REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

COLUMBIA GORGE COMMUNITY COLLEGE

Year Ended June 30, 2018

MOSSADAMS

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Compliance Section

Columbia Gorge Community College
Principal Officials and Administration
June 30, 2018

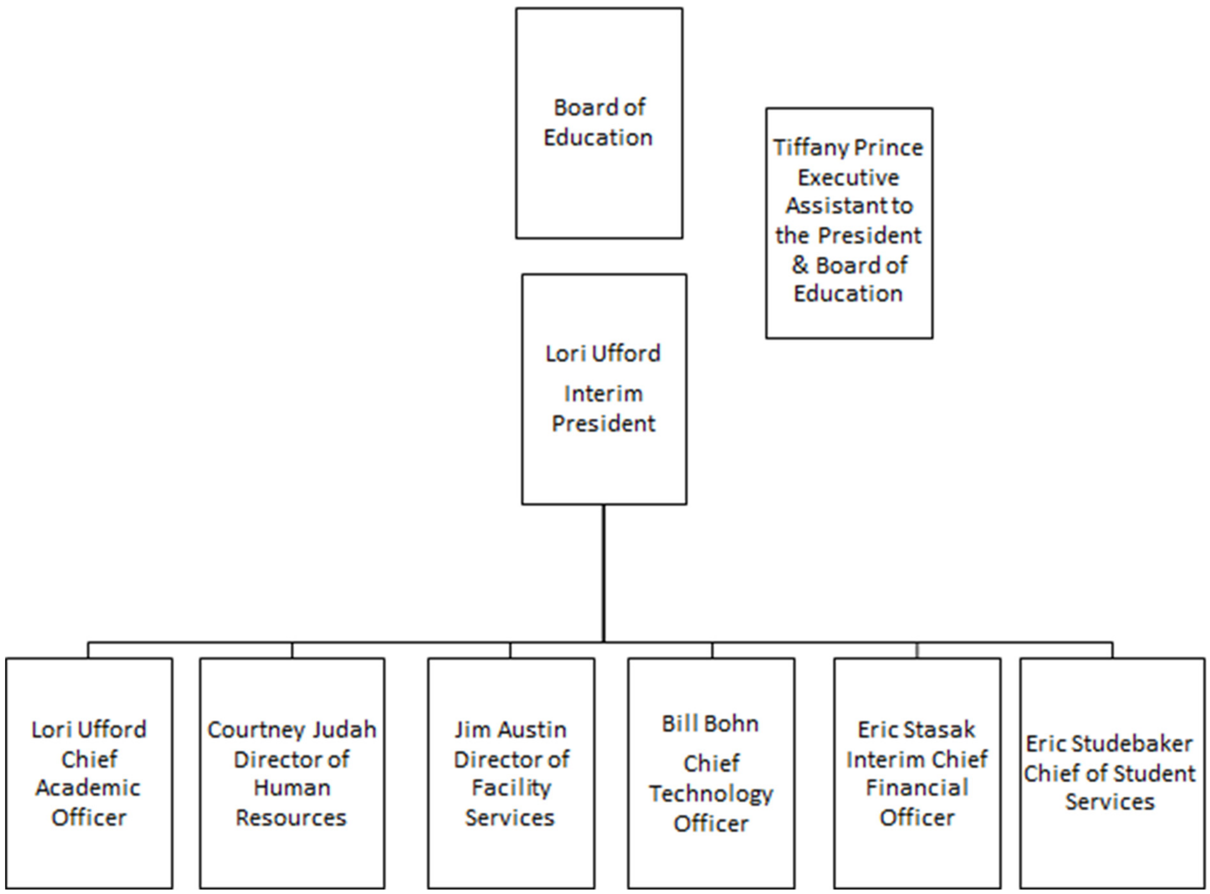
PRINCIPAL OFFICIALS

Position #	Name	County	Term Ending
1	Sarah Segal Board Member	Wasco	June 30, 2021
2	Dana Campbell Board Member	Wasco	June 30, 2021
3	Lee Fairchild Board Member	Hood River	June 30, 2019
4	Charlotte Arnold Board Member	Hood River	June 30, 2019
5	Kim Morgan Board Member	Wasco	June 30, 2021
6	Stu Watson Board Chair	Hood River	June 30, 2019
7	Kevin McCabe Board Member	Wasco	June 30, 2021

ADMINISTRATION

Lori Ufford, Interim President
Tiffany Prince, Assistant to the President and Board of Education
Bill Bohn, Chief Technology/Planning Officer
Erik Stasak, Interim CFO
Lori Ufford, Chief Academic and Student Affairs Officer
Eric Studebaker, Chief of Student Services

Columbia Gorge Community College
Organization Chart
June 30, 2018



Report of Independent Auditors

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Gorge Community College (the College), and its discretely presented component unit, the Columbia Gorge Community College Foundation (the Foundation), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, and the schedules of total OPEB liability on page 45, net OPEB liability on page 46, College contributions – RHIA on page 47, College's proportionate share of the net pension liability on page 48, College contributions – pension on page 49 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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The budgetary information on pages 50 through 51, schedules of revenues, expenditures, and changes in fund balance – budget to actual and related reconciliations on pages 52 through 65, and the schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards, on pages 72 through 73, 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* (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section on page 1 through 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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.

Reports of Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated April 29, 2019, on our consideration of the College's compliance with certain provisions of laws and regulations, including the 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.

Portland, Oregon
April 29, 2019

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, 2018 and 2017.

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).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

The College has presented its basic financial statements in accordance with Statement Nos. 34 and 35 of the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34 stipulates using an economic resources measurement focus and the accrual basis of accounting. All capital assets and related accumulated depreciation are to be reported in the statement of net position. All outstanding debt will reduce net position. Depreciation will be recognized in the statement of revenues, expenses, and changes in net position. All revenues will be recognized in the year in which they are earned. Likewise, expenses will be reported in the year the liability is incurred regardless of when the amount is actually paid. Interest on debt will be accrued at June 30 and recorded as an expense in the statement of revenues, expenses, and changes in net position.

GASB Statement No. 35 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, 2018 are described below.

- The College's financial position at June 30, 2018 consists of assets of $32,396,345, deferred outflows of resources of $2,766,825, liabilities of $22,322,913, deferred inflows of resources of $950,686, and net position of $11,889,571, a decrease of $37,019, 0.3% from the prior year.

- Total assets decreased in 2018 by $1,537,918 or 4.5%, primarily due to retiring of principal on debt and depreciation of fixed assets.

	2018	2017	Increase (Decrease)	Change %
CURRENT ASSETS				
Cash and cash equivalents	$ 3,073,371	$ 1,964,474	$ 1,108,897	56.4%
Investments	119,876	1,829,505	(1,709,629)	-93.4%
Other assets	1,442,604	1,400,073	42,531	3.0%
Total current assets	4,635,851	5,194,052	(558,201)	-10.7%
NONCURRENT ASSETS				
Net OPEB asset	19,537	-	19,537	
Capital assets, net	27,740,957	28,720,674	(979,717)	-3.4%
Total noncurrent assets	27,760,494	28,720,674	(960,180)	-3.3%
Total assets	32,396,345	33,914,726	(1,518,381)	-4.5%
DEFERRED OUTFLOWS OF RESOURCES				
Pension, OPEB and refunding	2,766,825	5,018,957	(2,252,132)	-44.9%
LIABILITIES				
Current liabilities	2,367,237	2,641,839	(274,602)	-10.4%
Noncurrent liabilities	19,955,676	24,108,109	(4,152,433)	-17.2%
Total liabilities	22,322,913	26,749,948	(4,427,035)	-16.5%
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB	950,686	257,145	693,541	269.7%
NET POSITION				
Net investment in capital assets	15,846,664	16,339,918	(493,254)	-3.0%
Restricted for:				
Debt service	1,186,977	1,396,064	(209,087)	-15.0%
Capital projects	101,041	193,041	(92,000)	-47.7%
Unrestricted	(5,245,111)	(6,002,433)	757,322	-12.6%
Total net position	$ 11,889,571	$ 11,926,590	$ (37,019)	-0.3%

Current Assets
Current assets of $4,635,851 were more than sufficient to cover current liabilities of $2,367,237. This represents a current ratio of 1.96 as compared to 1.97 in the prior year. Cash, cash equivalents & investments decreased by $600,732 to $3,193,247 as compared to $3,793,979 in the prior year due primarily to payments of principal on debt. Similarly, the overall decrease of current assets of $558,201 is due primarily to the reduction in overall cash investments balance spent on debt service and the timing of some current liability payments reducing overall net current liabilities.

Noncurrent Assets
The College's capital assets decreased by $979,717 to $27,740,957 due primarily to annual depreciation charges exceeding additions for the year. Detailed changes to capital assets are shown in Note 6 of the Notes to Basic Financial Statements.

Deferred Outflows of Resources
The total deferred outflows of resources decreased by $2,252,132 to $2,766,825 from 2017. This decrease has no significant financial impact on current financial resources.

Current Liabilities
The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes and compensated absences, unearned revenue, and the current portion of bonds payable. Current liabilities decreased by $274,602 to $2,367,237. This was mainly due to decreases in unearned revenue and accrued payroll liabilities.

Noncurrent Liabilities
Noncurrent liabilities consist of bonds payable less the current portions of specific obligations and the net pension liability. Noncurrent liabilities decreased by $4,152,433 to $19,955,676 due primarily to a decrease in the net pension liability of $2,288,163 and the retiring of $1,637,205 of bond principal.

Deferred inflows of resources have increased by $693,541 from $257,145 to $950,686. This is mainly due to changes in pension related deferrals.

Net Position
Total net position decreased by $37,019 to $11,889,571, a decrease of 0.3% from the prior year. Within net position, the net investment in capital assets is $15,846,664, a decrease of $493,254 as compared to the prior year, primarily due to principal payments on bonds payable exceeding annual depreciation charges. The deficit in unrestricted net position decreased by $757,322 to ($5,245,111).

Revenues, expenses, and changes in net position for the years ended June 30, 2018 and 2017:

	2018	2017	Increase (Decrease)	Change %
OPERATING REVENUES				
Tuition and fees, net	$ 2,245,282	$ 2,190,570	$ 54,712	2.5%
Grants	2,021,837	2,164,142	(142,305)	-6.6%
Other operating revenue	708,944	825,780	(116,836)	-14.1%
Total operating revenues	4,976,063	5,180,492	(204,429)	-3.9%
OPERATING EXPENSES				
Instruction	4,501,943	4,838,001	(336,058)	-6.9%
Public services	104,386	211,523	(107,137)	-50.7%
Academic support	1,105,811	1,436,118	(330,307)	-23.0%
Student services	1,125,851	1,030,673	95,178	9.2%
Institutional support	1,834,413	2,200,103	(365,690)	-16.6%
Scholarships	1,728,408	2,074,246	(345,838)	-16.7%
Plant operations	1,132,669	1,071,697	60,972	5.7%
Auxiliary enterprises	502,641	287,117	215,524	75.1%
Depreciation	979,717	982,372	(2,655)	-0.3%
Total operating expenses	13,015,839	14,131,850	(1,116,011)	-7.9%
OPERATING LOSS	(8,039,776)	(8,951,358)	911,582	-10.2%
NONOPERATING REVENUES (EXPENSES)				
State support	4,245,173	4,172,451	72,722	1.7%
Property taxes	2,467,204	2,739,024	(271,820)	-9.9%
Grants	1,218,780	1,286,489	(67,709)	-5.3%
Other nonoperating revenue	590,950	393,957	196,993	50.0%
Other nonoperating expenses	(647,832)	(626,280)	(21,552)	3.4%
Total nonoperating revenues (expenses)	7,874,275	7,965,641	(91,366)	-1.1%
CHANGES IN NET POSITION	(165,501)	(985,717)	820,216	-83.2%
NET POSITION – beginning of year	11,926,590	12,912,307	(985,717)	-7.6%
Cummulative effect implementing GASBS 75	128,482	-	128,482	
NET POSITION – beginning of year (restated)	12,055,072	-	12,055,072	
NET POSITION – END OF YEAR	$ 11,889,571	$ 11,926,590	$ (37,019)	-0.3%

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. Operating revenues decreased by 3.9% as compared to 2017.

Tuition and fees, which include amounts paid for educational purposes, increased 2.5% by $54,712 to $2,245,282, which represents 16.6% of total revenue. Operating revenue from federal, state and local grants decreased by 6.6% or $142,305 to $2,021,837.

Nonoperating Revenues

Net nonoperating revenues decreased overall by $91,366 to $7,874,275. There were some slight gains in State Support over the previous year, as well as a significant increase in lease income. The lease income comes from renting office space to the Educational Service District and some State of Oregon agencies. The decrease in property tax revenues resulted from the timing of a general obligation payment that was recognized in the previous year and there is no operational decrease in property tax revenues available for operations.

Operating Expenses

Operating expenses decreased by 7.9% to $13,015,839 for the 2018 fiscal year. Instruction expenses are the largest percentage of total expenses at 34.5% for a total of $4,501,943. All key functional areas recognized decreases from 2017 operating levels except Student Services and Plant Operations. Students Services increased by 9.2% to $1,125,851 in a concerted effort to increase student outreach activities to boost enrollment. Plant Operations increased by 5.7% to $1,132,669 to deal with some deferred maintenance projects at the institution.

The following table shows the statements of cash flows at June 30, 2018 and 2017:

	2018	2017	Increase (Decrease) in Cash	Change %
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tuition and fees	$ 3,637,197	$ 2,197,441	$ 1,439,756	65.5%
Cash received from grants	2,366,542	2,325,838	40,704	1.8%
Other operating revenue	708,944	745,805	(36,861)	-4.9%
Cash paid for operating activities	(12,691,252)	(12,094,721)	(596,531)	4.9%
Net cash provided by operating activities	(5,978,569)	(6,825,637)	847,068	-12.4%
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from state support	4,245,173	3,104,139	1,141,034	36.8%
Cash received from property taxes	2,409,080	2,783,141	(374,061)	-13.4%
Cash received from grants	1,218,780	1,286,489	(67,709)	-5.3%
Leases and other	503,494	325,875	177,619	54.5%
Principal paid on noncapital debt, net	(225,918)	(126,499)	(99,419)	78.6%
Interest paid on noncapital debt	(237,748)	(222,049)	(15,699)	7.1%
Net cash provided by noncapital financing activities	7,912,861	7,151,096	761,765	10.7%
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(43,450)	43,450	-100.0%
Principal paid on long-term debt	(1,227,000)	(1,215,000)	(12,000)	1.0%
Interest paid on long-term debt	(395,480)	(389,627)	(5,853)	1.5%
Net cash provided by capital and related financing activities	(1,622,480)	(1,648,077)	25,597	-1.6%
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in investments	1,709,629	482,510	1,227,119	254.3%
Interest income	87,456	68,081	19,375	28.5%
Net cash provided by investing activities	1,797,085	550,591	1,246,494	226.4%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,108,897	(772,027)	2,880,924	-373.2%
Cash and cash equivalents – beginning of year	964,474	1,736,501	(772,027)	-44.5%
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 3,073,371	$ 964,474	$ 2,108,897	218.7%

Operating Activities

The College's major sources of cash included in operating activities were tuition and fees of $3,637,197, and student financial aid (grants) of $2,366,542. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid, totaling $12,691,252. The net increase in cash from operating activities over the previous year of $847,068 was a result of slightly better overall operational performance over the previous year.

Noncapital Financing Activities
State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled $7,912,861 primarily from cash received from state FTE reimbursement of $4,425,173, cash from property taxes of $2,409,080, and cash received for grants of $1,218,780. 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 10.7% or $761,765 over the prior year. Cash received from state appropriations increased by $1,141,034 due mainly to the timing of payments received.

Capital Financing and Related Activities
The capital financing uses of cash were principal payments of $1,227,000, and interest payments of $395,480. The net cash used by capital and related activities decreased by $25,597 or 1.6% from the previous year. Principal paid on long-term debt increased by $12,000 and interest paid on long-term debt increased by $5,853. No capital purchases were made in 2018.

Investing Activities
Investing activities provided $1,227,119 in net cash, resulting mainly from the closing of a brokerage account and moving funds to a more liquid interest-bearing account (Local Government Investment Pool – LGIP) account. Earnings on investments increased by $19,375 to $87,456 from earnings on funds in the cash, cash equivalents & investment accounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
The College's investment in capital assets as of June 30, 2018 amounts to $27,740,957, net of accumulated depreciation. Capital assets include land, buildings, and improvements, and furniture, equipment, and machinery. Additional information on the College's capital assets can be found in Note 6 of this report.

Debt Administration
As of June 30, 2018, the College had total debt outstanding of $14,875,267, including series 2012 bond premium of $614,293. Of this amount, $10,210,000 is the outstanding general obligation bond series 2012 refunding; $2,980,974 is the outstanding pension obligation bond series 2003, including both the current and deferred interest balances, and $1,070,000 is the outstanding full faith and credit financing agreement for the purchase of the Hood River property. Total debt outstanding was reduced by $1,456,058 of principal payments and amortization of the premium.

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 has made significant progress in balancing revenues and expenditures over the last few years. After implementing difficult spending reductions, total revenues have exceeded total expenditures (less depreciation) in the last fiscal year.

More articulation agreements are being developed with Oregon Universities to offer better transfer options for students. The VP of Instruction is working on more "guide pathways" programs to help increase student persistence and success.

For the 2018-19 academic year, greater investments were made in student recruitment and distance learning opportunities to help boost enrollment. It will take some time to implement and see the increase in enrollment numbers.

Dual enrollment programs have proven to be successful for enrollment growth. These are programs such as College Now, Early College, and Running Start. These opportunities are offered to students in high school to take college level classes. Some of the Running Start students are graduating high school with an associate's degree paid mostly by their high school. While these programs do not offer the increased tuition revenue, have helped to stabilize the FTE at the College which will support maintenance of State funding in future years. These students are also receiving exposure to the College and it also serves as a recruitment tool.

Community college enrollment has declined state-wide as a strengthening economy temporarily reduces the need for professional retraining. This decline in enrollment has driven the need to right-size the college. Fortunately, the College is starting to recognize a slight increase in enrollment.

On July 1, 2018, Dr. Marta Cronin will become the 3rd President since the College was established in 1977. Bringing a fresh perspective from her Indian River State College in Florida, Dr. Cronin has an impressive background of success as an educator and leader. Board of Education member Stu Watson noted, "Marta's combination of experience innovating new programs, working with a diverse student population, and guiding faculty professional development promise great things for CGCC. She is assertive, creative and passionate about making CGCC a destination – for students and residents of the Gorge community."

The College's strategic plan for 2016-2019 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

- 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 continues to focus on aligning our budget priorities with our primary goal of student success and strengthening the communities that we serve. 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.

REQUEST FOR INFORMATION

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

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

	Primary Government	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,073,371	$ 999,095
Investments	119,876	691,047
Receivables, net of allowance for doubtful accounts of $385,127	1,267,133	-
Inventories and other current assets	175,471	10
Total current assets	4,635,851	1,690,152
NONCURRENT ASSETS		
Net OPEB asset	19,537	-
Capital asset not being depreciated	2,310,510	-
Depreciable capital assets, net of depreciation	25,430,447	-
Total noncurrent assets	27,760,494	-
Total assets	32,396,345	1,690,152
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	725,933	-
OPEB related deferrals	35,484	-
Pension related deferrals	2,005,408	-
Total deferred outflows of resources	2,766,825	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	95,602	-
Accrued payroll and taxes	522,161	-
Unearned revenue	192,669	-
Bonds payable	1,556,805	-
Total current liabilities	2,367,237	-
NONCURRENT LIABILITIES		
Pre-SLGRP pooled liability	642,452	-
Total OPEB liability	237,763	-
Net pension liability	5,756,999	-
Bonds payable, net of current portion	13,318,462	-
Total noncurrent liabilities	19,955,676	-
Total liabilities	22,322,913	-
DEFERRED INFLOW OF RESOURCES		
OPEB related deferrals	18,177	-
Pension related deferrals	932,509	-
Total deferred inflows of resources	950,686	-
NET POSITION		
Net investment in capital assets	15,846,664	-
Restricted for:		
Debt service	1,186,977	-
Capital projects	101,041	-
Foundation activities	-	1,219,054
Unrestricted	(5,245,111)	471,098
Total net position	$ 11,889,571	$ 1,690,152

Columbia Gorge Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

	Primary Government	Component Unit
OPERATING REVENUES		
Tuition and fees, net of $1,079,395 scholarship allowance	$ 2,245,282	$ -
Grants:		
Federal	1,517,859	-
State and local	503,978	-
Auxiliary enterprises	270,122	-
Other	438,822	-
Donations	-	183,932
Total operating revenues	4,976,063	183,932
OPERATING EXPENSES		
Instruction	4,501,943	-
Public services	104,386	-
Academic support	1,105,811	-
Student services	1,125,851	-
Institutional support	1,834,413	-
Scholarships	1,728,408	-
Plant operations	1,132,669	-
Auxiliary enterprises	502,641	-
Depreciation	979,717	-
Foundation operating expense	-	184,584
Total operating expenses	13,015,839	184,584
OPERATING LOSS	(8,039,776)	(652)
NONOPERATING REVENUES (EXPENSES)		
State support	4,245,173	-
Property taxes	2,467,204	-
Grants	1,218,780	-
Interest income	87,456	22,137
Lease income	478,508	-
Interest expense	(647,832)	-
Other	24,986	-
Total nonoperating revenues (expenses)	7,874,275	22,137
CHANGES IN NET POSITION	(165,501)	21,485
NET POSITION, July 1, 2017	11,926,590	1,668,667
CUMMULATIVE EFFECT IMPLEMENTING GASB STATEMENT 75	128,482	-
NET POSITION, July 1, 2017 (Restated)	12,055,072	1,668,667
NET POSITION, June 30, 2018	$ 11,889,571	$ 1,690,152

See accompanying notes.

Columbia Gorge Community College
Statement of Cash Flows
Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees collected	$	3,637,197
Grants collected		848,683
Auxiliary enterprise charges collected		270,122
Other collections		438,822
Payments to employees		(7,940,747)
Payments to suppliers		(4,750,505)
Financial aid and scholarships collected		1,517,859
Net cash used by operating activities		(5,978,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State support		4,245,173
Property taxes		2,409,080
Grants		1,218,780
Leases and other		503,494
Principal paid on pre-SLGRP liability		(77,260)
Principal paid on noncapital debt		(148,658)
Interest paid on noncapital debt		(237,748)
Net cash provided by noncapital financing activities		7,912,861
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt		(1,227,000)
Interest paid on capital debt		(395,480)
Net cash used by capital and related financing activities		(1,622,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds in investments		1,709,629
Interest income		87,456
Net cash provided by investing activities		1,797,085
INCREASE IN CASH AND CASH EQUIVALENTS		2,108,897
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		964,474
CASH AND CASH EQUIVALENTS – END OF YEAR	$	3,073,371
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$	(8,039,776)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		979,717
Changes in assets and liabilities:		
Receivables		997,709
Inventories and other current assets		17,887
Accounts payable		14,338
Accrued payroll and taxes		(129,606)
Unearned revenue		(340,484)
OPEB expense changes related to OPEB liability		(58,167)
Pension expense changes related to net pension liability		579,813
Net cash used by operating activities	$	(5,978,569)

Note 1 – Reporting Entity

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. 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 government and its component unit entity for which the government is considered to be financially accountable.

Discretely presented component unit – May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations Are Component Units." This statement amends statement No. 14, "The Financial Reporting Entity", to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by accounting principles generally accepted in the United States of America (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 had an audit for the fiscal year ended June 30, 2018. Separate financial statements for Columbia Gorge Community College Foundation may be obtained through request of the Foundation Executive Director located at the Columbia Gorge Community College Mt. Hood campus.

Note 2 – Summary of Significant Accounting Policies

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. The most significant accounting policies are described below.

Basis of presentation – The financial statements have been prepared in accordance with U.S. GAAP as prescribed by the GASB, including Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities. The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities.

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 intra-college 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).

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Compensated absences – College employees accumulate vacation pay in varying amounts depending on years of continued service. It is the College's policy to permit employees to accumulate earned but unused vacation pay. All outstanding vacation time is payable upon termination of employment. Vacation pay is recorded within accrued payroll and taxes in the Statement of Net Position, and an expense when earned.

Sick leave accumulates one day per month for full-time employees. Sick leave accumulates for full-time faculty based on contract days. For a regular 180-day full-time faculty contract, a total of 10-days sick leave is accrued per year. There is no limit on accumulation and it is not compensable upon termination of employment. No liability is reported for unpaid accumulated sick leave.

Note 2 – Summary of Significant Accounting Policies (continued)

Unearned 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, unearned revenue has been recorded to account for summer and fall term tuition and fees to be recognized as revenue in the month of July.

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

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

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

Pension – Eligible College employees are participants in the 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 – The other postemployment benefit (OPEB) obligation is recognized as a long-term liability in the Statement of Net Position, the amount of which is actuarially determined.

Deferred inflows and deferred outflows – Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows relate to PERS and loss on refunding. Deferred inflows relate to PERS.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Restricted – This component of net position consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restrictions may also result from endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. Restricted net position for the component unit relates to permanently restricted endowments they hold.

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

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

Classification of revenues and expenses – Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's ongoing operations. The principal operating revenues of the College are charges to students for tuition and fees, grants and contracts for specific operating activities of the College, and sales of goods and services. Operating expenses include the cost of faculty, staff, administration and support expenses, bookstore operations, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 granter agencies, principally the federal government. Any disavowed 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 $1,079,395 for the year ended June 30, 2018.

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 financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent assets and deferred outflows and liabilities and deferred inflows at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – 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, deprecation 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.

Note 3 – Stewardship, Compliance and Accountability (continued)

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

	Amount
General Fund – Instruction	$221,882
General Fund – Financial aid	8,659
Student Financial Aid Fund – Personnel services	4,096
Scholarship Fund – Materials and services	128,489

The Grant Fund budgeted expenditures in excess of available resources by $119,442. Negative budgeted fund balances are a violation of Oregon Local Budget Law.

Note 4 – Cash and Investments

The College's cash and investments are comprised of the following at June 30, 2018:

Primary government	
Cash and cash equivalents:	
Cash on hand	$ 5,516
Deposits with financial institutions	760,419
Oregon Local Government Investment Pool	2,305,467
Cash with PERS obligation bond paying agent	1,969
Total cash and cash equivalents	3,073,371
Investments:	
Government and agency securities	119,876
Total cash and investments primary government	$ 3,193,247
Component unit	
Cash and cash equivalents:	
Deposits with financial institutions	$ 999,095
Investments:	
Exchange traded products	207,200
Stocks	267,473
Mutual funds	205,531
Select sweeps	10,843
Total investments	691,047
Total cash and investments component unit	$ 1,690,142

Deposits with financial institutions – On June 30, 2018, the College held a $760,419 book balance in demand deposits with a bank balance of $852,398. 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).

Note 4 – Cash and Investments (continued)

Investments - State statues 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, 2018. 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.

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).

Note 4 – Cash and Investments (continued)

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. The College has the following recurring fair value measurements as of June 30, 2018:

		Fair Value Measurements Using			Cost Measurement Using
Investment Type	Totals as of 06/30/2018	Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not measured at Fair Value
Government and agency securities	$ 119,876	$ 119,876	$ -	$ -	$ -

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, 2018, 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, 2018, 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 be member 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, 2018, 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, 2018, all College investments were held with Oregon LGIP.

Note 5 – Receivables

Receivables at June 30, 2018 consist of the following:

Student	$ 656,024
Grants	782,759
Property taxes	213,477
Subtotal	1,652,260
Allowance for doubtful accounts	(385,127)
Total	$ 1,267,133

Note 6 – Capital Assets

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 2,310,510	$ -	$ -	$ 2,310,510
Depreciable capital assets:				
Building and improvements	34,381,686	-	-	34,381,686
Furniture, equipment, and machinery	2,315,845	-	-	2,315,845
Total capital assets being depreciated	36,697,531	-	-	36,697,531
Total capital assets	39,008,041	-	-	39,008,041
Less accumulated depreciation for:				
Building and improvements	(8,749,396)	(192,825)	-	(8,942,221)
Furniture, equipment, and machinery	(1,537,971)	(786,892)	-	(2,324,863)
Total accumulated depreciation	(10,287,367)	(979,717)	-	(11,267,084)
Total depreciable capital assets, net of depreciation	26,410,164	(979,717)	-	25,430,447
Total capital assets, net	$ 28,720,674	$ (979,717)	$ -	$ 27,740,957

The College, as lessor, leases a portion of its buildings totaling $4,462,676 with accumulated depreciation of $1,416,166 as of June 30, 2018. See Note 11 for further information.

Note 7 – 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, 2018, the College reported a liability of $642,452 for its proportionate share of the pre-SLGRP liability. The College is being assessed an employer contribution rate of 1.85 percent of covered payroll for payment of this transition liability.

Note 8 – Bonds Payable

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

	Original Amount	Outstanding June 30, 2017	Increases	Decreases	Outstanding June 30, 2018	Due Within One Year
General Obligation Bond:						
Refunding Bonds, Series 2012,						
Interest Rates 2.0-5.0%						
Principal	$ 13,790,000	$ 11,345,000	$ -	$ (1,135,000)	$ 10,210,000	$ 1,210,000
Bond Premium	1,125,553	694,693	-	(80,400)	614,293	80,400
Pension Obligation Bond:						
Series 2003 Original Issue – Current	3,570,327	2,377,164	-	(94,972)	2,282,192	93,659
Series 2003 Original Issue – Deferred	-	752,468	-	(53,686)	698,782	78,746
Full Faith and Credit Financing Agreement						
Series 2013 Original Issue	1,500,000	1,162,000	-	(92,000)	1,070,000	94,000
Total	$ 19,985,880	$ 16,331,325	$ -	$ (1,456,058)	$ 14,875,267	$ 1,556,805

Future maturities of principal and interest of long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds	Interest	Pension Obligation Bonds	Interest	Full Faith and Credit Financing	Interest	Total Principal	Total Interest
2019	$ 1,210,000	$ 329,475	$ 172,405	$ 254,061	$ 94,000	$ 29,425	$ 1,476,405	$ 612,961
2020	1,305,000	299,225	197,852	270,147	97,000	26,840	1,599,852	596,212
2021	1,360,000	260,075	230,053	290,157	100,000	24,173	1,690,053	574,405
2022	1,440,000	221,150	264,467	310,266	103,000	21,423	1,807,467	552,839
2023	1,530,000	173,550	296,197	326,776	105,000	18,590	1,931,197	518,916
2024-2028	3,365,000	180,650	1,820,000	300,214	571,000	47,988	5,756,000	528,852
Total	$ 10,210,000	$ 1,464,125	$ 2,980,974	$ 1,751,621	$ 1,070,000	$ 168,439	$ 14,260,974	$ 3,384,185

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.

Note 8 – Bonds Payable (continued)

Pension obligation bond issue – On April 23, 2003, the College participated with six community college districts 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 20038 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 district has no obligation or liability to any other participating district's pension bonds or liability to Oregon PERS.

Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of the Community College Support Fund support is withheld on August 15, October 15 and January 15 to repay debt. Funds are accumulated and invested by a trust officer and annual principal payments are made each June 30, and interest payments are made each June 30 and December 30, beginning December 2003 and ending June 2028. Interest rates range from 1.40% to 6.25% in accordance with the terms stated at issuance. The College accounts for the payment of principal and interest as pension expense annually. 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 agreement – In 2013, the College Board approved obtaining a Full Faith and Credit Financing agreement in the amount of $1,500,000. The purpose of the loan was to acquire and improve a property adjacent to the current Hood River campus for possible future campus expansion.

Note 9 – Pension Plans

A. DEFINED BENEFIT PENSION PLAN

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003 and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College Employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The individual Account Program (IAP), the defined contribution portion of the plan. Beginning January1, 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.

Note 9 – Pension Plans (continued)

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

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

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

Benefits provided

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

i. **Pension Benefits**. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance of he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a particular employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 year of service. Tier Two members are eligible for full benefits at age 60.
ii. **Death Benefits**. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
   - member was employed by PERS employer at the time of death,
   - member died within 120 days after termination of PERS covered employment,
   - member died as a result of injury sustained while employed in a PERS-covered job, or
   - member was on an official leave of absence from a PERS-covered job at the time of death.

Note 9 – Pension Plans (continued)

iii. **Disability Benefits**. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

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

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

i. **Pension Benefits**. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

ii. **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.

iv. **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.

v. **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.

Note 9 – Pension Plans (continued)

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

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

Contributions - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were $544,313, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 16.72 percent for Tier One/Tier Two General Service Members and 10.14 percent for OPSRP Pension Program General Service Members. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

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

Actuarial valuation - The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

Note 9 – Pension Plans (continued)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for 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 actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial methods and assumptions:

Valuation date	12/31/2015
Measurement date	06/30/2017
Experience Study Report	2014, Published September 23, 2015
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount rate – The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 – Pension Plans (continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	$ 9,810,978	$ 5,756,999	$ 2,367,122

Determination of the College's proportionate share –The College's proportion of the net pension liability was based on the College's projected long-term contribution effort as compared to the total projected net pension long-term contribution effort of all employees. At June 30, 2017, the College's proportion of the PERS net pension liability was 0.0427 percent.

Determination of the College's proportionate share – The College's actuarially determined proportionate share of the plan amounts was 0.0427 percent for the fiscal year ended June 30, 2017 (measurement date). The College's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2015) to the measurement date of June 30, 2017 and subtracting the plan's net position as of June 30, 2016.

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

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

Payables to the pension plan – At June 30, 2018, the College reported a payable of $112,397 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2018.

Note 9 – Pension Plans (continued)

Pension Expense, Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2018, the College recognized a net pension liability of $5,756,999 and a pension expense of approximately $1,241,175. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pension form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 278,411	$ -
Changes in assumptions	1,049,398	-
Net difference between projected and actual earnings on pension plan investments	59,311	-
Changes in proportionate share	58,166	790,005
Differences between employer contributions and proportionate share of system contributions	15,809	142,504
Total (prior to post measurement date contributions)	1,461,095	932,509
Contributions subsequent to the measurement date	544,313	-
Total	$ 2,005,408	$ 932,509

Pension related amounts will be recognized in future periods as follows: deferred outflows of resources will be recognized as a component of net pension liability and deferred inflows of resources will be recognized in pension expense:

Fiscal Year Ended	Contribution
June 30, 2016	$ 22,124
June 30, 2017	23,064
June 30, 2018	21,360

Note 9 – Pension Plans (continued)

B. DEFINED CONTRIBUTION PENSION PLAN

OPSRP Individual Account Program (OPSRP IAP)
The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6 percent of their annual covered salary to the IAP plan effective January 1, 2004. The College has elected to pay all of the employees' required IAP contributions. Although PERS members retain their existing PERS accounts, all current member contributions are deposited into the member's IAP. The College contributed $277,908 to the IAP on behalf of employees in fiscal year 2018.

Note 10 – Other Postemployment Benefit Plan (OPEB)

Single Employer Plan

Plan description – The College is a participating district in the Oregon Educators Benefit Board (OEBB) heath care plan that provides postemployment heath, dental, vision, and prescription coverage benefits to eligible employees and their eligible dependents. This plan is not a stand-alone plan, and therefore, does not issue its own financial statements. The College has approximately 90 employees and 6 retirees eligible for or receiving heath care coverage through OEBB as of October 1, 2014.

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

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 75. The College participates in the Oregon Educators Benefit Board (OEBB), a statewide cost-sharing multiple-employer plan, as defined in GASB 75. In OEBB, the individual employer health plans are rated collectively, rather than individually by employer, and the same blended premium rate is charged to all active employees and non-Medicare-eligible retirees.

Contributions – For the year ended June 30, 2018, the College retirees paid 100% of their insurance premium costs.

Note 10 – Other Postemployment Benefit Plan (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, The College reported a total OPEB liability of $237,763. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. For the year ended June 30, 2018, the College recognized OPEB expense of $35,788. At June 30, 2018, the College reported deferred outflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Changes of assumptions or inputs		$ 9,124
Benefit payments	14,124	
Total	14,124	9,124

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

Year Ending June 30,	
2019	$ (1,629)
2020	(1,629)
2021	(1,629)
2022	(1,629)
2023	(1,629)
Thereafter	(979)
	$ (9,124)

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate: 3.58%
Valuation date: July 1, 2017
Measurement date: June 30, 2017
Inflation: 2.50%
Salary increases: 3.50%
Withdrawal, retirement, and mortality rates: December 31, 2016 Oregon PERS valuation
Election and lapse rates: 40% of eligible employees, 60% of male members and 35% of female members will elect spouse coverage, 5% lapse rate
Actuarial cost method: Entry age normal

Note 10 – Other Postemployment Benefit Plan (OPEB) (continued)

Change in Total OPEB Liability -

Single Employer Plan	2018	2017
Total OPEB Liability:		
Benefit payments	$ (35,268)	$ -
Service cost	30,039	-
Interest on total OPEB liability	7,378	-
Change in assumptions	(10,753)	-
Net changes in OPEB liability	(8,604)	-
Total OPEB liability - beginning	246,367	-
Total OPEB liability - ending	$ 237,763	$ 246,367
College's covered employee payroll	$ 5,501,994	$ 4,311,800
College's proportionate share of the total OPEB liability as a percentage of its covered payroll	4.3%	5.7%

Sensitivity of the College's proportionate share of the total OPEB liability to changes in the discount rate -
The following presents the College's total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower (2.78 percent) or 1-percentage-point higher (4.78 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (Assets)	$ 252,620	$ 237,763	$ 223,873

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-ercentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Trend Rate	1% Increase
Net OPEB Liability (Assets)	$ 216,803	$ 237,763	$ 262,399

Note 10 – Other Postemployment Benefit Plan (OPEB) (continued)

Retirement Health Insurance Account (RHIA)

Plan Description - The College contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Public Employees Retirement Board (PERB). The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to $60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statue. A comprehensive annual financial report of the funds administered by the PERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (888) 320- 7377, or by accessing the PERS website at http://oregon.gov/PERS/.

Funding Policy and Contributions - Participating employers are contractually required to contribute at a rate assessed bi-annually by the PERB, currently 0.53 percent of annual covered payroll for PERS Plan members, and 0.45 percent for OPSRP Plan members. The PERB sets the employer contribution rate based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any actuarial liabilities of the plan over a period not to exceed five years.

The College's contributions to PERS' RHIA for the past three years were as follows:

Fiscal Year Ended	Contribution
June 30, 2016	$ 22,124
June 30, 2017	23,064
June 30, 2018	21,360

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to OPEB - For the employer cost-sharing plan, the OPEB liability was based on the employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the College's proportion was 0.04861%, which was a decrease from its proportion of 0.04863% at the prior measurement date.

For the year ended June 30, 2018, the College recognized deferred outflows of resources and deferred inflows of resources in the amount of $21,360 and $9,053. For the year ended June 30, 2018, the College recognized a OPEB expense of $105 this plan.

Note 10 – Other Postemployment Benefit Plan (OPEB) (continued)

	Deferred Outflow of Resources	Deferred Inflow or Resources
Net difference between projected and actual earnings	$ -	$ 9,049
Changes in proportionate share	-	4
	-	9,053
Contributions subsequent to measurement date	21,360	-
Net deferred outflow (inflow) of resources	$ 21,360	$ 9,053

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

Year Ending June 30,	
2019	$ (2,264)
2020	(2,264)
2021	(2,263)
2022	(2,262)
2023	-
Thereafter	-
	$ (9,053)

Change in Net OPEB Liability -

Oregon PERS Employees Retirement System Cost-sharing Plan	2018
Net OPEB Liability (Asset):	
Difference between expected and actual experience	$ 9,049
Change in proportionate share	(2)
OPEB expense	105
Benefit payments	23,104
Net changes in OPEB liability	32,256
Net OPEB liability (asset) - beginning	12,719
Net OPEB liability (asset) - ending	$ (19,537)
College's proportionate share at measurement date	0.4681%
College's covered employee payroll	$ 5,501,994
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.36%

Note 10 – Other Postemployment Benefit Plan (OPEB) (continued)

Discount Rate - The discount rate used to measure the net OPEB liability for the RHIA Plan was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net positon was projected to be available to make all projected future benefit payments. Therefore, the long term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB Liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.5%)
Net OPEB Liability (Assets)	$ 2,723	$ (19,537)	$ (38,472)

Actuarial Methods and Assumptions - The net OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Valuation December 31, 2015
Effective July 2017 - June 2019
Actuarial cost method Entry Age Normal
Actuarial valuation method Market Value
Actuarial assumption:
Inflation rate 2.50 percent
Projected salary increases 3.50 percent
Investment rate of return 7.50 percent
Healthcare cost inflation Ranging from 6.3% in 2016 to 4.4% in 2094

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

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 $10 million per occurrence and a $20 million aggregate loss limit. The College's property insurance and equipment breakdown total toss limit is approximately $78,900,000 with a $10,000 property deductible and equipment deductible of $1,000 or $5,000 depending on motor size. Auto liability is the same as general liability with $100 comprehensive and $500 collision deductible. Earthquake and flood coverage has a loss limit of $15 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, 2018, and no insurance settlement exceeded insurance coverage for the past three years

Note 12 – Leases

Leases as lessor – The College has entered into several lease agreements to other entities for offices, equipment space, or land owned by the College. Future revenue collections on these leases are approximately $57,895 in 2019 and $3,354 in 2020.

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

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

The College has also entered into agreements to lease office equipment through March 2019. Total rent expense for the year ended June 30, 2018 approximated $1,250. Future commitments on these leases are $28,188 in 2019.

Note 13 – GASB Statement 75 Implementation Restatement – Based on implementation of GASB No. 75, the College had a restatement to the beginning net position. The cumulative effect of this restatements is as follows:

	June 30, 2017 (Previously Reported)	Cumulative Effect of GASB 75 Implementation	June 30, 2017 (Restated)
Liabilities			
OPEB obligation	$ 387,568	$ (387,568)	$ -
Net OPEB Liability - RHIA	$ -	$ 12,719	$ 12,719
Total OPEB Liability - Implicit rate subsidy	$ -	$ 246,367	$ 246,367
Net Position			
Net investment in capital assets	$ 16,339,918	$ -	$ 16,339,918
Restricted	1,589,105	-	1,589,105
Unrestricted	(6,002,433)	128,482	(5,873,951)
	$ 11,926,590	$ 128,482	$ 12,055,072

Required Supplementary Information

Columbia Gorge Community College
Schedule of Total OPEB Liability
Last Two Fiscal Years
For the Fiscal Year Ended June 30, 2018

Single Employer Plan	2018	2017
Total OPEB Liability:		
Benefit payments	$ (35,268)	$ -
Service cost	30,039	-
Interest on total OPEB liability	7,378	-
Change in assumptions	(10,753)	-
Net changes in OPEB liability	(8,604)	-
Total OPEB liability - beginning	246,367	-
Total OPEB liability - ending	$ 237,763	$ 246,367
College's covered employee payroll	$ 5,501,994	$ 4,311,800
College's proportionate share of the total OPEB liability as a percentage of its covered payroll	4.3%	5.7%

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.

Oregon Public Employees Retirement System Cost-sharing Plan Retirement Health Insurance Account (RHIA)	2018	2017
Net OPEB Liability (Asset):		
Difference between expected and actual experience	$ (9,049)	$ -
Change in proportionate share	(4)	-
OPEB expense	103	-
Benefit payments	(23,306)	-
Net changes in OPEB liability	(32,256)	-
Net OPEB liability (asset) - beginning	12,719	-
Net OPEB liability (asset) - ending	$ (19,537)	$ 12,719
College's proportionate share at measurement date	0.04861%	0.04863%
College's covered employee payroll	$ 5,501,994	$ 4,311,800
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.4%	0.3%
RHIA Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.2%

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.

Amounts presented are for the measurement period reporting during fiscal year, which covers July 1, 2016 – June 30, 2017

Columbia Gorge Community College
Schedule of College Contributions - RHIA
Last Four Fiscal Years
For the Fiscal Year Ended June 30, 2018

	2018	2017	2016	2015
Contractually required contributions	$ 21,360	$ 23,064	$ 22,124	$ 27,923
Contributions in relation to the contractually required contribution	(21,360)	(23,064)	(22,124)	(27,923)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	5,541,426	5,501,994	4,311,800	5,251,319
Contributions as a percentage of covered payroll	0.39%	0.42%	0.51%	0.53%

Columbia Gorge Community College

Schedule of the College's Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System
Last Four Fiscal Years
For the Fiscal Year Ended June 30, 2018

Year Ended June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2018	0.04270759%	$ 5,756,999	$ 5,501,994	104.63%	83.12%
2017	0.05359039%	8,045,162	4,311,800	186.58%	80.53%
2016	0.05487119%	3,150,408	5,350,895	58.88%	91.88%
2015	0.04866030%	(1,102,990)	5,251,319	-21.00%	103.59%

Columbia Gorge Community College

Schedule of College Contributions - Pension

Oregon Public Employees Retirement System
Last Four Fiscal Years
For the Fiscal Year Ended June 30, 2018

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)
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	402,058	402,058	-	5,251,319	7.66%

Supplementary Information

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 appropriations 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 instruction services including instructors' and administrative salaries and benefits, supplies, administrative costs, plant operations and capital outlay.

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

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

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

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

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

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

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

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

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

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

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
State sources	$ 4,004,502	$ 4,055,002	$ 4,245,173	$ 190,171
Local sources	1,130,717	1,130,717	1,077,852	(52,865)
Tuition	2,462,229	2,462,229	2,201,376	(260,853)
Instructional fees	956,618	956,618	870,462	(86,156)
Special fees	84,254	84,254	106,505	22,251
Other sources	80,495	80,495	57,335	(23,160)
Sales and services	9,350	9,350	7,329	(2,021)
Total revenues	8,728,165	8,778,665	8,566,032	(212,633)
EXPENDITURES				
Instruction	3,532,891	3,532,882	3,754,764	(221,882)
Academic support	1,107,398	1,145,896	1,093,297	52,599
Student services	1,162,533	1,160,531	1,094,677	65,854
Institutional support	2,008,996	2,006,267	1,920,790	85,477
Financial aid	21,905	21,905	30,564	(8,659)
Plant operation and maintenance	1,062,397	1,059,578	1,030,066	29,512
Contingency	231,000	231,000	-	231,000
Debt service	31,955	31,955	31,955	-
Total expenditures	9,159,075	9,190,014	8,956,113	233,901
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(430,910)	(411,349)	(390,081)	21,268
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	200,000	473,838	473,838	-
Transfer to other funds	(266,750)	(557,314)	(512,954)	44,360
Total other financing sources (uses)	(66,750)	(83,476)	(39,116)	44,360
NET CHANGE IN FUND BALANCE	(497,660)	(494,825)	(429,197)	65,628
Fund balance – beginning of year	1,500,000	1,788,908	1,788,908	-
FUND BALANCE – END OF YEAR	$ 1,002,340	$ 1,294,083	$ 1,359,711	$ 65,628

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Federal Student Aid Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Federal sources	$ 3,165,230	$ 3,165,227	$ 2,109,250	$ (1,055,977)
EXPENDITURES				
Materials and services	3,151,450	3,156,450	2,101,877	1,054,573
Personnel services	13,777	8,777	12,873	(4,096)
Total expenditures	3,165,227	3,165,227	2,114,750	1,050,477
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3	-	(5,500)	(5,500)
OTHER FINANCING SOURCE				
Transfer from General Fund	-	-	10,225	10,225
NET CHANGE IN FUND BALANCE	3	-	4,725	4,725
Fund balance – beginning of year	-	-	1,946	1,946
FUND BALANCE – END OF YEAR	$ 3	$ -	$ 6,671	$ 6,671

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Grant Fund
Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Federal sources	$ 452,728	$ 670,634	$ 627,389	$ (43,245)
State sources	167,408	323,336	113,023	(210,313)
Instructional fees	29,300	17,800	26,817	9,017
Other sources	65,582	95,582	48,177	(47,405)
Total revenues	715,018	1,107,352	815,406	(291,946)
EXPENDITURES				
Personnel services	584,322	838,016	618,228	219,788
Materials and services	233,829	563,270	228,773	334,497
Total expenditures	818,151	1,401,286	847,001	554,285
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(103,133)	(293,934)	(31,595)	262,339
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	-	20,000	-	(20,000)
NET CHANGE IN FUND BALANCE	(103,133)	(273,934)	(31,595)	242,339
Fund balance – beginning of year	109,156	154,492	253,846	99,354
FUND BALANCE – END OF YEAR	$ 6,023	$ (119,442)	$ 222,251	$ 341,693

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Scholarship Fund
Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Other sources	$ 784,000	$ 534,000	$ 594,492	$ 60,492
EXPENDITURES				
Materials and services	834,000	534,000	662,489	(128,489)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(50,000)	-	(67,997)	(67,997)
OTHER FINANCING USE				
Transfer from General Fund	50,000	-	82,665	82,665
NET CHANGE IN FUND BALANCE	-	-	14,668	14,668
Fund balance – beginning of year	-	-	3,489	3,489
FUND BALANCE – END OF YEAR	$ -	$ -	$ 18,157	$ 18,157

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
Materials and services	$ 78,000	$ 78,000	$ -	$ 78,000
Debt service:				
Principal payments	92,000	92,000	92,000	-
Total expenditures	170,000	170,000	92,000	78,000
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(170,000)	(170,000)	(92,000)	78,000
Fund balance – beginning of year	170,000	170,000	193,041	23,041
FUND BALANCE – END OF YEAR	$ -	$ -	$ 101,041	$ 101,041

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Internal Services Fund
Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Other sources	$ -	$ 16,726	$ -	$ (16,726)
EXPENDITURES				
Materials and services	18,000	34,726	-	34,726
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(18,000)	(18,000)	-	18,000
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	-	-	16,726	16,726
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	16,726	34,726
Fund balance – beginning of year	18,000	18,000	9,053	(8,947)
FUND BALANCE – END OF YEAR	$ -	$ -	$ 25,779	$ 25,779

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Debt Service Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local sources	$ 1,404,400	$ 1,404,400	$ 1,389,352	$ (15,048)
Other sources	211,007	211,007	232,806	21,799
Total revenue	1,615,407	1,615,407	1,622,158	6,751
EXPENDITURES				
Debt service:				
Principal payments	1,229,972	1,229,972	1,229,972	-
Interest payments	601,273	601,273	601,273	-
Total expenditures	1,831,245	1,831,245	1,831,245	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(215,838)	(215,838)	(209,087)	6,751
Fund balance – beginning of year	1,397,340	1,397,340	1,396,064	(1,276)
FUND BALANCE – END OF YEAR	$ 1,181,502	$ 1,181,502	$ 1,186,977	$ 5,475

Columbia Gorge Community College

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Enterprise Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Tuition	$ 92,500	$ 92,500	$ 118,740	$ 26,240
Other sources	386,600	660,438	528,520	(131,918)
Total revenue	479,100	752,938	647,260	(105,678)
EXPENDITURES				
Personnel services	231,472	220,887	133,519	87,368
Materials and services	188,091	198,676	114,483	84,193
Total expenditures	419,563	419,563	248,002	171,561
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	59,537	333,375	399,258	65,883
OTHER FINANCING USE				
Transfer to General Fund	(200,000)	(473,838)	(473,838)	-
Total other financing sources (uses)	(200,000)	(473,838)	(473,838)	-
NET CHANGE IN FUND BALANCE	(140,463)	(140,463)	(74,580)	65,883
Fund balance – beginning of year	140,463	140,463	86,781	(53,682)
FUND BALANCE – END OF YEAR	$ -	$ -	$ 12,201	$ 12,201

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
College Bookstore Enterprise Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Textbook sales	$ 200,050	$ 200,050	$ 201,030	$ 980
Bank card discount fees	(1,000)	(1,000)	(1,180)	(180)
Textbooks	(150,000)	(150,000)	(169,729)	(19,729)
Publishers credits	7,500	7,500	10,425	2,925
Total revenues	56,550	56,550	40,546	(16,004)
EXPENDITURES				
Personnel services	89,243	89,243	75,327	13,916
Materials and services	62,307	62,307	9,583	52,724
Total expenditures	151,550	151,550	84,910	66,640
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(95,000)	(95,000)	(44,364)	50,636
Fund balance – beginning of year	135,000	135,000	120,247	(14,753)
FUND BALANCE – END OF YEAR	$ 40,000	$ 40,000	$ 75,883	$ 35,883

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Reserve Fund – Facilities and Grounds Maintenance
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
Materials and services	$ 22,200	$ 22,200	$ -	$ 22,200
Capital outlay	200,000	200,000	-	200,000
Total expenditures	222,200	222,200	-	222,200
OTHER FINANCING SOURCE				
Transfer from General Fund	-	-	-	-
NET CHANGE IN FUND BALANCE	(222,200)	(222,200)	-	(222,200)
Fund balance – beginning of year	222,200	222,200	225,069	2,869
FUND BALANCE – END OF YEAR	$ -	$ -	$ 225,069	$ 225,069

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Reserve Fund – General Operations
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
OTHER FINANCING USE				
Transfer from General Fund	$ 169,000	$ 442,838	$ 397,838	$ (45,000)
NET CHANGE IN FUND BALANCE	169,000	442,838	397,838	(45,000)
Fund balance – beginning of year	450,000	450,000	450,000	-
FUND BALANCE – END OF YEAR	$ 619,000	$ 892,838	$ 847,838	$ (45,000)

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Student Fund
Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Membership dues	$ 3,000	$ 3,000	$ 780	$ (2,220)
Fundraising	9,800	9,800	9,139	(661)
Other sources	-	-	2,401	2,401
Total revenues	12,800	12,800	12,320	(480)
EXPENDITURES				
Materials and services	20,998	20,998	16,421	4,577
Total expenditures	20,998	20,998	16,421	4,577
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(8,198)	(8,198)	(4,101)	4,097
OTHER FINANCING SOURCE				
Transfer from General Fund	5,000	5,000	5,500	500
NET CHANGE IN FUND BALANCE	(3,198)	(3,198)	1,399	4,597
Fund balance – beginning of year	3,198	4,763	3,521	(1,242)
FUND BALANCE – END OF YEAR	$ -	$ 1,565	$ 4,920	$ 3,355

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, 2018

Excess (deficiency) of revenues over (under) expenditures	
General Fund	$ (390,081)
Grant Fund	(31,595)
Capital Projects Fund	(92,000)
Debt Service Fund	(209,087)
Enterprise Fund	399,258
College Bookstore Enterprise Fund	(44,364)
Student Fund	(4,101)
Federal Student Aid Fund	(5,500)
Scholarship Fund	(67,997)
Total excess (deficiency) of revenues over (under) expenditures	(445,467)
Reconciling items:	
Depreciation	(979,717)
Accrued payroll and taxes	106,774
Interest expense	(14,604)
OPEB expense	58,167
Pension expense	(266,312)
Debt service principal payments	1,375,658
Total reconciling items	279,966
Change in net position on a GAAP basis	$ (165,501)

Columbia Gorge Community College
Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis
Year Ended June 30, 2018

Budgetary fund balances		
General Fund	$	1,359,711
Grant Fund		222,251
Internal Service Fund		25,779
Capital Projects Fund		101,041
Debt Service Fund		1,186,977
Reserve Fund - Facilities & Grounds Maintenance		225,069
Reserve Fund - General Operations		847,838
Enterprise Fund		12,201
College Bookstore Enterprise Fund		75,883
Student Fund		4,920
Federal Student Aid Fund		6,671
Scholarship Fund		18,157
Total budgetary fund balances		4,086,498
Reconciling items:		
Capital assets		27,740,957
Net OPEB asset		19,537
Deferred outflows of resources		2,766,825
Accrued payroll and taxes		(261,079)
Pre-SLGRP pooled liability		(642,452)
Total OPEB liability		(237,763)
Net pension liability		(5,756,999)
Long-term debt		(14,875,267)
Deferred inflows of resources		(950,686)
Total reconciling items		7,803,073
Net position on a GAAP basis	$	11,889,571

Compliance Section

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

Board of Education of
Columbia Gorge Community College
The Dalles, Oregon

We have audited the basic financial statements of Columbia Gorge Community College (the College), and the discretely presented component unit, as of and for the year ended June 30, 2018, and have issued our report thereon dated April 29, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Columbia Gorge Community College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards* or provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Compliance

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal year 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements relating to insurance and fidelity bond coverage.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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. Except as discussed below, the results of our tests disclosed no instances of noncompliance that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State.

Negative Budgeted Fund Balance

As described in financial statement Note 3, *Stewardship, Compliance and Accountability*, the College reported one fund with a negative budgeted fund balance.

Excess Expenditures over Appropriations

As described in financial statement Note 3, *Stewardship, Compliance and Accountability*, the College reported four instances of non-compliance related to excess expenditures over appropriations.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

The College's Response to Finding

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

Purpose of this Report

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

Scott Simpson

for Moss Adams LLP
Portland, Oregon
April 29, 2019

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

We have audited the financial statements of Columbia Gorge Community College (the College) and Columbia Gorge Community College Foundation (the Foundation), its discretely presented component unit, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated April 29, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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 were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The College's Response to Finding

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

Purpose of this Report

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

Moss Adams LLP

Portland, Oregon
April 29, 2019

Report of Independent Auditors on Compliance for the Major Federal Program and 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 the Major Federal Program

We have audited Columbia Gorge Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2018.The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

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

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

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

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

Moss Adams LLP

Portland, Oregon
April 29, 2019

	Grant Period	Federal CFDA Number	Program or Award Amount	2017-18 Revenue	2017-18 Expenditures	Pass through Agency Identifying Number	2017-18 Expenditures to Subrecipients
U.S. Department of Education:							
Direct:							
Student Financial Assistance Cluster:							
Federal Direct Student Loans	2017-2018	84.268	$ 841,653	$ 841,653	$ 841,653	N/A	$ -
Federal Pell Grant Program	2017-2018	84.063	1,217,904	1,217,904	1,217,904	N/A	-
Federal Supplemental Educational Opportunity Grants	2017-2018	84.007	30,375	30,375	30,375	N/A	-
Federal Work-Study Program	2017-2018	84.033	20,015	20,015	20,015	N/A	-
Total SFA Cluster U.S. Department of Education			2,109,947	2,109,947	2,109,947		-
Total Student Financial Aid Cluster			2,109,947	2,109,947	2,109,947		-
Passed through State of Oregon - Higher Education Coordinating Commission							
Adult Education - Basic Grants to States	2017-2018	84.002	172,409	172,409	172,409	376.01	-
			172,409	172,409	172,409		-
Passed through Oregon Child Care Resource and Referral Network:							
Race to the Top - Early Learning Challenge	2017-2018	84.412	76,469	76,469	76,469	10436/148902	-
TOTAL U.S. DEPARTMENT OF EDUCATION			2,358,826	2,358,826	2,358,826		-
U.S. SMALL BUSINESS ADMINISTRATION:							
Passed through Lane Community College Small Business Development Center Network Office:							
Small Business Development Center	2017-2018	59.037	33,995	33,995	33,995	15-145	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			33,995	33,995	33,995		-
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through Oregon Child Care Resource and Referral Network:							
CCDF Cluster:							
Child Care and Development Block Grant		93.575	184,517	184,517	184,517	10436/148902	-
Total CCDF Cluster			184,517	184,517	184,517		-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			184,517	184,517	184,517		-
NATIONAL SCIENCE FOUNDATION							
Direct:							
Advanced Technological Education		47.076	99,619	99,619	99,619	N/A	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,676,957	$ 2,676,957	$ 2,676,957		$ -

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Columbia Gorge Community College under programs of the federal government for the year ended June 30, 2018. The information in this SEFA 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 SEFA 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 principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Columbia Gorge Community College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Loans Disbursed

Program Title	Federal CFDA Number	New Loans
Federal Direct Student Loans	84.268	$ 841,653

Note 4 – Institutional Capital Contributions

Required matching institutional capital contributions not included in expenditures are as follows:

Program Title	Federal CFDA Number	Amount
Federal Supplemental Educational Opportunity Grants	84.007	$ 10,225

COLUMBIA GORGE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

Finding 2018 – 001 – *General Ledger Reconciliations and Controls over Financial Close and Reporting – Material Weakness*

Criteria –In order to provide timely and accurate financial reports and reduce the possibility of fraud occurring, the general ledger accounts of the College should be reconciled each month through an effective financial close and reporting process. The journal entries and reconciliations performed by the accounting department should be approved by supervisory personnel and supported with proper documentation.

Condition & Context – The College did not have an adequate control system in place to ensure the general ledger accurately reflects the account balances of the College on a monthly or an annual basis. The College's various financial statement accounts making up the balance sheet and fund balances were not reconciled until well after the year ended June 30, 2018 in preparation for the audit.

Cause – Significant turnover in the accounting department and the lack of experienced personnel to reconcile the financial statements to GAAP basis accounting for the year ended June 30, 2018.

Effect – Management was unable to produce accurate and timely financial statements during the year ended June 30, 2018, requiring multiple adjusting journal entries to correct material misstatements in the accounting records.

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

Management's Response: College agrees with the recommendation provided. The College has hired a new VP of Financial Services in March 2019. In addition, management will be taking the following steps:

1. Upon the issuance of the third party, audited financial statements, journal entries will be made to reconcile the accounting system trial balance to the issued financial statements. At that point, the accounting period will be closed from further data entry.
2. A monthly financial statement template has been developed that can be created through a data export from the existing ERP system of the trial balance to Excel.
3. Monthly reconciliations policies will be updated to include a step to ensure that changes in assets and liabilities reconcile to the net position changes in all funds in the ERP system.
4. A contingency plan has been put in place to ensure that there are no gaps in financial oversight should another unexpected departure of business office leadership personnel arise. If necessary, contracted services will be arranged with the financial leadership team of another community college or an independent CPA firm until a qualified replacement is found. Minimum scope of services will include: a) Review of monthly interim financial statements; b) Review of bank reconciliations; c) Review of A/R aging summary and allowance for bad debts; d) Review of A/P aging summary; and e) Trial balance review to previous period for any potential anomalies.

Section III - Federal Award Findings and Questioned Costs

None reported.

COLUMBIA GORGE COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Follow up on findings reported June 30, 2017

Financial Statement Findings

2017-001– Significant Deficiency in Internal Control over Financial Reporting. Finding elevated to a material weakness in internal control over financial reporting.

Repeat Finding and Elevated to Material Weakness 2018-001

2017-002 – Significant Deficiency in Internal Control over Compliance. Aid Received from outside sources was not coordinated with awarding of federal aid.

Fully Corrected in 2018

2017-003 – Significant Deficiency in Internal Control over Compliance. Notifications of loans disbursements were not sent to students.

Fully Corrected in 2018

2017-004 – Significant Deficiency in Internal Control over Compliance. Federal regulations require that students receive aid for any part of a term they attended.

Fully Corrected in 2018

2017-005 – Significant Deficiency in Internal Control over Compliance. Federal regulations require that all student perform entrance counseling prior to receiving direct loan funds.

Fully Corrected in 2018

2017-006 – Significant Deficiency in Internal Control over Compliance. Federal regulations require that all student enrollment status changes be reported to the National Student Loan Database System (NSLDS) using the proper enrollment status and effective date of the change.

Fully Corrected in 2018

2017-007 – Significant Deficiency in Internal Control over Compliance. Federal regulations require that the Fiscal Operations Report and Application to Participate (FISAP) be completed in an accurate manner.

Fully Corrected in 2018

2017-008 – Significant Deficiency in Internal Control over Compliance. Federal regulations require that the actual disbursement dates and amounts be reported to the Common Origination and Disbursement (COD) system in a timely manner.

Fully Corrected in 2018

COLUMBIA GORGE COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-001 – General Ledger Reconciliations and Controls over Financial Close and Reporting (Material Weakness in Internal Controls over Financial Reporting)

Name of contact person responsible for correction action: Mike Mallery, Vice President for Financial Services

Management's Response:
The College agrees with the recommendation provided in finding 2018-001 and has put in the corrective action plan listed below.

Corrective Action Planned:
The College has hired a new VP of Financial Services in March 2019. In addition, management will be taking the following steps:

1. Upon the issuance of the third party, audited financial statements, journal entries will be made to reconcile the accounting system trial balance to the issued financial statements. At that point, the accounting period will be closed from further data entry.

2. A monthly financial statement template has been developed that can be created through a data export from the existing ERP system of the trial balance to Excel.

3. Monthly reconciliations policies will be updated to include a step to ensure that changes in assets and liabilities reconcile to the net position changes in all funds in the ERP system.

4. A contingency plan has been put in place to ensure that there are no gaps in financial oversight should another unexpected departure of business office leadership personnel arise. If necessary, contracted services will be arranged with the financial leadership team of another community college or an independent CPA firm until a qualified replacement is found. Minimum scope of services will include: a) Review of monthly interim financial statements; b) Review of bank reconciliations; c) Review of A/R aging summary and allowance for bad debts; d) Review of A/P aging summary; and e) Trial balance review to previous period for any potential anomalies.

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