



Financial Statements
June 30, 2022

Columbia Gorge Community College

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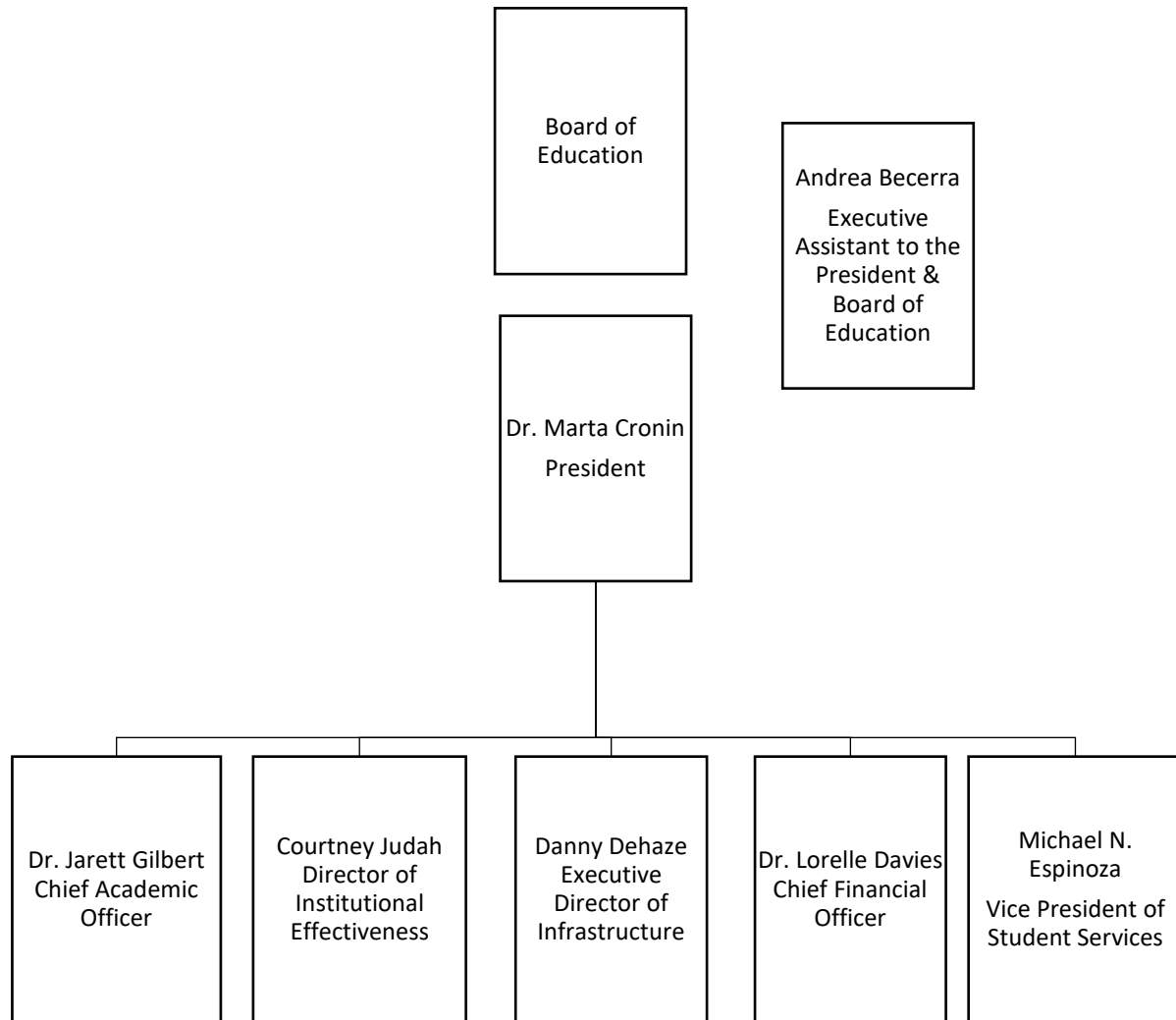
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Position #	Name	County	Term Ending
1	Nathanael Stice Board Member	Wasco	June 30, 2025
2	Jonathan Fost Board Chair	Wasco	June 30, 2025
3	Tim Arbogast Board Member	Hood River	June 30, 2023
4	Robin Feuerbacher Board Member	Hood River	June 30, 2023
5	Kim Morgan Board Member	Wasco	June 30, 2025
6	Yesenia Sanchez Oates Board Member	Hood River	June 30, 2023
7	Lucille Begay Board Member	Wasco	June 30, 2025

ADMINISTRATION

Dr. Marta Cronin, President
Dr. Lorelle Davies, Chief Financial Officer
Dr. Jarett Gilbert, Chief Academic Officer
Michael N. Espinoza, Vice President of Student Services
Danny Dehaze, Executive Director of Infrastructure
Courtney Judah, Director of Institutional Effectiveness
Andrea Becerra, Executive Assistant to the President and Board of Education





Independent Auditor's Report

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Columbia Gorge Community College (the College) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Columbia Gorge Community College, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and Note 14 to the financial statements, the College has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the net position as of July 1, 2021, to restate beginning net position. Our opinion is not modified with respect to this matter.

Correction of Error in Previously Issued Financial Statements

As discussed in Note 14 to the financial statements, an error resulting in a material misstatement of amounts previously reported for capital assets as of June 30, 2021, was discovered by the College during the audit of the current year financial statements. Accordingly, amounts reported for capital assets have been restated in the June 30, 2022 financial statements now presented, and an adjustment has been made to the College's net position as of July 1, 2021, to correct the error. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 1 and Note 14 to the financial statements, the College had a change in the method used for determining the total OPEB obligation related to the OEGB healthcare plan. The College met the requirements of the Alternative Measurement Method and chose to change to this method for the current and future years. Accordingly, amounts reported as deferred inflow and outflow of resources related to the OPEB obligation have been restated in the June 30, 2022 financial statements now presented, and an adjustment has been made to the College's net position as of July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Total OPEB Liability, Schedules of Net OPEB Asset and College Contributions - RHIA, Schedules of College's Proportionate Share of Net Pension Liability Contributions and College's 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.

Supplementary 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 and 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) 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 January 5, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

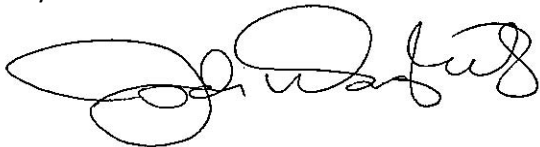
Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 5, 2023, 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.



Eide Bailly LLP

By:



Jodi Daugherty, CPA, Oregon Municipal Auditor Lic #1583
Boise, Idaho
January 5, 2023

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, 2022 and 2021.

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 College-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 College-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 College-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 on 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, 2022, are described below.

- The College's financial position at June 30, 2022 consists of assets of \$48,776,058, deferred outflows of resources of \$2,861,777, liabilities of \$26,862,683, deferred inflows of resources of \$4,673,238, and net position of \$20,101,914, an increase of \$3,907,073, 24.13% from the prior year.
- Total assets increased in 2022 by \$2,411,068 or 5.2%, primarily due to an increase in capital assets from the completion of the Skills Center and Resident Hall project.

Columbia Gorge Community College
Management's Discussion and Analysis
June 30, 2022

	2022	2021*	Increase (Decrease)	Change %
Current Assets				
Cash and cash equivalents	\$ 6,768,802	\$ 4,482,649	\$ 2,286,153	51.0%
Other assets	1,122,701	2,586,542	(1,463,841)	-56.6%
Total current assets	7,891,503	7,069,191	822,312	11.6%
Noncurrent Assets				
Net OPEB asset	81,662	90,870	(9,208)	-10.1%
Lease receivable	415,397	-	415,397	100.0%
Right of use assets, net	108,148	-	108,148	100.0%
Capital assets, net	40,279,348	39,204,929	1,074,419	2.7%
Total noncurrent assets	40,884,555	39,295,799	1,588,756	4.0%
Total assets	48,776,058	46,364,990	2,411,068	5.2%
Deferred Outflows Of Resources				
Pension, OPEB and refunding	2,861,777	3,431,110	(569,333)	-16.6%
Liabilities				
Current liabilities	6,818,133	5,952,667	865,466	14.5%
Noncurrent liabilities	20,044,550	26,840,525	(6,795,975)	-25.3%
Total liabilities	26,862,683	32,793,192	(5,930,509)	-18.1%
Deferred Inflows Of Resources				
Pension, OPEB and leases	4,673,238	808,067	3,865,171	478.3%
Net Position				
Net investment in capital assets	26,054,308	21,085,438	4,968,870	23.6%
Restricted for				
Debt service	-	281,596	(281,596)	-100.0%
Capital projects	274,002	34,300	239,702	100.0%
Educational programs	-	605,669	(605,669)	-100.0%
Unrestricted	(6,226,396)	(5,812,162)	(414,234)	7.1%
Total net position	\$ 20,101,914	\$ 16,194,841	\$ 3,907,073	24.1%

*2021 totals have not been adjusted to reflect the impact of the restatements. See Note 14 for additional information.

Current Assets

Current assets of \$7,891,503 were more than sufficient to cover current liabilities of \$6,818,133. This represents a current ratio of 1.16 as compared to 1.19 in the prior year. Cash and cash equivalents increased by \$2,286,153 to \$6,768,802 as compared to \$4,482,649 in the prior year due primarily to an increase in receipt of cash from grant activity including receipt of a \$2 million American Rescue Plan Act (ARPA) grant from the State of Oregon.

Noncurrent Assets

The College's noncurrent assets increased by \$1,588,756 to \$40,884,555 due primarily to completion of the Skills Center and Resident Hall project. Detailed changes to capital assets are shown in Note 5 of the Notes to Financial Statements.

Deferred Outflows of Resources

The total deferred outflows of resources decreased by \$569,333 to \$2,861,777 from 2021, a decrease of 16.6%.

Current Liabilities

The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes, unearned revenue, and the current portion of bonds and notes payable. Current liabilities increased by \$865,466 to \$6,818,133. This was primarily due to increases in advanced revenue received chiefly from grant activities.

Noncurrent Liabilities

Noncurrent liabilities consist of bonds and notes payable less the current portions of specific obligations, the pre-SLGRP pooled liability, compensated absences, and the net pension and total OPEB liabilities. Noncurrent liabilities decreased by \$6,795,975 to \$20,044,550 due primarily to a decrease in net pension liabilities.

Deferred inflows of resources have increased by \$3,865,171 from \$808,067 to \$4,673,238. This is mainly due to changes in pension related deferrals.

Net Position

Total net position increased by \$3,907,073 to \$20,101,914, an increase of 24.13% from the prior year. Within net position, the net investment in capital assets is \$26,054,308, an increase of \$4,968,870 as compared to the prior year due to recording the capital projects. The deficit in unrestricted net position increased by \$414,234 to (\$6,226,396).

Revenues, expenses, and changes in net position for the years ended June 30, 2022 and 2021:

	2022	2021*	Increase (Decrease)	Change %
Operating revenues	\$ 4,458,170	\$ 5,588,629	\$ (1,130,459)	-20.2%
Operating expenses	14,602,017	14,306,664	295,353	2.1%
Operating loss	(10,143,847)	(8,718,035)	(1,425,812)	16.4%
Nonoperating revenues, net	13,534,236	7,622,066	5,912,170	77.6%
Capital contributions	559,066	6,256,223	(5,697,157)	-91.1%
Changes In Net Position	<u>\$ 3,949,455</u>	<u>\$ 5,160,254</u>	<u>\$ (1,210,799)</u>	-23.5%

*2021 totals have not been adjusted to reflect the impact of the restatements. See Note 14 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 by \$833,456 or 34.14% to \$1,608,187, which represents 36% of operating revenue. Operating revenue from federal grants decreased by .33% from \$1,749,152 to \$1,743,083, which represents 39% of operating revenue. Operating revenue from state and local grants decreased 14.7% from \$1,044,167 to \$890,308, which represents 20% of operating revenue. Operating revenue from auxiliary enterprises increased by 75.8% from \$11,095 to \$19,500, primarily due to return to operational following the COVID-19 pandemic and changes to operations. Operating revenues decreased by 20.23% as compared to 2021.

Operating Expenses

Operating expenses increased by 2% to \$14,602,017 for the 2022 fiscal year. Instruction expenses are the largest percentage of operating expenses at 34.5% of the total. Academic support expenses represent 7.6% of total operating expenses. Institutional support expenses, student services expenses and scholarship expenses represent 20.3%, 7.5% and 7.6% of total operating expenses, respectively.

Nonoperating Revenues (net) and Capital Contributions

Net nonoperating revenues increased by \$5,912,170 to \$13,534,236, an increase of 77.5% as compared to 2021, primarily due to an increase in state support. The College received an additional \$3,251,600 million in funding from grants and capital construction contribution revenue to increase over 2021. Regular funding from the State Appropriation increased by \$737,909 this year from \$4,666,188 to \$5,404,097.

The following table shows the statements of cash flows at June 30, 2022 and 2021:

	2022	2021*	Increase (Decrease) in Cash	Change %
Cash Provided by (Used for)				
Operating activities	\$ (5,417,935)	\$ (7,611,771)	\$ 2,193,836	-28.8%
Noncapital financing activities	13,539,388	7,904,334	5,635,054	71.3%
Capital financing activities	(5,872,502)	(5,605,537)	(266,965)	4.8%
Investing activities	37,202	74,470	(37,268)	-50.0%
Net Change In Cash And Cash Equivalents	2,286,153	(5,238,504)	7,524,657	-143.6%
Cash and Cash Equivalents, Beginning of Year	4,482,649	9,721,153	(5,238,504)	
Cash and Cash Equivalents, End of Year	\$ 6,768,802	\$ 4,482,649	\$ 2,286,153	51.0%

*2021 totals have not been adjusted to reflect the impact of the restatements. See Note 14 for additional information.

Operating Activities

The College's major sources of cash included in operating activities were tuition and fees collected and operating grants of \$7,528,982, and other operating revenue of \$216,592 for auxiliary enterprise charges. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid and scholarships, totaling \$13,583,625. The net decrease in cash used for operating activities over the previous year of \$2,193,836 was a result of an increase in cash received from grants from the previous year and an decrease in cash used for payments to suppliers.

Noncapital Financing Activities

State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled \$13,539,388 primarily from cash received from state support and FTE reimbursement of \$7,060,007, cash from property taxes of \$2,676,636, and cash received for grants of \$1,679,856. 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 by 71.3% or \$5,635,054 over the prior year.

Capital Financing and Related Activities

The capital financing uses of cash were principal payments of \$2,374,944 and interest payments of \$625,652. Cash paid for capital asset purchases totaled \$3,529,931 for the current year which was offset by a capital contribution from the state of \$420,116 and a donated asset with an acquisition value of \$138,950. The net cash used for capital and related activities decreased by \$153,151 or 2.7% from the previous year primarily due to the reduction of costs associated with construction. Principal paid on long-term debt increased by \$805,238 and interest paid on long-term debt increased by \$153,152.

Investing Activities

Earnings on investments decreased by \$37,268 to \$37,202 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, 2022, amounts to \$40,279,348 net of accumulated depreciation. Capital assets include land, buildings, and improvements, and furniture, equipment, and machinery. The Skills Center and Residence Hall was completed with a final cost multiyear project cost of \$15,487,997. Additional information on the College's capital assets can be found in Note 5 of this report.

Debt Administration

As of June 30, 2022, the College had total debt outstanding of \$16,702,371, including \$7,270,000 series 2019 full faith and credit outstanding general obligation bonds and \$508,655 bond premium; the \$4,895,000 series 2012 outstanding general obligation refunding bonds and \$259,753 bond premium; the \$2,116,197 in outstanding pension obligation bond series 2003; the \$673,000 in the outstanding full faith and credit financing agreement for the purchase of the Hood River property; and \$979,766 for Port of The Dalles Note. Decreases to the total debt outstanding of \$2,642,406 were from an adjustment to the general obligation bonds and current year payments and amortization of bond premium. All debt service payments were made on time.

Additional information on the College's bonds payable can be found in Note 8 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 includes the completion of the Skills Center and Resident Hall.
- 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 2021-22 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 2021-22 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 report completion 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:

Chief Financial Officer
Columbia Gorge Community College
400 East Scenic Drive
The Dalles, OR 97058

Columbia Gorge Community College
Statement of Net Position
June 30, 2022

	<u>Primary Government</u>	<u>Component Unit</u>
Assets And Deferred Outflows Of Resources		
Current Assets		
Cash and cash equivalents	\$ 6,768,802	\$ 452,178
Investments	-	2,285,220
Receivables, net of allowance for doubtful accounts of \$949,590	1,042,387	-
Inventories and other current assets	80,314	-
Total current assets	<u>7,891,503</u>	<u>2,737,398</u>
Noncurrent Assets		
Net OPEB asset	81,662	-
Lease receivable	415,397	-
Right of use assets, net of amortization	108,148	-
Capital asset not being depreciated	2,310,510	-
Depreciable capital assets, net of depreciation	37,968,838	-
Total noncurrent assets	<u>40,884,555</u>	<u>-</u>
Total assets	<u>48,776,058</u>	<u>2,737,398</u>
Deferred Outflows Of Resources		
Deferred charge on refunding	370,830	-
OPEB related deferrals	28,224	-
Pension related deferrals	2,462,723	-
Total deferred outflows of resources	<u>2,861,777</u>	<u>-</u>

Columbia Gorge Community College
Statement of Net Position
June 30, 2022

	Primary Government	Component Unit
Liabilities, Deferred Inflows Of Resources, And Net Position		
Current Liabilities		
Accounts payable	190,102	-
Accrued payroll and taxes	694,524	-
Advanced revenue	3,163,485	-
Interest payable	85,579	-
Bonds and notes payable	2,684,443	-
Total current liabilities	6,818,133	-
Noncurrent Liabilities		
Compensated absences liability	275,590	-
Pre-SLGRP pooled liability	362,470	-
Total OPEB liability	578,879	-
Net pension liability	4,691,839	-
Lease liability	117,844	-
Bonds and notes payable, net of current portion	14,017,928	-
Total noncurrent liabilities	20,044,550	-
Total liabilities	26,862,683	-
Deferred Inflow Of Resources		
Lease related deferrals	412,786	-
Pension related deferrals	4,237,513	-
OPEB related deferrals	22,939	-
Total deferred inflows of resources	4,673,238	-
Net Position		
Net investment in capital assets	26,054,308	-
Restricted for		
Capital projects	274,002	-
Foundation activities	-	2,021,585
Unrestricted	(6,226,396)	715,813
Total net position	\$ 20,101,914	\$ 2,737,398

Columbia Gorge Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

	Primary Government	Component Unit
Operating Revenues		
Tuition and fees, net of \$681,904 scholarship allowance	\$ 1,608,187	\$ -
Grants		
Federal	1,743,083	-
State and local	890,308	-
Auxiliary enterprises	19,500	-
Other	197,092	-
Donations	-	362,968
Total operating revenues	<u>4,458,170</u>	<u>362,968</u>
Operating Expenses		
Instruction	5,030,849	-
Academic support	1,112,028	-
Student services	1,090,964	-
Public services	539,368	-
Institutional support	2,963,640	-
Scholarships	1,107,863	-
Plant operations	842,536	-
Auxiliary enterprises	498,127	-
Depreciation and amortization	1,416,642	-
Foundation operating expense	-	235,342
Total operating expenses	<u>14,602,017</u>	<u>235,342</u>
Operating Income (Loss)	<u>(10,143,847)</u>	<u>127,626</u>
Nonoperating Revenues (Expenses)		
State support	7,060,007	-
Property taxes	2,622,170	-
Grants	1,795,912	-
Interest income	37,202	-
Investment gain (loss), net of expenses	-	(376,997)
Lease income	240,520	-
Interest expense	(727,184)	-
Other	2,505,609	-
Total nonoperating revenues (expenses)	<u>13,534,236</u>	<u>(376,997)</u>
Net Income (Loss) Before Capital Contributions	3,390,389	(249,371)
Capital Contributions	559,066	-
Change in Net Position	<u>3,949,455</u>	<u>(249,371)</u>
Net Position, Beginning Of Year, As Reported	16,194,841	2,986,769
Restatement of Net Position (See Note 14)	(42,382)	-
Net Position, Beginning Of Year, As Restated	<u>16,152,459</u>	<u>2,986,769</u>
Net Position, End Of Year	<u>\$ 20,101,914</u>	<u>\$ 2,737,398</u>

Columbia Gorge Community College

Statement of Cash Flows

Year Ended June 30, 2022

Operating Activities	
Tuition and fees collected	\$ 1,636,129
Grants collected	6,312,969
Auxiliary enterprise charges collected	216,592
Payments to employees	(8,982,802)
Payments to suppliers	(3,441,809)
Payments for financial aid and scholarships	<u>(1,159,014)</u>
Net cash used for operating activities	<u>(5,417,935)</u>
Noncapital Financing Activities	
State support	7,060,007
Property taxes	2,676,636
Other collections	2,505,609
Grants	1,679,856
Principal paid on noncapital debt	(280,000)
Interest paid on noncapital debt	<u>(102,720)</u>
Net cash from noncapital financing activities	<u>13,539,388</u>
Capital And Related Financing Activities	
State capital aid received	420,116
Collection of leases receivable	237,909
Purchase of capital assets	(3,529,931)
Principal paid on capital debt	(2,374,944)
Interest paid on capital debt	<u>(625,652)</u>
Net cash used for capital and related financing activities	<u>(5,872,502)</u>
Investing Activities	
Interest income	<u>37,202</u>
Net Change in Cash and Cash Equivalents	2,286,153
Cash And Cash Equivalents, Beginning Of Year	<u>4,482,649</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 6,768,802</u></u>

Columbia Gorge Community College

Statement of Cash Flows
Year Ended June 30, 2022

Reconciliation Of Operating Loss To Net Cash Used For Operating Activities	
Operating loss	\$ (10,143,847)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	1,416,642
Changes in pensions and OPEB	(431,760)
Changes in operating assets and liabilities	
Receivables	1,272,139
Inventories and other current assets	137,236
Accounts payable and accrued liabilities	(47,830)
Unearned revenue	2,435,381
Pre-SLGRP pooled liability	(75,416)
Compensated absences	19,520
	<u> </u>
Net cash used for operating activities	<u><u>\$ (5,417,935)</u></u>
Noncash Transactions	
Accretion of interest on capital appreciation bonds	\$ 35,534
Amortization of debt premium	\$ 109,706
Capital assets purchased through accounts payable in prior year	\$ 1,525,000

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, 2022.

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.

Lease receivables are recorded by the College as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the College charges the lessee.

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 acquisition 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
Software	3–5 years
Land improvements	10–25 years

Leased Assets

Right of use leased assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct

costs necessary to please the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 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.

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. In addition, the College reports deferred inflows related to leases where the College is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

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, for summer term tuition and fees collected before June 30, advanced revenue has been recorded to account for 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 advanced 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.

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, the College has elected to use the Alternative Measurement Method. The OPEB expense and 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 the College. For this purpose, the College recognizes benefit payments when due and payable in accordance with the benefit terms, and differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs are recognized in OPEB expense immediately.

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.

Lease Liability

Lease liabilities represent the College's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the College.

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.

Net Position

Net position represents the difference between the College's total assets and deferred outflow of resources minus 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 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.

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 \$681,904 for the year ended June 30, 2022.

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 and those differences could be material.

Implementation of GASB Statement No. 87

As of July 1, 2021, the College adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to

recognize a lease receivable and deferred inflow of resources. The effect of the implementation of this standard on beginning net position is disclosed in Note 14, and the additional disclosures required by this standard are included in Notes 5 and 7.

Change in Accounting Principle

As allowed by Codification Section P52: Postemployment Benefits Other Than Pensions, the College has elected to value the total OPEB liability on the Oregon Educators Benefit Board (OEBB) health care plan using the Alternative Measurement Method (AMM). Management determined this change in accounting principles is appropriate as the plan is small, is expected to remain small, and the simplified method is more appropriate for this plan. Under AMM, deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used. These items should be recognized in OPEB expense immediately. Beginning net position as of July 1, 2021, has been restated to reflect this change in accounting principle. The effect of the change in accounting principle on beginning net position is disclosed in Note 14.

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:

	<u>Amount</u>
Bookstore Enterprise Fund - Materials and Services	\$ 77,843

Note 3 - Cash, Cash Equivalents and Investments

The College's cash and cash equivalents are comprised of the following at June 30, 2022:

Primary Government	
Cash and cash equivalents	
Cash on hand	\$ 3,460
Deposits with financial institutions	847,903
Oregon Local Government Investment Pool	5,917,414
Cash with PERS obligation bond paying agent	<u>25</u>
Total cash and cash equivalents	<u>\$ 6,768,802</u>

Deposits with Financial Institutions

On June 30, 2022, the College held a \$847,903 book balance in demand deposits with a bank balance of \$1,020,147. 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).

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, 2022. 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, 2022, the College held deposits of \$5,917,414 in the LGIP.

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, 2022, 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, 2022, 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, 2022, 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, 2022, all College investments were held with Oregon LGIP.

Note 4 - Receivables

Receivables at June 30, 2022, consist of the following:

Grants and other agencies	\$ 919,991
Student	963,059
Property taxes	<u>108,927</u>
	1,991,977
Allowance for doubtful accounts	<u>(949,590)</u>
Total	<u><u>\$ 1,042,387</u></u>

Note 5 - Capital and Leased Assets

Capital assets at June 30, 2022, consist of the following:

	(as restated) Balance June 30, 2021	Additions	Transfers / Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 2,310,510	\$ -	\$ -	\$ 2,310,510
Construction in progress	<u>13,732,922</u>	<u>-</u>	<u>(13,732,922)</u>	<u>-</u>
Total capital assets not being depreciated	<u>16,043,432</u>	<u>-</u>	<u>(13,732,922)</u>	<u>2,310,510</u>
Depreciable capital assets:				
Building and improvements	34,405,214	1,713,993	13,732,922	49,852,129
Furniture, equipment, and machinery	1,832,022	429,888	-	2,261,910
Intangible - software	<u>606,305</u>	<u>-</u>	<u>-</u>	<u>606,305</u>
Total capital assets being depreciated	<u>36,843,541</u>	<u>2,143,881</u>	<u>13,732,922</u>	<u>52,720,344</u>
Total capital assets	<u>52,886,973</u>	<u>2,143,881</u>	<u>-</u>	<u>55,030,854</u>

Columbia Gorge Community College

Notes to Financial Statements

June 30, 2022

	(as restated) Balance June 30, 2021	Additions	Transfers / Deletions	Balance June 30, 2022
Less accumulated depreciation for:				
Building and improvements	(11,890,498)	(1,045,339)	-	(12,935,837)
Furniture, equipment, and machinery	(1,576,306)	(118,102)	-	(1,694,408)
Intangible - software	-	(121,261)	-	(121,261)
Total accumulated depreciation	<u>(13,466,804)</u>	<u>(1,284,702)</u>	<u>-</u>	<u>(14,751,506)</u>
Total depreciable capital assets, net of depreciation	<u>23,376,737</u>	<u>859,179</u>	<u>13,732,922</u>	<u>37,968,838</u>
Total capital assets, net	<u>\$ 39,420,169</u>	<u>\$ 859,179</u>	<u>\$ -</u>	<u>\$ 40,279,348</u>

Leased assets at June 30, 2022, consist of the following:

	(as restated) Balance June 30, 2021	Additions	Transfers / Deletions	Balance June 30, 2022
Right of use Leased Assets Being Amortized:				
Right of use leased hanger	\$ 106,803	\$ -	\$ -	\$ 106,803
Right of use leased equipment	133,285	-	-	133,285
Total right to use leased assets	240,088	-	-	240,088
Less Accumulated Amortization for				
Right to use leased hanger	-	(53,401)	-	(53,401)
Right to use leased equipment	-	(78,539)	-	(78,539)
Total accumulated amortization	<u>-</u>	<u>(131,940)</u>	<u>-</u>	<u>(131,940)</u>
Net right to use leased assets	<u>\$ 240,088</u>	<u>\$ (131,940)</u>	<u>\$ -</u>	<u>\$ 108,148</u>

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, 2022, the College reported a liability of \$362,470 for its proportionate share of the pre-SLGRP liability. The College is being assessed an employer contribution rate of 1.52 percent of covered payroll for payment of this transition liability.

Note 7 - Leases**Leases as Lessor**

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.**

The College has accrued a receivable for ten tenant leases. The remaining receivable for these leases was \$415,397 for the year ended June 30, 2022. Deferred inflows related to these leases were \$412,786 as of June 30, 2022. Receipts of \$241,570 were recognized during the fiscal year. The interest rate on the leases ranged from .47 percent to 1.37 percent based on the Risk-Free Treasury Rate. Final receipt is expected in fiscal year 2027.

Leases as Lessee

In January 2014, the College entered into an agreement to lease 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 entered into multiple lease agreements for copier equipment along with a SAN maintenance agreement. The College is required to make principal and interest payments through March 2023. The lease liability was valued using discount rates of .25 percent based on the Risk-Free Treasury Rate.

The College has entered into a lease agreement for an airplane hangar. The College is required to make principal and interest payments through June 2023. The lease liability was valued using discount of .25 percent based on the Risk-Free Treasury Rate.

The College has entered into two lease agreements for servers and WiFi equipment. The College is required to make principal and interest payments through December 2022. The lease liability was valued using discount rates discount of .25 percent based on the Risk-Free Treasury Rate.

The College has entered into a lease agreement for postage equipment. The College is required to make principal and interest payments through May 2026. The lease liability was valued using discount rates discount of .25 percent based on the Risk-Free Treasury Rate.

The College has entered into a lease agreement for WiFi equipment. The College is required to make principal and interest payments through September 2022. The lease liability was valued using discount rates discount of .25 percent based on the Risk-Free Treasury Rate.

Remaining principal and interest payments on leases are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 111,318	\$ 1,094
2024	2,303	-
2025	2,303	-
2026	1,920	-
	<u>\$ 117,844</u>	<u>\$ 1,094</u>

Note 8 - Bonds and Note Payable

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

	<u>Original Amount</u>	<u>Balance June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>	<u>Due in One Year</u>
Bonds Payable						
General Obligation Refunding						
Bonds, Series 2012						
Principal	\$ 13,790,000	\$ 6,335,000	\$ -	\$ (1,440,000)	\$ 4,895,000	\$ 1,530,000
Bond Premium	1,125,553	346,338	-	(86,585)	259,753	-
Pension Obligation Bonds						
Series 2003 Original Issue	3,570,327	2,380,663	35,534	(300,000)	2,116,197	296,000
Full Faith and Credit Obligations						
Series, 2019						
Principal	7,475,000	7,475,000	-	(205,000)	7,270,000	215,000
Bond Premium	578,018	531,776	-	(23,121)	508,655	-
Full Faith and Credit Obligations						
Series 2013 Original Issue	1,500,000	776,000	-	(103,000)	673,000	105,000
Total bonds payable	<u>28,038,898</u>	<u>17,844,777</u>	<u>35,534</u>	<u>(2,157,706)</u>	<u>15,722,605</u>	<u>2,146,000</u>
Port of the Dalles Note	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(520,234)</u>	<u>979,766</u>	<u>538,443</u>
Total	<u>\$ 29,538,898</u>	<u>\$ 19,344,777</u>	<u>\$ 35,534</u>	<u>\$ (2,677,940)</u>	<u>\$ 16,702,371</u>	<u>\$ 2,684,443</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
2023	\$ 1,530,000	\$ 173,550	\$ 296,197	\$ 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	-	-	420,000	62,496	240,000	264,200
2027	-	-	465,000	38,640	250,000	254,600
2028-32	-	-	225,000	12,600	1,400,000	1,115,000
2033-37	-	-	-	-	1,700,000	812,200
2038-42	-	-	-	-	2,065,000	444,400
2043-45	-	-	-	-	950,000	57,400
Total	<u>\$ 4,895,000</u>	<u>\$ 354,200</u>	<u>\$ 2,116,197</u>	<u>\$ 402,935</u>	<u>\$ 7,270,000</u>	<u>\$ 3,792,050</u>

Year Ending June 30,	FFC Obligations, Series 2013		Total		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 105,000	\$ 18,590	\$ 2,146,197	\$ 583,510	\$ 531,443	\$ 38,097
2024	108,000	15,703	2,293,000	522,073	448,323	15,691
2025	111,000	12,733	2,451,000	429,092	-	-
2026	114,000	9,680	774,000	336,376	-	-
2027	117,000	6,545	832,000	299,785	-	-
2028-32	118,000	3,327	1,743,000	1,130,927	-	-
2033-37	-	-	1,700,000	812,200	-	-
2038-42	-	-	2,065,000	444,400	-	-
2043-45	-	-	950,000	57,400	-	-
Total	<u>\$ 673,000</u>	<u>\$ 66,578</u>	<u>\$ 14,954,197</u>	<u>\$ 4,615,763</u>	<u>\$ 979,766</u>	<u>\$ 53,788</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 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. The College had drawn \$1,500,000 against the loan in the prior year. The note and repayment schedule were updated on June 30, 2021, with the final payment due on June 30, 2024.

Note 9 - Pension Plans

Plan Description

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: The Pension Program and the Individual Account Program.

The Pension Program is 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. 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.

Starting July 1, 2020, Senate Bill 1049 required IAP member contributions to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 a month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP 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.

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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 one 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.

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 when determining the monthly benefit.

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.

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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.

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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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.

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.

OPSRP Individual Account Program (IAP)

Pension Benefits. 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, 2019 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2021. 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, 2022 were \$849,028, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022, were 18.53 percent for Tier One/Tier Two General Service Members and 14.84 percent for OPSRP Pension Program General Service Members.

Pension Expense, Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended June 30, 2022, the College recognized a net pension liability of \$4,691,839 for its proportionate share of the PERS net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2021. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2021 and 2020, the College's proportion were 0.3920816% and 0.04068234%, respectively.

For the year ended June 30, 2022, the College recognized pension expense offset of approximately \$610,000. At June 30, 2022, 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	\$ 439,187	\$ -
Changes in assumptions	1,174,508	12,348
Net difference between projected and actual earnings on pension plan investments	-	3,473,330
Changes in proportionate share	-	376,122
Differences between employer contributions and proportionate share of system contributions	-	375,713
Contributions subsequent to the measurement date	849,028	-
	<u>\$ 2,462,723</u>	<u>\$ 4,237,513</u>
Total		

The \$849,208 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (offset) in future periods as follows:

<u>Years Ending June 30,</u>	
2023	\$ (579,178)
2024	(547,789)
2025	(642,455)
2026	(931,316)
2027	76,920
	<u>\$ (2,623,818)</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, 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 Tier1/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.

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience Study Report	2018, Published July 24, 2019
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost-of-living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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	20-Year Annualized Geometric Mean
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multi-strategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
 Total	 100.00%	
 Assumed Inflation - Mean		 2.40%

Source: OPERS Annual Comprehensive Financial Report, for the fiscal year ended June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent 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 6.9 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 (5.9 percent) or 1-percentage-point higher (7.9 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 (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension liability (asset)	\$ 9,213,645	\$ 4,691,839	\$ 908,724

Payables to the pension plan. At June 30, 2022, the College reported a payable of \$105,872 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2022.

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 ACFR for the plan which is available as noted above. 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>

Transition Liability

The College reports a separate liability to the plan with a balance of \$362,470 at June 30, 2022. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.52% of covered payroll for payment of this transition liability, included in the total net employer contribution rate.

Note 10 - Postemployment Benefits Other Than Pensions (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 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 OEGB plan may continue enrollment in the health plans on a self-pay basis until age 65.

Plan Membership

On June 30, 2021, the measurement date, Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	7
Active employees	84
	91
	91

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 (OEGB), a statewide cost-sharing multiple-employer plan, as defined by GASB. In OEGB, 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, 2022, the College retirees paid 100% of their insurance premium costs.

OPEB Liabilities and OPEB Expense.

On June 30, 2022, the College reported a total OPEB liability of \$578,879. The total OPEB liability was measured as of June 30, 2021 and was determined using the Alternative Measurement Method (AMM). For the year ended June 30, 2022, the College recognized OPEB expense of \$104,993. Under AMM, deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used. These items should be recognized in OPEB expense immediately.

Key Assumptions and Methods

The total OPEB liability in the June 30, 2021, valuation was determined using the following key assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate: 2.0%
 Measurement date: June 30, 2021
 Salary increases: 3.0%
 Age adjustment factor: 2.051837
 Average retirement age: 65
 NOL and ADC: Calculated using the AMM in accordance with GASB methodology
 Mortality table: Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
 Turnover assumptions: Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
 Actuarial cost method: Entry age normal
 Amortization period: 20

Change in Total OPEB Liability

	Increase (Decrease) in Total OPEB Liability
Multiple Employer Plan:	
Balance as of June 30, 2021	\$ 473,886
Changes for the year:	
Service cost	42,896
Interest on total OPEB liability	9,959
Changes in assumptions or other inputs	-
Changes in economic/demographic assumptions	89,977
Benefit payments	(37,839)
Net changes	104,993
Balance as of June 30, 2022	\$ 578,879

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 (1.0 percent) or 1-percentage-point higher (3.0 percent) than the current rate:

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB Liability	\$ 597,897	\$ 578,879	\$ 560,326

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	\$ 568,407	\$ 578,879	\$ 589,653

Retirement Health Insurance Account (RHIA)

The College contributes to an OPEB plan administered by the Oregon Public Employees Retirement System (PERS). The Retiree Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit plan established under Oregon Revised Statute 238.420, which grants the authority to manage the plan to the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

Eligible PERS members can receive a payment of up to \$60 from RHIA toward the monthly cost of health insurance. 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. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The plan was closed to new entrants hired on or after August 29, 2003.

Funding Policy and Contributions

PERS funding policy provides for monthly employer contributions at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2022, were \$471. The rates in effect for the fiscal year ended June 30, 2022 were 0.05% for Tier One/Tier Two General Service Members and 0% for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

OPEB Asset, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB (RHIA)

At June 30, 2022, the College reported an asset of \$81,662 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. 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, 2022, the College's proportion was .02378047 percent and 0.04459661 percent, respectively.

On June 30, 2022, 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	\$ -	\$ 2,272
Changes of assumptions	1,607	1,215
Net difference between projected and actual earnings on investment	-	19,407
Changes in proportionate share	26,146	45
Contributions subsequent to measurement date	471	-
	<u>28,224</u>	<u>22,939</u>
Total	<u>\$ 28,224</u>	<u>\$ 22,939</u>

Contributions subsequent to the measurement date of \$471 reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Years Ending June 30,

2023	\$ 8,779
2024	6,596
2025	(4,431)
2026	(6,130)
	<u>\$ 4,814</u>

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. 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), (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 10 years.

The net OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience Study Report	2018, Published July 24, 2019
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2018 Experience Study which reviewed experience for the four- year period ending on December 31, 2018.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021, 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. Milliman’s assumptions for each of the asset classes in which the plan was invested at that time was 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. 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. 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, refer to the asset allocation disclosed in **Note 9** or see PERS’ audited financial statements at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Discount Rate

The discount rate used to measure the total OPEB asset was 6.90 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.

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 6.90%, 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 (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Asset	\$ (72,218)	\$ (81,662)	\$ (89,730)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

Note 11 - 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 \$20 million aggregate loss limit. The College's property insurance and equipment breakdown total loss limit is approximately \$78,986,752 with a \$10,000 property deductible, except for mobile equipment, which has a deductible of \$1,000 or \$5,000 depending on motor size. Auto liability is \$15,000,000 liability with the \$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, 2022. The College has one open insurance claim to the Readiness Center, and no insurance settlement exceeded coverage for the prior three years.

Note 12 - Commitments and Contingencies

The College received emergency COVID-19 funding from the Department of Education from the Education Stabilization Funds. This funding was distributed in two main buckets of funding: student aid funds and institutional funds. The College is required to spend the institutional funds in relationship to the disbursement of the student aid funds to students in need. As of June 30, 2022, the College had disbursed all of the institutional funds, but had not yet disbursed the student aid funds. Due to this, the College deferred recognition of revenue from the institutional funds in the amount of \$582,240. If student aid funds are not disbursed before June 30, 2023, these institutional funds will need to be returned to the Department of Education.

Note 13 - Columbia Gorge Community College Foundation**Deposits with Financial Institutions**

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 times, amounts on deposit may exceed insured limits.

Investments

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, 2022, the Foundation had investment balances, including cash equivalents, held in brokerage firms in excess of SIPC.

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. On June 30, 2022, the Foundation held \$12,337 in a mutual fund that was donated to the Foundation in 2022. The mutual fund is categorized as Level 1. The Foundation intends to sell the donate investment and use the proceeds for scholarships. All foundation investments are considered level 1 as of June 30, 2022.

Donor Designated Endowments

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	With Donor Restrictions
Balance at July 1, 2021	\$ 2,395,162
Contributions	300,000
Investment income, net of fees	63,486
Investment appreciation (depreciation)	(470,608)
Amounts appropriated for expenditures	-
Endowment net assets, June 30, 2022	<u>\$ 2,288,040</u>

Note 14 - Restatement of the Prior Year Net Position

The College's beginning net position has been restated as of July 1, 2021, as a result of the following transactions:

- The College identified a material misstatement in the capital assets related to the construction of the Skills Center that was placed into service during the current school year. Costs related to the oversight and management of the construction process were improperly expensed rather than capitalized as part of costs of the building in accordance with GASB Codification Section 1400: *Reporting Capital Assets*. Beginning net position as of July 1, 2021, has been restated to reflect the correct of this error. The change in net position for the year ended June 30, 2021 would increase by approximately \$114,000 as a result of the correction of the balance of capital assets.
- As allowed by Codification Section P52: *Postemployment Benefits Other Than Pensions*, the College has elected to value the total OPEB liability on the Oregon Educators Benefit Board (OEBB) health care plan using the Alternative Measurement Method (AMM). The College qualifies for use of the AMM and management elected to change to this method in the current yeas as they have determined that the total active and inactive eligible participants will remain below the threshold of 100 participants. Management determined this change in accounting principles is appropriate as the plan is small, is expected to remain small, and the simplified method is more appropriate for this plan.

Under AMM, deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used. These items should be recognized in OPEB expense immediately. Beginning net position as of July 1, 2021, has been restated to reflect this change in accounting principle.

- As of July 1, 2021, the College adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Beginning net position as of July 1, 2021, has been restated to retroactively adopt the provisions of GASB Statement No. 87.

The impact to beginning net position as of July 1, 2021, is as follows:

Net Position - Beginning	\$ 16,194,841
Correction of error in the previously issued financial statements related to understatement of capital assets:	215,240
Restatement of the College's net position due to a change in accounting principle to the alternative measurement method related to the College's OPEB plan:	(257,622)
Restatement of the College's net position due to implementation of GASB 87:	
Recognition of right of use leased asset	240,088
Recognition of lease receivables	654,356
Recognition of lease liability	(240,088)
Recognition of deferred inflows from leases	(654,356)
	<u> </u>
Net Position - Beginning, as restated	<u><u>\$ 16,152,459</u></u>



Required Supplementary Information
June 30, 2022

Columbia Gorge Community College

Columbia Gorge Community College
Schedule of Total OPEB Liability
June 30, 2022

Multiple Employer Plan	Reported as of the measurement date of June 30,				
	2021	2020	2019	2018	2017
Total OPEB Liability:					
Benefit payments	\$ (37,839)	\$ (96,619)	\$ (18,277)	\$ (14,124)	\$ (35,268)
Service cost	42,896	42,896	29,618	29,185	30,039
Interest on total OPEB liability	9,959	17,030	10,767	9,306	7,378
Change in assumptions	-	19,021	8,222	(4,489)	(10,753)
Changes in economic/demographic assumptions	89,977	-	203,587	-	-
Net changes in OPEB liability	104,993	(17,672)	233,917	19,878	(8,604)
Total OPEB liability – beginning	473,886	491,558	257,641	237,763	246,367
Total OPEB liability – ending	<u>\$ 578,879</u>	<u>\$ 473,886</u>	<u>\$ 491,558</u>	<u>\$ 257,641</u>	<u>\$ 237,763</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.

For the measurement date ended June 30, 2021, the College changed the method of valuation of the total OPEB liability from a full actuarial valuation to the Alternative Measurement Method (AMM). Under AMM, deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used. These items are recognized in OPEB expense immediately.

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, 2022

	Reported as of the measurement date of June 30,				
	2021	2020	2019	2018	2017
College's proportionate share of the net OPEB asset	\$ (81,662)	\$ (90,870)	\$ (88,655)	\$ (49,242)	\$ (19,537)
College's proportionate share at measurement date	0.02378%	0.04460%	0.04588%	0.04411%	0.04681%
College's covered payroll	\$5,904,291	\$ 5,951,176	\$ 5,200,614	\$ 5,541,426	\$ 5,501,994
College's proportionate share of the net OPEB asset as a percentage of its covered payroll	1.4%	1.5%	1.7%	0.9%	0.4%
RHIA Plan fiduciary net position as a percentage of the total OPEB asset	183.9%	150.1%	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 the College's Contributions - RHIA
 June 30, 2022

	Reported as of the fiscal year-end date of June 30,				
	2022	2021	2020	2019	2018
Contractually required contributions	\$ 471	\$ 636	\$ 3,185	\$ 22,739	\$ 21,360
Contributions in relation to the contractually required contribution	<u>(471)</u>	<u>(636)</u>	<u>(3,185)</u>	<u>(22,739)</u>	<u>(21,360)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 6,319,750	\$ 5,904,291	\$ 5,951,176	\$ 5,200,614	\$ 5,541,426
Contributions as a percentage of covered payroll	0.01%	0.01%	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, 2022

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 % of Covered Payroll (b/c)	Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)
2021	0.03920816%	\$ 4,691,839	\$ 5,904,291	79.46%	87.60%
2020	0.04068234%	8,878,287	5,951,176	149.19%	75.80%
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, 2022

Fiscal 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)
2022	\$ 849,028	\$ 849,028	\$ -	\$ 6,319,750	13.43%
2021	749,065	749,065	-	5,904,291	12.69%
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, 2022

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

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 *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 *Readiness Center Insurance Claim Fund* accounts for insurance reimbursement and purchases made for the physical space repair and replacement of equipment. The fund was established in response to water damage that occurred in January 2022 when a main water line burst due to freezing temperatures. This fund is a pass-through account for the receipt and process of the insurance claim funding.

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 *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 *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 *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.

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

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ 4,926,176	\$ 4,926,176	\$ 5,804,678	\$ 878,502
Local sources	1,262,764	1,262,764	1,398,909	136,145
Tuition	2,642,897	2,642,897	1,499,842	(1,143,055)
Instructional fees	955,100	955,100	698,444	(256,656)
Special fees	104,163	104,163	13,759	(90,404)
Other sources	3,061,406	3,061,406	3,027,851	(33,555)
Sales and services	9,200	9,200	8,548	(652)
Total revenues	12,961,706	12,961,706	12,452,031	(509,675)
Expenditures				
Instruction	4,511,229	4,159,277	4,132,034	27,243
Academic support	934,777	947,034	908,566	38,468
Student services	1,271,512	1,141,056	988,516	152,540
Institutional support	2,524,266	2,859,258	2,656,085	203,173
Financial aid	21,100	21,100	7,395	13,705
Plant operation and maintenance	866,027	1,028,062	1,008,603	19,459
Contingency	260,000	260,000	-	260,000
Debt service	24,173	24,173	572,979	(548,806)
Total expenditures	10,413,084	10,439,960	10,274,178	165,782
Excess (Deficiency) Of Revenue Over (Under) Expenditures	2,548,622	2,521,746	2,177,853	(343,893)
Other Financing Sources (Uses)				
Transfer from other funds	394,423	394,423	995,983	601,560
Transfer to other funds	(2,562,685)	(2,562,684)	(1,454,503)	1,108,181
Total other financing sources (uses)	(2,168,262)	(2,168,261)	(458,520)	1,709,741
Net Change In Fund Balance	380,360	353,485	1,719,333	1,365,848
Fund Balance, Beginning of Year	1,722,304	1,722,304	1,801,111	78,807
Fund Balance, End of Year	\$ 2,102,664	\$ 2,075,789	\$ 3,520,444	\$ 1,444,655

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Grant Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 1,460,156	\$ 6,009,379	\$ 2,416,181	\$ (3,593,198)
State sources	125,484	815,677	410,613	(405,064)
Tuition	-	950	(11,942)	(12,892)
Other sources	21,000	391,374	417,459	26,085
Total revenues	<u>1,606,640</u>	<u>7,217,380</u>	<u>3,232,311</u>	<u>(3,985,069)</u>
Expenditures				
Personnel services	1,162,279	2,280,428	1,529,278	751,150
Materials and services	456,869	5,565,726	2,347,197	3,218,529
Total expenditures	<u>1,619,148</u>	<u>7,846,154</u>	<u>3,876,475</u>	<u>3,969,679</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(12,508)	(628,774)	(644,164)	(15,390)
Other Financing Sources (Uses)				
Transfer from other funds	-	-	76,135	76,135
Transfer to other funds	-	-	(240,964)	(240,964)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(164,829)</u>	<u>(164,829)</u>
Net Change In Fund Balance	(12,508)	(628,774)	(808,993)	(180,219)
Fund Balance, Beginning of Year	<u>512,064</u>	<u>613,746</u>	<u>579,990</u>	<u>(33,756)</u>
Fund Balance, End of Year	<u>\$ 499,556</u>	<u>\$ (15,028)</u>	<u>(229,003)</u>	<u>\$ (213,975)</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Capital Projects Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service				
Principal payments	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer to other funds	-	-	(7,042)	7,042
Total other financing sources (uses)	-	-	(7,042)	7,042
Net Change In Fund Balance	-	-	(7,042)	7,042
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>\$ -</u>	<u>\$ 7,042</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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ 732,000	\$ 732,000	\$ 420,116	\$ (311,884)
Total revenues	<u>732,000</u>	<u>732,000</u>	<u>420,116</u>	<u>(311,884)</u>
Expenditures				
Personnel services	27,296	27,296	31,404	(4,108)
Materials and services	<u>2,298,053</u>	<u>2,288,640</u>	<u>1,723,671</u>	<u>564,969</u>
Total expenditures	<u>2,325,349</u>	<u>2,315,936</u>	<u>1,755,075</u>	<u>560,861</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(1,593,349)	(1,583,936)	(1,334,959)	248,977
Other Financing Sources (Uses)				
Transfer from other funds	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>
Total other financing sources (uses)	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>
Net Change In Fund Balance	6,651	16,064	(1,334,959)	(1,351,023)
Fund Balance, Beginning of Year	<u>140,632</u>	<u>140,632</u>	<u>729,372</u>	<u>588,740</u>
Fund Balance, End of Year	<u>\$ 147,283</u>	<u>\$ 156,696</u>	<u>\$ (605,587)</u>	<u>\$ (762,283)</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Ready Center Claim Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ 555,000	\$ 350,000	\$ (205,000)
Total revenues	-	555,000	350,000	(205,000)
Expenditures				
Personnel services	-	30,000	-	30,000
Materials and services	-	525,000	274,195	250,805
Total expenditures	-	555,000	274,195	280,805
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	75,805	75,805
Net Change In Fund Balance	-	-	75,805	75,805
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 75,805	\$ 75,805

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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,616,765	\$ 1,136,407	\$ 1,267,767	\$ 131,360
Investment income	11,910	4,190	30,948	26,758
Total revenues	<u>1,628,675</u>	<u>1,140,597</u>	<u>1,298,715</u>	<u>158,118</u>
Expenditures				
Debt service				
Principal payments	1,440,000	1,440,000	1,440,000	-
Interest payments	<u>221,150</u>	<u>221,150</u>	<u>221,150</u>	<u>-</u>
Total expenditures	<u>1,661,150</u>	<u>1,661,150</u>	<u>1,661,150</u> *	<u>-</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(32,475)	(520,553)	(362,435)	158,118
Fund Balance, Beginning of Year	<u>41,075</u>	<u>41,075</u>	<u>(63,038)</u>	<u>(104,113)</u>
Fund Balance, End of Year	<u><u>\$ 8,600</u></u>	<u><u>\$ (479,478)</u></u>	<u><u>\$ (425,473)</u></u>	<u><u>\$ 54,005</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 – Pension Bonds
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 238,924	\$ 238,924	\$ 234,806	\$ (4,118)
Investment income	-	-	24	24
Total revenues	<u>238,924</u>	<u>238,924</u>	<u>234,830</u>	<u>(4,094)</u>
Expenditures				
Debt service				
Principal payments	92,454	92,454	92,454	-
Interest payments	<u>310,266</u>	<u>310,266</u>	<u>310,266</u>	-
Total expenditures	<u>402,720</u>	<u>402,720</u>	<u>402,720</u> *	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(163,796)	(163,796)	(167,890)	(4,094)
Fund Balance, Beginning of Year	<u>684,210</u>	<u>684,210</u>	<u>659,827</u>	<u>(24,383)</u>
Fund Balance, End of Year	<u><u>\$ 520,414</u></u>	<u><u>\$ 520,414</u></u>	<u><u>\$ 491,937</u></u>	<u><u>\$ (28,477)</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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	3,489	3,489
Total revenues	-	-	3,489	3,489
Expenditures				
Debt service				
Principal payments	308,000	308,000	308,000	-
Interest payments	316,223	316,223	316,223	-
Total expenditures	624,223	624,223	624,223 *	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(624,223)	(624,223)	(620,734)	3,489
Other Financing Sources (Uses)				
Transfer from other funds	624,223	624,223	624,223	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 3,489	\$ 3,489

* 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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Materials and services	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess Of Revenue Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>23,420</u>	<u>27,257</u>	<u>27,257</u>	-
Fund Balance, End of Year	<u><u>\$ 23,420</u></u>	<u><u>\$ 27,257</u></u>	<u><u>\$ 27,257</u></u>	<u><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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Materials and services	\$ 250,000	\$ 250,000	\$ 29,584	\$ 220,416
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(250,000)	(250,000)	(29,584)	220,416
Other Financing Use				
Transfer from other funds	300,000	300,000	-	(300,000)
Net Change In Fund Balance	50,000	50,000	(29,584)	(79,584)
Fund Balance, Beginning of Year	236,786	236,786	24,034	(212,752)
Fund Balance, End of Year	<u>\$ 286,786</u>	<u>\$ 286,786</u>	<u>\$ (5,550)</u>	<u>\$ (292,336)</u>

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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Expenditures				
Materials and services	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	-	-
Other Financing Use				
Transfer to other funds	(654,223)	(654,223)	-	654,223
Net Change in Fund Balance	(654,223)	(654,223)	-	654,223
Fund Balance, Beginning of Year	691,192	691,192	776,527	85,335
Fund Balance, End of Year	<u>\$ 36,969</u>	<u>\$ 36,969</u>	<u>\$ 776,527</u>	<u>\$ 739,558</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Enterprise Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Tuition	\$ 28,866	\$ 38,866	\$ 38,601	\$ (265)
Sales	292,665	271,415	280,143	8,728
Instructional and special fees	6,100	31,100	50,386	19,286
Other sources	-	-	73,223	73,223
Total revenue	327,631	341,381	442,353	100,972
Expenditures				
Personnel services	258,240	284,492	273,487	11,005
Materials and services	120,295	240,241	135,639	104,602
Total expenditures	378,535	524,733	409,126	115,607
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(50,904)	(183,352)	33,227	216,579
Other Financing Use				
Transfer from other funds	398,262	398,262	95,761	(302,501)
Transfer to other funds	(240,000)	(175,000)	(170,652)	4,348
Total other financing sources (uses)	158,262	223,262	(74,891)	(298,153)
Net Change In Fund Balance	107,358	39,910	(41,664)	(81,574)
Fund Balance, Beginning of Year	12,091	44,244	206,327	162,083
Fund Balance, End of Year	\$ 119,449	\$ 84,154	\$ 164,663	\$ 80,509

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – College Bookstore Enterprise Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Text Book Sales, Net of Discount	\$ 67,798	\$ 67,798	\$ 211,240	\$ 143,442
Total revenues	<u>67,798</u>	<u>67,798</u>	<u>211,240</u>	<u>143,442</u>
Expenditures				
Personnel services	75,440	75,440	77,932	(2,492)
Materials and services	<u>13,860</u>	<u>78,860</u>	<u>154,211</u>	<u>(75,351)</u>
Total expenditures	<u>89,300</u>	<u>154,300</u>	<u>232,143</u>	<u>(77,843)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(21,502)	(86,502)	(20,903)	65,599
Fund Balance, Beginning of Year	<u>28,692</u>	<u>28,692</u>	<u>55,846</u>	<u>27,154</u>
Fund Balance, End of Year	<u>\$ 7,190</u>	<u>\$ (57,810)</u>	<u>\$ 34,943</u>	<u>\$ 92,753</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Student Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Membership dues	\$ 840	\$ 840	\$ 330	\$ (510)
Fundraising	8,000	8,000	-	(8,000)
Total revenues	<u>8,840</u>	<u>8,840</u>	<u>330</u>	<u>(8,510)</u>
Expenditures				
Materials and services	<u>9,000</u>	<u>9,000</u>	<u>3,228</u>	<u>5,772</u>
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>3,228</u>	<u>5,772</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>(160)</u>	<u>(160)</u>	<u>(2,898)</u>	<u>(2,738)</u>
Other Financing Use				
Transfer from other funds	<u>-</u>	<u>-</u>	<u>1,462</u>	<u>1,462</u>
Net Change In Fund Balance	(160)	(160)	(1,436)	(1,276)
Fund Balance, Beginning of Year	<u>7,002</u>	<u>7,002</u>	<u>11,596</u>	<u>4,594</u>
Fund Balance, End of Year	<u>\$ 6,842</u>	<u>\$ 6,842</u>	<u>\$ 10,160</u>	<u>\$ 3,318</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Student Aid Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 2,231,457	\$ 2,231,457	\$ 1,464,274	\$ (767,183)
Expenditures				
Materials and services	2,231,946	2,231,946	1,484,921	747,025
Personnel services	8,892	8,892	12,549	(3,657)
Total expenditures	2,240,838	2,240,838	1,497,470	743,368
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(9,381)	(9,381)	(33,196)	(23,815)
Net Change In Fund Balance	(9,381)	(9,381)	(33,196)	(23,815)
Fund Balance, Beginning of Year	86,083	40,050	36,167	(3,883)
Fund Balance, End of Year	\$ 76,702	\$ 30,669	\$ 2,971	\$ (27,698)

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Scholarship Fund
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 835,288	\$ 835,288	\$ 502,133	\$ (333,155)
Expenditures				
Materials and services	772,257	772,257	707,259	64,998
Excess (Deficiency) Of Revenue Over (Under) Expenditures	63,031	63,031	(205,126)	(268,157)
Other Financing Sources (Uses)				
Transfer from other funds	-	-	79,595	79,595
Transfer to other funds	(90,133)	(90,133)	-	90,133
Total other financing sources (uses)	(90,133)	(90,133)	79,595	169,728
Net Change In Fund Balance	(27,102)	(27,102)	(125,531)	(98,429)
Fund Balance, Beginning of Year	29,748	29,748	40,748	11,000
Fund Balance, End Of Year	<u>\$ 2,646</u>	<u>\$ 2,646</u>	<u>\$ (84,783)</u>	<u>\$ (87,429)</u>

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, 2022

Excess (deficiency) of revenues over (under) expenditures	
General Fund	\$ 2,177,853
Grant Fund	(644,164)
Capital Projects Fund	-
Skills Center and Resident Hall Fund	(1,334,959)
Ready Center Claim Fund	75,805
College G.O. Bonds Fund	(362,435)
Pension Bonds Fund	(167,890)
Full Faith and Credit Bond Fund	(620,734)
Reserve Fund – Facilities & Grounds Maintenance	-
Reserve Fund – General Operations	(29,584)
Reserve Fund – Skills Center/Housing	-
Enterprise Fund	33,227
College Bookstore Enterprise Fund	(20,903)
Student Fund	(2,898)
Student Aid Fund	(33,196)
Scholarship Fund	(205,126)
	(1,135,004)
 Total excess (deficiency) of revenues over (under) expenditures	 (1,135,004)
 Reconciling items	
Depreciation	(1,284,702)
Capital outlay	2,004,931
Amortization of right of use asset	(9,696)
Lease income	2,611
OPEB and pension expense	487,656
Deferred charge on refunding amortization	(123,609)
Accrued interest payable including accretion on capital appreciation bonds	(20,443)
Donated capital assets	138,950
Debt premium amortization	109,706
Debt service principal payments	2,568,234
State foundation payment off year	1,255,333
Delinquent property taxes	(44,512)
	5,084,459
 Total reconciling items	 5,084,459
 Change in net position on a GAAP basis	 \$ 3,949,455

Columbia Gorge Community College
Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis
Year Ended June 30, 2022

Budgetary fund balances	
General Fund	\$ 3,520,444
Grant Fund	(229,003)
Capital Projects Fund	-
Skills Center and Resident Hall Fund	(605,587)
Ready Center Claim Fund	75,805
College G.O. Bonds Fund	(425,473)
Pension Bonds Fund	491,937
Full Faith and Credit Bonds Fund	3,489
Reserve Fund – Facilities & Grounds Maintenance	27,257
Reserve Fund – General Operations	(5,550)
Reserve Fund - Skills Center	776,527
Enterprise Fund	164,663
College Bookstore Enterprise Fund	34,943
Student Fund	10,160
Student Aid Fund	2,971
Scholarship Fund	(84,783)
	3,757,800
Reconciling items	
Capital assets	40,279,348
Lease receivable	415,397
Right of use assets	108,148
Net OPEB asset	81,662
Deferred outflows of resources	2,861,777
Accrued interest payable	(85,578)
Lease liability	(117,844)
Compensated absences	(275,590)
Deferred revenue on property taxes	85,591
Pre-SLGRP pooled liability	(362,470)
Total OPEB liability	(578,879)
Net pension liability	(4,691,839)
Long-term debt	(16,702,371)
Deferred inflows of resources	(4,673,238)
	16,344,114
Net position on a GAAP basis	\$ 20,101,914



Compliance Section
June 30, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements and have issued our report thereon dated January 5, 2023. Our report includes Emphasis of Matter paragraphs concerning a correction of error in the previously issued financial statements resulting in a material misstatement of amounts previously reported for capital assets as of June 30, 2021, a change in accounting policy relating to valuation of the total OPEB liability, and the implementation of a new accounting standard. Our opinion is not modified with respect to these matters.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-01 to be a material weakness.

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 consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-02 to be a significant deficiency.

Report on 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's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on 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
January 5, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Columbia Gorge Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding number 2022-003 for Special Tests and Provisions – Enrollment Reporting.

Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not

for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003, 2022-004 and 2022-007 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-005 and 2022-006 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
January 5, 2023



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, 2022, and have issued our report thereon dated January 5, 2023. 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.

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 in the College's Bookstore Enterprise Fund.
- The College appropriations exceeded resources and beginning fund balance resulting in a deficit fund balance at the end of the year in the following funds: Grant Fund, G.O. Bond 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 over financial reporting.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

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 consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002 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.

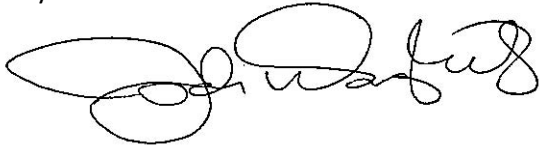
Purpose of this Report

This report is intended solely for the information and use of the Board of Trustees, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Eide Bailly LLP

By:



Jodi Daugherty, CPA, Oregon Municipal Auditor Lic #1583
Boise, Idaho
January 5, 2023

Columbia Gorge Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-21 Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268		\$ 423,894
Federal Pell Grant Program	84.063		755,318
Federal Supplemental Educational Opportunity Grants	84.007		53,600
Federal Work-Study Program	84.033		<u>12,549</u>
Total Student Financial Assistance Cluster			<u>1,245,361</u>
Title III Strengthening Institutions Program			
Direct Funding			
Building Equitable Access and Success Project (EASE)	84.031A		<u>75,998</u>
Education Stabilization Fund			
Direct Funding			
COVID-19: Higher Education Emergency Relief Funds, Student Aid	84.425E		251,174
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		1,202,070
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		139,869
Passed through Oregon Higher Education Coordinating Commission			
COVID-19: Governor's Emergency Education Relief Fund Subtotal	84.425C	20-075M	<u>54,782</u> <u>1,647,895</u>
Passed through Oregon Higher Education Coordinating Commission			
Adult Education – Basic Grants to States	84.002	21-006F	<u>156,723</u>
Total U.S. Department of Education			<u>3,125,977</u>
U.S. Department of Agriculture			
Passed-through Oregon Department of Human Services			
Portland Community College		10436/	
SNAP Employment & Training Program (STEP)	10.561	148902	34,341
Rural Utilities Service Direct Funding			
Distance Learning and Telemedicine Grant	10.855		<u>125,397</u>
Total U.S. Department of Agriculture			<u>159,738</u>

Columbia Gorge Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-21 Federal Expenditures
U.S. Department of Labor			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed-through East Cascade Workforce Investment Board			
Adult Formula	17.258	21-011	114,475
Youth Formula	17.259	21-005	177,822
Dislocated Worker Formula	17.278	21-011	116,321
COVID-19 Dislocated Worker Formula	17.278	21-011	<u>11,684</u>
Total WIOA Cluster			<u>420,302</u>
Passed-through Oregon Department of Human Services			
Job Opportunity Basic Skill Program (JOBS)	17.277	154335	<u>104,573</u>
Total U.S. Department of Labor			<u>524,875</u>
U.S. Department of Treasury			
Passed-through the State of Oregon Department of Education			
COVID-19 Fiscal Recovery Funds	21.027	18529 / 8075	<u>30,420</u>
National Science Foundation			
Direct Funding			
Advanced Technological Education	47.076		<u>31,440</u>
U.S. Small Business Administration			
Passed-through Oregon Small Business Development Center			
COVID-19: Discretionary Grants: Reimaging Workforce Preparation Grants	59.037	SBAHQ-20-C- 0074-145	59,557
Passed-through Lane Community College Small Business Development Center Network Office Small Business Development Center	59.037	SBA-2021- 145	<u>47,404</u>
Total U.S. Small Business Administration			<u>106,961</u>

Columbia Gorge Community College
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-21 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: Child Care and Development Block Grant	93.575	14833	<u>469,489</u>
Total U.S. Department of Health and Human Services			<u>469,489</u>
Total Federal Financial Assistance			<u>\$ 4,448,900</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, 2022. 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?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified, except for Student Financial Assistance Cluster, which was qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program

	<u>Federal Assistance Listing Number</u>
U. S. Department of Education Direct Programs	
Student Financial Assistance Cluster	
Pell Grant Program	84.063
Federal Work-Study Program	84.033
Direct Loan Program	84.268
Supplemental Educational Opportunity Grants Program	84.007
COVID-19 - Education Stabilization Fund	84.425 E, F, L, C
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2022-001 Financial Reporting and Closing Process - Material Weakness in Internal Control

Criteria or Specific Requirement - In order to provide timely and accurate financial reports and reduce the possibility of material misstatements due to error or fraud, 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 the year-end financial close and reporting process to ensure accurate and timely annual financial statements are produced.

Condition – Since the start of the audit in late September 2022, a significant number of adjustments to the original trial balance were required to be posted to correctly state account balances during the College’s closing cycle. The College’s various trial balance accounts making up the balance sheet and fund balances were not fully reconciled, and year-end closing procedures were not performed until well after the year ended June 30, 2022.

In addition, management received an actuarial calculation on the OEBB plan using the Alternative Measurement Method which resulted in a change in accounting policy and a restatement of the beginning net position. While this change was acceptable, management was not aware that their actions resulted in a change in accounting policy as management did not have a full understanding of the accounting standard relating to OPEB and OPEB valuations and was not aware of the implications or impact their decision had on the College, the financial statements or the accounting policies.

Cause - Turnover and retirements in the staff and leadership of the accounting department since the prior fiscal year created a situation where controls were not functioning properly, and procedures were not performed timely. In addition, the College is still maintaining two separate software platforms as the conversion to Anthology has not yet been successfully completed. Management does not have a clear understanding of the accounting standards that impact the College at the full accrual level (i.e., capital assets, pension liability, OPEB liability).

Effect - Management was unable to produce an accurate and timely trial balance resulting in the inability to produce timely financial statements during the audit, requiring multiple adjusting journal entries to correct material misstatements in the accounting records and multiple versions of the trial balance under audit. The change in accounting policy resulted in a restatement of the prior year net position.

Recommendation – With the new leadership team now in place, we recommend the College ensure the business office maintains qualified personnel and updated policies and procedures to ensure reconciliations are occurring regularly and timely and that year-end procedures are functioning and performed timely. The new leadership team should also ensure through appropriate GASB trainings

and updates that they have a full understanding of the standards that impact the College at the full accrual level to prevent decisions being made that cause a change in accounting policy without full understanding of the change and the purposeful decision to make that change.

View of Responsible Officials - Management agrees with this finding.

2022-002 Identification and Tracking of Capital Assets – Significant Deficiency in Internal Control

Criteria or Specific Requirement – In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), the College needs to adequately and properly account for the purchases of capital and intangible assets.

Condition - During the audit process, the original capital asset addition listing and capital asset rollforward were not complete and did not reconcile to each other. These supporting schedules were returned to management twice for further review and correction. Further review by management discovered that costs related to the construction of the new Skills Center building were also improperly excluded in the current and prior year.

Cause – Year-end closing procedures were not functioning properly to ensure all expense accounts were reviewed for potential capital asset additions, and supervisory review procedures were not in place to ensure all supporting documentation was reviewed for completeness and accuracy.

Effect – The capital asset rollforward and additions listing was misstated which would have resulted in financial statements being materially misstated in 2022. In addition, the 2021 financial statements had to be restated because \$215 thousand of building related costs were improperly excluded in prior years.

Recommendation - We recommend the College implement policy and procedures sufficient to ensure proper review of expense accounts for capital asset purchases and review of the additions listing and capital asset rollforward by the proper level of authority to ensure the accurate reporting in the financial statement in accordance with GAAP.

View of Responsible Officials – Management agrees with this finding.

Section III – Federal Award Findings and Questioned Costs

2022-003 Federal Agency: U.S. Department of Education
Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Award Number: P063P217727, P268K227727, P007A219116, P033A219116
Program Name: Student Financial Assistance Cluster

Special Tests and Provisions – Enrollment Reporting
Material Noncompliance and Material Weakness in Internal Control over Compliance

Criteria - 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 - During our testing over the NSLDS reporting requirements, we noted that 27 enrollment status certifications out of 151 enrollment certifications tested were not reported to NSLDS in the required timeframe. In addition, it was noted that 57 enrollment statuses out of 151 enrollment statuses tested did not agree to the enrollment status that was submitted to NSLDS.

Further, we noted that students who were not enrolled at the College have no relevant program information or students who previously withdrew from classes in earlier years have outdated CIP information. Students who were previously enrolled and withdrew prior to implementation of the new software show as "Withdrawn" and students who were not previously enrolled have no information and show as "N/A".

Cause - The College did not have adequate and/or functioning controls in place to ensure the reporting of enrollment information under the Pell grant and Direct and FFEL loan programs via NSLDS was timely. Due to the way the College's new software pulls the roster information to send to the Clearing House, the Clearing House is unable to push the data to NSLDS. While the College has been working with the software vendor to correct this issue, the reporting process for NSLDS stopped in the current year. Management did not implement other processes or procedures to deal with the issues encountered with the software to fulfill their responsibility to ensure accurate and timely reporting and submission of student status during the year.

2022-003 Federal Agency: U.S. Department of Education (continued)

Effect - The College is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement and required by the Department of Education. The issue is pervasive and uncorrected and is considered a material noncompliance and a material breakdown in the controls over compliance.

Questioned Costs – None reported

Context/Sampling - The College disbursed financial aid to approximately 244 students in the 2021-2022 school year. A non-statistical sampling of 60 students with 151 individual statuses collectively were selected for testing.

Repeat Finding - Yes, prior year finding 2020-002 and 2021-003

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, regardless of whether or not it has to be done manually in situations where the software is not reporting correctly. Management should immediately go through all students that were awarded funds under this program to ensure their status and all relevant student data is correct on NSLDS.

View of Responsible Officials - Management agrees with this finding and will implement the recommendations.

2022-004 Federal Agency: U.S. Department of Education
Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Award Number: P063P217727, P268K227727, P007A219116, P033A219116
Program Name: Student Financial Assistance Cluster

**Reporting – Common Origination and Disbursement System (COD)
Material Weakness in Internal Control over Compliance**

Criteria - OMB Compliance Supplement, OMB No. 1845-0039 – Institutions are required to submit Direct Loan, Pell Grant, TEACH Grant, and IASG origination records and disbursement records to the COD. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition - During our testing , we noted 42 instances out of 182 disbursement transactions tested where the disbursement date per the College’s records and the processing date at COD was outside the mandatory 15-day reporting window. In addition, we noted 52 instances out of 182 disbursement transactions tested where the disbursement date per the student’s record and the disbursement date per COD did not agree.

Cause - The College did not have adequate and/or functioning controls in place to ensure the reporting of disbursements to students on COD was submitted timely and that the dates agreed. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the disbursement information reported by institutions.

Effect - The College is not in compliance with the federal COD reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs – None reported

Context/Sampling - The College disbursed financial aid to approximately 244 students in the 2021-2022 school year. A non-statistical sampling of 60 students with 182 individual disbursements collectively were selected for testing.

Repeat Finding – Yes, prior year finding 2021-004

Recommendation - The College should implement a process to review, update, and verify student disbursements are reported to COD accurately and timely.

View of Responsible Officials - Management agrees with this finding and will implement the recommendations.

2022-005 Federal Agency: U.S. Department of Education
Pass-through Entity: Oregon Higher Education Coordinating Commission (84.425C)
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Pass-through Grant Number: 20-075M
Program Name: Education Stabilization Fund

**Reporting under Higher Education Emergency Relief Funds (HEERF)
Significant Deficiency in Internal Control over Compliance**

Criteria - There are three components to reporting for HEERF: 1) public reporting on the (a)(1) Student Aid Portion; 2) public reporting on the (a)(1) Institutional Portion (a)(2) and (a)(3) subprograms (Quarterly Reporting Form), as applicable; and 3) the annual report.

The CARES Act 18004(e) and the CRRSAA 314(e) requires an institution receiving funds under HEERF I and HEERF II to submit a report to the secretary, at such time in such a manner as the secretary may require. While ARP does not explicitly identify procedures by which institutions must report on their uses of HEERF grant funds, ED exercises this reporting authority under 2 CFR section 200.328 and 2 CFR section 200.329.

Condition - During our testing, we noted the following issues over reporting:

- The financial data reported in the some of the quarterly reports posted for the institutional portion were not supported by the underlying trial balance activity.

Cause - The College did not have adequate and/or functioning controls in place to ensure the reporting was accurate.

Effect - The College is not in compliance with the reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs – None reported

Context/Sampling – Two student quarterly reports, three institutional quarterly reports, and the annual report required under HEERF and due within fiscal year 2022 were tested.

Repeat Finding – Yes, prior year finding 2021-005

Recommendation – The reporting process was greatly improved over the prior year. The College should continue to ensure the process to review, update, and verify reporting under HEERF is done accurately is occurring.

View of Responsible Officials - Management agrees with this finding and will implement the recommendations.

2022-006 Federal Agency: U.S. Department of Education
Pass-through Entity: Oregon Higher Education Coordinating Commission (84.425C)
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Pass-through Grant Number: 20-075M
Program Name: Education Stabilization Fund

**Allowable Costs/Activities under Higher Education Emergency Relief Funds (HEERF)
Significant Deficiency in Internal Control over Compliance**

Criteria - For the (a)(1) Student Aid Portion (Assistance Listing 84.425E), disbursements made under the Student Aid Portion are required to be made directly to students. ED’s final rule (Eligibility to Receive Emergency Financial Aid Grants to Students under the Higher Education Emergency Relief Programs, May 14, 2021) on student eligibility for HEERF states that all students who are or were enrolled in an institution of higher education on or after the date of the declaration of the national emergency due to the coronavirus (March 13, 2020) are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV.

The CRRSAA and ARP requires that schools prioritize students with exceptional need, such as students who receive Pell Grants. However, students do not need to be Pell recipients or students who are eligible for Pell grants in order to receive a financial aid grant.

Condition – The College provided emergency grants to students with the student portion of the HEERF funding, but the College could not provide evidence that the student met the definition of “eligible student”. The emergency grants were used to relieve the delinquent student accounts. There were 5 students identified in our testing that were not “enrolled in an institution of higher education on or after the date of the declaration of the national emergency (March 13, 2020).” It appears the 5 students were not enrolled at the College on or after March 13, 2020, and the College did not obtain evidence that the students were enrolled on or after this date at another institution of higher education.

Cause – The College did not want to turn away prior students with current financial need based on their enrollment status. This was how management interpreted the guidance from the DOE.

Effect - The College may have awarded student HEERF funds to individuals that did not qualify to receive these funds.

Questioned Costs – The known disbursements to individuals that may not be qualified to receive an emergency grant using student funds is \$5,983. This known questioned costs extrapolates to a potential “likely” questioned cost of \$29,700 when viewed in relation to the sample and the whole population.

Context/Sampling –The College disbursed aid to 242 students from their HEERF awards in fiscal year 2022. From the total population of student disbursements made in fiscal year 2022, we selected 45 students for testing.

2022-006 Federal Agency: U.S. Department of Education (continued)

Repeat Finding - No

Recommendation - The College should implement a process to adequately document their review and approval of students to receive aid under HEERF.

View of Responsible Officials - Management agrees with this finding and will implement the recommendations.

2022-007 Federal Agency: U.S. Department of Education
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Program Name: Education Stabilization Fund - HEERF

**Cash Management under Higher Education Emergency Relief Funds (HEERF)
Material Weakness in Internal Control over Compliance**

Criteria – In addition to basic cash management principles, for CRRSAA and ARP HEERF, the Certification and Agreements requires that Student Aid Portion be disbursed within 15 calendar days of the drawdown from DOE’s G5 grants system, and the Institutional Aid Portion within 3 calendar days.

Condition – During our testing of cash management, we noted instances where the Student Aid Portion was not disbursed within 15 calendar days of the drawdown and instances where the Institutional Portion was not disbursed within 3 calendar days of the drawdown. Specifically, the following was noted during our testing:

- The College drew 100% of the student aid portion from HEERF II on January 26, 2021, but they did not have the funds fully disbursed until fiscal year 2022.
- The College drew 100% of the student aid portion from HEERF III on January 21, 2022, and returned all but \$10,000 on February 15, 2022, at the direction of the DOE. The College did disburse funds of \$10,000 to students between January 21, 2022, and February 15, 2022, but outside the 15-day window of compliance. The DOE is already aware of this finding.
- The College drew 100% of the institutional portion from HEERF III on January 21, 2022, and returned all but \$151,805 on February 15, 2022, at the direction of the DOE. The College did incur eligible costs of \$151,805 between January 21, 2022, and February 15, 2022, but not within the 3-day window of compliance. The DOE is already aware of this finding.
- The College redrew \$556,763 of institutional portion from HEERF III on June 8, 2022, but it appears they only disbursed \$508,371 within the 3-day window of compliance.
- The College drew 100% of institutional MSI HEERF II on March 18, 2021, but they did not have the funds fully disbursed until fiscal year 2022 when it was used against lost revenue for quarters 1, 2 and 3.
- The College drew \$87,528 of institutional MSI HEERF III on January 21, 2022, but it appears they only disbursed \$63,255 within the 3-day window of compliance.

Cause – Because of confusion over the rules and conditions on timing over drawdowns and disbursements, the College drew funds and did not make the disbursements timely. However, as of June 30, 2022, all drawdowns have been disbursed.

Effect - The College was out of compliance with the cash management requirements of HEERF.

Questioned Costs – None reported

Context/Sampling – All prior year draws disbursed in the current year and all draws made in the current year were reviewed for compliance.

2022-007 Federal Agency: U.S. Department of Education (continued)

Repeat Finding - No

Recommendation - The College should implement a process to ensure that funds are disbursed within the required timeframe.

View of Responsible Officials - Management agrees with this finding and will implement the recommendations.