocated Worker	17.277		19,264
Total U.S. Department of Labor			<u>324,359</u>
U.S. Small Business Administration			
Passed-through Lane Community College Small Business Development Center Network Office:			
Small Business Development Center	59.037	SBA-2020-145	<u>49,260</u>
Total U.S. Small Business Administration			<u>49,260</u>

[1] Pass-through Entity Identifying Number not available.

Columbia Gorge Community College
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2019-20 Federal Expenditures
U.S. Department of Health and Human Services			
Passed-through Oregon Child Care Resource and Referral Network:			
Child Care Development Fund Cluster (CCDF) Cluster:			
Early Learning Division	93.575	10436/148902	133,209
Child Care and Development Block Grant	93.575	10436/148902	<u>160,031</u>
Total CCDF Cluster			<u>293,240</u>
Transitional Living for Homeless Youth	93.55		<u>85,964</u>
Total U.S. Department of Health and Human Services			<u>379,204</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,042,524</u></u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Columbia Gorge Community College under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations for Columbia Gorge Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Columbia Gorge Community College.

Note 2 - Summary of Significant Accounting Policies

The Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College does not draw for indirect administrative expenses and has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No federal financial assistance has been provided to a subrecipient.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
U. S. Department of Education Direct Programs	
Student Financial Aid Cluster	
Pell Grant Program	84.063
Federal Work-Study Program	84.033
Direct Loan Program	84.268
Supplemental Educational Opportunity Grants Program	84.007

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

2020-001 Financial Reporting and Closing Process

Criteria or Specific Requirement

In order to provide timely and accurate financial reports and reduce the possibility of fraud occurring, the general ledger accounts of the College should be reconciled each month through an effective financial close and reporting process. The journal entries and reconciliations performed by the accounting department should be approved by supervisory personnel and supported with proper documentation. In addition, the College should have controls in place over financial close and reporting process to ensure accurate and timely annual financial statements are produced.

Condition

Material Weakness – Adjustments were required to conform to GAAP and correctly state account balances during the College’s closing cycle. A deficiency in the College’s internal control system to produce materially accurate financial statements was encountered by the audit staff. The College’s various financial statement accounts making up the balance sheet and fund balances were not fully reconciled until well after the year ended June 30, 2020 in preparation for the audit.

Cause

Significant turnover in the senior management and staff of the accounting department since the prior fiscal year created a situation where controls were not functioning properly.

Effect

Management was unable to produce accurate and timely trial balance resulting in the inability to produce financial statements during the year ended June 30, 2020, requiring multiple adjusting journal entries to correct material misstatements in the accounting records.

Repeat Finding

Yes. See 2019-001 and 2018-001.

Recommendation

We recommend the College ensure the business office maintains qualified leadership personnel with a clear understanding of both Fund and GAAP accounting at all times.

View of Responsible Officials

Management agrees with this finding and is working diligently to fill all open positions in the business office with competent accounting personnel.

Section III – Federal Award Findings and Questioned Costs

2020-002 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements, it was noted that 14 of 25 student enrollment changes tested were not reported to NSLDS in the required timeframe.

Questioned Costs

There were no questioned costs associated with the noncompliance.

Context

Columbia Gorge Community College (the College) disbursed financial aid to approximately 430 students in the 2019-2020 fiscal year that required student enrollment and program enrollment reporting to NSLDS. A non-statistical sampling of 25 out of 132 students were selected for testing.

Cause

The College did not report enrollment information for students under the Pell grant and Direct and FFEL loan programs via NSLDS timely. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

Effect

The College is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement.

Repeat Finding: No

Recommendation

The College should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

View of Responsible Officials

Management agrees with this finding and will implement the recommendations.