



Financial Statements
June 30, 2021

Columbia Gorge Community College

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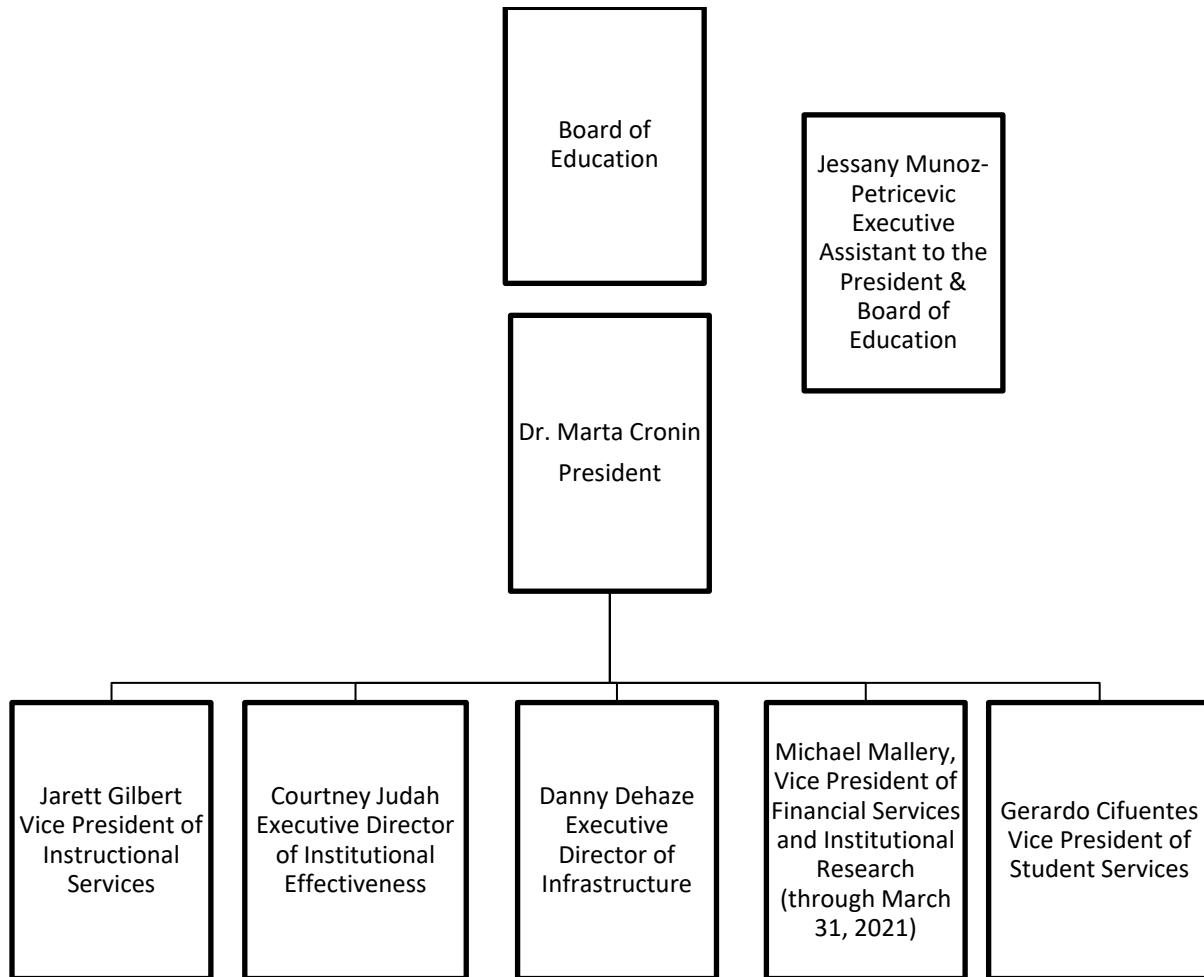
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Position #	Name	County	Term Ending
1	Sarah Segal Board Member	Wasco	June 30, 2021
2	Jonathan Fost Board Chair	Wasco	June 30, 2021
3	Robin Feuerbacher Board Member	Hood River	June 30, 2023
4	Tim Arbogast Board Member	Hood River	June 30, 2023
5	Kim Morgan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

ADMINISTRATION

Dr. Marta Cronin, President
Saundra Buchanan, Interim Chief Financial Officer
Michael Mallery, Vice President of Financial Services and Institutional Research (through March 31, 2021)
Jarett Gilbert, Vice President of Instructional Services
Gerardo Cifuentes, Vice President of Student Services
Danny Dehaze, Executive Director of Infrastructure
Courtney Judah, Executive Director of Institutional Effectiveness
Jessany Munoz-Petricovic, Executive Assistant to the President, Board of Education, & Budget Committee





Independent Auditor's Report

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Gorge Community College (the College) and the discretely presented component unit, the Columbia Gorge Community College Foundation (the Foundation) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 14 to the financial statements, an error resulting in a material misstatement of amounts previously reported for capital assets as of June 30, 2020, were discovered by the auditors during the audit of the current year financial statements. Accordingly, amounts reported for capital assets have been restated in the June 30, 2021 financial statements now presented, and an adjustment has been made to the College's net position as of July 1, 2020, to correct the error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

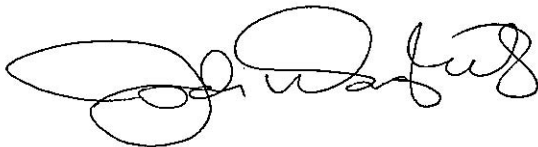
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 22, 2022, on our consideration of the College's compliance with certain provisions of laws and regulations, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Eide Bailly, LLP
Boise, Idaho
February 22, 2022

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, 2021 and 2020.

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

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

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

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

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

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

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

The basic financial statements are comprised of:

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

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

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

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

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

Financial Highlights

Financial highlights for the College for fiscal year ended June 30, 2021, are described below.

- The College's financial position at June 30, 2021 consists of assets of \$46,364,990, deferred outflows of resources of \$3,431,110, liabilities of \$32,793,192, deferred inflows of resources of \$808,067, and net position of \$16,194,841, an increase of \$5,160,254, 46.8% from the prior year.
- Total assets increased in 2021 by \$7,764,852 or 20.1%, primarily due to an increase in capital assets of \$11,740,803 from the near completion of the Skills Center and Resident Hall project.

Columbia Gorge Community College
Management's Discussion and Analysis
June 30, 2021

	2021	(as restated) 2020	Increase (Decrease)	Change %
Current Assets				
Cash and cash equivalents	\$ 4,482,649	\$ 9,721,153	\$ (5,238,504)	-53.9%
Other assets	2,586,542	1,326,204	1,260,338	95.0%
Total current assets	<u>7,069,191</u>	<u>11,047,357</u>	<u>(3,978,166)</u>	-36.0%
Noncurrent Assets				
Net OPEB asset	90,870	88,655	2,215	2.5%
Capital assets, net	39,204,929	27,464,126	11,740,803	42.7%
Total noncurrent assets	<u>39,295,799</u>	<u>27,552,781</u>	<u>11,743,018</u>	42.6%
Total assets	<u>46,364,990</u>	<u>38,600,138</u>	<u>7,764,852</u>	20.1%
Deferred Outflows Of Resources				
Pension, OPEB and refunding	<u>3,431,110</u>	<u>3,025,278</u>	<u>405,832</u>	13.4%
Liabilities				
Current liabilities	5,952,667	3,133,444	2,819,223	90.0%
Noncurrent liabilities	26,840,525	26,423,052	417,473	1.6%
Total liabilities	<u>32,793,192</u>	<u>29,556,496</u>	<u>3,236,696</u>	11.0%
Deferred Inflows Of Resources				
Pension and OPEB	<u>808,067</u>	<u>1,034,333</u>	<u>(226,266)</u>	-21.9%
Net Position				
Net investment in capital assets	21,085,438	17,712,672	3,372,766	19.0%
Restricted for				
Debt service	281,596	793,083	(511,487)	-64.5%
Capital projects	34,300	30,461	3,839	100.0%
Educational programs	605,669	424,443	181,226	42.7%
Unrestricted	<u>(5,812,162)</u>	<u>(7,926,072)</u>	<u>2,113,910</u>	-26.7%
Total net position	<u>\$ 16,194,841</u>	<u>\$ 11,034,587</u>	<u>\$ 5,160,254</u>	46.8%

Current Assets

Current assets of \$7,069,191 were more than sufficient to cover current liabilities of \$5,952,667. This represents a current ratio of 1.19 as compared to 3.53 in the prior year. Cash and cash equivalents decreased by \$5,238,504 to \$4,482,649 as compared to \$9,721,153 in the prior year due primarily to an increase in the use of cash for the Skills Center and Resident Hall project 2019 GO bonds and the decrease in cash used by operating activities. Other current assets increased by \$1,260,338 primarily due to an increase in state and local contributions. The overall decrease of current assets of \$3,978,166 is due primarily to the increase in the use of cash to complete construction of the Skills Center and Residents Hall project.

Noncurrent Assets

The College's noncurrent assets increased by \$11,743,018 to \$39,295,799 due primarily to near completion of the Skills Center and Resident Hall project. Detailed changes to capital assets are shown in Note 5 of the Notes to Basic Financial Statements.

Deferred Outflows of Resources

The total deferred outflows of resources increased by \$405,832 to \$3,431,110 from 2020, an increase of 13.4%.

Current Liabilities

The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes, unearned revenue, and the current portion of bonds and notes payable. Current liabilities increased by \$2,819,223 to \$5,952,667. This was primarily due to increases in accounts payable, interest payable and the current portion of bonds and notes payable.

Noncurrent Liabilities

Noncurrent liabilities consist of bonds and notes payable less the current portions of specific obligations, the Pre-SLGRP pooled liability, compensated absences, and the net pension and total OPEB liabilities. Noncurrent liabilities increased by \$417,473 to \$26,840,525 due primarily to an increase in pension and OPEB liabilities.

Deferred inflows of resources have decreased by \$226,266 from \$1,034,333 to \$808,067. This is mainly due to changes in pension related deferrals.

Net Position

Total net position increased by \$5,160,254 to \$16,194,841, an increase of 46.8% from the prior year. Within net position, the net investment in capital assets is \$21,085,438, an increase of \$3,372,766 as compared to the prior year due to recording the capital projects. The deficit in unrestricted net position decreased by \$2,113,910 to (\$5,812,162).

Revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020:

	2021	(as restated) 2020	Increase (Decrease)	Change %
Operating revenues	\$ 5,588,629	\$ 4,608,356	\$ 980,273	21.3%
Operating expenses	14,306,664	13,748,350	558,314	4.1%
Operating loss	(8,718,035)	(9,139,994)	421,959	-4.6%
Nonoperating revenues, net	7,622,066	8,511,677	(889,611)	-10.5%
Capital contributions	6,256,223	659,662	5,596,561	848.4%
Changes In Net Position	<u>\$ 5,160,254</u>	<u>\$ 31,345</u>	<u>\$ 5,128,909</u>	16362.8%

Operating Revenues

The sources of operating revenue for the College are tuition and fees, federal, state, and local grants, bookstore sales, and other operating revenue. Tuition and fees, which include amounts paid for educational purposes, increased by \$406,237 or 20.0% to \$2,441,643, which represents 43.7% of operating revenue. Operating revenue from federal grants increased by 55.9% from \$1,122,307 to \$1,749,152, which represents 31.3% of operating revenue. Operating revenue from state and local grants increased by 36.9% from \$762,943 to \$1,044,167, which represents 18.7% of operating revenue. Operating revenue from auxiliary enterprises decreased by 88.2% from \$94,227 to \$11,095, primarily due to operational closures and changes to operations in response to the COVID-19 pandemic. Operating revenues increased by 21.3% as compared to 2020.

Operating Expenses

Operating expenses increased by 4.1% to \$14,306,664 for the 2021 fiscal year. Instruction expenses are the largest percentage of operating expenses at 35% of the total. Academic support expenses represent 7.8% of total operating expenses. Institutional support expenses, student services expenses and scholarship expenses represent 22.4%, 8.5% and 9.4% of total operating expenses, respectively.

Nonoperating Revenues (net) and Capital Contributions

Net nonoperating revenues decreased overall by \$889,611 to \$7,622,066, a decrease of 10.5% as compared to 2020, primarily due to decreases in state support. The College received an additional \$5.6 million in funding from State Construction Aid causing capital contribution revenue to increase over 2020. Regular funding from the State Appropriation decreased by \$1.1 million this year because the College only received 3 payments in 2021 and 5 payments in 2020. The net impact of funding from the State is an increase of \$4.5 million.

The following table shows the statements of cash flows at June 30, 2021 and 2020:

	2021	2020*	Increase (Decrease) in Cash	Change %
Cash Provided by (Used for)				
Operating activities	\$ (7,611,771)	\$ (6,660,158)	\$ (951,613)	14.3%
Noncapital financing activities	7,904,334	9,839,483	(1,935,149)	-19.7%
Capital financing activities	(5,605,537)	(3,185,307)	(2,420,230)	76.0%
Investing activities	74,470	249,025	(174,555)	-70.1%
Net Change In Cash And Cash Equivalents	(5,238,504)	243,043	(5,481,547)	-2255.4%
Cash and Cash Equivalents, Beginning of Year	9,721,153	9,478,110	243,043	
Cash and Cash Equivalents, End of Year	<u>\$ 4,482,649</u>	<u>\$ 9,721,153</u>	<u>\$ (5,238,504)</u>	-53.9%

*2020 totals have not been adjusted to reflect the impact of the prior period restatement. See Note 14 for additional information.

Operating Activities

The College's major sources of cash included in operating activities were tuition and fees collected and operating grants of \$4,582,261, and other operating revenue of \$354,438 for auxiliary enterprise charges. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid and scholarships, totaling \$12,548,470. The net increase in cash used for operating activities over the previous year of \$951,613 was a result of a decrease in cash received from tuition and fees and grants and aid from the previous year and an increase in cash used for payments to suppliers.

Noncapital Financing Activities

State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled \$7,904,334 primarily from cash received from state support and FTE reimbursement of \$3,808,407, cash from property taxes of \$2,930,350, and cash received for grants of \$1,298,259. 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 decreased 19.7% or \$1,935,149 over the prior year. Cash received from state appropriations decreased by \$2 million due to the state funding model.

Capital Financing and Related Activities

The capital financing uses of cash were principal payments of \$1,569,706 and interest payments of \$469,340. Capital asset purchases totaled \$11,122,714 for the current year which was offset by a capital contribution from the state of \$6,256,223. The net cash used for capital and related activities increased by \$2,420,230 or 76.0% from the previous year primarily due to the purchase of capital assets. Principal paid on long-term debt increased by \$167,706 and interest paid on long-term debt increased by \$257,893.

Investing Activities

Earnings on investments decreased by \$174,555 to \$74,470 from earnings on funds in the cash, cash equivalents and investment accounts.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2021 amounts to \$39,204,929 net of accumulated depreciation. Capital assets include land, buildings, and improvements, and furniture, equipment, and machinery. Additions to construction in progress in 2021 were \$12,268,388 for the Skills Center and Residence Hall with completion in the fall of 2021. Additional information on the College's capital assets can be found in Note 5 of this report.

Debt Administration

As of June 30, 2021, the College had total debt outstanding of \$19,344,777, including \$7,475,000 series 2019 full faith and credit outstanding general obligation bonds and \$531,776 bond premium; the \$6,335,000 series 2012 outstanding general obligation refunding bonds and \$346,338 bond premium; the \$2,380,663 in outstanding pension obligation bond series 2003; the \$776,000 in the outstanding full faith and credit financing agreement for the purchase of the Hood River property; and the \$1,500,000 Port of The Dalles Note. Decreases to the total debt outstanding of \$1,799,762 were from an adjustment to the general obligation bonds and current year payments and amortization of bond premiums which was offset by increases from the new \$1,300,000 note issued in 2020. All debt service payments were made on time.

Additional information on the College's bonds payable can be found in Note 8 of this report.

Economic Factors and Next Year's Operations

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

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

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

The College budget for 2021-22 represents a quantitative expression of the mission of the College, providing for the highest quality of education and/or training possible while maintaining costs at a reasonable level. There are some challenges impacting the College's fiscal planning:

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

In the 2021-22 budget, you will find alignment with our College mission of "building dreams and transforming lives by providing lifelong educational programs that strengthen our community." Through innovative restructuring and repurposing of resources, the College is well-positioned to begin offering new programs to better serve local industry partners and students within our service areas, as well as the outlying rural areas. Achieving financial stability will be a focus through an increase in enrollment and the enhancement of alternate revenue streams that have not been effectively utilized in the past. These are crucial focal points in order to offset the rising costs of unfunded mandates and challenges we are facing, as referenced in the bullets above.

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

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

Requests for Information

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

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

Columbia Gorge Community College
Statement of Net Position
June 30, 2021

	Primary Government	Component Unit
Assets And Deferred Outflows Of Resources		
Current Assets		
Cash and cash equivalents	\$ 4,482,649	\$ 602,414
Investments	-	2,385,021
Receivables, net of allowance for doubtful accounts of \$746,597	2,368,992	-
Inventories and other current assets	217,550	-
Total current assets	7,069,191	2,987,435
Noncurrent Assets		
Net OPEB asset	90,870	-
Capital asset not being depreciated	15,828,192	-
Depreciable capital assets, net of depreciation	23,376,737	-
Total noncurrent assets	39,295,799	-
Total assets	46,364,990	2,987,435
Deferred Outflows Of Resources		
Deferred charge on refunding	494,439	-
OPEB related deferrals	276,413	-
Pension related deferrals	2,660,258	-
Total deferred outflows of resources	3,431,110	-

Columbia Gorge Community College
Statement of Net Position
June 30, 2021

	<u>Primary Government</u>	<u>Component Unit</u>
Liabilities, Deferred Inflows Of Resources, And Net Position		
Current Liabilities		
Accounts payable	1,856,146	665
Accrued payroll and taxes	601,310	-
Advanced revenue	844,160	-
Interest payable	100,670	-
Bonds and notes payable	2,550,381	-
Total current liabilities	<u>5,952,667</u>	<u>665</u>
Noncurrent Liabilities		
Compensated absences liability	256,070	-
Pre-SLGRP pooled liability	437,886	-
Total OPEB liability	473,886	-
Net pension liability	8,878,287	-
Bonds and notes payable, net of current portion	16,794,396	-
Total noncurrent liabilities	<u>26,840,525</u>	<u>-</u>
Total liabilities	<u>32,793,192</u>	<u>665</u>
Deferred Inflow Of Resources		
Pension related deferrals	786,755	-
OPEB related deferrals	21,312	-
Total deferred inflows of resources	<u>808,067</u>	<u>-</u>
Net Position		
Net investment in capital assets	21,085,438	-
Restricted for		
Debt service	281,596	-
Capital projects	34,300	-
Educational programs	605,669	-
Foundation activities	-	2,021,585
Unrestricted	(5,812,162)	965,184
Total net position	<u>\$ 16,194,841</u>	<u>\$ 2,986,769</u>

Columbia Gorge Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021

	Primary Government	Component Unit
Operating Revenues		
Tuition and fees, net of \$765,969 scholarship allowance	\$ 2,441,643	\$ -
Grants		
Federal	1,749,152	-
State and local	1,044,167	-
Auxiliary enterprises	11,095	-
Other	342,572	-
Donations	-	269,206
Total operating revenues	<u>5,588,629</u>	<u>269,206</u>
Operating Expenses		
Instruction	5,022,205	-
Academic support	1,112,583	-
Student services	1,217,651	-
Public services	446,618	-
Institutional support	3,209,926	-
Scholarships	1,350,101	-
Plant operations	699,735	-
Auxiliary enterprises	340,934	-
Depreciation	906,911	-
Foundation operating expense	-	190,892
Total operating expenses	<u>14,306,664</u>	<u>190,892</u>
Operating Income (Loss)	<u>(8,718,035)</u>	<u>78,314</u>
Nonoperating Revenues (Expenses)		
State support	3,808,407	-
Property taxes	2,915,558	-
Grants	1,324,047	-
Interest income	74,470	-
Investment income, net of expenses	-	489,968
Lease income	239,451	-
Interest expense	(750,454)	-
Other	10,587	-
Total nonoperating revenues (expenses)	<u>7,622,066</u>	<u>489,968</u>
Net Income (Loss) Before Capital Contributions	(1,095,969)	568,282
Capital Contributions	<u>6,256,223</u>	<u>-</u>
Change in Net Position	<u>5,160,254</u>	<u>568,282</u>
Net Position, Beginning Of Year, As Reported	10,779,761	2,418,487
Correction of Error (See Note 14)	254,826	-
Net Position, Beginning Of Year, As Restated	<u>11,034,587</u>	<u>2,418,487</u>
Net Position, End Of Year	<u>\$ 16,194,841</u>	<u>\$ 2,986,769</u>

Columbia Gorge Community College

Statement of Cash Flows

Year Ended June 30, 2021

Operating Activities	
Tuition and fees collected	\$ 2,371,595
Grants collected	2,210,666
Auxiliary enterprise charges collected	354,438
Payments to employees	(8,376,673)
Payments to suppliers	(2,648,889)
Payments for financial aid and scholarships	<u>(1,522,908)</u>
Net cash used for operating activities	<u>(7,611,771)</u>
Noncapital Financing Activities	
State support	3,808,407
Property taxes	2,930,350
Grants	1,298,259
Leases and other	250,038
Principal paid on noncapital debt	(280,000)
Interest paid on noncapital debt	<u>(102,720)</u>
Net cash provided by noncapital financing activities	<u>7,904,334</u>
Capital And Related Financing Activities	
State capital aid received	6,256,223
Purchase of capital assets	(11,122,714)
Proceeds from capital debt	1,300,000
Principal paid on capital debt	(1,569,706)
Interest paid on capital debt	<u>(469,340)</u>
Net cash used for capital and related financing activities	<u>(5,605,537)</u>
Investing Activities	
Interest income	<u>74,470</u>
Net Change in Cash and Cash Equivalents	(5,238,504)
Cash And Cash Equivalents, Beginning Of Year	<u>9,721,153</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 4,482,649</u>

Columbia Gorge Community College

Statement of Cash Flows

Year Ended June 30, 2021

Reconciliation Of Operating Loss To Net Cash Used For Operating Activities	
Operating loss	\$ (8,718,035)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	906,911
Changes in pensions and OPEB	959,678
Changes in operating assets and liabilities	
Receivables	(1,157,367)
Inventories and other current assets	(103,333)
Accounts payable and accrued liabilities	32,775
Unearned revenue	505,437
Pre-SLGRP pooled liability	(83,477)
Compensated absences	45,640
	<u>45,640</u>
Net cash used for operating activities	<u>\$ (7,611,771)</u>
Noncash Transactions	
Accretion of interest on capital appreciation bonds	\$ 49,944
Amortization of debt premium	\$ 109,706
Capital assets purchased through accounts payable	\$ 1,525,000

Note 1 - Principal Business Activity and Significant Accounting Policies

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

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

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

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

Discretely Presented Component Unit

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

As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), the College includes one discretely presented component unit in its financial statements: the Columbia Gorge Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation's audit was performed in conjunction with the College's audit for the fiscal year ended June 30, 2021.

Basis of Presentation

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

Basis of Accounting

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

Cash and Cash Equivalents

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

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

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

Building and building improvements	20–50 years
Furniture, equipment, and machinery	5–20 years
Software	3–5 years
Land improvements	10–25 years

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences

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

Deferred Outflows/Inflows of Resources

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

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

Advanced Revenue

Summer term tuition and fees are collected in part in the months of May and June; however, the revenue and expense of summer term is reflected in the budget for the following fiscal year when it will be earned. Due to this timing difference, for summer term tuition and fees collected before June 30, advanced revenue has been recorded to account for tuition and fees to be recognized as revenue in the month of July.

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

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

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

Bonds Payable

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

Pension

Eligible College employees are participants in the Oregon Public Employee Retirement System OPERS. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS

and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Obligation

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

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

Net Position

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

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

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

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

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

Classification of Revenues and Expenses

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

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

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

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

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

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

Federal Financial Assistance Programs

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

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

Scholarship Allowances

Certain aid such as loans and funds provided to students as awarded by others is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Tuition and fees are shown net of scholarship allowances of \$765,969 for the year ended June 30, 2021.

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

Use of Estimates

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

Note 2 - Stewardship, Compliance and Accountability

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

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

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

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

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

	<u>Amount</u>
Bookstore Enterprise Fund - Materials and Services	\$ 52,666

Note 3 - Cash, Cash Equivalents and Investments

The College's cash and cash equivalents are comprised of the following at June 30, 2021:

Primary Government	
Cash and cash equivalents	
Cash on hand	\$ 3,396
Deposits with financial institutions	293,341
Oregon Local Government Investment Pool	4,183,774
Cash with PERS obligation bond paying agent	<u>2,138</u>
Total cash and cash equivalents	<u>\$ 4,482,649</u>

Deposits with Financial Institutions

On June 30, 2021, the College held a \$293,341 book balance in demand deposits with a bank balance of \$400,052. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where balances exceed the Federal Deposit Insurance Corporation (FDIC) amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon State Treasury in the Public Funds Collateralization Program (PFCP).

Investments

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

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2021. The LGIP seeks to exchange shares at \$1.00 per share; and investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments of \$1.00 per share, it is possible to lose money by investing in the pool. The College intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis. At June 30, 2021, the College held deposits of \$4,183,774 in the LGIP.

Fair Value Hierarchy

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

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

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

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

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

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The Oregon Local Investment Pool is measured at net present value, which is excluded from the fair value measurement hierarchy.

Interest Rate Risk

ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The College does not have an interest rate risk policy. With all College investments held with Oregon LGIP as of June 30, 2021, 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, 2021, the College is in compliance with these ORS statutes.

Custodial Credit Risk

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The College does not have an investment policy for custodial credit risk. As of June 30, 2021, 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.

Custodial Credit Risk

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The College does not have an investment policy for custodial credit risk. As of June 30, 2021, 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, 2021, all College investments were held with Oregon LGIP.

Note 4 - Receivables

Receivables at June 30, 2021, consist of the following:

Grants and other agencies	\$ 2,181,923
Student	770,273
Property taxes	163,393
	3,115,589
Allowance for doubtful accounts	(746,597)
	\$ 2,368,992

Note 5 - Capital Assets

	(as restated) Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 2,310,510	\$ -	\$ -	\$ 2,310,510
Construction in progress	1,249,294	12,268,388	-	13,517,682
	3,559,804	12,268,388	-	15,828,192
Total capital assets not being depreciated	3,559,804	12,268,388	-	15,828,192
Depreciable capital assets:				
Building and improvements	34,405,214	-	-	34,405,214
Furniture, equipment, and machinery	2,068,928	27,847	(264,753)	1,832,022
Intangible - software	254,826	351,479	-	606,305
	36,728,968	379,326	(264,753)	36,843,541
Total capital assets being depreciated	36,728,968	379,326	(264,753)	36,843,541
	40,288,772	12,647,714	(264,753)	52,671,733
Total capital assets	40,288,772	12,647,714	(264,753)	52,671,733

	(as restated) Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Less accumulated depreciation for:				
Building and improvements	(11,102,940)	(787,558)	-	(11,890,498)
Furniture, equipment, and machinery	(1,721,706)	(119,353)	264,753	(1,576,306)
 Total accumulated depreciation	 (12,824,646)	 (906,911)	 264,753	 (13,466,804)
 Total depreciable capital assets, net of depreciation	 23,904,322	 (527,585)	 -	 23,376,737
 Total capital assets, net	 \$ 27,464,126	 \$ 11,740,803	 \$ -	 \$ 39,204,929

The College, as lessor, leases 9% of its building space totaling \$3,096,469 with accumulated depreciation of \$127,977 as of June 30, 2021. See Note 7 for further information.

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

This pre-SLGRP liability amount is the difference between the total unfunded actuarial liability (UAL) and the UAL attributable to the SLGRP for the employers that have joined the rate pool. The liability that existed prior to the College joining the rate pool is the sole responsibility of the College and is separate from the pooled PERS pension liability amount. At June 30, 2021, the College reported a liability of \$437,886 for its proportionate share of the pre-SLGRP liability. The College is being assessed an employer contribution rate of 1.71 percent of covered payroll for payment of this transition liability.

Note 7 - Leases

Leases as Lessor

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

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

Leases as Lessee

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

The College has also entered into service agreements to lease printing equipment along with a SAN maintenance agreement. The total lease expense for the year ending June 30, 2021 is approximately \$64,530.

Note 8 - Bonds and Note Payable

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

	Original Amount	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Due in One Year
Bonds Payable						
General Obligation Refunding						
Bonds, Series 2012						
Principal	\$ 13,790,000	\$ 7,695,000	\$ -	\$ (1,360,000)	\$ 6,335,000	\$ 1,440,000
Bond Premium	1,125,553	432,923	-	(86,585)	346,338	-
Pension Obligation Bonds						
Series 2003 Original Issue	3,570,327	2,610,719	49,944	(280,000)	2,380,663	282,147
Full Faith and Credit Obligations						
Series, 2019						
Principal	7,475,000	7,475,000	-	-	7,475,000	205,000
Bond Premium	462,581	554,897	-	(23,121)	531,776	-
Full Faith and Credit Obligations						
Series 2013 Original Issue	1,500,000	876,000	-	(100,000)	776,000	103,000
Total bonds payable	<u>27,923,461</u>	<u>19,644,539</u>	<u>49,944</u>	<u>(1,849,706)</u>	<u>17,844,777</u>	<u>2,030,147</u>
Port of the Dalles Note	<u>1,500,000</u>	<u>200,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,500,000</u>	<u>520,234</u>
Total	<u>\$ 29,423,461</u>	<u>\$ 19,844,539</u>	<u>\$ 1,349,944</u>	<u>\$ (1,849,706)</u>	<u>\$ 19,344,777</u>	<u>\$ 2,550,381</u>

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

Year Ending June 30,	General Obligation Refunding Bonds, Series 2012		Pension Obligation Bonds, Series 2003		FFC Obligations, Series 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,440,000	\$ 221,150	\$ 282,147	\$ 102,720	\$ 205,000	\$ 294,800
2023	1,530,000	173,550	278,516	102,720	215,000	288,650
2024	1,630,000	121,450	335,000	102,720	220,000	282,200
2025	1,735,000	59,200	375,000	83,759	230,000	273,400
2026	-	-	420,000	62,496	240,000	264,200
2027-31	-	-	690,000	51,240	1,350,000	1,169,000
2032-36	-	-	-	-	1,635,000	877,600
2037-41	-	-	-	-	1,985,000	523,800
2042-45	-	-	-	-	1,395,000	113,200
Total	<u>\$ 6,335,000</u>	<u>\$ 575,350</u>	<u>\$ 2,380,663</u>	<u>\$ 505,655</u>	<u>\$ 7,475,000</u>	<u>\$ 4,086,850</u>

Year Ending June 30,	FFC Obligations, Series 2013		Total		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 103,000	\$ 21,422	\$ 2,030,147	\$ 640,092	\$ 520,234	\$ 52,745
2023	105,000	18,590	2,128,516	583,510	531,442	34,537
2024	108,000	15,703	2,293,000	522,073	448,324	15,691
2025	111,000	12,733	2,451,000	429,092	-	-
2026	114,000	9,680	774,000	336,376	-	-
2027-31	235,000	9,872	2,275,000	1,230,112	-	-
2032-36	-	-	1,635,000	877,600	-	-
2037-41	-	-	1,985,000	523,800	-	-
2042-45	-	-	1,395,000	113,200	-	-
Total	<u>\$ 776,000</u>	<u>\$ 88,000</u>	<u>\$ 16,966,663</u>	<u>\$ 5,255,855</u>	<u>\$ 1,500,000</u>	<u>\$ 102,973</u>

General Obligation Bond Issue

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

Pension Obligation Bond Issue

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

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

Full Faith and Credit Financing Agreements

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

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

Port of the Dalles Promissory Note

In 2019, the College Board approve entering into a \$1,500,000 intergovernmental loan agreement with the Port of the Dalles. In support of the Skills Center and Resident Hall capital project, the Port of the Dalles authorized a financial package to the College for a loan of up to \$1,500,000 at 3.5% annual interest to be paid in full with interest no later than three years from the March 29, 2019 loan signature date. As of June 30, 2021, the College has drawn \$1,500,000 against the loan. The note and repayment schedule were updated on June 30, 2021, with the final payment due on June 30, 2024.

Note 9 - Pension Plans

Defined Benefit Pension Plan

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003 and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program and the Individual Account Program.

The Pension Program is the defined benefit portion of the plan which applies to qualifying College Employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. The Individual Account Program (IAP), the defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

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

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, Chapter 238A, and Internal Revenue Code Section 401 (a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board as a governing body of PERS. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: <http://www.oregon.gov/pers/pages/index.aspx>. If the link is expired, please contact Oregon PERS for this information.

Benefits Provided

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020, and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance of he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a particular employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 year of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided 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.

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.

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

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

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020, and will be indexed with inflation in later years.

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

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit, and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

An OPSRP Individual Account Program (IAP)

Pension Benefits. member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date of active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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

Contributions. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2019. 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, 2021 were \$749,065, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021, were 17.72 percent for Tier One/Tier Two General Service Members and 11.69 percent for OPSRP Pension Program General Service Members. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Pension plan ACFR. 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, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

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

Actuarial methods and assumptions –

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience Study Report	2018, Published July 24, 2019
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund of Funds - Events-Driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.09%	3.79%
Total	100.00%	
Assumed Inflation - Mean		2.50%

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

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

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

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Proportionate share of the net pension liability (asset)	\$ 13,183,521	\$ 8,878,287	\$ 5,268,146

Determination of the College's proportionate share. The College's actuarially determined proportionate share of the plan amounts was 0.0407 percent for the fiscal year ended June 30, 2020 (measurement date) which was a decrease of 0.068 percent from its proportion measured as of June 30, 2019. The College's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2018) to the measurement date of June 30, 2020 and subtracting the plan's net position as of June 30, 2019.

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, 2021, the College reported a payable of \$104,581 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2021.

Pension Expense, Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the College recognized a net pension liability of \$8,878,287 and a pension expense of approximately \$979,046. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 390,752	\$ -
Changes in assumptions	476,470	16,695
Net difference between projected and actual earnings on pension plan investments	1,043,971	-
Changes in proportionate share	-	394,088
Differences between employer contributions and proportionate share of system contributions	-	375,972
Contributions subsequent to the measurement date	749,065	-
Total	<u>\$ 2,660,258</u>	<u>\$ 786,755</u>

The \$749,065 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Deferred outflows of resources will be recognized as pension expense. Pension related amounts will be recognized in future periods as follows:

<u>Years Ending June 30,</u>	
2022	\$ 91,900
2023	361,332
2024	391,281
2025	290,912
2026	<u>(10,987)</u>
	<u>\$ 1,124,438</u>

Note 10 - Other Postemployment Benefit Plans (OPEB)

Multiple Employer Plan

Plan Description and Administration

The College is a participating College in the Oregon Educators Benefit Board (OEBB) health care plan that provides postemployment health, dental, vision, and prescription coverage benefits to eligible employees and their eligible dependents. This plan is not a stand-alone plan, and therefore, does not issue its own financial statements.

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

Plan Membership

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

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

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

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

Contributions. For the year ended June 30, 2021, the College retirees paid 100% of their insurance premium costs.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, The College reported a total OPEB liability of \$473,886. The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. For the year ended June 30, 2021, the College recognized OPEB expense offset of \$4,876. At June 30, 2021, the College reported deferred outflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Changes of assumptions or inputs	\$ 22,385	\$ 6,686
Differences between expected and actual experience	147,809	-
Contributions subsequent to the measurement date	94,114	-
	<u>264,308</u>	<u>6,686</u>
Total	<u>\$ 264,308</u>	<u>\$ 6,686</u>

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

<u>Years Ending June 30,</u>	
2022	\$ 29,312
2023	29,312
2024	29,962
2025	31,212
2026	31,621
Thereafter	<u>12,089</u>
	<u>\$ 163,508</u>

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

Discount rate:	2.21%
Valuation date:	July 1, 2019
Measurement date:	June 30, 2020
Inflation:	2.5%
Salary increases:	3.50%
Withdrawal, retirement, and mortality rates:	December 31, 2018 Oregon PERS valuation
Election and lapse rates:	40% of eligible employees, 60% of male members and 35% of female members will elect spouse coverage, 5% lapse rate
Actuarial cost method:	Entry age normal

Change in Total OPEB Liability

Multiple Employer Plan:	Increase (Decrease) in Total OPEB Liability
Balance as of June 30, 2020	<u>\$ 491,558</u>
Changes for the year:	
Service cost	42,896
Interest on total OPEB liability	17,030
Changes in assumptions or other inputs	19,021
Benefit payments	<u>(96,619)</u>
Net changes	<u>(17,672)</u>
Balance as of June 30, 2021	<u>\$ 473,886</u>

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 493,964	\$ 473,886	\$ 454,832

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

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 445,900	\$ 473,886	\$ 506,738

Retirement Health Insurance Account (RHIA)

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

Benefits Provided

Eligible PERS members can receive a payment of up to \$60 from RHIA toward the monthly cost of health insurance. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The plan was closed to new entrants hired on or after August 29, 2003.

Funding Policy and Contributions

PERS funding policy provides for monthly employer contributions at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$636. The rates in effect for the fiscal year ended June 30, 2021 were 0.06% for Tier One/Tier Two General Service Members and 0% for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

Actuarial Methods and Assumptions. The net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience Study Report	2018, Published July 24, 2019
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

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

Long-Term Expected Rate of Return (RHIA). To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of turn for each major asset class, calculated using both arithmetic and geometric means, refer to the asset allocation disclosed in Note 9 or see PERS' audited financial statements at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

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

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

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

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

OPEB Asset, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB (RHIA). At June 30, 2020, the College reported an asset of \$90,870 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The College's proportion of the net OPEB asset was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the College's proportion was 0.0446%, which was a decrease of 0.001% from its proportion measured as of June 30, 2020.

At June 30, 2021, the College reported deferred outflow of resources and deferred inflow of resources related to pensions from the sources identified in the following table:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Differences between expected and actual experience	\$ -	\$ 9,290
Changes of assumptions	-	4,830
Net difference between projected and actual earnings on investment	10,105	-
Changes in proportionate share	1,364	506
Contributions subsequent to measurement date	636	-
Total	<u>\$ 12,105</u>	<u>\$ 14,626</u>

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

<u>Years Ending June 30,</u>	
2022	\$ (8,778)
2023	(1,302)
2024	3,736
2025	<u>3,187</u>
	<u>\$ (3,157)</u>

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB Asset	\$ (73,362)	\$ (90,870)	\$ (105,840)

Note 11 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions; injuries to employees and natural disasters. The College is insured for the physical damage to vehicles and carries insurance for all risks of loss, including general and auto liability, property insurance, crime coverage, equipment breakdown coverage, and workers' compensation. General liability insurance generally covers casualty losses with a loss limit of \$20 million per occurrence and a \$30 million aggregate loss limit. The College's property insurance and equipment breakdown total loss limit is approximately \$85,393,003 with a \$10,000 property deductible, except for mobile equipment, which has a deductible of \$1,000. Auto liability is the same as general liability with \$100 comprehensive and \$500 collision deductible. Earthquake and flood coverage has a loss limit of \$20 million. Crime coverage has a loss limit of \$250,000. Workers' compensation insurance provides statutory coverage and \$1 million employer's liability coverage. There was no significant reduction in the College's insurance coverage during the year ended June 30, 2021, and no insurance settlement exceeded insurance coverage for the past three years.

Note 12 - Commitments and Contingencies

In 2019, the College Board approve entering into a \$1,500,000 intergovernmental loan agreement with the Port of the Dalles. In support of the Skills Center and Resident Hall capital project, the Port of the Dalles authorized a financial package to the College for a loan of \$1,500,000 at 3.5% annual interest to be paid in full, with interest, not later than three years from the March 29, 2019 loan signature date. As of June 30, 2021, the College has received \$1,500,000 against the loan.

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

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

Cash and cash equivalents consist of cash held in checking and money market with original maturities of less than 90 days, which are neither held for nor restricted by donors for long-term purposes. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At times, amounts on deposit may exceed insured limits.

The Foundation's cash and cash equivalents are comprised of the following at June 30, 2021:

Component Unit	
Cash and cash equivalents	
Deposits with financial institutions and investments in overnight sweep accounts	\$ 602,414
Total cash and cash equivalents component unit	<u>\$ 602,414</u>

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of revenues, expenses and changes in net position and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation maintains investment balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$500,000. At June 30, 2021, the Foundation had investment balances, including cash equivalents, held in brokerage firms in excess of SIPC in the amount of \$2,395,162.

Donor Designated Endowments

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	With Donor Restrictions
Balance at July 1, 2020	\$ 1,953,557
Investment income	11,051
Investment appreciation	460,054
Amounts appropriated for expenditures	<u>(29,500)</u>
Endowment net assets, June 30, 2021	<u>\$ 2,395,162</u>

Note 14 - Restatement of the Prior Year Net Position

The College's beginning net position has been restated as of July 1, 2020. The College restated the beginning net position to correct a material misstatement in the capital assets for software implementation costs that were improperly expense when they should have been capitalized in accordance with GASB Codification Section 1400: Reporting Capital Assets.

Net Position - Beginning	\$ 10,779,761
Restatement of the College's net position due to correction of material misstatements in the previously issued financial statements:	
Understatement of capital assets	<u>254,826</u>
Net Position - Beginning, as restated	<u><u>\$ 11,034,587</u></u>



Required Supplementary Information
June 30, 2021

Columbia Gorge Community College

Columbia Gorge Community College
Schedule of Total OPEB Liability
June 30, 2021

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

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

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

Columbia Gorge Community College
Schedule of Net OPEB Asset - RHIA
June 30, 2021

	Reported as of the measurement date of June 30,			
	2020	2019	2018	2017
College's proportionate share of the net OPEB asset	\$ (90,870)	\$ (88,655)	\$ (49,242)	\$ (19,537)
College's proportionate share at measurement date	0.04460%	0.04588%	0.04411%	0.04681%
College's covered payroll	\$ 5,951,176	\$ 5,200,614	\$ 5,541,426	\$ 5,501,994
College's proportionate share of the net OPEB asset as a percentage of its covered payroll	1.5%	1.7%	0.9%	0.4%
RHIA Plan fiduciary net position as a percentage of the total OPEB asset	150.1%	124.0%	124.0%	108.9%

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

Columbia Gorge Community College
 Schedule of the College's Contributions - RHIA
 June 30, 2021

	Reported as of the fiscal year-end date of June 30,			
	2021	2020	2019	2018
Contractually required contributions	\$ 636	\$ 3,185	\$ 22,739	\$ 21,360
Contributions in relation to the contractually required contribution	(636)	(3,185)	(22,739)	(21,360)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 5,904,291	\$ 5,951,176	\$ 5,200,614	\$ 5,541,426
Contributions as a percentage of covered payroll	0.01%	0.05%	0.44%	0.39%

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

Columbia Gorge Community College
 Schedule of the College's Proportionate Share of the Net Pension Liability Contributions – OPERS
 Oregon Public Employees Retirement System
 June 30, 2021

As of the Measurement Date of June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2020	0.04068234%	\$ 8,878,287	\$ 5,951,176	149.19%	75.80%
2019	0.04129482%	7,143,015	5,200,614	137.35%	80.20%
2018	0.04243378%	6,428,159	5,541,426	116.00%	82.07%
2017	0.04270759%	5,756,999	5,501,994	104.63%	83.12%
2016	0.05359039%	8,045,162	4,311,800	186.58%	80.53%
2015	0.05487119%	3,150,408	5,350,895	58.88%	91.88%
2014	0.04866030%	(1,102,990)	5,251,319	-21.00%	103.60%

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

Columbia Gorge Community College
Schedule of the College Contributions – OPERS
Oregon Public Employees Retirement System
June 30, 2021

Fiscal Year Ended June 30,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2021	\$ 749,065	\$ 749,065	\$ -	\$ 5,904,291	12.69%
2020	751,750	751,750	-	5,951,176	12.63%
2019	671,111	671,111	-	5,200,614	12.90%
2018	544,313	544,313	-	5,541,426	9.82%
2017	463,803	463,803	-	5,501,994	8.43%
2016	402,001	402,001	-	4,311,800	9.32%
2015	496,715	496,715	-	5,350,895	9.28%

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



Supplementary Information
June 30, 2021

Columbia Gorge Community College

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

Measurement Focus and Basis of Accounting

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

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

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

Stewardship, Compliance, and Accountability

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

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

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

Description of Funds

The College has the following funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ 4,926,176	\$ 4,926,176	\$ 5,063,736	\$ 137,560
Local sources	1,192,764	1,192,764	1,269,865	77,101
Tuition	2,336,006	2,336,006	2,053,500	(282,506)
Instructional fees	955,100	955,100	949,709	(5,391)
Special fees	104,163	104,163	112,035	7,872
Other sources	129,966	129,966	42,597	(87,369)
Sales and services	9,200	9,200	2,159	(7,041)
Total revenues	9,653,375	9,653,375	9,493,601	(159,774)
Expenditures				
Instruction	3,647,864	3,749,797	3,812,853	(63,056)
Academic support	1,015,092	988,867	820,537	168,330
Student services	1,208,812	1,170,984	1,071,242	99,742
Institutional support	2,381,141	2,397,097	2,356,196	40,901
Financial aid	21,100	21,100	16,198	4,902
Plant operation and maintenance	890,706	878,137	853,775	24,362
Contingency	260,000	-	-	-
Debt service	24,173	-	-	-
Total expenditures	9,448,888	9,205,982	8,930,801	275,181
Excess (Deficiency) Of Revenue Over (Under) Expenditures	204,487	447,393	562,800	115,407
Other Financing Sources (Uses)				
Transfer from other funds	460,000	752,500	474,000	(278,500)
Transfer to other funds	(176,000)	(176,000)	(925,455)	(749,455)
Total other financing sources (uses)	284,000	576,500	(451,455)	(1,027,955)
Net Change In Fund Balance	488,487	1,023,893	111,345	(912,548)
Fund balance, Beginning of Year	1,007,594	1,007,594	1,689,766	682,172
Fund Balance, End of Year	\$ 1,496,081	\$ 2,031,487	\$ 1,801,111	\$ (230,376)

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Grant Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 967,933	\$ 4,116,970	\$ 1,460,322	\$ (2,656,648)
State sources	100,027	546,457	422,120	(124,337)
Tuition	25,894	76,993	36,915	(40,078)
Other sources	114,536	277,555	578,865	301,310
Total revenues	<u>1,208,390</u>	<u>5,017,975</u>	<u>2,498,222</u>	<u>(2,519,753)</u>
Expenditures				
Personnel services	700,100	1,155,539	1,183,573	(28,034)
Materials and services	345,767	1,321,295	1,159,102	162,193
Total expenditures	<u>1,045,867</u>	<u>2,476,834</u>	<u>2,342,675</u>	<u>134,159</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	162,523	2,541,141	155,547	(2,385,594)
Other Financing Sources (Uses)				
Transfer to other funds	(1,000)	-	-	-
Total other financing sources (uses)	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	161,523	2,541,141	155,547	(2,385,594)
Fund Balance, Beginning of Year	<u>238,240</u>	<u>348,299</u>	<u>424,443</u>	<u>76,144</u>
Fund Balance, End of Year	<u><u>\$ 399,763</u></u>	<u><u>\$ 2,889,440</u></u>	<u><u>579,990</u></u>	<u><u>\$ (2,309,450)</u></u>

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Internal Services Fund
 Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Materials and services	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer from other funds	-	-	-	-
Net Change In Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	2,294	-	-	-
Fund Balance, End of Year	<u>\$ 2,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and changes in Fund Balance
 Budget and Actual – Capital Projects Fund
 Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service				
Principal payments	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	-	-	-
Fund Balance, Beginning of Year	69,202	7,042	7,042	-
Fund Balance, End of Year	<u>\$ 69,202</u>	<u>\$ 7,042</u>	<u>\$ 7,042</u>	<u>\$ -</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Skills Center and Residence Hall Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ -	\$ 6,660,338	\$ 6,256,223	\$ (404,115)
Total revenues	-	6,660,338	6,256,223	(404,115)
Expenditures				
Personnel services	52,482	54,482	51,985	2,497
Materials and services	10,000,000	13,470,174	12,339,184	1,130,990
Total expenditures	10,052,482	13,524,656	12,391,169	1,133,487
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(10,052,482)	(6,864,318)	(6,134,946)	729,372
Fund Balance, Beginning of Year	13,666,360	6,864,318	6,864,318	-
Fund Balance, End of Year	<u>\$ 3,613,878</u>	<u>\$ -</u>	<u>\$ 729,372</u>	<u>\$ 729,372</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – College G.O. Bonds
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local sources	\$ 1,585,064	\$ 1,585,064	\$ 1,515,597	\$ (69,467)
Investment income	<u>11,676</u>	<u>11,676</u>	<u>5,182</u>	<u>(6,494)</u>
Total revenue	<u>1,596,740</u>	<u>1,596,740</u>	<u>1,520,779</u>	<u>(75,961)</u>
Expenditures				
Debt service				
Principal payments	1,490,037	1,360,000	1,360,000	-
Interest payments	<u>130,038</u>	<u>260,075</u>	<u>260,075</u>	<u>-</u>
Total expenditures	<u>1,620,075</u>	<u>1,620,075</u>	<u>1,620,075</u> *	<u>-</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(23,335)	(23,335)	(99,296)	(75,961)
Fund Balance, Beginning of Year	<u>169,433</u>	<u>(20,223)</u>	<u>36,258</u>	<u>56,481</u>
Fund Balance, End of Year	<u>\$ 146,098</u>	<u>\$ (43,558)</u>	<u>\$ (63,038)</u>	<u>\$ (19,480)</u>

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – Pension Bonds
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 238,924	\$ 238,924	\$ 214,522	\$ (24,402)
Investment income	-	-	19	19
Total revenue	<u>238,924</u>	<u>238,924</u>	<u>214,541</u>	<u>(24,383)</u>
Expenditures				
Debt service				
Principal payments	92,562	92,562	92,562	-
Interest payments	<u>290,157</u>	<u>290,157</u>	<u>290,157</u>	<u>-</u>
Total expenditures	<u>382,719</u>	<u>382,719</u>	<u>382,719</u> *	<u>-</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(143,795)	(143,795)	(168,178)	(24,383)
Fund Balance, Beginning of Year	<u>962,168</u>	<u>828,005</u>	<u>828,005</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 818,373</u></u>	<u><u>\$ 684,210</u></u>	<u><u>\$ 659,827</u></u>	<u><u>\$ (24,383)</u></u>

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Debt Service Fund – Full Faith and Credit Bonds
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ -	\$ -	\$ -
Investment income	50,000	59,774	60,678	904
Total revenue	50,000	59,774	60,678	904
Expenditures				
Debt service				
Principal payments	100,000	100,000	100,000	-
Interest payments	318,973	318,973	318,973	-
Total expenditures	418,973	418,973	418,973 *	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(368,973)	(359,199)	(358,295)	904
Other Financing Sources (Uses)				
Transfer from other funds	418,973	418,981	333,646	(85,335)
Fund Balance, Beginning of Year	175,000	24,649	24,649	-
Fund Balance, End of Year	\$ 225,000	\$ 84,431	\$ -	\$ (84,431)

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

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Reserve Fund – Facilities & Grounds Maintenance
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Materials and services	\$ -	\$ 16,640	\$ -	\$ 16,640
Capital outlay	-	6,780	-	6,780
Total expenditures	-	23,420	-	23,420
Excess Of Revenue Over (Under)				
Expenditures	-	(23,420)	-	(23,420)
Other Financing Source/Use				
Sale of capital asset	-	-	3,838	3,838
Net Change in Fund Balance	-	(23,420)	3,838	(19,582)
Fund Balance, Beginning of Year	147,260	23,419	23,419	-
Fund Balance, End of Year	\$ 147,260	\$ (1)	\$ 27,257	\$ (19,582)

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Reserve Fund – General Operations
 Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Materials and services	\$ 250,000	\$ 402,306	\$ 375,172	\$ 27,134
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(250,000)	(402,306)	(375,172)	27,134
Other Financing Use				
Transfer from other funds	-	378,100	375,000	(3,100)
Net Change In Fund Balance	(250,000)	(24,206)	(172)	24,034
Fund Balance, Beginning of Year	484,112	24,206	24,206	-
Fund Balance, End of Year	\$ 234,112	\$ -	\$ 24,034	\$ 24,034

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Reserve Fund – Skills Center/Housing
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Loan proceeds	\$ -	\$ 1,300,000	\$ 1,300,000	\$ -
Expenditures				
Materials and services	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	1,300,000	1,300,000	-
Other Financing Use				
Transfer to other funds	-	(608,808)	(523,473)	85,335
Net Change in Fund Balance	-	691,192	776,527	85,335
Fund Balance, Beginning of Year	1,160,980	-	-	-
Fund Balance, End of Year	<u>\$ 1,160,980</u>	<u>\$ 691,192</u>	<u>\$ 776,527</u>	<u>\$ 85,335</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and changes in Fund Balance
Budget and Actual – Enterprise Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Tuition	\$ 41,445	\$ 49,170	\$ 33,325	\$ (15,845)
Sales	276,181	337,412	281,323	(56,089)
Instructional and special fees	38,030	40,755	22,128	(18,627)
Other sources	-	1,000	157,681	156,681
Total revenue	<u>355,656</u>	<u>428,337</u>	<u>494,457</u>	<u>66,120</u>
Expenditures				
Personnel services	200,403	262,230	234,719	27,511
Materials and services	<u>174,572</u>	<u>148,868</u>	<u>72,722</u>	<u>76,146</u>
Total expenditures	<u>374,975</u>	<u>411,098</u>	<u>307,441</u>	<u>103,657</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>(19,319)</u>	<u>17,239</u>	<u>187,016</u>	<u>169,777</u>
Other Financing Use				
Transfer from other funds	324,000	358,554	-	(358,554)
Transfer to other funds	<u>(160,000)</u>	<u>(160,000)</u>	<u>179,095</u>	<u>339,095</u>
Total other financing sources (uses)	<u>164,000</u>	<u>198,554</u>	<u>179,095</u>	<u>(19,459)</u>
Net Change In Fund Balance	144,681	215,793	366,111	150,318
Fund Balance, Beginning of Year	<u>(116,581)</u>	<u>(159,784)</u>	<u>(159,784)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 28,100</u>	<u>\$ 56,009</u>	<u>\$ 206,327</u>	<u>\$ 150,318</u>

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – College Bookstore Enterprise Fund
 Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Text Book Sales, Net of Discount	\$ 168,658	\$ 185,030	\$ 257,942	\$ 72,912
Total revenue	<u>168,658</u>	<u>185,030</u>	<u>257,942</u>	<u>72,912</u>
Expenditures				
Personnel services	37,720	37,720	26,607	11,113
Materials and services	<u>128,360</u>	<u>128,360</u>	<u>181,032</u>	<u>(52,672)</u>
Total expenditures	<u>166,080</u>	<u>166,080</u>	<u>207,639</u>	<u>(41,559)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	2,578	18,950	50,303	31,353
Fund Balance, Beginning of Year	<u>21,915</u>	<u>5,543</u>	<u>5,543</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 24,493</u></u>	<u><u>\$ 24,493</u></u>	<u><u>\$ 55,846</u></u>	<u><u>\$ 31,353</u></u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Student Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Membership dues	\$ 288	\$ 288	\$ 434	\$ 146
Fundraising	13,000	12,468	-	(12,468)
Total revenues	<u>13,288</u>	<u>12,756</u>	<u>434</u>	<u>(12,322)</u>
Expenditures				
Materials and services	9,000	9,000	-	9,000
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>4,288</u>	<u>3,756</u>	<u>434</u>	<u>(3,322)</u>
Other Financing Use				
Transfer to other funds	-	-	-	-
Net Change In Fund Balance	4,288	3,756	434	(3,322)
Fund Balance, Beginning of Year	<u>10,604</u>	<u>11,163</u>	<u>11,162</u>	<u>(1)</u>
Fund Balance, End of Year	<u>\$ 14,892</u>	<u>\$ 14,919</u>	<u>\$ 11,596</u>	<u>\$ (3,323)</u>

Columbia Gorge Community College
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Student Aid Fund
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 2,111,084	\$ 2,921,536	\$ 1,941,553	\$ (979,983)
Expenditures				
Materials and services	2,089,434	3,032,137	1,899,618	1,132,519
Personnel services	5,129	26,543	7,141	19,402
Total expenditures	2,094,563	3,058,680	1,906,759	1,151,921
Excess (Deficiency) Of Revenue Over (Under) Expenditures	16,521	(137,144)	34,794	171,938
Net Change In Fund Balance	16,521	(137,144)	34,794	171,938
Fund Balance, Beginning of Year	(9,421)	143,217	1,373	(141,844)
Fund Balance, End of Year	\$ 7,100	\$ 6,073	\$ 36,167	\$ 30,094

Columbia Gorge Community College
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Scholarship Fund
 Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 623,860	\$ 952,478	\$ 782,662	\$ (169,816)
Expenditures				
Materials and services	703,860	1,039,665	846,296	193,369
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(80,000)	(87,187)	(63,634)	23,553
Other Financing Sources (Uses)				
Transfer from other funds	80,000	87,187	87,187	-
Net Change In Fund Balance	-	-	23,553	23,553
Fund Balance, Beginning of Year	15,784	17,195	17,195	-
Fund Balance, End Of Year	<u>\$ 15,784</u>	<u>\$ 17,195</u>	<u>\$ 40,748</u>	<u>\$ 23,553</u>

Columbia Gorge Community College

Reconciliation of Excess (Deficiency) of Revenues Over Expenditures on a Budgetary Basis to Changes in Net
Position on a GAAP Basis
Year Ended June 30, 2021

Excess (deficiency) of revenues over (under) expenditures	
General Fund	\$ 562,800
Grant Fund	155,547
Internal Service Fund	-
Capital Projects Fund	-
Skills Center and Resident Hall Fund	(6,134,946)
College G.O. Bonds Fund	(99,296)
Pension Bonds Fund	(168,178)
Full Faith and Credit Bond Fund	(358,295)
Reserve Fund – Facilities & Grounds Maintenance	-
Reserve Fund – General Operations	(375,172)
Reserve Fund – Skills Center/Housing	1,300,000
Enterprise Fund	187,016
College Bookstore Enterprise Fund	50,303
Student Fund	434
Student Aid Fund	34,794
Scholarship Fund	(63,634)
	(4,908,627)
Reconciling items	
Depreciation	(906,911)
Capital outlay	12,647,714
OPEB and pension expense	(921,841)
Deferred charge on refunding amortization	(123,609)
Accrued interest payable including accretion on capital appreciation bonds	(54,785)
Proceeds from note payable	(1,300,000)
Proceeds from sale of assets	3,841
Debt premium amortization	109,706
Debt service principal payments	1,740,000
State foundation payment off year	(1,255,329)
Delinquent property taxes	130,095
	10,068,881
Change in net position on a GAAP basis	\$ 5,160,254

Columbia Gorge Community College
 Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis
 Year Ended June 30, 2021

Budgetary fund balances	
General Fund	\$ 1,801,111
Grant Fund	579,990
Internal Service Fund	-
Capital Projects Fund	7,042
Skills Center and Resident Hall Fund	729,372
College G.O. Bonds Fund	(63,038)
Pension Bonds Fund	659,827
Full Faith and Credit Bonds Fund	-
Reserve Fund – Facilities & Grounds Maintenance	27,257
Reserve Fund – General Operations	24,034
Reserve Fund - Skills Center	776,527
Enterprise Fund	206,327
College Bookstore Enterprise Fund	55,846
Student Fund	11,596
Student Aid Fund	36,167
Scholarship Fund	40,748
Total budgetary fund balances	4,892,806
Reconciling items	
Capital assets	39,204,929
State foundation payment off year	(1,125,232)
Net OPEB asset	90,870
Deferred outflows of resources	3,431,110
Accrued interest payable	(100,669)
Compensated absences	(256,070)
Pre-SLGRP pooled liability	(437,886)
Total OPEB liability	(473,886)
Net pension liability	(8,878,287)
Long-term debt	(19,344,777)
Deferred inflows of resources	(808,067)
Total reconciling items	11,302,035
Net position on a GAAP basis	\$ 16,194,841



Compliance Section
June 30, 2021

Columbia Gorge Community College



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

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Columbia Gorge Community College (the College) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements and have issued our report thereon dated February 22, 2022. Our report includes an Emphasis of Matter paragraph concerning a correction of error in the previously issued financial statements resulting in a material misstatement of amounts previously reported for capital assets as of June 30, 2020. Our opinion is not modified with respect to that matter.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002, that we consider to be material weaknesses.

Compliance and Other Matters

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

Columbia Gorge Community College College's Responses to Findings

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

Purpose of This Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
February 22, 2022



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

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

Report on Compliance for Each 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 each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each 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 each of its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, and 2021-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004 to be significant deficiencies.

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

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

Eide Bailly LLP

Boise, Idaho
February 22, 2022



Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Columbia Gorge Community College (the College) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 22, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

- The College's expenditures exceeded appropriations in the College's Bookstore Enterprise Fund.
- The College could not provide evidence that form LB-1 was created and published notifying the public of the budget hearings.

OAR 162-10-0230 Internal Control

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

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

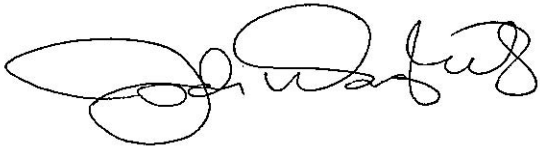
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002, that we consider to be material weaknesses.

The College's Response to Finding

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "John W. Bailey", written in a cursive style.

For Eide Bailly, LLP
Boise, Idaho
February 22, 2022

Columbia Gorge Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2020-21 Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268		\$ 655,387
Federal Pell Grant Program	84.063		1,013,367
Federal Supplemental Educational Opportunity Grants	84.007		52,100
Federal Work-Study Program	84.033		<u>7,885</u>
Total Student Financial Assistance Cluster			<u>1,728,739</u>
Education Stabilization Fund			
COVID-19: Higher Education Emergency Relief Funds, Student Aid	84.425E		213,607
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		391,925
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		24,611
COVID-19: Higher Education Emergency Relief Funds for the Improvement of Postsecondary Education Passed through Oregon Higher Education Coordinating Commission	84.425N		99,751
COVID-19: Governor's Emergency Education Relief Fund Subtotal	84.425C	20-075M	<u>21,203</u> <u>751,097</u>
Passed-through State of Oregon – Department of Community Colleges and Workforce Development: Adult Education – Basic Grants to States	84.002	376.01	<u>137,019</u>
Total U.S. Department of Education			<u>2,616,855</u>
U.S. Department of Labor			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed-through East Cascade Works:			
Adult Formula	17.258	[1]	96,095
Youth Formula	17.259	[1]	196,500
Dislocated Worker Formula	17.278	[1]	<u>93,837</u>
Total WIOA Cluster			<u>386,432</u>
National Dislocated Worker	17.277		<u>88,151</u>
Total U.S. Department of Labor			<u>474,583</u>

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

Columbia Gorge Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2020-21 Federal Expenditures
U.S. Small Business Administration			
Passed-through Oregon Small Business Development Center COVID-19: Discretionary Grants: Reimaging Workforce Preparation Grants	59.037	SBAHQ-20-C- 0074-145	\$ 54,470
Passed-through Lane Community College Small Business Development Center Network Office: Small Business Development Center	59.037	SBA-2020-145	<u>7,170</u>
Total U.S. Small Business Administration			<u>61,640</u>
U.S. Department of Health and Human Services			
Passed-through Oregon Child Care Resource and Referral Network: Child Care Development Fund Cluster (CCDF) Cluster: Early Learning Division	93.575	10436/148902	349,602
Child Care and Development Block Grant	93.575	10436/148902	72,340
Passed-through City of Hood River COVID 19 Child Care and Development Block Grant	93.575	[1]	<u>25,000</u>
Total CCDF Cluster			<u>446,942</u>
Total U.S. Department of Health and Human Services			<u>446,942</u>
U.S. Department of Agriculture			
Distance Learning and Telemedicine Grant	10.855		<u>12,550</u>
Total Federal Financial Assistance			<u><u>\$ 3,612,570</u></u>

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Columbia Gorge Community College under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations for Columbia Gorge Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Columbia Gorge Community College.

Note 2 - Summary of Significant Accounting Policies

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

Section II – Financial Statement Findings

2021-001 Financial Reporting and Closing Process - Material Weakness in Internal Control

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

Condition – Since the start of the audit in late September 2021, over 50 adjustments to the original trial balance were required to be posted to correctly state account balances during the College’s closing cycle. The College’s various trial balance accounts making up the balance sheet and fund balances were not fully reconciled, and year-end closing procedures were not performed until well after the year ended June 30, 2021.

In addition, the calculation and determination of lost revenue under the Higher Education Emergency Relief Funds (HEERF) was not made until mid-December creating an unexpected major program that had to be audited under the Uniform Guidance. This late determination by management created another delay in the issuance of the audited financial statements.

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

Effect - Management was unable to produce an accurate and timely trial balance resulting in the inability to produce timely financial statements during the audit, requiring multiple adjusting journal entries to correct material misstatements in the accounting records.

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

View of Responsible Officials - Management agrees with this finding.

2021-002 Identification and Tracking of Capital Assets - Material Weakness in Internal Control

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

Condition - During the audit process, the original capital asset addition listing and capital asset rollforward excluded the costs related to the construction of the new Skills Center building. Further audit procedures discovered that costs related to architectural, engineering and permitting fees for the construction of the new Skills Center building were also improperly excluded. In addition, current year and prior year costs related to the purchase and implementation of the new ERP platform were improperly excluded from the capital asset additions and rollforward. This resulted in approximately \$12.2 million in additions improperly excluded and approximately \$350 thousand of intangible software improperly excluded from the capital asset rollforward in 2021 and approximately \$255 thousand of intangible software was improperly excluded in 2020 resulting in a restatement of beginning net position.

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

Effect – The capital asset rollforward and additions listing was materially misstated which would have resulted in financial statements being materially misstated in 2021. In addition, the 2020 financial statements had to be restated because \$255 thousand of intangible software purchases were improperly excluded in 2020.

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

View of Responsible Officials – Management agrees with this finding.

Section III – Federal Award Findings and Questioned Costs

2021-003 Federal Agency: U.S. Department of Education
Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Award Number: P063P207727, P268K217727, P007A209116, P033A209116 2020-21
Program Name: Student Financial Assistance Cluster

**Special Tests and Provisions – Enrollment Reporting
Significant Deficiency in Internal Control over Compliance**

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

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

Condition - During our testing over the NSLDS reporting requirements, we noted that 9 enrollment status certifications out of 285 enrollment certifications tested were not reported to NSLDS in the required timeframe. In addition, it was noted that 3 enrollment statuses out of 285 enrollment statuses tested did not agree to the enrollment status that was submitted to NSLDS.

Cause - The College did not have adequate and/or functioning controls in place to ensure the reporting of enrollment information under the Pell grant and Direct and FFEL loan programs via NSLDS was timely. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

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

Questioned Costs – None reported

Context/Sampling - The College disbursed financial aid to approximately 360 students in the 2020-2021 school year. A non-statistical sampling of 60 students with 285 individual statuses collectively were selected for testing.

2021-003 Federal Agency: U.S. Department of Education (continued)

Repeat Finding - Yes, prior year finding 2020-002

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

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

2021-004 Federal Agency: U.S. Department of Education
Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Award Number: P063P207727, P268K217727, P007A209116, P033A209116 2020-21
Program Name: Student Financial Assistance Cluster

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

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

Condition - During our testing , we noted 41 instances out of 149 disbursement transactions tested where the disbursement date per the College’s records and the processing date at COD was outside the mandatory 15-day reporting window.

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

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

Questioned Costs – None reported

Context/Sampling - The College disbursed financial aid to approximately 360 students in the 2020-2021 school year. A non-statistical sampling of 40 students with 149 individual disbursements collectively were selected for testing.

Repeat Finding - No

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

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

2021-005 Federal Agency: U.S. Department of Education
Pass-through Entity: Oregon Higher Education Coordinating Commission (84.425C)
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Pass-through Grant Number: 20-075M
Program Name: Education Stabilization Fund

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

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

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

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

- We could not find evidence that the two 45-day reports disclosing the dollar amount of aid disbursed to student that were due in July and August were posted to the College's website.
- The financial data reported in the quarterly reports posted for both the student aid portion and the institutional portion were not supported by the underlying trial balance activity.
- The financial data in the annual report posted to the website was not supported by the underlying trial balance activity.
- It appears the Quarter 1 and Quarter 2 student reports were submitted after their due date of the 10th of the month following quarter end.
- The College could not provide adequate evidence that the financial reporting information was reviewed by the appropriate level of authority before the reports were uploaded to the website.

Cause - The College did not have adequate and/or functioning controls in place to ensure the reporting was accurate and timely. Due to turnover at the College, the evidence of the controls over reporting were difficult to substantiate.

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

Questioned Costs – None reported

2021-005 Federal Agency: U.S. Department of Education (continued)

Context/Sampling – All reports required under HEERF and due within fiscal year 2021 were tested, other than the student quarterly report due on April 10, 2021.

Repeat Finding - No

Recommendation - The College should implement a process to review, update, and verify that reporting under HEERF is done accurately and timely.

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

2021-006 Federal Agency: U.S. Department of Education
Pass-through Entity: Oregon Higher Education Coordinating Commission (84.425C)
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Pass-through Grant Number: 20-075M
Program Name: Education Stabilization Fund

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

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

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

Condition – The College was unable to provide evidence of review and approval of the students receiving aid under the Student Aid Portion or review and approval of the determination of need as outlined by the Department of Education.

Cause - Due to turnover at the College, the evidence of the controls over the determination of need and which students received aid and amount of aid disbursed were difficult to substantiate.

Effect - The College does not have support for the approval of the aid disbursed to students as required by the Department of Education.

Questioned Costs – None reported

Context/Sampling – As of January 20, 2021, the College disbursed aid to 163 students from their HEERF award in fiscal year 2021. As of May 5, 2021, the College disbursed aid to 169 students from their HEERF II award. From the total population of student disbursements made in fiscal year 2021, we selected 60 students for testing.

Repeat Finding - No

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

2021-006 Federal Agency: U.S. Department of Education (continued)

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

2021-007 Federal Agency: U.S. Department of Education
Pass-through Entity: Oregon Higher Education Coordinating Commission (84.425C)
Assistance Listing Numbers: 84.425
Federal Award Number: P425E202575; P425F202249; P425L200619; P425N200061
Pass-through Grant Number: 20-075M
Program Name: Education Stabilization Fund

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

Criteria - Institutions may not condition the receipt of financial aid grants to students on continued or future enrollment in the institution and may not require a student to consent to the application of the financial aid grants to satisfy a student's outstanding account balance as a condition of receipt of or eligibility for the financial aid grant. Institutions that add preconditions to receiving a financial aid grant that thwart this requirement may be subjected to oversight and corrective action.

Condition – During our testing of aid disbursed to students, we noted 3 instances where the student did not receive the aid directly, but rather the aid was applied to their student outstanding account balance. The College was unable to provide evidence that the student requested the aid be applied to their student account balance rather than received the aid directly.

Cause - Due to turnover at the College, the evidence of the student's request to apply the aid to the student account balance could not be located.

Effect - The College does not have support for the approval of the aid to be applied to the student account balance rather than receiving the aid directly.

Questioned Costs – None reported

Context/Sampling – As of January 20, 2021, the College disbursed aid to 163 students from their HEERF award in fiscal year 2021. As of May 5, 2021, the College disbursed aid to 169 students from their HEERF II award. From the total population of student disbursements made in fiscal year 2021, we selected 60 students for testing.

Repeat Finding - No

Recommendation - The College should implement a process to adequately maintain documentation and support for when a student requests their aid be used to relieve their student account balance rather than receive the aid directly.

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