COLUMBIA GORGE COMMUNITY COLLEGE

Annual Financial Report

Year Ended June 30, 2013

COLUMBIA GORGE COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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Board of Education and Administrative Staff

Principal Officials

Columbia Gorge Community College

June 30, 2013

Position #	Name	County	Term Ending
1	M.D. Van Valkenburgh Board Member	Wasco	June 30, 2013
2	Dr. James R. Willcox Board Member	Wasco	June 30, 2013
3	Dave Fenwick, Vice-Chair Board Member	Hood River	June 30, 2015
4	Charlotte Arnold Board Member	Hood River	June 30, 2015
5	Dr. Ernie Keller, Chair Board Member	Wasco	June 30, 2013
6	Stu Watson Board Member	Hood River	June 30, 2015
7	Charleen Cobb Board Member	Wasco	June 30, 2013

ADMINISTRATION

Dr. Frank K. Toda, President

Tria Bullard, Director of Board and Executive Services

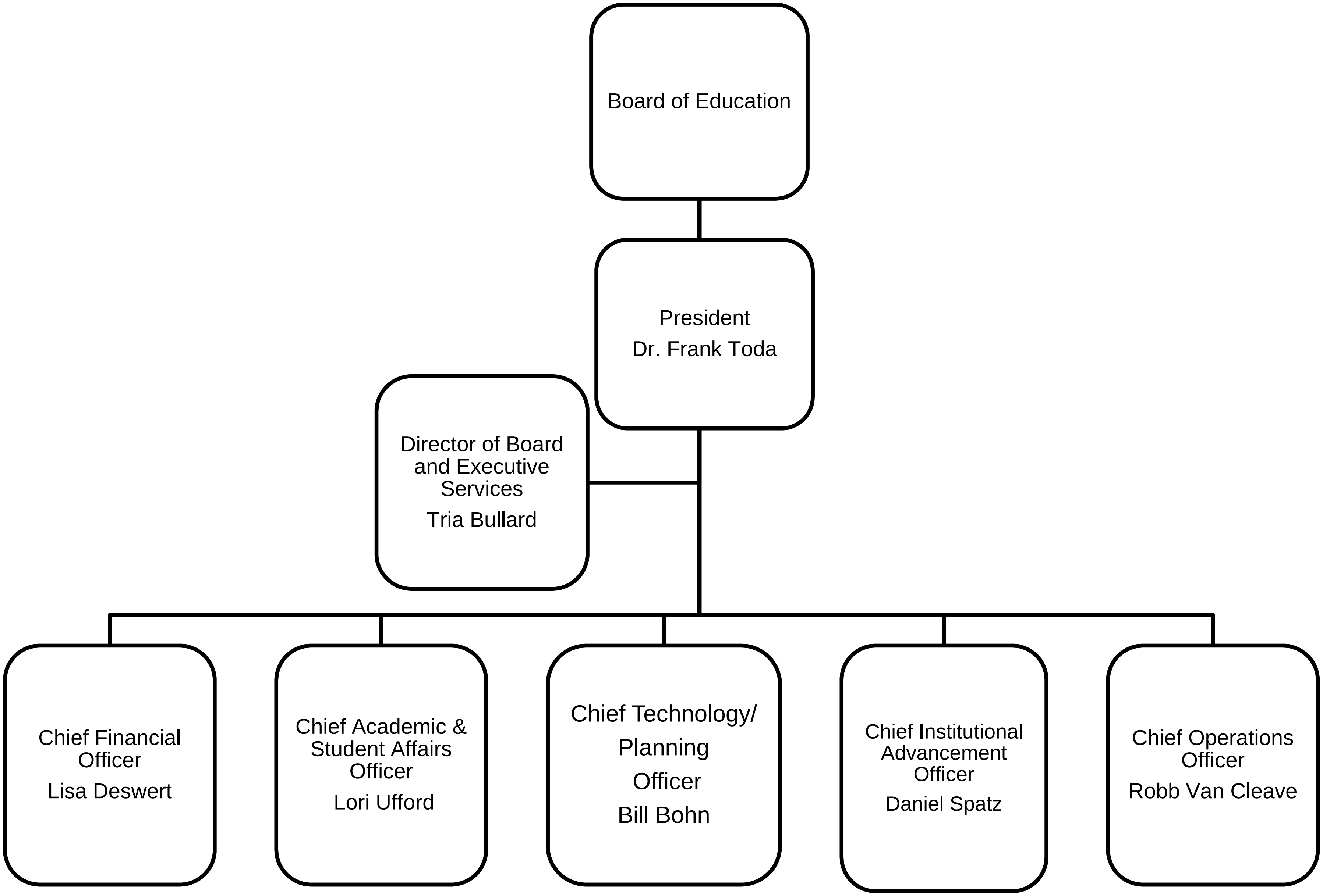
Lori Ufford, Chief Academic & Student Affairs Officer

Lisa Deswert, Chief Financial Officer

Daniel Spatz, Chief Institutional Advancement Officer

Robb Van Cleave, Chief Operations Officer

Bill Bohn, Chief Technology/Planning Officer


Board of Education
President
Dr. Frank Toda
Director of Board and Executive Services
Tria Bullard
Chief Financial Officer
Lisa Deswert
Chief Academic & Student Affairs Officer
Lori Ufford
Chief Technology/ Planning Officer
Bill Bohn
Chief Institutional Advancement Officer
Daniel Spatz
Chief Operations Officer
Robb Van Cleave

FINANCIAL SECTION

Talbot, Korvola
& Warwick, LLP
Certified Public Accountants
& Consultants

ACHIEVE MORE

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Lake Oswego, Oregon 97035-4293

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INDEPENDENT AUDITOR'S REPORT

April 17, 2014

Board of Education
Columbia Gorge Community College
The Dalles, Oregon 97058

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Columbia Gorge Community College (the College), as of and for the year ended June 30, 2013, 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 an opinion 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.

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 opinion.

Board of Education
Columbia Gorge Community College
April 17, 2014

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Funding Progress, 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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The information listed in the Table of Contents as Supplementary Information and Other Schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information and Other Schedules 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 Supplementary Information and Other Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Board of Education
Columbia Gorge Community College
April 17, 2014

OTHER MATTERS (Continued)

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, as listed in the Table of Contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated April 17, 2014, on our consideration of the College's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By Angelique Whitlow
Angelique Whitlow, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013 and 2012.

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

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

GASB Statement No. 35 applies to public colleges and universities. It stipulates the display and disclosure requirements of the basic financial statements. The financial information is to be presented for the College as a whole, rather than a series of fund types. The display and disclosure requirements are similar to that used by commercial organizations.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

The basic financial statements are comprised of:

- The Statement of Net Position
- The Statement of Revenues, Expenses and Changes in Net Position
- The Statement of Cash Flows
- The 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 total liabilities is reported as net position. Over time, changes in net position are an indicator of improving or eroding financial health. Non-financial 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 ending June 30, 2013 are described below.

- The College's financial position, as a whole, improved in some measures and declined in other measures during the fiscal year ended June 30, 2013.
- The College's financial position at June 30, 2013 consists of assets of $41,789,945, liabilities of $20,768,476 and net position of $21,021,469, a decrease of $1,744,869, 7.7% from the prior year.
- Total assets decreased in 2013 by $1,392,708 to $41,789,945 primarily due to a reduction in cash in the second year of the biennium.
- Total liabilities increased in 2013 by $352,061 to $20,768,476 primarily due to the addition of a Full Faith and Credit Financing Agreement.

FINANCIAL HIGHLIGHTS (Continued)

- Total net position decreased by $1,744,869 to $21,021,469, a decrease of 7.7% from the prior year. Unrestricted net position decreased by $800,306 to $3,647,143 which is primarily due to the receipt of three installments of state support versus five in the prior year.
- Within net position, the investment in capital assets less any related outstanding debt used to acquire those assets decreased by $318,807 to $15,154,005 in 2013. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The College secured property near the existing Hood River-Indian Creek building for possible expansion in the future. The College secured a Full Faith and Credit Financing Agreement of $1,500,000 to make the purchase and land improvements.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Net position at June 30, 2013:

	2013	2012, as restated	Increase/ (Decrease)	Change %
Current assets:				
Cash and cash equivalents	$ 3,449,747	$ 4,496,894	$ (1,047,147)	(23.3) %
Investments	3,159,720	3,122,870	36,850	1.2
Other assets	1,232,279	1,470,217	(237,938)	(16.2)
Total current assets	7,841,746	9,089,981	(1,248,235)	(13.7)
Non current assets:				
Debt issue costs	85,807	-	85,807	100.0
Net prepaid pension asset	2,083,047	2,221,956	(138,909)	(6.3)
Capital assets, net	31,779,345	31,870,716	(91,371)	(0.3)
Total non current assets	33,948,199	34,092,672	(144,473)	(0.4)
Total assets	$ 41,789,945	$ 43,182,653	$ (1,392,708)	(3.2)
Liabilities:				
Current liabilities	$ 2,259,833	$ 2,710,313	$ (450,480)	(16.6) %
Noncurrent liabilities	18,508,643	17,706,102	802,541	4.5
Total liabilities	20,768,476	20,416,415	352,061	1.7
Net positon:				
Net investment in capital assets	15,154,005	15,472,812	(318,807)	(2.1)
Restriced for:				
Debt service	1,540,781	2,846,077	(1,305,296)	(45.9)
Capital projects	679,540	-	679,540	100.0
Unrestricted, as restated	3,647,143	4,447,449	(800,306)	(18.0)
Total net position, as restated	21,021,469	22,766,338	(1,744,869)	(7.7)
Total liabilities and net position	$ 41,789,945	$ 43,182,753	$ (1,392,808)	(3.2) %

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Current Assets

Current assets of $7,841,746 were more than sufficient to cover current liabilities of $2,259,833. This represents a current ratio of 3.5 as compared to 3.4 in the prior year. Cash and cash equivalents decreased by $1,047,147 to $3,449,747 as compared to $4,496,894 in the prior year due to cash of $7,824,605 provided by noncapital financing activities, offset in part by operating and investing cash flows. The College received less state revenue relative to prior year, consistent with this being the second year of the biennium.

Noncurrent Assets

The College's capital assets decreased by $91,371 to $31,779,345 due primarily to annual depreciation charges and writing off the library collection. Detailed changes to capital assets are shown in Note 5 of the Notes to Basic Financial Statements.

Current Liabilities

The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes and compensated absences, unearned revenue and the current portion of bonds payable. Current liabilities decreased by $450,480 to $2,259,833. Deferred revenue from tuition and fees decreased by $27,880 to $306,990 because of a reduced number of students enrolled for summer term. Current portion of bonds payable decreased by $497,344 due to paying off the 1998 series bonds.

Noncurrent Liabilities

Noncurrent liabilities consist of bonds payable less the current portions of specific obligations. Noncurrent liabilities increased by $802,541 to $18,508,643 due primarily to the issuance of a Full Faith and Credit Financing Agreement of $1,500,000, offset by routine debt payments.

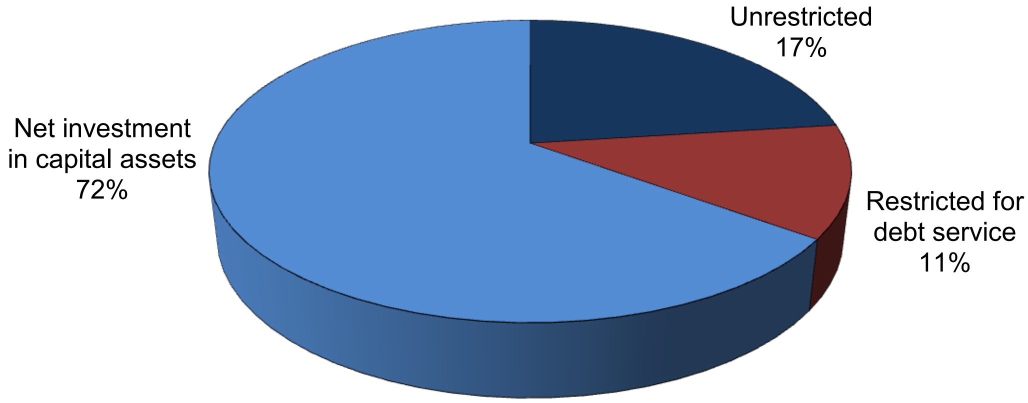
The College's capital investment in real property, construction and improvements for The Dalles and Hood River campuses are funded by two general obligation bonds. Additional information on the College's bonds payable may be found in Note 6 of the Notes to Basic Financial Statements.

Net Position

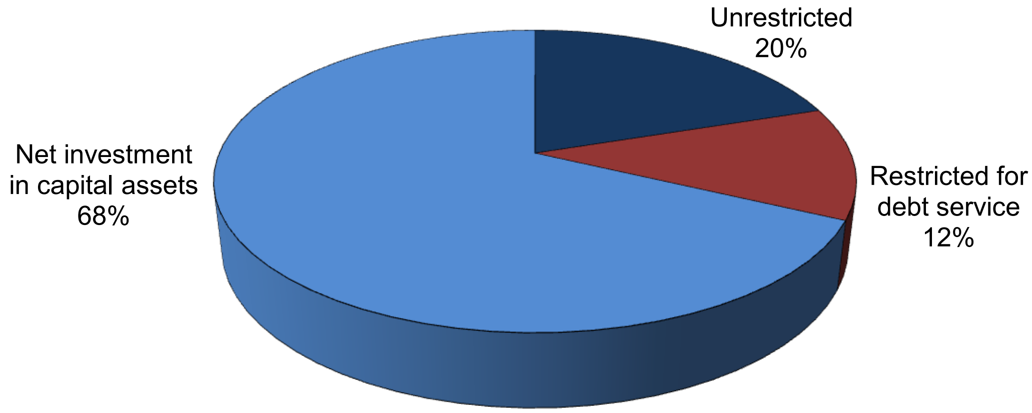
Total net position decreased by $1,744,869 to $21,021,469, a decrease of 7.7% from the prior year. Within net position, the net investment in capital assets is $15,154,005, a decrease of $318,807 as compared to the prior year primarily due to annual depreciation charges. Restricted net position decreased by $625,756 to $2,220,321. Unrestricted net position decreased by $800,306 to $3,647,143 and is available for the continuing operations of the College. The following chart shows the allocation of net position of the College as of June 30, 2013.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

2013 Net Position



2012 Net Position



CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

Revenues, expenses and changes in net position at June 30, 2013:

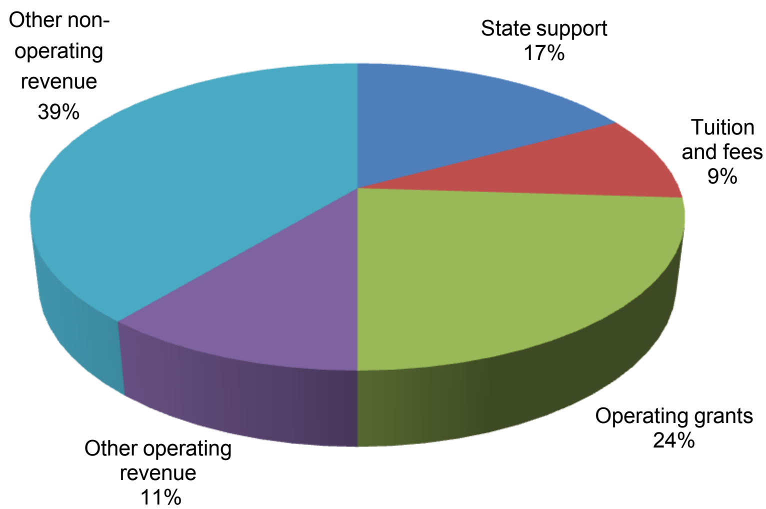
	2013	2012, as reclassified	Increase/ (Decrease)	Change %
Operating revenues:				
Student tuition and fees, net	$ 1,271,475	$ 1,749,981	$ (478,506)	(27.3) %
Grants	3,954,354	5,143,711	(1,189,357)	(23.1)
Other operating revenue	1,098,038	664,119	433,919	65.3
Total operating revenues	6,323,867	7,557,811	(1,233,944)	(16.3)
Operating expenses:				
Instruction	4,171,967	4,096,266	75,701	1.8
Public services	344,918	340,303	4,615	1.4
Academic support	914,573	922,630	(8,057)	(0.9)
Student services	1,255,280	894,953	360,327	40.3
Institutional support	3,267,045	2,799,254	467,791	16.7
Plant operations	1,117,931	999,684	118,247	11.8
Depreciation	965,847	958,292	7,555	0.8
Scholarships	2,976,253	3,807,563	(831,310)	(21.8)
Auxiliary enterprises	395,614	532,970	(137,356)	(25.8)
Total operating expenses	15,409,428	15,351,915	57,513	0.4
Operating loss	(9,085,561)	(7,794,104)	(1,291,457)	16.6
Nonoperating revenues (expenses):				
State community college support	2,529,177	4,540,431	(2,011,254)	(44.3)
Property taxes	3,281,278	3,057,277	224,001	7.3
Grants	2,162,510	2,455,500	(292,990)	(11.9)
Other nonoperating revenue	248,750	629,707	(380,957)	(60.5)
Other nonoperating expenses	(881,023)	(1,010,830)	129,807	(12.8)
Total nonoperating revenues (expenses)	7,340,692	9,672,085	(2,331,393)	(24.1)
Increase (decrease) in net position	(1,744,869)	1,877,981	(3,622,850)	(192.9)
Net position, beginning of year as originally presented	22,766,338	21,773,107	993,231	4.6
Restatement - Note 12	-	(884,751)	884,751	(100.0)
Net position, beginning of year as restated	22,766,338	20,888,356	1,877,982	9.0
Net position, end of year	$ 21,021,469	$ 22,766,338	$ (1,744,869)	(7.7) %

CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

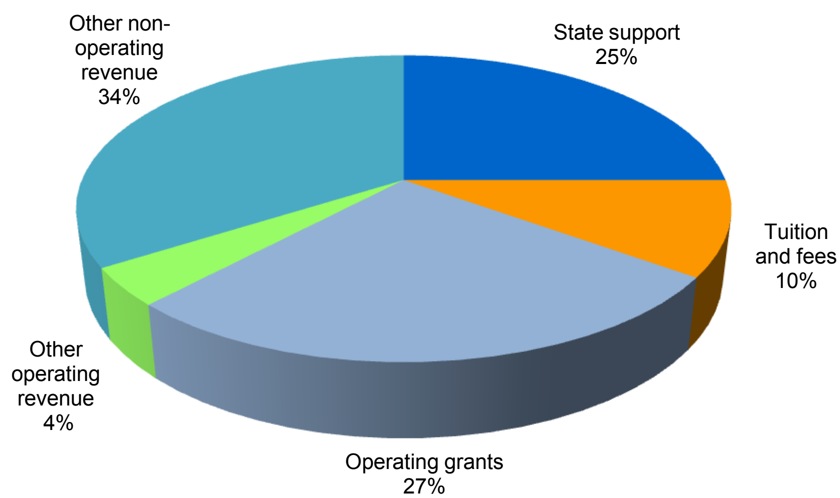
Revenues

The following graphs show the allocation of revenues for fiscal years 2013 and 2012.

2013 Operating and Nonoperating Revenues



2012 Operating and Nonoperating Revenues



CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

Operating Revenues

The sources of operating revenue for the College are tuition and fees, federal, state and local grants, bookstore sales and other operating revenue. Operating revenues decreased by 16.3% as compared to 2012 due to Federal Student Aid awards that were less than the previous year because of new federal financial aid limitations and policies.

Tuition and fees, which include all amounts paid for educational purposes, decreased 27.3% by $478,506 to $1,271,475 and represents 9% of total revenue. Tuition and fees are down due to reduced enrollment from previous year. Operating revenue from federal, state and local grants decreased by 23.1% or $1,189,357 to $3,954,354 due to less awards from Federal Student Aid than in the previous year and two federal grants being closed out.

Nonoperating Revenues

Net nonoperating revenues decreased overall by $2,331,393 to $7,340,692. One of the three largest nonoperating revenue sources is the State of Oregon which funds FTE reimbursements through the Community College Support Fund and represents 17% of total revenue. State Community College Support revenue decreased by 44.3% to $2,529,177 primarily due to receiving only three payments in 2013 versus five in 2012 which is consistent with this being the second year of the biennium. The deferrals were enacted in 2003 by the Oregon Legislature and are scheduled to occur on alternate years so that the State could balance its biennial budget.

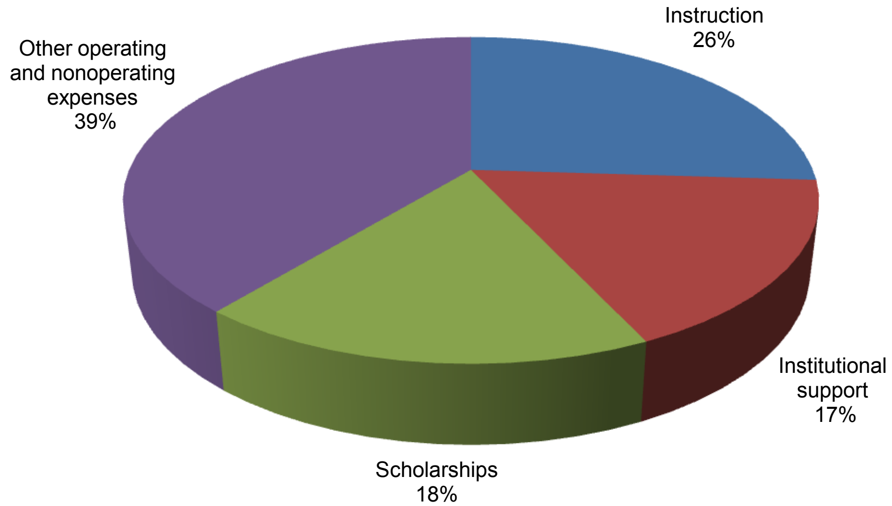
Property taxes increased by 7.3% to $3,281,278 and represents 23% of total revenue. Of the property taxes received, approximately 67% is attributed to general obligation bond levies and 33% is from the permanent operating levy rate of $0.2703 per thousand.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

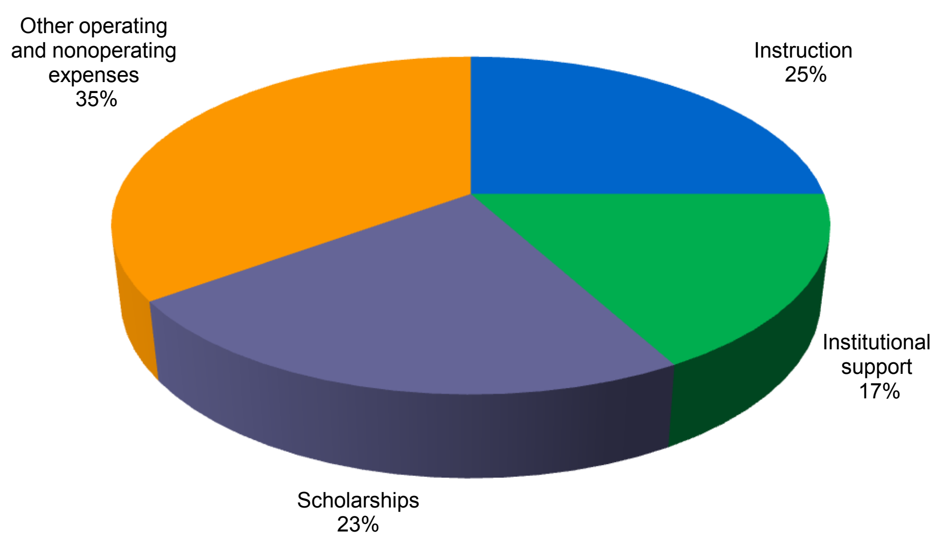
Expenses

The following graphs show the allocation of expenses for the College by functional classification for fiscal years 2013 and 2012:

2013 Operating and Nonoperating Expenses



2012 Operating and Nonoperating Expenses



CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

Operating Expenses

Operating expenses increased by .4% to $15,409,428. Instruction expenses are the largest percentage of total expenses at 26% for a total of $4,171,967. Scholarships distributed as Financial Aid decreased by 21.8% to $2,976,253 as compared to the prior year and accounts for 18% of total expenses. Institutional support increased by 16.7% to $3,267,045 or 20% of total expenses. Plant operations increased by 11.8% to $1,117,931 or 7% of total expenses. Academic support decreased by .9% to $914,573 or 6% of total expenses. Student services expense increased by 40.3% to $1,255,280 and represents 8% of total expenses. Depreciation increased .8% to $965,947 or 6% of total expenses.

Nonoperating Expenses

The largest nonoperating expense was interest on debt of $831,284 and represents 5% of total expenses.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

The following table shows the statement of cash flows at June 30, 2013:

	2013	2012	Increase/ Decrease	Change %
Cash flows from operating activities:				
Cash received from tuition and fees	$ 1,234,432	$ 1,631,099	$ (396,667)	(24.3) %
Cash received from grants	3,954,354	5,136,928	(1,182,574)	(23.0)
Other operating revenue	1,400,704	657,624	743,080	113.0
Cash paid for operating activities	(14,073,338)	(14,318,657)	245,319	(1.7)
Net cash flows from operating activities	(7,483,848)	(6,893,006)	(590,842)	8.6
Cash flows from noncapital financing activities:				
Cash received from property taxes	3,279,727	3,029,419	250,308	8.3
Cash received from state support	2,529,177	4,540,431	(2,011,254)	(44.3)
Cash received from grants	2,162,510	2,455,500	(292,990)	(11.9)
Other cash received from noncapital financing activities	110,911	478,326	(367,415)	(76.8)
Other cash paid from noncapital financing activities	(257,720)	(293,217)	35,497	(12.1)
Total cash flows from noncapital financing activities	7,824,605	10,210,459	(2,385,854)	(23.4)
Cash flows from capital financing activities:				
Proceeds from capital debt issued	1,500,000	-	1,500,000	100.0
Net proceeds from bond refunding	-	13,790,000	(13,790,000)	(100.0)
Principal paid on long-term debt	(1,450,000)	(14,420,000)	12,970,000	(89.9)
Interest paid on long-term debt	(614,678)	(1,485,517)	870,839	(58.6)
Purchase of capital assets	(874,476)	(398,136)	(476,340)	119.6
Net cash flows from capital financing activities	(1,439,154)	(2,513,653)	1,074,499	(42.7)
Cash flows from investing activities:				
Earnings on investments	88,100	350,853	(262,753)	(74.9)
Purchase of investments	(36,850)	(2,680,754)	2,643,904	(98.6)
Proceeds from sale of investments	-	2,626,172	(2,626,172)	(100.0)
Net cash flows from investing activities	51,250	296,271	(245,021)	(82.7)
Increase (decrease) in cash and cash equivalents	(1,047,147)	1,100,071	(2,147,218)	(195.2)
Cash and cash equivalents, beginning of year	4,496,894	3,396,823	1,100,071	32.4
Cash and cash equivalents, end of year	$ 3,449,747	$ 4,496,894	$ (1,047,147)	(23.3) %

Operating Activities

The College's major sources of cash included in operating activities were tuition and fees of $1,234,432, and grants of $3,954,354. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid, totaling $14,073,338. The College used 8.6% or $590,842 more in cash in its operating activities than in the prior year, due to a decrease in cash

CONDENSED FINANCIAL INFORMATION AND ANALYSIS (Continued)

Operating Activities (Continued)

from tuition and fees of $396,667, a decrease in cash from grants and contracts of $1,182,574 primarily from Federal Student Aid, an increase in cash from other operating revenue of $743,080, and a decrease in cash paid for operating activities of $245,319.

Noncapital Financing Activities

State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled $7,824,605 primarily from cash received from state FTE reimbursement of $2,529,177, cash from property taxes of $3,279,727 and cash received for Pell grants of $2,162,510. 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 was 23.4% or $2,385,854 less than the prior year. Cash received from state appropriations decreased by $2,011,254 due to receiving only three payments versus five in the prior year which his consistent with this being the second year of the biennium. Property taxes increased by $250,308. Other nonoperating income decreased by $367,415.

Capital Financing Activities

The capital financing uses of cash were the purchase of capital assets of $874,476, principal payments of $1,450,000 and interest payments of $614,678. The net cash used by capital financing activities decreased by $1,074,499 or 42.7%. Cash was received from proceeds of the Full Faith and Credit Financing Agreement issued of $1,500,000. Purchases of capital assets increased by $476,340 compared to the prior year. Principal paid on long-term debt decreased by $12,970,000 related to the prior year refunding of debt. Interest paid on long-term debt decreased by $870,839 also related to the refunding.

Investing Activities

Investing activities provided $51,250 in net cash, resulting from earnings on investments of $88,100, and purchase of investments of $36,850.

Cash provided from earnings on investments decreased by $262,753 to $88,100 as a result of investment activities. Purchases of investments used $36,850 of cash as compared to $2,680,754 in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The College's investment in capital assets as of June 30, 2013, amounts to $31,779,345 net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, equipment and furnishings. Additional information on the College's capital assets can be found in Note 5 of this report.

Debt Administration

As of June 30, 2013, the College had total debt outstanding of $19,568,097. Of this amount, $1,550,000 is the outstanding general obligation bond series 2005; $13,760,000 is the outstanding general obligation bond series 2012 refunding; $2,758,097 is the outstanding pension obligation bond series 2003, and $1,500,000 is the outstanding Full Faith and Credit Financing Agreement. The total debt outstanding was increased by the issuance of $1,500,000 in a Full Faith and Credit Financing Agreement and reduced by $1,542,523 which is made up of payments made on time.

Additional information on the College's bonds payable can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

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.

Statewide Economic Impact

Related to the College being a good financial steward, a detailed economic impact was conducted for each community college by EMSI (Economic Modeling Specialists International). The major findings included:

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS (Continued)

1 Students enjoy an attractive 22.1% rate of return on their College educational investment;
2. Over the course of his or her working career, the average College student's lifetime earnings will increase $8.40 for every dollar invested in their college education;
3. The net added income generated by College operations ($6.1 million) and the spending of non-local students ($308,600) contributes a total of $6.4 million in income to the College's service area economy each year;
4. The accumulated credits achieved by former College students over the past 30 years translates to $36.9 million in added regional income each year due to the higher earnings of students and increased output of businesses; and
5. The total effect of College operations annually on the College service area is $43.4 million.

Education Achievement Compact
Fundamental changes reframed the paradigm of educational goals and distribution of funding. Senate bill 242 redefined the Oregon University System and created the Oregon Higher Education Coordinating Commission to provide planning and coordination of all higher education in Oregon. Higher education was redefined to include OUS, OHSU, Community Colleges and the Oregon Student Access Commission. Senate bill 909 created the Oregon Education Investment Board to oversee a unified K-20 educational system with a single budget. It is expected that additional "investment" in education, including community colleges, will be targeted to improve specific outcomes in order to make gains on the "40-40-20" goal established in Senate bill 253.

To this end, achievement compacts are being instituted between the State of Oregon, as represented by the recently created Oregon Education Investment Board (OEIB), and the governing boards of public education entities and institutions.

Senate bill 1581 requires community college boards to enter into achievement compacts as part of the statutory budget process outlined in ORS Chapter 294. As stated in a handout from Governor Kitzhaber's office, "The intent is to insure that the college's budget committee is taking into account the targets and goals set out in the achievement compact as they discuss and make recommendations related to the budget. It also provides an opportunity for transparency and public comment as the budget is developed. The budget committee's role is to help align a college's budget with its compact, but a budget committee does not have the authority to revise or approve a college's compact". The adopted 2013-14 budget represents the financial plan of the College's key focus areas for the first year of the 2013-15 biennium. This budget supports the operations of The Dalles and Hood River-Indian Creek. This budget includes development of new processes, procedures and organizational structures to support the College's steps toward independent accreditation. Limited available resources and increased costs of operation will continue to challenge the College in providing high quality and comprehensive academic and support services to the district. The College expects to continue its successful fund-raising efforts to attract unrestricted and restricted gifts and to seek State and Federal grants that meet local and regional needs.

We will continue to focus on aligning our budget priorities with our primary goal of student success and strengthening the community that we serve.

REQUEST FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

COLUMBIA GORGE COMMUNITY COLLEGE

STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS:	
Cash and cash equivalents	$ 3,449,747
Investments	3,159,720
Receivables, net of allowance for doubtful accounts of $408,393	992,071
Inventories and deferred charges	240,208
Current assets	7,841,746
Debt issuance costs	85,807
Net prepaid pension asset	2,083,047
Capital assets, net	31,779,345
Noncurrent assets	33,948,199
Total assets	41,789,945
LIABILITIES:	
Accounts payable	221,552
Accrued payroll and taxes	686,113
Unearned revenue	306,990
Bonds payable	1,045,178
Current liabilities	2,259,833
Net other postemployment benefit obligation	170,384
Bonds payable, net current portion	18,338,259
Noncurrent liabilities	18,508,643
Total liabilities	20,768,476
NET POSITION:	
Net investment in capital assets	15,154,005
Restricted for:	
Debt service	1,540,781
Capital projects	679,540
Unrestricted	3,647,143
TOTAL NET POSITION	$ 21,021,469

See notes to basic financial statements.

COLUMBIA GORGE COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2013

OPERATING REVENUES:	
Tuition and fees	$ 1,271,475
Grants:	
Federal	3,514,291
State and local	440,063
Auxiliary enterprises	411,029
Other	687,009
Total operating revenues	6,323,867
OPERATING EXPENSES:	
Instruction	4,171,967
Public service	344,918
Academic support	914,573
Student services	1,255,280
Institutional support	3,267,045
Plant operations	1,117,931
Depreciation	965,847
Scholarships	2,976,253
Auxiliary enterprises	395,614
Total operating expenses	15,409,428
OPERATING LOSS	(9,085,561)
NONOPERATING REVENUES (EXPENSES):	
State support	2,529,177
Property taxes	3,281,278
Grants	2,162,510
Interest income	88,100
Interest expense	(831,284)
Lease income	160,650
Other	(49,739)
Total nonoperating revenues (expenses)	7,340,692
DECREASE IN NET POSITION	(1,744,869)
BEGINNING NET POSITION, as originally presented	23,651,089
RESTATEMENT	(884,751)
BEGINNING NET POSITION, as restated	22,766,338
ENDING NET POSITION	$ 21,021,469

See notes to basic financial statements.

COLUMBIA GORGE COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$ 1,234,432
Grants	3,954,354
Auxiliary enterprise charges	411,029
Other	857,410
Student loan collections	132,265
Payments to employees	(8,083,857)
Payments to suppliers	(3,013,228)
Financial aid and scholarships	(2,976,253)
Net cash flows from operating activities	(7,483,848)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State support	2,529,177
Property taxes	3,279,727
Grants	2,162,510
Leases and other	110,911
Principal paid on noncapital debt	(92,523)
Interest paid on noncapital debt	(165,197)
Net cash flows from noncapital financing activities	7,824,605
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital debt issued	1,500,000
Principal paid on capital debt	(1,450,000)
Interest paid on capital debt	(614,678)
Acquisition of capital assets	(874,476)
Net cash flows from capital and related financing activities	(1,439,154)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net change in investments	(36,850)
Interest income	88,100
Net cash flows from investing activities	51,250
DECREASE IN CASH AND CASH EQUIVALENTS	(1,047,147)
BEGINNING CASH AND CASH EQUIVALENTS	4,496,894
ENDING CASH AND CASH EQUIVALENTS	$ 3,449,747
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
Operating loss	$ (9,085,561)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	965,847
Amortization of net prepaid pension asset	138,909
Net other postemployment benefit obligation	170,384
Changes in assets and liabilities:	
Receivables	(9,163)
Deferred student aid	132,265
Inventories and deferred charges	84,894
Other assets	31,493
Accounts payable	22,885
Accrued payroll and taxes	92,079
Unearned revenue	(27,880)
Net cash flows from operating activities	$ (7,483,848)

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. COLLEGE

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 of the State Board of Education through the Department of Community Colleges and Workforce Development.

The College is an independent municipal corporation under the Oregon Revised Statutes. The seven-member board appoints a president to administer the activities of the College. As described in ORS 341.437, 341.440 and 341.445, the College may provide its courses through contracts with community college districts, other school districts, the Department of Higher Education or accredited private educational institutions. The College contracts with Portland Community College to provide courses and programs. 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.

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 Governmental Accounting Standards Board (GASB). The GASB is the accepted standards-setting body for establishing governmental accounting and reporting principles. The most significant accounting policies are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance U.S. GAAP as prescribed by the GASB, including Statement No. 35, *Basic Financial Statements - and Management's Discussion*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

and Analysis – for Public Colleges and Universities. The College follows the “business-type activities” reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College’s financial activities.

Basis of Accounting

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized as revenue in the years for which they are levied. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specific purpose, and expenditure requirements in which the resources are provided to the College on a reimbursement basis.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risks of changes in value because of changes in interest rates. Cash and cash equivalents are considered to be cash on hand, demand deposits, the Oregon Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is stated at cost, which approximates fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Oregon Revised Statutes authorize investment in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, repurchase agreements and bankers' acceptances. As of June 30, 2013, and for the year then ended, the College was in compliance with the aforementioned State of Oregon statutes. Investments are stated at fair value, which is based on the individual investment's quoted market prices at year end.

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 include textbooks and supplies purchased for resale to students and expendable office and instructional supplies. The inventories are stated at the lower of cost or market. Cost amounts are determined on the first-in-first-out method.

Net Prepaid Pension Asset

The College has issued limited tax pension obligation bonds. Proceeds were used to make a supplemental lump-sum payment to the Oregon Public Employees Retirement System (PERS). The intent was to prepay the amortization of the College's share of the PERS unfunded actuarial liability. Amortization of this supplemental lump-sum payment is recognized as pension expense over the life of the bonds using the straight-line method.

Capital Assets

Capital assets include land and land improvements; building and building improvements; furniture, equipment and machinery; infrastructure; leasehold improvements; 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, infrastructure, land and land improvements and leasehold 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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
Infrastructure	25-100 years
Land improvements	10-25 years
Leasehold improvements	10-12 years

Compensated Absences

College employees accumulate vacation pay in varying amounts depending on years of continued service. It is the College's policy to permit employees to accumulate earned but unused vacation pay. All outstanding vacation time is payable upon termination of employment. Vacation pay is recorded as a liability and an expense when earned.

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

Unearned Revenue

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

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

Bonds Payable

Bond premiums and discounts, any amounts deferred on refunding of debt, as well as issuance costs, when applicable are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Premiums, discounts and deferred amounts are netted against outstanding debt for reporting in the financial statements.

Retirement Plans

Eligible college employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits Obligation

The net other postemployment benefits (OPEB) obligation is recognized as a long term liability in the Statement of Net Position, the amount of which is actuarially determined.

Net Position

Net position represents the difference between the College's total assets and total liabilities. 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.

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.

Operating and Nonoperating Revenues and Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Allowances

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). 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 $2,004,178 for the year ended June 30, 2013. 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.

3. CASH AND INVESTMENTS

The primary investment objectives of the College's investment activities are preservation of capital, liquidity, diversification and yield. The College's cash and investments are comprised of the following at June 30, 2013:

Cash and cash equivalents:		
Cash on hand	$	1,274
Deposits with financial institutions		508,269
Brokerage cash account		11,308
Oregon Local Government Investment Pool		2,928,883
Cash with PERS Obligation Bond paying agent		13
Total cash and cash equivalents		3,449,747
Investments:		
Government and agency securities		2,084,966
Corporate bonds		1,074,754
Total investments		3,159,720
Total cash and investments	$	6,609,467

Deposits with Financial Institutions – On June 30, 2013, the College held $508,269 book balance in demand deposits with a bank balance of $645,974. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where balances exceed the Federal Deposit Insurance 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). As of June 30, 2013, $304,061 was covered by FDIC insurance and $341,913 were collateralized under the PFCP.

3. CASH AND INVESTMENTS (Continued)

Brokerage Cash Account – The College's brokerage cash account with Fidelity Investments is cash awaiting reinvestment by the College's investment advisor, Vision Capital Management, Inc. As of June 30, 2013, the College held $11,308 in the Fidelity brokerage cash account. Fidelity Brokerage Services, LLC (FBS) through National Financial Services, LLC (NFS) provides its customers additional "excess SIPC" coverage from Lloyd's of London. This additional protection covers up to an aggregate limit of $1 billion of which $1.9 million may cover cash awaiting reinvestment at the individual account level. This protection becomes available in the event that SIPC limits are exhausted and is the highest level of excess SIPC coverage currently available. No coverage protects against a decline in the market value of securities.

Oregon Local Government Investment Pool – The Oregon Local Government Investment Pool is an open-ended no-load diversified portfolio pool offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The fair value of the College's position in the pool is substantially the same as the value of the College's participant balance.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by the portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

Interest Rate Risk - LGIP – Interest rate risk is the risk that changes in the interest rates will adversely affect fair value. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2013 were: 71% mature within 93 days, 9% mature from 94 days to one year, and 20% mature from one to three years.

Investments – ORS Chapter 294 governs the College's investments and authorizes investment in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the Oregon Local Government Investment Pool, among others. Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government may be rated or unrated obligations. Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

The College's investments are managed in accordance with an investment advisor agreement with Vision Capital Management, Inc. and securities are held in custody at Fidelity Investments in accordance with a custodial agreement. The President is the custodial officer of funds within the meaning of ORS 294.035 and is authorized to make ongoing investments of available funds without the requirement for further Board of Education approval or directives per Board policy DFA/DG.

3. CASH AND INVESTMENTS (Continued)

Investments (Continued) – The LGIP is unrated. Other investments held at June 30, 2013, are categorized by rating as follows:

Investments categorized by Moody's ratings:		
Government sponsored (U.S. Treasury and Federal Agencies) (Aaa)	$	387,334
Government sponsored (Federal Agencies) (AA+)		17,024
Corporate bonds (AA1, AA2, AA3, AA+)		150,583
Corporate bonds (A1, A2, A3)		924,171
Total investments categorized by Moody's ratings		1,479,112
Unrated government securities		1,680,608
Total investments	$	3,159,720

Concentration of Credit Risk - Investments – In accordance with GASB Statement No. 40, the College is required to report all individual non-federal investments which exceed 5% of total invested funds. As of June 30, 2013, the College held the following:

	Value	Percentage of total investments
GE Capital Internotes	$ 159,239	5.04%

Custodial Credit Risk - Investments – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment securities are held in the College's name in custody at Fidelity Investments. As of June 30, 2013, the total investments held in custody were $3,159,720.

Interest Rate Risk - Investments – As a means to limit exposure to fair value loss arising from interest rates, the College's investment policy requires that 100% of the College's investments mature in less than 18 months. Actual maturities for the College's investments are as follows:

Maturity less than	Actual at June 30, 2013
30 days	8 %
90 days	28
180 days	44
One year	82
18 months	100

4. RECEIVABLES

Receivables at June 30, 2013 consist of:

Student	$ 603,297
Agency	545,873
Property taxes	238,434
Student loans	12,860
	1,400,464
Allowance for uncollectibles	(408,393)
	$ 992,071

5. CAPITAL ASSETS

The following table presents the changes in the various capital asset categories:

	Balance June 30, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Capital assets not being depreciated:					
Land	$ 1,510,000	$ 800,510	$ -	$ -	$ 2,310,510
Construction in progress	169,500	42,000	-	(211,500)	-
Total capital assets not being depreciated	1,679,500	842,510	-	(211,500)	2,310,510
Capital assets being depreciated:					
Buildings and improvements	33,905,901	46,221	-	211,500	34,163,622
Equipment and furnishings	1,725,826	41,247	(34,707)	-	1,732,366
Library collections	510,561	-	(510,561)	-	-
Total capital assets being depreciated	36,142,288	87,468	(545,268)	211,500	35,895,988
Total capital assets	37,821,788	929,978	(545,268)	-	38,206,498
Less accumulated depreciation for:					
Buildings and improvements	(4,763,961)	(805,106)	-	-	(5,569,067)
Equipment and furnishings	(732,052)	(160,741)	34,707	-	(858,086)
Library collections	(455,059)	-	455,059	-	-
Total accumulated depreciation	(5,951,072)	(965,847)	489,766	-	(6,427,153)
Total capital assets being depreciated, net	30,191,216	(878,379)	(55,502)	211,500	29,468,835
Total capital assets, net	$ 31,870,716	$ (35,869)	$ (55,502)	$ -	$ 31,779,345

6. BONDS PAYABLE

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

	Original Amount	Outstanding July 1, 2012	Increases	Decreases	Outstanding June 30, 2013	Due within one year
General Obligation Bonds:						
Refunding Bonds, Series 1998,						
Principal	$ 1,435,000	$ 740,000	$ -	(740,000)	$ -	$ -
Series 2005, interest rates 3.75-4.0%						
Principal	2,855,000	2,230,000	-	(680,000)	1,550,000	740,000
Refunding Bonds, Series 2012,						
interest rates 2.0-5.0%						
Principal	13,790,000	13,790,000	-	(30,000)	13,760,000	135,000
Deferred refunding	(1,330,060)	(1,295,957)	-	95,004	(1,200,953)	-
Bond premium	1,125,695	1,096,693	-	(80,400)	1,016,293	-
Pension Obligation Bond						
Series 2003 original issue	3,570,327	2,850,620	-	(92,523)	2,758,097	94,178
Full Faith and Credit Financing Agreement						
Series 2013 original issue	1,500,000	-	1,500,000	-	1,500,000	76,000
Total		$ 19,411,356	$ 1,500,000	$ (1,527,919)	$ 19,383,437	$ 1,045,178

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

Year Ending June 30,	General Obligation Bonds	Interest	Pension Obligation Bond	Interest	Full Faith and Credit Financing Agreement	Interest	Total Principal	Total Interest
2014	$ 875,000	$ 458,378	$ 94,178	$ 178,541	$ 76,000	$ 2,090	$ 1,045,178	$ 639,009
2015	950,000	423,925	95,277	192,443	85,000	2,337	1,130,277	618,705
2016	1,015,000	396,175	95,808	206,912	87,000	2,392	1,197,808	605,479
2017	1,125,000	374,775	95,671	222,049	90,000	2,475	1,310,671	599,299
2018	1,135,000	346,500	94,972	237,748	92,000	2,530	1,321,972	586,778
2019-2023	6,845,000	1,179,463	462,192	1,451,406	499,000	13,722	7,806,192	2,644,591
2024-2028	3,365,000	119,925	1,820,000	248,854	571,000	15,703	5,756,000	384,482
	$ 15,310,000	$ 3,299,141	$ 2,758,097	$ 2,737,953	$ 1,500,000	$ 41,249	$ 19,568,097	$ 6,078,343

6. BONDS PAYABLE (Continued)

General Obligation Bond Issues

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. The refunding did not extend the term of the bonds but allowed the College to take advantage of a lower interest rate. At June 30, 2013, $13,100,000 of defeased bonds remain outstanding, until the call date of June 15, 2015.

Deferred refunding costs of $1,330,060 are amortized using the straight-line method over fourteen years, which is the same remaining life of the debt instrument refunded.

Pension Obligation Bond Issue

In fiscal year 2003, the College issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability.

Full Faith and Credit Financing Agreement

In 2013, the College Board approved obtaining a Full Faith and Credit Financing agreement in the amount of $1,500,000. The purpose of the loan is to acquire and improve a property adjacent to the current Hood River campus for possible future campus expansion.

7. PENSION PLANS

Plan Description – The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) the Pension Program, the defined benefit portion of the plan, applies to qualifying College employees hired after August 29, 2003, and 2) to inactive PERS members who return to qualifying employment following a six-month or greater break in service with some exceptions for College employees. 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes 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 by writing to PERS, PO Box 23700, Tigard, OR 97281-3700.

7. PENSION PLANS (Continued)

Funding Policy – Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The College is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP net employer rates in effect for the year ended June 30, 2013 were 10.04% and 8.47% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost – The College's annual pension cost is comprised of three elements: 1) the actual contributions to PERS (which equals the required contribution), 2) the 6% employee contribution which the College has agreed to pay in accordance with collective bargaining agreements, and 3) the amortization of the net prepaid pension asset (see Summary of Significant Accounting Policies net prepaid pension asset). The required contribution was determined as part of the actuarial valuation at December 31, 2009, using the projected unit credit actuarial cost method. The fair market value method is used to determine the actuarial value of the plan's assets. Significant actuarial assumptions used in the valuation include: (i) consumer price inflation of 2.75% per year; (ii) healthcare cost inflation assumed to be graded from 7% in 2010 to 4.5% in 2029; (iii) a rate of return on the future investment earnings of the assets of the members' regular accounts are assumed to accrue at an annual rate of 8% compounded annually; (iv) a rate of return on the future investment earning of the members' variable accounts are assumed to accrue at an annual rate of 8.5%, compounded annually; (v) projected annual rate of wage inflation of 3.75%; (vi) unfunded actuarial liability is amortized on a level percentage of combined annual payroll on a closed group fixed term basis over sixteen years.

The College's contributions to PERS for the fiscal years ended June 30, 2013, 2012 and 2011 were $784,118, $701,924 and $591,638, respectively, equal to the required contributions for each year.

The pension asset is the result of the transfer of the College's pension bond proceeds in 2003 to PERS to cover a portion of the College's share of the cost-sharing plan's unfunded actuarial liability. This pension asset is being used to pay a portion of the College's annual required contribution.

8. OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB)

Implicit Subsidy

Plan Description – The College is a participating district in the Oregon Educators Benefit Board (OEBB) heath care plan that provides postemployment heath, dental, vision, and prescription coverage benefits to eligible employees and their eligible dependents. This plan is not a stand-alone plan, and therefore, does not issue its own financial statements. The College has approximately 100 employees and retirees eligible for or receiving heath care coverage through OEBB as of June 30, 2013.

8. OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB)

Implicit Subsidy (Continued)

Plan Description (Continued) – 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.

Funding Policy – For the year ended June 30, 2013, the College retirees paid 100% of their insurance premium costs.

Annual OPEB Cost and Net OPEB Obligation – The College's most recent actuarial valuation date was June 30, 2013 calculated using the alternative measurement method in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation to the plan:

Annual required contribution (ARC)	$ 213,325
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	213,325
Age adjusted contributions made	(42,941)
Change in net OPEB obligation	170,384
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 170,384

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 213,325	20 %	$ 170,384

8. OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (Continued)

Implicit Subsidy (Continued)

Funding Progress – As of June 30, 2013, representing the date of the most recent actuarial valuation calculation, the plan was 0% funded. The actuarial accrued liability for benefits was $1,166,739, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of $1,166,739.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the notes to the basic financial statements as required supplementary information, presents information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 2% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 8%, and a 3.10% salary inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, was thirty years.

Retirement Health Insurance Account (RHIA)

Plan Description – As a member of PERS, the College makes contributions to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. The Oregon legislature has the ability to establish and amend the benefit provisions of the RHIA. The plan is closed to new entrants after January 1, 2004.

PERS issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (Continued)

Retirement Health Insurance Account (RHIA) (Continued)

Funding Policy – ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment 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 has 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 benefit if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently .59% of annual covered for Tier 1/Tier 2 payroll, and .5% of OPSRP payroll. The PERS board sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The College's contributions to RHIA for the years ended June 30, 2013, 2012 and 2011 were approximately $4,306, $3,825, and $3,224, respectively.

9. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions; injuries to employees and natural disasters. The College is insured for the physical damage to vehicles and carries insurance for all risks of loss, including general and auto liability, property insurance, crime coverage, equipment breakdown coverage, and workers’ compensation. General liability insurance generally covers casualty losses with a loss limit of $10 million per occurrence and a $20 million aggregate loss limit. The College’s property insurance and equipment breakdown total loss limit is approximately $60,600,000 with a $10,000 property deductible and equipment deductible of $1,000 or $5,000 depending on motor size. Auto liability is the same as general liability with $100 comprehensive and $500 collision deductible. Earthquake and flood coverage has a loss limit of $15 million. Crime coverage has a loss limit of $100,000. 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, 2013, and no insurance settlement exceeded insurance coverage for the past three years.

10. LEASE REVENUE

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 as follows:

Year Ending June 30,		
2014	$	166,000
2015		99,000
2016		41,000
2017		33,000
2018		26,000
Total	$	365,000

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 the real property. See also Note 13.

11. RELATED ORGANIZATION

The Columbia Gorge Community College Foundation (the Foundation) is a legally separate, tax-exempt not-for-profit corporation. The Foundation's Board of Trustees is independently appointed. The Foundation is responsible for approving its own budget, accounting, and finance-related activities. The College is not able to impose its will on the Foundation. The Foundation is not considered a component unit of the College, as defined by GASB Statement No. 61.

Summarized financial information from the Foundation's Form 990, Return of Organization Exempt from Income Tax, as of and for the year ended June 30, 2013 is:

Total assets	$	758,754
Total net assets		758,754
Total revenues, gains, and other support		232,293
Total expenses		20,862

12. RESTATEMENT

The College issued limited tax pension obligation bonds and the proceeds were used to make a supplemental lump-sum payment to the Oregon Public Employees Retirement System (PERS). The intent was to prepay the amortization of the College's share of the PERS unfunded actuarial liability. Amortization of this supplemental lump-sum payment should be recognized as pension expense over the life of the bonds, 25 years, using the straight-line method. The College was previously accounting for this as a "side account". The net prepaid pension asset was reduced and net position decreased by $884,751 as a result of this change in accounting treatment.

13. SUBSEQUENT EVENT

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 Note 10. 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 in Note 10.

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2013

OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
6/30/13	$ -	$ 1,166,739	$ 1,166,739	0%	$ 4,082,601	28.58%

SUPPLEMENTARY INFORMATION

COLUMBIA GORGE COMMUNITY COLLEGE

BUDGETARY INFORMATION

YEAR ENDED JUNE 30, 2013

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.

MEASURMENT 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 personal 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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

DESCRIPTION OF FUNDS

The College has the following funds:

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

The *U.S. Education Title III Grant Fund* accounts for the U.S. Department of Education Title III developing institutions grant awarded in 2010-11 for five years.

The *Carl D. Perkins Title I Grant Fund* accounts for the Carl D. Perkins grant which supports the enhancement of Technical Education programs to better prepare students for a future in the workforce.

The *Health Occupations Customized Training Fund* is used to record revenues and expenditures relating to specialized health occupations training programs offered under customized training contracts.

The *U.S. Department of Labor WIA Section 171 Grant Fund* accounts for a new earmark grant from the U.S. Department of Labor to infuse other renewable energy technology in the RET curriculum.

The *U.S. Department of Labor State Energy Sector Partnership Grant Fund* accounts for the launch of the Oregon Green Tech Certificate which will prepare entry level workers in industries that are associated with or support green jobs.

The *Customized Training Fund* is used to record revenues and expenditures relating to specialized training programs offered to businesses and organizations.

The *Small Business Development Center Program Income Fund* accounts for Small Business Development Center program income and expenditures.

The *Federal SBA Small Business Development Center Grant Fund* accounts for Federal Small Business Administration Small Business Development Center Grant.

DESCRIPTION OF FUNDS (Continued)

The *State Small Business Development Center Grant Fund* accounts for the State of Oregon Small Business Development Center Grant.

The *Fundamentals of Caregiving Contract Fund* accounts for the contract with the State of Washington to provide fundamentals of caregiving training.

The *Mid-Columbia Economic Development District Fund* accounts for the Small Business Development Center activity to provide technical assistance to individuals meeting income specification through the Klickitat-Skamania Loan fund and the Klickitat Microenterprise project.

The *Title II AEFLA Comprehensive Grant Fund* accounts for the Title II Adult Education and Family Literacy Act (AEFLA) Comprehensive Grant received through the Department of Community Colleges and Workforce Development.

The *Accountability Grant Fund* accounts for the Accountability grant received through the Department of Community Colleges and Workforce Development for the assessment and accountability activities related to Basic Skills programs.

The *Program Improvement Grant Fund* accounts for the Program Improvement Grant from the Department of Community Colleges and Workforce Development.

The *Tutoring Grant Fund* accounts for the outreach tutoring grant through the Department of Community Colleges and Workforce Development to provide outreach project tutoring services for adult literacy students.

The *English Language Civics Grant Fund* accounts for the English Languages Civics Grant from the Department of Community Colleges and Workforce Development.

The *Learning Standards Grant Fund* accounts for the Learning Standards project through grant money from the Workforce Investment Act Title II funds.

The *Gorge Literacy Fund* accounts for the College's literacy activities.

The *Title II Program Income Fund* accounts for Title II programs; ESOL tuition, GED tuition, and pre-college tuition, program income and expenditures.

The *U.S. Department of Labor Case Grant Fund* accounts for a consortium grant to the U.S. Department of Labor in partnership with Clackamas Community College funds to increase attainment for unemployed/underemployed workers.

The *Wasco County Commission for Children & Families Fund* accounts for activities performed on behalf of Wasco County during a time of transition.

DESCRIPTION OF FUNDS (Continued)

The *Non-Reimbursable Community Education Fund* accounts for revenue and expenses of self-supporting community education classes.

The *Elderhostel Fund* accounts for the revenue and expenditures of the Elderhostel program. Elderhostel is a network of colleges and educational institutions offering low cost, short-term, non-credit, residential, academic programs for people over the age of 21.

The *Oregon Student Assistance Commission Fund* accounts for the agreements between the College and the Oregon Student Assistance Commission to coordinate the College Goal Oregon program on The Dalles and Hood River campuses. College Goal Oregon is a free event designed to help Oregon college-bound students and their families with the financial aid application process.

The *Career Pathways Innovation Fund* accounts for the Community College Strategic Fund to support the career pathways initiative specifically expanding one year certificates.

The *Oregon Child Care Division Fund* accounts for the contract with the Oregon Child Care Resource and Referral Network which supports the Child Care Resource and Referral Program at the College.

The *Child Care Resource and Referral Fund* accounts for the Child Care Resource and Referral project. The College acts as the fiscal agent for various grantors and donors, including State, Wasco County, non-profit agencies, and the private sector. The College does not operate a child care facility, but only coordinates the connection between the needs for such services and the providers. Referral is made available to students and community.

The *Department of Human Services Integrated Child Care Grant Fund* accounts for the contract from the Oregon Department of Human Services for the integrated child care program.

The *Co-Curricular Activities Fund* accounts for program income for the Spring Humanities Series and other co-curricular activities sponsored by the College and related expenditures.

The *Career Pathways Program Income Fund* accounts for Career Pathways Program Income related to the Pathways to Advancement Statewide Initiative.

The *Pathways Initiative State-Wide Director Grant Fund* accounts for the contract with the State of Oregon through the Department of Community Colleges and Workforce Development to provide a state-wide director and related expenditures in support of the career pathways state-wide initiative.

The *Insurance Fund* accounts for the unanticipated receipt of insurance claim proceeds and expenditures.

DESCRIPTION OF FUNDS (Continued)

The *Pathways Initiative Projects & Technical Assistance Grant Fund* accounts for the contract with the State of Oregon through the Department of Community Colleges and Workforce Development to provide technical assistance for career pathways state-wide initiative.

The *Oregon Council for the Humanities Grant Fund* accounts for a National Endowment for the Humanities grant through the Oregon Council for the Humanities in support of the Spring Humanities Series sponsored by the College.

The *Building Lease Fund* is used to record the revenues and expenditures relating to leasing office space to various agencies.

The *Food Service Fund* accounts for the revenues and expenditures of the campus food service contract.

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

The *Oregon Student Aid Fund* accounts for the administration of Student Aid received from the State of Oregon.

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

The *Third Party Scholarship & Loan Fund* accounts for scholarships or loans received by students from outside agencies.

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 *State Capital Projects Fund* accounts for State of Oregon capital construction and improvements projects.

The *Wasco County G.O. Bonds Fund* is used to account for the accumulation of resources to pay the principal and interest on the Refunding General Obligation Bonds, Series 1998.

The *District G.O. Bonds Fund* accounts for the accumulation of resources to pay the principal and interest on General Obligation Bonds, Series 2005 approved by district voters of Hood River and Wasco Counties. These bonds were refunded in March, 2012.

The *Pension Bond Debt Service Fund* is established to account 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.

DESCRIPTION OF FUNDS (Continued)

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

The *General Operations Reserve Fund* 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 *College Bookstore 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 *Environmental Club Fund* accounts for the activities of the student-organized Environmental Club.

The *Phi Theta Kappa Fund* accounts for the student honor society activities.

The *Student Council Fund* was established to record the receipts and disbursements for student activities and fundraisers. Receipts are generally from fundraisers. Disbursements are for supplies and various student activities.

The *Student Nurse Association Fund* accounts for the activities of the Student Nurse Association.

The *Japanese Club Fund* accounts for the student organization activities of the Japanese Visual Culture Club.

The *Delta Energy Club Fund* accounts for the student organization activities of the Delta Energy Club for students of the Renewable Energy Training program.

The *Multicultural Club Fund* accounts for the student organization activities of the Multicultural Club.

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
State sources	$ 2,539,174	$ 2,539,174	$ 2,541,310	$ 2,136
Local sources	1,048,954	1,048,954	1,087,279	38,325
Tuition	3,044,877	3,044,877	2,452,454	(592,423)
Instructional fees	737,710	737,710	645,279	(92,431)
Special fees	51,120	51,120	102,530	51,410
Other	144,002	146,502	220,643	74,141
Sales and services	4,000	4,000	12,263	8,263
TOTAL REVENUES	7,569,837	7,572,337	7,061,758	(510,579)
EXPENDITURES:				
Instruction	3,984,926	3,999,926	3,639,893	360,033
Academic support	1,047,995	981,795	894,274	87,521
Student services	1,074,193	1,094,022	986,202	107,820
Institutional support	2,860,543	2,935,081	2,743,348	191,733
Financial aid	35,867	35,867	-	35,867
Plant operation and maintenance	1,068,897	1,068,897	987,668	81,229
Contingency	400,000	1,694,554	-	1,694,554
TOTAL EXPENDITURES	10,472,421	11,810,142	9,251,385	2,558,757
Excess of revenue over (under) expenditures	(2,902,584)	(4,237,805)	(2,189,627)	2,048,178
OTHER FINANCE SOURCES (USES):				
Transfer from special funds	2,059,024	2,029,024	98,220	(1,930,804)
Transfer to special funds	(20,000)	(25,000)	(26,078)	(1,078)
TOTAL OTHER FINANCE SOURCES (USES)	2,039,024	2,004,024	72,142	(1,931,882)
Net change in fund balance	(863,560)	(2,233,781)	(2,117,485)	116,296
FUND BALANCE, beginning of year	1,363,560	2,706,281	2,706,281	-
FUND BALANCE, end of year	$ 500,000	$ 472,500	$ 588,796	$ 116,296

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

U.S. EDUCATION TITLE III GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 600,000	$ 600,000	$ 457,475	$ (142,525)
EXPENDITURES:				
Personnel services	249,619	249,619	235,288	14,331
Materials and services	292,365	292,365	207,994	84,371
Capital outlay	58,016	58,016	14,193	43,823
TOTAL EXPENDITURES	600,000	600,000	457,475	142,525
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CARL D. PERKINS TITLE I GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 79,295	$ 85,996	$ 61,509	$ (24,487)
EXPENDITURES:				
Personnel services	73,197	73,197	53,305	19,892
Materials and services	6,098	12,799	8,204	4,595
TOTAL EXPENDITURES	79,295	85,996	61,509	24,487
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HEALTH OCCUPATIONS CUSTOMIZED TRAINING FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Instructional fees	$ -	$ -	$ 85	$ 85
Sales and services	12,000	12,000	3,247	(8,753)
TOTAL REVENUES	12,000	12,000	3,332	(8,668)
EXPENDITURES:				
Personnel services	7,127	7,127	-	7,127
Materials and services	3,373	3,373	1,483	1,890
TOTAL EXPENDITURES	10,500	10,500	1,483	9,017
Excess of revenue over (under) expenditures	1,500	1,500	1,849	349
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(1,500)	(1,500)	-	1,500
Net change in fund balance	-	-	1,849	1,849
FUND BALANCE, beginning of year	-	-	6,414	6,414
FUND BALANCE, end of year	$ -	$ -	$ 8,263	$ 8,263

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

U.S. DEPARTMENT OF LABOR WIA SECTION 171 GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 50,664	$ 86,777	$ 85,982	$ (795)
EXPENDITURES:				
Personnel services	18,814	18,827	18,827	-
Materials and services	24,350	18,450	25,155	(6,705)
Capital outlay	7,500	49,500	42,000	7,500
TOTAL EXPENDITURES	50,664	86,777	85,982	795
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

U.S. DEPARTMENT OF LABOR STATE ENERGY SECTOR PARTNERSHIP GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 25,000	$ 39,238	$ 39,238	$ -
EXPENDITURES:				
Personnel services	18,920	24,527	24,051	476
Materials and services	6,080	14,711	15,187	(476)
TOTAL EXPENDITURES	25,000	39,238	39,238	-
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CUSTOMIZED TRAINING FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Special fees	$ -	$ -	$ 500	$ 500
Sales and services	100,000	100,000	88,573	(11,427)
TOTAL REVENUES	100,000	100,000	89,073	(10,927)
EXPENDITURES:				
Personnel services	21,552	21,552	2,729	18,823
Materials and services	118,448	118,448	69,327	49,121
TOTAL EXPENDITURES	140,000	140,000	72,056	67,944
Excess of revenue over (under) expenditures	(40,000)	(40,000)	17,017	57,017
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(5,000)	(5,000)	-	5,000
Net change in fund balance	(45,000)	(45,000)	17,017	62,017
FUND BALANCE, beginning of year	45,000	45,000	35,860	(9,140)
FUND BALANCE, end of year	$ -	$ -	$ 52,877	$ 52,877

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SMALL BUSINESS DEVELOPMENT CENTER PROGRAM INCOME FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Instructional fees	$ 34,766	$ 34,766	$ 13,712	$ (21,054)
EXPENDITURES:				
Personnel services	10,824	10,824	2,551	8,273
Materials and services	23,942	23,942	13,879	10,063
TOTAL EXPENDITURES	34,766	34,766	16,430	18,336
Excess of revenue over (under) expenditures	-	-	(2,718)	(2,718)
FUND BALANCE, beginning of year	-	-	9,773	9,773
FUND BALANCE, end of year	$ -	$ -	$ 7,055	$ 7,055

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FEDERAL SBA SMALL BUSINESS DEVELOPMENT CENTER GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 30,250	$ 49,050	$ 37,949	$ (11,101)
EXPENDITURES:				
Personnel services	30,250	46,050	35,896	10,154
Materials and services	-	3,000	2,053	947
TOTAL EXPENDITURES	30,250	49,050	37,949	11,101
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE SMALL BUSINESS DEVELOPMENT CENTER GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
State sources	$ 29,804	$ 29,804	$ 34,804	$ 5,000
EXPENDITURES:				
Personnel services	29,804	29,804	34,804	(5,000)
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FUNDAMENTALS OF CAREGIVING CONTRACT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Tuition	$ 1,500	$ 1,500	$ -	$ (1,500)
Sales and services	14,500	14,500	-	(14,500)
TOTAL REVENUES	16,000	16,000	-	(16,000)
EXPENDITURES:				
Personnel services	15,212	15,212	-	15,212
Materials and services	3,789	3,789	1	3,788
TOTAL EXPENDITURES	19,001	19,001	1	19,000
Excess of revenue over (under) expenditures	(3,001)	(3,001)	(1)	3,000
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(2,999)	(2,999)	-	2,999
Net change in fund balance	(6,000)	(6,000)	(1)	5,999
FUND BALANCE, beginning of year	6,000	6,000	3,992	(2,008)
FUND BALANCE, end of year	$ -	$ -	$ 3,991	$ 3,991

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Local grant/contract sources	$ 15,000	$ 15,000	$ 6,649	$ (8,351)
EXPENDITURES:				
Personnel services	12,668	12,668	6,321	6,347
Materials and services	2,332	2,332	328	2,004
TOTAL EXPENDITURES	15,000	15,000	6,649	8,351
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TITLE II AEFLA COMPREHENSIVE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Local grant/contract sources	$ 81,088	$ 82,617	$ 82,617	$ -
EXPENDITURES:				
Personnel services	81,088	82,017	82,017	-
Materials and services	-	600	600	-
TOTAL EXPENDITURES	81,088	82,617	82,617	-
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ACCOUNTABILITY GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 11,642	$ -	$ -	$ -
EXPENDITURES:				
Personnel services	10,073	-	-	-
Materials and services	1,569	-	-	-
TOTAL EXPENDITURES	11,642	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PROGRAM IMPROVEMENT GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 5,000	$ -	$ -	$ -
EXPENDITURES:				
Personnel services	5,000	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TUTORING GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 14,680	$ 15,000	$ 12,679	$ (2,321)
EXPENDITURES:				
Personnel services	10,693	9,695	9,175	520
Materials and services	3,987	5,305	3,504	1,801
TOTAL EXPENDITURES	14,680	15,000	12,679	2,321
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

ENGLISH LANGUAGE CIVICS GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 29,874	$ 31,595	$ 31,595	$ -
EXPENDITURES:				
Personnel services	27,574	29,578	29,578	-
Materials and services	2,300	2,017	2,017	-
TOTAL EXPENDITURES	29,874	31,595	31,595	-
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LEARNING STANDARDS GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
State sources	$ -	$ 2,400	$ 2,401	$ 1
EXPENDITURES:				
Personnel services	-	1,759	2,242	(483)
Materials and services	-	641	159	482
TOTAL EXPENDITURES	-	2,400	2,401	(1)
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GORGE LITERACY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Contributions	$ 1,500	$ 1,500	$ 178	$ (1,322)
EXPENDITURES:				
Materials and services	1,500	1,500	144	1,356
Excess of revenue over (under) expenditures	-	-	34	34
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 34	$ 34

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TITLE II PROGRAM INCOME FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Tuition	$ -	$ 15,000	$ 14,760	$ (240)
EXPENDITURES:				
Personnel services	-	5,000	-	5,000
Materials and services	-	10,000	2,002	7,998
TOTAL EXPENDITURES	-	15,000	2,002	12,998
Excess of revenue over (under) expenditures	-	-	12,758	12,758
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 12,758	$ 12,758

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

U.S. DEPARTMENT OF LABOR CASE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 109,150	$ 109,150	$ 92,504	$ (16,646)
EXPENDITURES:				
66	85,467	85,467	69,633	15,834
Materials and services	23,683	23,683	22,871	812
TOTAL EXPENDITURES	109,150	109,150	92,504	16,646
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WASCO COUNTY COMMISSION FOR CHILDREN & FAMILIES FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
County source	$ -	$ 24,999	$ 15,624	$ (9,375)
EXPENDITURES:				
Personnel services	-	12,100	12,100	-
Materials and services	-	12,899	3,524	9,375
TOTAL EXPENDITURES	-	24,999	15,624	9,375
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NON-REIMBURSABLE COMMUNITY EDUCATION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Tuition	$ 10,000	$ 10,000	$ 11,511	$ 1,511
Instructional fees	1,500	1,500	905	(595)
TOTAL REVENUES	11,500	11,500	12,416	916
EXPENDITURES:				
Personnel services	3,804	3,804	2,078	1,726
Materials and services	11,696	11,696	3,053	8,643
TOTAL EXPENDITURES	15,500	15,500	5,131	10,369
Excess of revenue over (under) expenditures	(4,000)	(4,000)	7,285	11,285
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(1,000)	(1,000)	-	1,000
Net change in fund balance	(5,000)	(5,000)	7,285	12,285
FUND BALANCE, beginning of year	5,000	5,000	4,633	(367)
FUND BALANCE, end of year	$ -	$ -	$ 11,918	$ 11,918

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ELDERHOSTEL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Tuition	$ 30,000	$ 30,000	$ 21,029	$ (8,971)
EXPENDITURES:				
Personnel services	2,282	2,282	752	1,530
Materials and services	28,718	28,718	18,033	10,685
TOTAL EXPENDITURES	31,000	31,000	18,785	12,215
Excess of revenue over (under) expenditures	(1,000)	(1,000)	2,244	3,244
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(2,000)	(2,000)	-	2,000
Net change in fund balance	(3,000)	(3,000)	2,244	5,244
FUND BALANCE, beginning of year	3,000	3,000	5,057	2,057
FUND BALANCE, end of year	$ -	$ -	$ 7,301	$ 7,301

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OREGON STUDENT ASSISTANCE COMMISSION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
State sources	$ 4,000	$ 4,000	$ 1,200	$ (2,800)
EXPENDITURES:				
Materials and services	4,000	4,000	1,180	2,820
Excess of revenue over (under) expenditures	-	-	20	20
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 20	$ 20

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAREER PATHWAYS INNOVATION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
State sources	$ 36,253	$ 36,253	$ 23,158	$ (13,095)
EXPENDITURES:				
Personnel services	30,591	18,441	5,662	12,779
Materials and services	5,662	17,812	17,496	316
TOTAL EXPENDITURES	36,253	36,253	23,158	13,095
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OREGON CHILD CARE DIVISION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 103,802	$ 159,503	$ 146,565	$ (12,938)
EXPENDITURES:				
Personnel services	81,226	103,999	98,417	5,582
Materials and services	22,576	55,504	48,148	7,356
TOTAL EXPENDITURES	103,802	159,503	146,565	12,938
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CHILD CARE RESOURCE AND REFERRAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Federal sources	$ 5,200	$ 5,200	$ 5,321	$ 121
EXPENDITURES:				
Personnel services	1	1	-	1
Materials and services	5,199	5,199	2,279	2,920
TOTAL EXPENDITURES	5,200	5,200	2,279	2,921
Excess of revenue over (under) expenditures	-	-	3,042	3,042
FUND BALANCE, beginning of year	-	-	5,212	5,212
FUND BALANCE, end of year	$ -	$ -	$ 8,254	$ 8,254

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEPARTMENT OF HUMAN SERVICES
INTEGRATED CHILD CARE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 24,217	$ 24,217	$ 21,259	$ (2,958)
EXPENDITURES:				
Personnel services	18,691	18,691	17,680	1,011
Materials and services	5,526	5,526	3,579	1,947
TOTAL EXPENDITURES	24,217	24,217	21,259	2,958
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CO-CURRICULAR ACTIVITIES FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Local grant/contract sources	$ 1,000	$ 1,000	$ 1,000	$ -
Other sources	1,400	1,400	100	(1,300)
Sales and services	600	600	178	(422)
				-
TOTAL REVENUES	3,000	3,000	1,278	(1,722)
EXPENDITURES:				
Materials and services	3,000	8,000	2,518	5,482
Excess of revenue over (under) expenditures	-	(5,000)	(1,240)	3,760
OTHER FINANCE SOURCES (USES):				
Transfer from General Fund	-	-	1,042	1,042
Net change in fund balance	-	(5,000)	(198)	4,802
FUND BALANCE, beginning of year	-	5,000	198	(4,802)
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAREER PATHWAYS PROGRAM INCOME FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Sales and services	$ 1,000	$ 1,000	$ -	$ (1,000)
EXPENDITURES:				
Materials and services	1,000	1,000	-	1,000
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	70	70
FUND BALANCE, end of year	$ -	$ -	$ 70	$ 70

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PATHWAYS INITIATIVE STATE-WIDE DIRECTOR GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
State sources	$ 156,489	$ 162,979	$ 162,921	$ (58)
EXPENDITURES:				
Personnel services	106,747	104,736	104,689	47
Materials and services	49,742	58,243	58,232	11
TOTAL EXPENDITURES	156,489	162,979	162,921	58
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INSURANCE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES:				
Materials and services	$ 2,207	$ 2,207	$ -	$ 2,207
Excess of revenue over (under) expenditures	(2,207)	(2,207)	-	2,207
FUND BALANCE, beginning of year	2,207	2,207	2,207	-
FUND BALANCE, end of year	$ -	$ -	$ 2,207	$ 2,207

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PATHWAYS INITIATIVE PROJECTS & TECHNICAL ASSISTANCE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
State sources	$ 32,890	$ 32,890	$ 33,190	$ 300
EXPENDITURES:				
Materials and services	32,890	32,890	33,190	(300)
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OREGON COUNCIL FOR THE HUMANITIES GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 3,000	$ 3,000	$ 2,500	$ (500)
EXPENDITURES:				
Materials and services	3,000	3,000	2,500	500
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BUILDING LEASE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other sources	$ 160,936	$ 160,936	$ 160,559	$ (377)
EXPENDITURES:				
Personnel services	29,314	29,314	20,057	9,257
Materials and services	33,402	33,402	20,894	12,508
TOTAL EXPENDITURES	62,716	62,716	40,951	21,765
Excess of revenue over (under) expenditures	98,220	98,220	119,608	21,388
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(98,220)	(98,220)	(98,220)	-
Net change in fund balance	-	-	21,388	21,388
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 21,388	$ 21,388

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOOD SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Other sources	$ 5,000	$ 5,000	$ (249)	$ (5,249)
EXPENDITURES:				
Materials and services	12,399	12,399	519	11,880
Capital outlay	1	1	-	1
TOTAL EXPENDITURES	12,400	12,400	519	11,881
Excess of revenue over (under) expenditures	(7,400)	(7,400)	(768)	6,632
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(1,000)	(1,000)	-	1,000
Net change in fund balance	(8,400)	(8,400)	(768)	7,632
FUND BALANCE, beginning of year	8,400	8,400	8,388	(12)
FUND BALANCE, end of year	$ -	$ -	$ 7,620	$ 7,620

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FEDERAL STUDENT AID FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	7,380,000	7,380,000	4,602,531	(2,777,469)
EXPENDITURES:				
Personnel services	43,750	43,750	30,644	13,106
Grants and loans	7,356,250	7,356,250	4,596,923	2,759,327
TOTAL EXPENDITURES	7,400,000	7,400,000	4,627,567	2,772,433
Excess of revenue over (under) expenditures	(20,000)	(20,000)	(25,036)	(45,036)
OTHER FINANCE SOURCES (USES):				
Transfer from General Fund	20,000	20,000	25,036	5,036
Net change in fund balance	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OREGON STUDENT AID FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
State sources	$ 75,000	$ 300,000	$ 149,384	$ (150,616)
EXPENDITURES:				
Grants and loans	75,000	300,000	149,384	150,616
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CGCC FOUNDATION SCHOLARSHIP FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Other sources	$ 150,000	$ 150,000	$ 109,935	$ (40,065)
EXPENDITURES:				
Grants and loans	150,000	150,000	109,935	40,065
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

THIRD PARTY SCHOLARSHIP & LOAN FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Other sources	$ 400,000	$ 400,000	$ 125,721	$ (274,279)
EXPENDITURES:				
Grants and loans	400,000	400,000	125,721	274,279
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Materials and services	$ -	$ -	$ 4,650	$ (4,650)
Capital outlay	-	1,484,700	800,510	684,190
Issuance costs	-	-	15,300	(15,300)
TOTAL EXPENDITURES	-	1,484,700	820,460	664,240
Excess of revenue over (under) expenditures	-	(1,484,700)	(820,460)	664,240
OTHER FINANCE SOURCES (USES):				
Full faith and credit obligation issued	-	1,484,700	1,500,000	15,300
Net change in fund balance	-	-	679,540	679,540
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 679,540	$ 679,540

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

STATE CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
State sources	$ 300,000	$ 300,000	$ -	$ (300,000)
EXPENDITURES:				
Materials and services	150,000	150,000	-	150,000
Excess of revenue over (under) expenditures	150,000	150,000	-	150,000
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(150,000)	(150,000)	-	(150,000)
Net change in fund balance	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WASCO COUNTY G.O. BONDS FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Local sources	$ 772,190	$ 772,190	$ 794,571	$ 22,381
EXPENDITURES:				
Debt service	772,190	772,190	772,190	-
Excess of revenue over (under) expenditures	-	-	22,381	22,381
FUND BALANCE, beginning of year	-	-	71,290	71,290
FUND BALANCE, end of year	$ -	$ -	$ 93,671	$ 93,671

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DISTRICT G.O. BONDS FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Local sources	$ 1,314,439	$ 1,314,439	$ 1,368,817	$ 54,378
EXPENDITURES:				
Debt service	1,314,439	1,314,439	1,314,439	-
Excess of revenue over (under) expenditures	-	-	54,378	54,378
FUND BALANCE, beginning of year	-	-	103,192	103,192
FUND BALANCE, end of year	$ -	$ -	$ 157,570	$ 157,570

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PENSION BOND DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other sources	$ 257,720	$ 1,567,720	$ 273,567	$ (1,294,153)
EXPENDITURES:				
Debt service	257,720	257,720	257,720	-
Reserved for future expenditure	1,310,000	1,310,000	-	1,310,000
TOTAL EXPENDITURES	1,567,720	1,567,720	257,720	1,310,000
Excess of revenue over (under) expenditures	(1,310,000)	-	15,847	15,847
FUND BALANCE, beginning of year	1,310,000	1,310,000	1,273,691	(36,309)
FUND BALANCE, end of year	$ -	$ 1,310,000	$ 1,289,538	$ (20,462)

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FACILITIES AND GROUNDS MAINTENANCE RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
EXPENDITURES:				
Materials and services	$ 150,000	$ 150,000	$ 12,597	$ 137,403
Capital outlay	294,932	294,932	91,630	203,302
TOTAL EXPENDITURES	444,932	444,932	104,227	340,705
Excess of revenue over (under) expenditures	(444,932)	(444,932)	(104,227)	340,705
FUND BALANCE, beginning of year	444,932	444,932	409,801	(35,131)
FUND BALANCE, end of year	$ -	$ -	$ 305,574	$ 305,574

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL OPERATIONS RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Reserved for future expenditures	$ 1,097,026	$ 1,097,026	$ -	$ (1,097,026)
OTHER FINANCE SOURCES (USES):				
Transfer to General Fund	(1,947,305)	(1,947,305)	-	1,947,305
Net change in fund balance	(3,044,331)	(3,044,331)	-	3,044,331
FUND BALANCE, beginning of year	3,044,331	3,044,331	3,044,331	-
FUND BALANCE, end of year	$ -	$ -	$ 3,044,331	$ 3,044,331

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COLLEGE BOOKSTORE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Textbook sales	$ 725,000	$ 725,000	$ 416,168	$ (308,832)
Bank card discount fees	(6,000)	(6,000)	(5,139)	861
TOTAL REVENUES	719,000	719,000	411,029	(307,971)
EXPENDITURES:				
Textbooks	575,000	575,000	337,931	237,069
Publishers credits	(55,000)	(55,000)	(39,555)	(15,445)
Personnel services	102,388	102,388	79,711	22,677
Materials and services	84,282	84,282	14,186	70,096
Capital outlay	45,000	45,000	-	45,000
TOTAL EXPENDITURES	751,670	751,670	392,273	359,397
Excess of revenue over (under) expenditures	(32,670)	(32,670)	18,756	51,426
FUND BALANCE, beginning of year	277,000	277,000	270,217	(6,783)
FUND BALANCE, end of year	$ 244,330	$ 244,330	$ 288,973	$ 44,643

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ENVIRONMENTAL CLUB FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Fundraising	$ 500	$ 500	$ -	$ (500)
EXPENDITURES:				
Materials and services	500	500	-	500
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	664	664
FUND BALANCE, end of year	$ -	$ -	$ 664	$ 664

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PHI THETA KAPPA FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Membership dues	$ 3,500	$ 3,500	$ 3,525	$ 25
Fundraising	5,000	5,000	1,996	(3,004)
TOTAL REVENUES	8,500	8,500	5,521	(2,979)
EXPENDITURES:				
Materials and services	8,500	8,500	4,726	3,774
Excess of revenue over (under) expenditures	-	-	795	795
FUND BALANCE, beginning of year	-	-	1,269	1,269
FUND BALANCE, end of year	$ -	$ -	$ 2,064	$ 2,064

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STUDENT COUNCIL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Other fundraising	$ 1,000	$ 1,000	$ 666	$ (334)
EXPENDITURES:				
Materials and services	1,000	1,000	600	400
Excess of revenue over (under) expenditures	-	-	66	66
FUND BALANCE, beginning of year	-	-	45	45
FUND BALANCE, end of year	$ -	$ -	$ 111	$ 111

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STUDENT NURSE ASSOCIATION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Membership dues	$ 500	$ 500	$ -	$ (500)
Fundraising	1,000	1,000	21	(979)
TOTAL REVENUES	1,500	1,500	21	(1,479)
EXPENDITURES:				
Materials and services	1,500	1,500	21	1,479
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

JAPANESE CLUB FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fundraising	$ 2,000	$ -	$ -	$ -
EXPENDITURES:				
Materials and services	2,000	-	315	(315)
Excess of revenue over (under) expenditures	-	-	(315)	(315)
FUND BALANCE, beginning of year	-	-	315	315
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DELTA ENERGY CLUB FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Restricted gifts	$ 3,000	$ 3,000	$ 500	$ (2,500)
Fundraising	7,000	7,000	950	(6,050)
TOTAL REVENUES	10,000	10,000	1,450	(8,550)
EXPENDITURES:				
Materials and services	10,000	10,000	712	9,288
Excess of revenue over (under) expenditures	-	-	738	738
FUND BALANCE, beginning of year	-	-	252	252
FUND BALANCE, end of year	$ -	$ -	$ 990	$ 990

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MULTICULTURAL CLUB FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Fundraising	$ 2,000	$ 2,000	$ -	$ (2,000)
EXPENDITURES:				
Materials and services	2,000	2,000	-	2,000
Excess of revenue over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

OTHER SCHEDULES

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2013

				Payable from: District General Obligation Bonds Fund			
				General Obligation Bonds			
				Series 2005		Series 2012	
	All Debt Requirements			Principal	Interest	Principal	Interest
Year end 6/30	Annual Total	Principal	Interest	due 6/15	due 12/15 and 6/15	due 6/15	due 12/15 and 6/15
2014	$ 1,736,878	$ 1,045,178	$ 691,700	$ 740,000	$ 63,406	$ 135,000	$ 411,826
2015	1,803,406	1,130,277	673,129	810,000	32,400	140,000	409,126
2016	1,847,869	1,197,808	650,061	-	-	1,015,000	406,326
2017	1,953,176	1,310,671	642,505	-	-	1,125,000	386,026
2018	1,955,201	1,321,972	633,229	-	-	1,135,000	363,526
2019	2,010,621	1,397,659	612,962	-	-	1,210,000	329,476
2020	2,090,786	1,494,573	596,213	-	-	1,305,000	299,226
2021	2,126,968	1,552,562	574,406	-	-	1,360,000	260,076
2022	2,188,293	1,635,454	552,839	-	-	1,440,000	221,150
2023	2,244,860	1,725,944	518,916	-	-	1,530,000	173,550
2024	2,312,873	2,073,000	239,873	-	-	1,630,000	121,450
2025	2,376,691	2,221,000	155,691	-	-	1,735,000	59,200
2026	606,176	534,000	72,176	-	-	-	-
2027	627,185	582,000	45,185	-	-	-	-
2028	361,928	346,000	15,928	-	-	-	-
	$ 26,242,908	$ 19,568,097	$ 6,674,810	$ 1,550,000	$ 95,806	$ 13,760,000	$ 3,440,958

Payable from: Pension Fund		Payable from: General Fund	
Pension Obligation Bond		Full Faith and Credit Financing Agreement	
Series 2003		Series 2013	
Principal due 6/30	Interest due 12/30 and 6/30	Principal due 4/1	Interest due 10/1 and 4/1
$ 94,178	$ 178,541	$ 76,000	$ 37,927
95,277	192,443	85,000	39,160
95,808	206,912	87,000	36,823
95,671	222,049	90,000	34,430
94,972	237,748	92,000	31,955
93,659	254,061	94,000	29,425
92,573	270,147	97,000	26,840
92,562	290,157	100,000	24,173
92,454	310,266	103,000	21,423
90,944	326,776	105,000	18,590
335,000	102,720	108,000	15,703
375,000	83,758	111,000	12,733
420,000	62,496	114,000	9,680
465,000	38,640	117,000	6,545
225,000	12,600	121,000	3,328
$ 2,758,097	$ 2,789,314	$ 1,500,000	$ 348,732

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF PROPERTY TAX TRANSACTIONS

YEAR ENDED JUNE 30, 2013

Year Ended June 30,	Taxes receivable July 1, 2012	Current levy as extended by assessor	Add (deduct) Adjustments	Discounts	Interest	Collections	Taxes receivable June 30, 2013
2013	$ -	$ 3,212,550	$ (8,696)	$ (79,163)	$ 1,734	$ (3,004,932)	$ 121,493
2012	115,642	-	(593)	6	4,401	(60,991)	58,465
2011	65,269	-	(350)	4	5,349	(31,659)	38,613
2010	40,291	-	(291)	1	8,421	(35,121)	13,300
2009	11,884	-	(274)	1	2,695	(9,905)	4,400
2008 and prior	3,797	-	(362)	1	731	(2,006)	2,163
	$ 236,883	$ 3,212,550	$ (10,566)	$ (79,150)	$ 23,331	$ (3,144,614)	$ 238,434

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

April 17, 2014

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 basic financial statements of the Columbia Gorge Community College (the College), as of and for the year ended June 30, 2013, and have issued our report thereon dated April 17, 2014.

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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed the 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).

COMPLIANCE (Continued)

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 following funds reported overexpenditures of appropriations:

General Fund		
Transfer to Special Funds	$	1,078
U.S. Department of Labor WIA Section 171 Grant Fund		
Materials and services		6,705
U.S. Department of Labor State Energy Sector Partnership Grant Fund		
Materials and services		476
State Small Business Development Center Grant Fund		
Personnel services		5,000
Learning Standards Grant Fund		
Personnel services		483
Pathways Initiative Projects & Technical Assistance Grant Fund		
Materials and services		300
Capital Projects Fund		
Materials and services		4,650
Issuance costs		15,300
Japanese Club Fund		
Materials and services		315

The College did not adopt a required supplemental budget for changes in appropriations greater than or equal to 10% of estimated fund expenditures in the following funds:

Federal SBA Small Business Development Center Grant Fund
Tutoring Grant Fund
Wasco County Commission for Children & Families Fund
Oregon Child Care Division Fund

OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control. Deficiencies in internal control, if any, were communicated separately.

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is presented elsewhere in this report as listed in the Table of Contents.

RESTRICTIONS ON USE

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

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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*

INDEPENDENT AUDITOR'S REPORT

April 17, 2014

Board of Education
Columbia Gorge Community College
The Dalles, Oregon

We have audited in accordance with the 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 Columbia Gorge Community College (the College) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated April 17, 2014

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 through 2013-005 to be material weaknesses.

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* (CONTINUED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-006 through 2013-008 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

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

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.

Talbot, Korvola & Warwick, LLP

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

April 17, 2014

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 Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH 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 programs for the year ended June 30, 2013.

OTHER MATTERS

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-009. Our opinion on that major federal program is not modified with respect to this matter.

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 the each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2013-009 through 2013-013 that we consider to be significant deficiencies.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (Continued)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE (Continued)

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Talbot, Korvola & Warwick, LLP

Certified Public Accountants

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass through Grantor's Number	Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct:			
Higher Education_Institutional Aid	84.031	P031A100182	$ 457,475
Student Financial Assistance Cluster:			
Federal Direct Student Loans	84.268	P268K137727	2,358,391
Federal Pell Grant Program	84.063	P063P127727	2,165,875
Federal Supplemental Educational Opportunity Grants	84.007	P007A129116	53,750
Federal Work-Study Program	84.033	P033A129116	24,515
Total of Student Financial Assistance Cluster			4,602,531
Passed through High Desert ESD:			
Career and Technical Education - Basic Grants to States	84.048	N/A	61,509
Passed through State of Oregon - Department of Community Colleges & Workforce Development:			
Adult Education - Basic Grants to States	84.002	376.01	129,291
TOTAL U.S. DEPARTMENT OF EDUCATION			5,250,806
U.S. SMALL BUSINESS ADMINISTRATION:			
Passed through Lane Community College Small Business Development Center Network Office:			
Small Business Development Center	59.037	11-150	37,948
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			37,948
U.S. DEPARTMENT OF LABOR:			
Direct:			
WIA Pilots, Demonstrations, and Research Projects	17.261	EA219351160A41 EA21935AL1	85,982
Passed through The Oregon Consortium:			
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275 ARRA	PY09-35-SESP	39,238
TOTAL U.S. DEPARTMENT OF LABOR			125,220
U.S. DEPARTMENT OF ENERGY:			
Passed through Clackamas Community College:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	92,504
TOTAL U.S. DEPARTMENT OF ENERGY			92,504
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Oregon Child Care Resource and Referral Network:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	11-284/135351	167,823
Total CCDF Cluster			167,823
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			167,823
NATIONAL ENDOWMENT FOR ARTS:			
Passed through Oregon Council for the Humanities to Columbia Gorge Community College Foundation:			
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	2,500
TOTAL NATIONAL ENDOWMENT FOR ARTS			2,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 5,676,801

See Notes to Schedule of Expenditures of Federal Awards

COLUMBIA GORGE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Columbia Gorge Community College and is presented on the modified accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying SEFA which is prepared on the basis explained in Note 2 of the Notes to Financial Statements.

NOTE 3 - LOANS DISBURSED

Total disbursements for student loans through Columbia Gorge Community College which are guaranteed in the event of default are listed below:

Program Title	Federal CFDA Number	New Loans
Federal Direct Student Loans	84.268	$2,358,391
		$2,358,391

NOTE 4 - INSTITUTIONAL CAPITAL CONTRIBUTIONS

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

Program Title	Federal CFDA Number	
Federal Supplemental Educational Opportunity Grants	84.007	$ 17,375
Federal Work-Study Program	84.033	7,661
		$ 25,036

COLUMBIA GORGE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None reported

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	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 Section 510 (a) of *Circular A-133*?	Yes

Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER
84.002	Adult Education – Basic Grants to States
84.268; 84.063; 84.007; 84.033	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and B programs:	$300,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2013-001

Criteria: The College should have a system of internal controls in place to monitor their investments' compliance in accordance with their investment policy as well as Oregon Revised Statutes.

Condition: The College engages an independent investment advisor to manage the investment of excess funds. However, the investment advisor doesn't monitor compliance in accordance with the College's investment policy or Oregon Revised Statutes.

Context: Investments totaling approximately $3.2 million as of June 30, 2013, were not subject to review by the College for compliance with the College's investment policy and Oregon Revised Statutes.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management, compounded by changes in personnel.

Effect: The College could be out of compliance with their investment policy and/or Oregon Revised Statutes without becoming aware of the noncompliance in a timely manner.

Recommendation: We recommend that management develop and implement policies and procedures whereby someone reviews the investments with the investment advisor on a periodic basis to determine whether the investments are in accordance with the College's investment policy and Oregon Revised Statutes.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-002

Criteria: The College should have a system of internal controls in place to document independent review of journal entries prior to being posted to the general ledger.

Condition: Evidence of review over journal entries prior to being posted to the general ledger is not consistently documented.

Context: In a sample of 15 items selected, there was no evidence of review on six of the journal entries.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management, compounded by changes in personnel.

Effect: The lack of controls and oversight over review of journal entries exposes the College to risk of potential material errors or misstatements in the general ledger.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2013-002 (Continued)

Recommendation: We recommend that management develop and implement policies and procedures whereby journal entries are reviewed before being posted to the general ledger and such review is documented.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-003

Criteria: The College should have a system of internal controls in place such that the Schedule of Expenditures of Federal Awards (the SEFA) is reviewed and compared to the general ledger for completeness and accuracy on an annual basis before being presented for audit.

Condition: During our review of the preparation of the SEFA, we noted that the Chief Financial Officer prepares the SEFA and that the SEFA is not reviewed by anyone else before it is provided to the auditors.

Context: The College reported approximately $5.7 million in expenditures of federal awards on their SEFA without a separate independent review.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management, compounded by changes in personnel.

Effect: The SEFA has the potential to be materially misstated and any errors may not be prevented, or detected and corrected.

Recommendation: We recommend that management develop and implement policies and procedures to provide for a review of the SEFA for completeness and accuracy independent of the preparation of the SEFA.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-004 (Repeat of Finding 2012-2)

Criteria: The College should have a system of internal controls in place to provide effective oversight over the Chief Financial Officer's position.

Condition: The Chief Financial Officer has control over financial reporting and all significant accounting transaction cycles without oversight creating an opportunity for management override of controls and misstatements to go undetected.

Context: During our review of internal controls, it was noted that many areas that the Chief Financial Officer is responsible for are not reviewed by another individual.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2013-004 (Continued)

Cause: The lack of effective implementation of internal controls appears to be an oversight by management, compounded by changes in personnel.

Effect: Errors or misstatements in financial reporting could occur and go undetected.

Recommendation: We recommend that management develop and implement policies and procedures to provide oversight over all positions in the Business Office, including the Chief Financial Officer position.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-005 (Repeat of Finding 2012-1)

Criteria: The College should have a system of internal controls in place such that misstatements of the accounting records and financial statement reporting would be prevented, or detected and corrected by management or employees in the normal course of their duties. We noted several errors in the accounting records that resulted in audit adjustments which changed the annual financial report.

Condition: During our audit procedures, entries were posted to correct balances relating to the allowance for doubtful accounts for accounts receivable, property taxes receivable, deferred property tax revenue, property tax revenue, and debt issuance costs.

Context: Errors were noted in the balances relating to the allowance for doubtful accounts for accounts receivable, property taxes receivable, deferred property tax revenue, property tax revenue, and debt issuance costs.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management, compounded by changes in personnel.

Effect: The lack of controls and oversight over the review and reconciliation of account balances exposes the College to risk of material errors or misstatements in the accounting records. Such errors were not effectively prevented, or detected and corrected.

Recommendation: We recommend that management develop and implement policies and procedures for reviewing and reconciling account balances.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2013-006

Criteria:	The College should have a system of internal controls in place such that misstatements of the capital asset accounting records would be prevented, or detected and corrected by management or employees in the normal course of their duties. Duties should be segregated to the extent possible in order to separate the initiation, authorization and review of transactions.
Condition:	During our audit procedures over capital assets, we noted that the College had assets recorded that the College no longer owned, errors in the calculation of depreciation expense, and capital assets that were not initially recorded due to oversight by management.
Context:	We noted the following errors in our testing of capital assets: a transfer from construction in progress to assets placed in service was not completed for one asset; four assets were donated to other entities during the year or in prior years yet not disposed on the year end capital asset listing; 22 assets were disposed of during the year but accumulated depreciation was not adjusted for the disposal; depreciation in the current year was calculated for an asset that was already fully depreciated; and three expenditures were noted in repairs and maintenance that meet the definition of a capital asset as defined by the College, yet were not included in the capital asset listing.
Cause:	The College has not allocated sufficient resources to provide for adequate review over capital asset records for accuracy and completeness.
Effect:	Without proper review over the capital assets records, amounts have the opportunity to be materially misstated within the financial statements and not be detected and corrected.
Recommendation:	We recommend that management develop and implement policies and procedures over capital asset financial reporting to review the details and calculations for accuracy and completeness.
View of Responsible Official:	The College understands and concurs with the finding and recommendation.

Finding 2013-007

Criteria:	The College should have a system of internal controls in place such that misstatements of the other postemployment benefits (OPEB) accounting records would be prevented, or detected and corrected by management or employees in the normal course of their duties. We noted that there is no review process in place over OPEB information before being provided to the actuary for calculation of the other postemployment benefit liability.
Condition:	The Manager of Payroll and Benefits Accounting compiles and submits the data to the actuary without any oversight or review by another member of management before submission.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2013-007 (Continued)

Context: The total actuarially determined other postemployment benefit liability is approximately $170,000 as of June 30, 2013.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management.

Effect: The information submitted to the actuary could be materially misstated which would result in a material error in the calculation of the other postemployment benefit liability.

Recommendation: We recommend management develop and implement policies and procedures such that the information prepared by the Manager of Payroll and Benefits Accounting be reviewed by another member of management for accuracy and completeness prior to being submitted to the actuary.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-008

Criteria: The College should have a system of internal controls in place such that proper bidding procedures have been followed in accordance with the College's procurement policies for purchases between $5,000 and $75,000.

Condition: There is no evidence of review that three quotes were obtained before a purchase order was executed, as appropriate. Purchase orders contain a checkbox that indicates three quotes were obtained, but there is no procedure in place to verify that this is accurate.

Context: During our review of internal controls over purchasing, it was noted that the College requires three quotes be obtained for purchases between $5,000 and $75,000; however, there is no documentation evidencing the review that the three quotes were actually obtained and evaluated before the purchase order was executed for the item tested.

Cause: The lack of effective implementation of internal controls appears to be an oversight by management.

Effect: Contracts could be entered into with a vendor even though the College did not follow proper procurement policies in obtaining three quotes for purchases between $5,000 and $75,000.

Recommendation: We recommend that management develop and implement policies and procedures that before a contract is executed with a vendor that the approver of the purchase order verifies that three quotes were obtained and document that review on the purchase order.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2013-009

Federal Program:	CFDA No. 84.002 Adult Education Basic Grants to States CFDA No. 84.268; 84.063; 84.007; 84.033 Student Financial Assistance Cluster
Federal Agency:	U.S. Department of Education
Award Year:	2011-2012
Criteria:	OMB Circular A-133, Subpart C, Section _.320 requires that the audit shall be completed and the Data Collection Form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's reports, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.
Condition:	The College's reporting package was not submitted by the earlier date of either 30 days after receipt of the auditor's report or nine months after the end of fiscal year June 30, 2012. The single audit reporting was dated December 21, 2012, while the filing with the Federal Audit Clearinghouse occurred on February 1, 2013.
Questioned Costs:	There are no questioned costs associated with this finding.
Context:	The reporting of the Data Collection Form with the Federal Audit Clearinghouse exceeded guidelines as defined by OMB Circular A-133, Subpart C, Section _.320.
Cause:	The lack of timely submission of the Data Collection Form to the Federal Audit Clearinghouse appears to result from oversight by College personnel and misunderstanding of due dates.
Effect:	The College became assessed as a high-risk auditee for purposes of compliance and testing with OMB Circular A-133.
Recommendation:	We recommend management develop and implement policies and procedures to provide for timely filings with the Federal Audit Clearinghouse.
View of Responsible Official:	The College understands and concurs with the finding and recommendation.

Finding 2013-010

Federal Program:	CFDA No. 84.268; 84.063; 84.007; 84.033 Student Financial Assistance Cluster
Federal Agency:	U.S. Department of Education
Award Year:	2012-13

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2013-010 (Continued)

Criteria:	OMB Circular A-133, Subpart C, Section _.300 requires federal award recipients to maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements including those associated with requesting reimbursements that could have a material effect on federal programs.
Condition:	The College lacks consistent physical evidence of effective review over reimbursement requests required to be submitted under the program. Reimbursement requests are filed by the College on a weekly or as needed basis.
Questioned Costs:	There are no questioned costs noted as the reimbursement requests tested were found to be materially correct and accurate.
Context:	Out of a sample of 15 reimbursement requests tested, two reports did not evidence sufficient documentation of review prior to filing.
Cause:	The lack of documentation supporting effective review of reimbursement requests appears to result from turnover of employees in the Business Office and policies and procedures not being consistently followed.
Effect:	The lack of sufficient documentation in support of effective internal controls may result in inappropriate charges against federal programs.
Recommendation:	We recommend management develop and implement policies and procedures to provide appropriate documentation supporting effective review and approval of reimbursement requests under federal programs.
View of Responsible Official:	The College understands and concurs with the finding and recommendation.

Finding 2013-011

Federal Program:	CFDA No. 84.268; 84.063; 84.007; 84.033 Student Financial Assistance Cluster
Federal Agency:	U.S. Department of Education
Award Year:	2012-13
Criteria:	In accordance with OMB Circular A-133 No. 1845-0039, all schools receiving Pell grants must submit Pell payment data to the U.S. Department of Education through the Common Origination and Disbursement (COD) System. OMB Circular A-133, Subpart C, Section _.300 requires federal award recipients to maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements including those associated with reporting that could have a material effect on each of its federal programs.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2013-011 (Continued)

Condition: The College lacks physical evidence of effective review over reporting to the Department of Education through the COD System.

Questioned Costs: There are no questioned costs noted as the reporting of student Pell grant data appeared accurate and complete.

Context: Reporting to the COD System is completed weekly by the College. Out of a population of 1,010 students, 60 students tested did not evidence sufficient documentation of review prior to filing.

Cause: It appears the College was not aware of the requirement to have documented controls supporting effective review of Pell grant payment reporting requirements.

Effect: The lack of sufficient documentation in support of effective internal controls may result in inappropriate charges against federal programs.

Recommendation: We recommend management develop and implement policies and procedures to provide appropriate documentation supporting effective review and approval of reporting to the COD System under federal programs.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-012

Federal Program: CFDA No. 84.268; 84.063; 84.007; 84.033 Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award Year: 2012-13

Criteria: In accordance with 34 CFR sections 668.22(a)(1) through (a)(5)), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement.

Condition: The College lacks physical evidence of effective review over the return of Title IV funding to the Department of Education.

Questioned Costs: There are no questioned costs noted as the return of the Title IV funding tested appeared to be properly calculated and returned to the Department of Education.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2013-012 (Continued)

Context: Out of a population of 102 students, 11 students tested did not evidence sufficient documentation that effective review over the return of Title IV funding was being performed to ensure accurate calculations for the amount of federal money to be returned to the Department of Education.

Cause: The lack of effective implementation of internal controls appears to be an oversight by the reviewer.

Effect: The lack of documentation of review and approval provides for the possibility for the College to incorrectly determine the proper amount of Title IV funding to be returned, to make the refunding calculation in an untimely manner, and to apply the return of Title IV funds to federal programs incorrectly.

Recommendation: We recommend management develop and implement policies and procedures to provide appropriate documentation supporting effective review and approval of the return of Title IV funds in accordance with the federal program requirements.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

Finding 2013-013

Federal Program: CFDA No. 84.268; 84.063; 84.007; 84.033 Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award Year: 2012-13

Criteria: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a cash summary, cash detail, and (optional at the request of the school) loan detail records. The school is required to reconcile these files to the institution's financial records. Since up to three direct loan program years may be open at any given time, schools may receive three SAS data files each month (34 CFR sections 685.102(b), 685.301, and 303).

Condition: The College lacks physical evidence of effective review over the borrower data transmission and reconciliation for direct loan requirements under the federal program.

Questioned Costs: There are no questioned costs noted as the students tested appeared to be properly reported, and a review of the year end SAS reconciliation noted no discrepancies between the College's records and DLSS.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2013-013 (Continued)

Context: Out of a population of 1,080 students, the 60 students in our sample did not evidence sufficient documentation of review of borrower data transmission and reconciliation for direct loan programs being performed timely and accurately.

Cause: The lack of effective implementation of internal controls appears to be an oversight by the reviewer.

Effect: Lack of documentation of internal control over borrower data transmission and reconciliation for direct loan programs could provide opportunity for inaccurate reconciliation of the College's records to the dates and amounts of disbursements to borrowers recorded in the DLSS.

Recommendation: We recommend management develop and implement policies and procedures to provide for documentation supporting the effective review of borrower data transmission and reconciliation for direct loan programs under federal programs.

View of Responsible Official: The College understands and concurs with the finding and recommendation.

COLUMBIA GORGE COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

Finding 2012-1 (Repeated as finding 2013-005):

Audit Finding: The allowance for doubtful accounts should be a reasonable amount the College does not expect to collect from the student accounts receivable balance.

Corrective Action Taken: A new approach to estimating the allowance for doubtful accounts was implemented. The College based the estimate on the accounts receivable past due in excess of one year and a thorough review of account balances to review for reasonableness.

Finding 2012-2 (Repeated as finding 2013-004):

Audit Finding: There should be oversight of the Chief Financial Officer position. The Chief Financial Officer has control over all financial areas, creating the opportunity for management override of controls to be undetected.

Corrective Action Taken: The College contracted with Talbot, Korvola & Warwick, LLP for a detailed study of internal controls over financial reporting to identify key controls and any weaknesses in the primary business cycles within the Business Office. Upon completion of the study, the College evaluated options for any corrective actions needed and implemented controls so as to ensure proper segregation of duties and appropriate oversight of key functions.