

Financial Statements

June 30, 2023

**Columbia Gorge Community College**

Introductory Section

Principal Officials and Administration..... 1

Organization Chart..... 2

Report of Independent Auditors..... 3

Management's Discussion and Analysis ..... 7

Financial Statements

Statement of Net Position ..... 16

Statement of Revenues, Expenses, and Changes in Net Position..... 18

Statement of Cash Flows ..... 19

Notes to Financial Statements ..... 21

Required Supplementary Information

Schedule of Total OPEB Liability ..... 54

Schedule of Net OPEB Asset - RHIA ..... 55

Schedule of the College’s Contributions - RHIA..... 56

Schedule of the College’s Proportionate Share of the Net Pension Liability – OPERS ..... 57

Schedule of the College Contributions – OPERS..... 58

Supplementary Information

Budgetary Information..... 59

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund..... 61

Grant Fund ..... 62

Skills Center and Residence Hall Fund ..... 63

Readiness Center Claim Fund ..... 64

Debt Service Funds

College G.O. Bonds..... 65

Pension Bonds..... 66

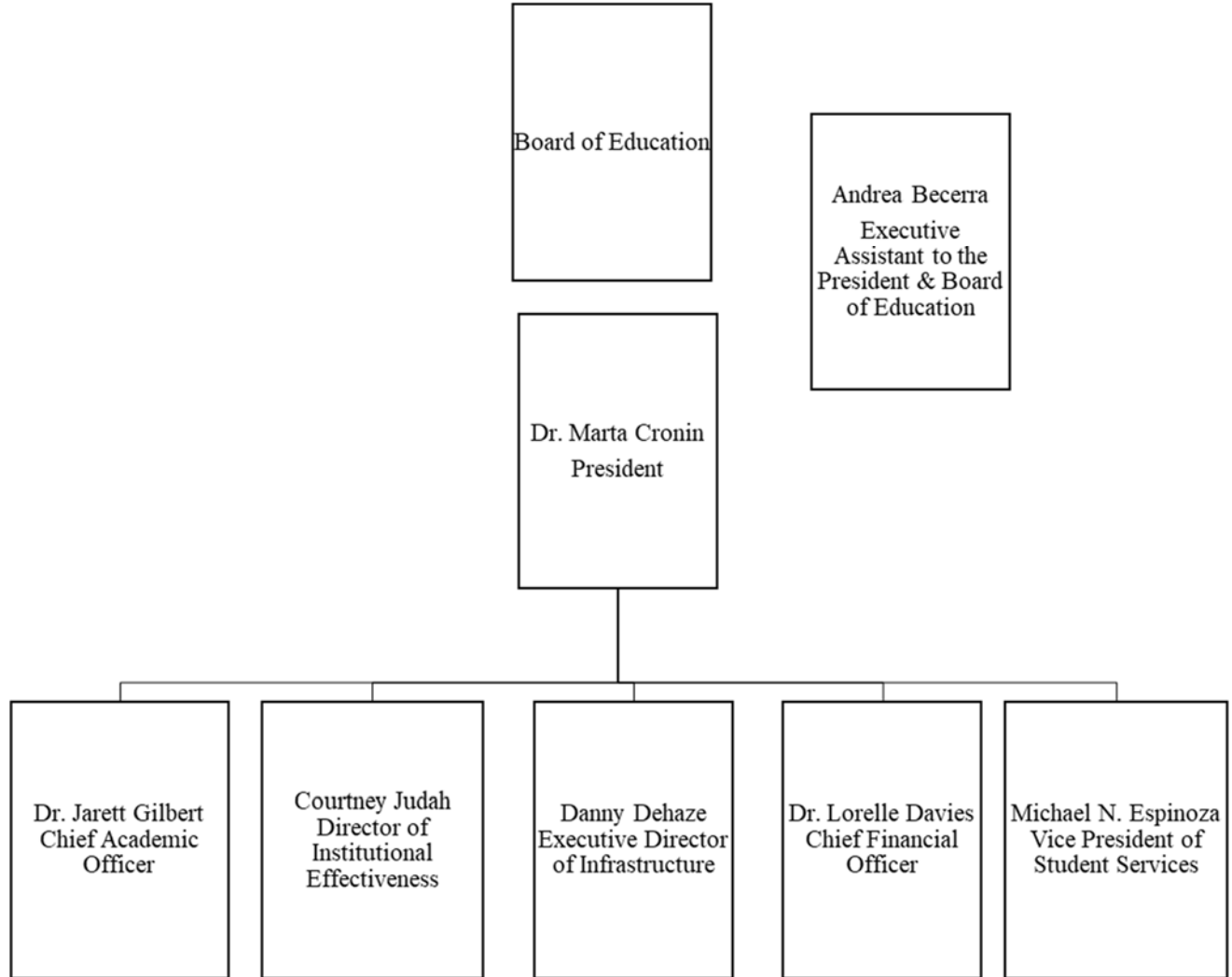
Full Faith and Credit Bonds ..... 67

Reserve Funds	
Facilities & Grounds Maintenance.....	68
Enterprise Fund.....	69
College Bookstore Enterprise Fund .....	70
Student Fund.....	71
Student Aid Fund .....	72
Scholarship Fund.....	73
Reconciliation of Excess (Deficiency) of Revenues Over Expenditures on a Budgetary Basis to Changes in Net Position on a GAAP Basis .....	74
Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis.....	75
Compliance Section	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	79
Report of Independent Auditors Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance .....	81
Independent Auditor’s Report Required by Oregon State Regulations .....	85
Schedule of Expenditures of Federal Awards .....	87
Notes to Schedule of Expenditures of Federal Awards .....	90
Schedule of Findings and Questioned Costs.....	91
Summary Schedule of Prior Audit Findings .....	102
Corrective Action Plan .....	105

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

**ADMINISTRATION**

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



## Report of Independent Auditors

The Board of Education  
Columbia Gorge Community College

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of Columbia Gorge Community College (the College), and its discretely presented component unit, Columbia Gorge Community College Foundation (the Foundation), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2023, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, and the schedule of total OPEB liability, schedule of net OPEB asset – RHIA, schedule of College's contributions – RHIA, schedule of the College's proportionate share of the net pension liability – OPERS, schedule of the College contributions – OPERS on pages 54 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbia Gorge Community College's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 referred to above, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024, on our consideration of Columbia Gorge Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Columbia Gorge Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Gorge Community College's internal control over financial reporting and compliance.



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

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated April 10, 2024, on our consideration of the College's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.

A handwritten signature in black ink that reads "Scott Simpson". The signature is written in a cursive, flowing style.

Scott Simpson, Partner, for  
Moss Adams LLP  
Portland, Oregon  
April 10, 2024

This section of Columbia Gorge Community College's (the College) annual financial report presents a comparative analysis of the financial activities of the College for the fiscal years ended June 30, 2022 and 2023.

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

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

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

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

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

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

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

The basic financial statements are comprised of:

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

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

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

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

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

### **Financial Highlights**

Financial highlights for the College for fiscal year ended June 30, 2023, are described below.

- The College's financial position at June 30, 2023 consists of assets of \$49,491,528, deferred outflows of resources of \$3,297,207, liabilities of \$25,771,130, deferred inflows of resources of \$3,001,869, and net position of \$24,015,736, an increase of \$3,913,822, 19.5% from the prior year.
- Total assets increased in 2023 by \$715,470 or 1.47%, primarily due to renewals of leases and other expected receivables.

## Columbia Gorge Community College

Management's Discussion and Analysis

June 30, 2023

	2023	2022	Increase (Decrease)	Change %
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,132,967	\$ 6,768,802	\$ (1,635,835)	-24.2%
Other assets	3,766,537	1,122,701	2,643,836	235.5%
<b>Total current assets</b>	<b>8,899,504</b>	<b>7,891,503</b>	<b>1,008,001</b>	<b>12.8%</b>
<b>Noncurrent Assets</b>				
Net OPEB asset	67,904	81,662	(13,758)	-16.8%
Lease receivable	588,204	415,397	172,807	41.6%
Right of use assets, net	99,036	108,148	(9,112)	-8.4%
Capital assets, net	39,836,880	40,279,348	(442,468)	-1.1%
<b>Total noncurrent assets</b>	<b>40,592,024</b>	<b>40,884,555</b>	<b>(292,531)</b>	<b>-0.7%</b>
<b>Total assets</b>	<b>49,491,528</b>	<b>48,776,058</b>	<b>715,470</b>	<b>1.5%</b>
<b>Deferred Outflows Of Resources</b>				
Pension, OPEB and refunding	3,297,207	2,861,777	435,430	15.2%
<b>Liabilities</b>				
Current liabilities	6,802,268	6,818,133	(15,865)	-0.2%
Noncurrent liabilities	18,968,862	20,044,550	(1,075,688)	-5.4%
<b>Total liabilities</b>	<b>25,771,130</b>	<b>26,862,683</b>	<b>(1,091,553)</b>	<b>-4.1%</b>
<b>Deferred Inflows Of Resources</b>				
Pension, OPEB and leases	3,001,869	4,673,238	(1,671,369)	-35.8%
<b>Net Position</b>				
Net investment in capital assets	28,174,456	26,054,308	2,120,148	8.1%
Restricted for				
Debt service	-	-	-	
Capital projects	189,839	274,002	(84,163)	-30.7%
Educational programs	-	-	-	
Unrestricted	(4,348,559)	(6,226,396)	1,877,837	-30.2%
<b>Total net position</b>	<b>\$ 24,015,736</b>	<b>\$ 20,101,914</b>	<b>\$ 3,913,822</b>	<b>19.5%</b>

### **Current Assets**

Current assets of \$8,899,504 were sufficient to cover current liabilities of \$6,802,268. This represents a current ratio of 1.31 as compared to 1.16 in the prior year. Cash and cash equivalents decreased by \$1,635,835 to \$5,132,967 as compared to \$6,768,802 in the prior year primarily due to the scheduled second year biennium deferred cash receipt for the Community College Support Fund (CCSF) of \$1,045,248. Fiscal year 2022 include a one-time cash receipt of a \$2 million American Rescue Plan Act (ARPA) grant to be spend in the future.

### **Noncurrent Assets**

The College's noncurrent assets decreased by \$292,531 to \$40,592,024 due primarily to depreciation of assets and reduction of lease receivables. Detailed changes to capital assets are shown in Note 5 of the Notes to Financial Statements.

### **Deferred Outflows of Resources**

The total deferred outflows of resources increased by \$435,430 to \$3,297,207 from 2022, an increase of 15.2%.

### **Current Liabilities**

The College's current liabilities consist primarily of various payables for operations, accrued payroll, taxes, unearned revenue, and the current portion of bonds and notes payable. Current liabilities decreased by \$15,865 to \$6,802,268. This was primarily due to payment and a decrease in the Port of the Dalles Notes Payable balance.

### **Noncurrent Liabilities**

Noncurrent liabilities consist of bonds and notes payable less the current portions of specific obligations, the pre-SLGRP pooled liability, compensated absences, and the net pension and total OPEB liabilities. Noncurrent liabilities decreased by \$1,075,688 to \$18,968,862 due primarily to a change in pension liabilities.

Deferred inflows of resources have decreased by \$1,671,369 from \$4,673,238 to \$3,001,869. This is mainly due to changes in pension-related deferrals.

### **Net Position**

Total net position increased by \$3,913,822 to \$24,015,736, an increase of 19.5% from the prior year. Within net position, the net investment in capital assets is \$28,174,456, an increase of \$2,120,148 as compared to the prior year due to recording the capital projects. The deficit in unrestricted net position decreased by \$1,877,837 to (\$4,348,559).

Revenues, expenses, and changes in net position for the years ended June 30, 2023, and 2022:

	2023	2022	Increase (Decrease)
Operating revenues	\$ 10,338,380	\$ 4,458,170	\$ 5,880,210
Operating expenses	18,070,896	14,602,017	3,468,879
Operating loss	(7,732,516)	(10,143,847)	2,411,331
Nonoperating revenues, net	11,646,338	13,534,236	(1,887,898)
Capital contributions	-	559,066	(559,066)
Changes In Net Position	\$ 3,913,822	\$ 3,949,455	(35,633)

### Operating Revenues

The sources of operating revenue for the College are tuition and fees, federal, state, and local grants, bookstore sales, and other operating revenue. Tuition and fees, which include amounts paid for educational purposes, increased by \$534,856 or 33.3% to \$2,143,043, which represents 20.7% of operating revenue. Operating revenue from federal grants increased by 120.4% from \$1,743,083 to \$3,842,868, which represents 37.6% of operating revenue. Operating revenue from state and local grants increased 337.3% from \$890,308 to \$3,893,169, which represents 37.6% of operating revenue. Operating revenue from auxiliary enterprises increased from \$19,500 to \$249,480, primarily due to return to a change in operational following the COVID-19 pandemic and changes to operations. Operating revenues increased by 131% as compared to 2022 primarily due to increased grant activities.

### Operating Expenses

Operating expenses increased by 23.7% to \$18,070,896 for the 2023 fiscal year. Instruction expenses are the largest percentage of operating expenses at 33.8% of the total. Academic support expenses represent 7% of total operating expenses. Institutional support expenses, student services expenses and scholarship expenses represent 15.9%, 6.3% and 7.9% of total operating expenses, respectively.

### Nonoperating Revenues (net) and Capital Contributions

Net nonoperating revenues decreased by \$1,887,898 to \$11,646,338, a decrease of 13.9% as compared to 2022, primarily due to a decrease in State support and other grant activities. Regular funding from the State Appropriation decreased by \$1,045,248 this year from \$7,060,007 to \$6,014,759.

The following table shows the statements of cash flows on June 30, 2023, and 2022:

	2023	2022	Increase (Decrease) in Cash
Cash Provided by (Used for)			
Operating activities	\$ (5,540,578)	\$ (5,417,935)	\$ (122,643)
Noncapital financing activities	7,235,555	13,539,388	(6,303,833)
Capital financing activities	(3,557,639)	(5,872,502)	2,314,863
Investing activities	226,827	37,202	189,625
Net Change In Cash And Cash Equivalents	(1,635,835)	2,286,153	(3,921,988)
Cash and Cash Equivalents, Beginning of Year	6,768,802	4,482,649	2,286,153
Cash and Cash Equivalents, End of Year	<u>\$ 5,132,967</u>	<u>\$ 6,768,802</u>	<u>\$ (1,635,835)</u>

### Operating Activities

The College's major sources of cash included in operating activities were tuition and fees collected and operating grants of \$7,743,417, and other operating revenue of \$249,480 for auxiliary enterprise charges. Major operating uses of cash were payments to employees and suppliers, as well as for student financial aid and scholarships, totaling \$13,533,475. The net decrease in cash used for operating activities over the previous year of \$1,635,835 was a result of a decrease in cash received from tuition and fees from the previous year and a decrease in cash used for payments to employees.

### Noncapital Financing Activities

State appropriations and property taxes are the primary sources of noncapital financing activities. Cash provided from noncapital financing activities totaled \$7,235,555 primarily from cash received from state support and FTE reimbursement of \$4,590,097 and cash from property taxes of \$3,683,616. Other sources include leases and other nonoperating revenue. Accounting standards require that these sources of revenue be reported as nonoperating even though the College depends on these revenues to continue the current level of operations. Cash used by noncapital financing activities include cash paid for principal and interest payments for pension bonds, and other nonoperating expenses.

The net cash provided by noncapital financing activities decreased by 46.5% or \$6,303,833 over the prior year.

### **Capital Financing and Related Activities**

The capital financing uses of cash were principal payments of \$2,433,853 and interest payments of \$515,324. Cash paid for capital asset purchases totaled \$918,667 for the current. The net cash used for capital and related activities decreased by \$2,314,863 or 39% from the previous year primarily due to the reduction in the purchase of capital assets.

### **Investing Activities**

Earnings on investments increased by \$189,625 to \$226,827 from earnings on funds in the cash, cash equivalents and investment accounts.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The College's investment in capital assets as of June 30, 2023, amounts to \$39,836,880 net of accumulated depreciation. Capital assets include land, buildings, and improvements, and furniture, equipment, and machinery. Additional information on the College's capital assets can be found in Note 5 of this report. Leases which meet certain criteria in GAAP are classified as capital leases. Leases which do not meet the criteria of capital leases are classified operating leases. As of June 30, 2023, the College recognized \$99,036 in Right of use amortized lease assets.

#### **Debt Administration**

As of June 30, 2023, the College had total debt outstanding of \$14,158,812, including \$7,055,000 series 2019 full faith and credit outstanding general obligation bonds and \$485,534 bond premium; the \$3,365,000 series 2012 outstanding general obligation refunding bonds and \$173,168 bond premium; the \$2,063,787 in outstanding pension obligation bond series 2003; the \$568,000 in the outstanding full faith and credit financing agreement for the purchase of the Hood River property; and \$448,323 for Port of The Dalles Note. Decreases to the total debt outstanding of \$2,543,559 were from an adjustment to the general obligation bonds and current year payments and amortization of bond premium. All debt service payments were made on time.

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

### **Economic Factors and Next Year's Operations**

The College's strategic plan for 2018-2022, continued into 2023, has five focus areas:

- Strengthening enrollment, specifically underserved students (Hispanic, 1<sup>st</sup> generation, low-income).



- Increasing retention rates and completion rates of enrolled students.
- Provide curriculum and programs that are relevant and diverse that further strengthen performance and meets the needs of the communities. This includes the completion of the Skills Center and Resident Hall.
- Expand collaborations with business, industry, and educational partners to align with regional needs.
- Stable, flexible funding that maintains quality programs, faculty and staff while strengthening its ability to more effectively invest and allocate resources to achieve success.

The College budget for 2022-23 represents a quantitative expression of the mission of the College, providing for the highest quality of education and/or training possible while maintaining costs at a reasonable level. There are some challenges impacting the College's fiscal planning:

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

In the 2022-23 budget, you will find alignment with our college mission of "building dreams and transforming lives by providing lifelong educational programs that strengthen our community." Through innovative restructuring and repurposing of resources, the College is well-positioned to begin offering new programs to better serve local industry partners and students within our service areas, as well as the outlying rural areas. Achieving financial stability will be a focus through an increase in enrollment and the enhancement of alternate revenue streams that have not been effectively utilized in the past. These are crucial focal points in order to offset the rising costs of unfunded mandates and challenges we are facing, as referenced in the bullets above.

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

### **Requests for Information**

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

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

Columbia Gorge Community College  
Statement of Net Position  
June 30, 2023

	Primary Government	Component Unit
<b>Assets And Deferred Outflows Of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,132,967	\$ 383,015
Cash and cash equivalents - restricted		
Investments	-	2,642,268
Receivables, net of allowance for doubtful accounts of \$875,320	3,735,688	
Inventories and other current assets	30,849	
	8,899,504	3,025,283
<b>Noncurrent Assets</b>		
Net OPEB asset	67,904	-
Lease receivable	588,204	-
Right of use assets, net of amortization	99,036	-
Capital asset not being depreciated	2,364,430	-
Depreciable capital assets, net of depreciation	37,472,450	-
	40,592,024	-
<b>Total noncurrent assets</b>	<b>40,592,024</b>	<b>-</b>
<b>Total assets</b>	<b>49,491,528</b>	<b>3,025,283</b>
<b>Deferred Outflows Of Resources</b>		
Deferred charge on refunding	345,604	-
OPEB related deferrals	337,612	-
Pension related deferrals	2,613,991	-
	3,297,207	-
<b>Total deferred outflows of resources</b>	<b>3,297,207</b>	<b>-</b>

Columbia Gorge Community College  
Statement of Net Position  
June 30, 2023

	<u>Primary Government</u>	<u>Component Unit</u>
<b>Liabilities, Deferred Inflows Of Resources, And Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	611,277	-
Accrued payroll and taxes	472,113	-
Advanced revenue	2,938,617	-
Interest payable	38,938	-
Bonds and notes payable	2,741,323	-
Total current liabilities	<u>6,802,268</u>	<u>-</u>
<b>Noncurrent Liabilities</b>		
Compensated absences liability	353,897	-
Pre-SLGRP pooled liability	274,864	-
Total OPEB liability	478,388	-
Net pension liability	6,345,188	-
Lease liability	99,036	-
Bonds and notes payable, net of current portion	11,417,489	-
Total noncurrent liabilities	<u>18,968,862</u>	<u>-</u>
Total liabilities	<u>25,771,130</u>	<u>-</u>
<b>Deferred Inflow Of Resources</b>		
Lease related deferrals	583,822	-
Pension related deferrals	2,379,040	-
OPEB related deferrals	39,007	-
Total deferred inflows of resources	<u>3,001,869</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	28,174,456	-
Restricted for		
Capital projects	189,839	-
Foundation activities	-	2,436,674
Unrestricted	(4,348,559)	588,612
Total net position	<u>\$ 24,015,736</u>	<u>\$ 3,025,286</u>

Columbia Gorge Community College  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2023

	Primary Government	Component Unit
Operating Revenues		
Tuition and fees, net of \$774,158 scholarship allowance	\$ 2,143,043	\$ -
Grants		
Federal	4,714,102	-
State and local	3,021,935	-
Auxiliary enterprises	249,480	-
Other	209,820	-
Donations		433,400
Total operating revenues	<u>10,338,380</u>	<u>433,400</u>
Operating Expenses		
Instruction	6,704,530	-
Academic support	1,402,606	-
Student services	1,249,773	-
Public services	982,953	-
Institutional support	3,153,542	-
Scholarships	1,569,678	-
Plant operations	851,860	-
Auxiliary enterprises	804,025	-
Depreciation	1,351,929	-
Foundation operating expense	-	346,317
Total operating expenses	<u>18,070,896</u>	<u>346,317</u>
Operating Income (Loss)	<u>(7,732,516)</u>	<u>87,083</u>
Nonoperating Revenues (Expenses)		
State support	6,014,759	-
Property taxes	3,727,983	-
Grants	735,056	-
Interest income	226,827	-
Investment gain (loss), net of expenses	(9,025)	200,805
Lease income	264,794	-
Interest expense	(622,288)	-
Other	1,308,232	-
Total nonoperating revenues (expenses)	<u>11,646,338</u>	<u>200,805</u>
Net Income Before Capital Contributions	<u>3,913,822</u>	<u>287,888</u>
Change in Net Position	<u>3,913,822</u>	<u>287,888</u>
Net Position, Beginning Of Year	20,101,914	2,737,398
Net Position, End Of Year	<u>\$ 24,015,736</u>	<u>\$ 3,025,286</u>

## Columbia Gorge Community College

Statement of Cash Flows  
Year Ended June 30, 2023

Operating Activities	
Tuition and fees collected	\$ 2,143,043
Grants collected	5,600,374
Auxiliary enterprise charges collected	249,480
Payments to employees	(7,714,493)
Payments to suppliers	(4,249,304)
Payments for financial aid and scholarships	<u>(1,569,678)</u>
Net cash used for operating activities	<u>(5,540,578)</u>
Noncapital Financing Activities	
State support	4,590,097
Property taxes	3,683,616
Other collections	1,308,232
Grants	(1,928,670)
Principal paid on noncapital debt	(90,944)
Interest paid on noncapital debt	<u>(326,776)</u>
Net cash from noncapital financing activities	<u>7,235,555</u>
Capital And Related Financing Activities	
State capital aid received	-
Collection of leases receivable	264,794
Purchase of capital assets	(918,667)
Principal paid on capital debt	(2,388,442)
Interest paid on capital debt	<u>(515,324)</u>
Net cash used for capital and related financing activities	<u>(3,557,639)</u>
Investing Activities	
Net proceeds in investments	
Interest income	<u>226,827</u>
Net Change in Cash and Cash Equivalents	(1,635,835)
Cash And Cash Equivalents, Beginning Of Year	<u>6,768,802</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 5,132,967</u>

## Columbia Gorge Community College

Statement of Cash Flows  
Year Ended June 30, 2023

---

Reconciliation Of Operating Loss To Net Cash Used For Operating Activities	
Operating loss	\$ (7,732,516)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	1,351,929
Changes in pensions and OPEB	(478,388)
Changes in operating assets and liabilities	
Receivables	955,162
Inventories and other current assets	49,465
Accounts payable and accrued liabilities	(198,764)
Unearned revenue	503,235
Pre-SLGRP pooled liability	87,606
Compensated absences	<u>(78,307)</u>
Net cash used for operating activities	<u>\$ (5,540,578)</u>
Noncash Transactions	
Amortization of debt premium	109,706

**Note 1 - Principal Business Activity and Significant Accounting Policies**

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

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

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

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

**Discretely Presented Component Unit**

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



As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), the College includes one discretely presented component unit in its financial statements: the Columbia Gorge Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation's audit was performed in conjunction with the College's audit for the fiscal year ended June 30, 2023.

### **Basis of Presentation**

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

### **Basis of Accounting**

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

### **Cash and Cash Equivalents**

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

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

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

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash and investments held by

the College, since it has the general characteristics of a demand deposit (i.e., deposits of additional cash may be made at any time and cash may be withdrawn at any time without prior notice or penalty).

### Receivables

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

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

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

### Inventories

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

### Capital Assets

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

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

**Leased Assets**

Right of use leased assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right of use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

**Accrued Liabilities and Long-Term Liabilities**

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

**Compensated Absences**

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

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The College reports deferred inflows of resources for OPEB and pension related items. In addition, the College reports deferred inflows related to leases where the College is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

**Advanced Revenue**

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

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

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

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

**Pension**

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

**Other Postemployment Benefit Obligation**

The College contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Public Employees Retirement Board (PERB). The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member 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 subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The plan was closed to new entrants hired on or after August 29, 2003. RHIA post-employment benefits are set by state statute. An Annual Comprehensive Financial Report of the funds administered by the PERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (888) 320- 7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

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

**Single Employer Retire Health Insurance Premium Account (RHIPA):** This OPEB plan utilizes employee census data and benefits provided by the College for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to PEB, and PEB expense. Benefit payments (including refunds of employee contributions) are financed on a pay-as-you-go basis.

#### **Lease Liability**

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

#### **Bonds Payable**

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

#### **Net Position**

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

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

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

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

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

#### **Classification of Revenues and Expenses**

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

Classifications are as follows:

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

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

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

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

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

**Federal Financial Assistance Programs**

The College participates in federally funded programs, including primarily Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Family Education Loans. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability of the applicable funds. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in the financial statements.

**Scholarship Allowances**

Certain aid such as loans and funds provided to students as awarded by others is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements such 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 \$774,158 for the year ended June 30, 2023.

**Use of Estimates**

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

**Note 2 - Stewardship, Compliance and Accountability**

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

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

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

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

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

	<u>Amount</u>
General Fund - Plant operation and maintenance	\$22,983
Note: Emergency repair to heating system in Building 2.	
Capital Project - Readiness Center Insurance Claim -Personnel Services	1,073
Total Readiness Center expenses \$69,627 under budget.	
Enterprise Fund - Personnel Services	5,345
Note: Total expenses \$64,058 under budget	
Enterprise Fund - Transfer to Other Funds	93,845
Note: Total Enterprise transfers less than budgeted.	
Replaced \$177,000 budgeted to transfer from General Fund	
Student Aid Fund	
Materials and Supplies	329,929
Personnel Services	20,592
Note: Total student aid passthrough revenue exceeded budget by \$386,396	
Scholarship Fund - Materials and Supplies	129,019
Note: Total scholarship passthrough revenue exceeded budget by \$159,042	



**Note 3 - Cash, Cash Equivalents and Investments**

The College's cash and cash equivalents are comprised of the following at June 30, 2023:

Primary Government	
Cash and cash equivalents	
Cash on hand	\$ 2,147
Deposits with financial institutions	588,806
Oregon Local Government Investment Pool	4,402,807
Cash with PERS obligation bond paying agent	<u>139,207</u>
 Total cash and cash equivalents	 <u>\$ 5,132,967</u>

**Deposits with Financial Institutions**

On June 30, 2023, the College held a \$588,806 book balance in demand deposits with a bank balance of \$1,289,406. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where balances exceed the Federal Deposit Insurance Corporation (FDIC) amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the Oregon State Treasury in the Public Funds Collateralization Program (PFCP).

**Investments**

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

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations. The portfolio guidelines permit securities lending

transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2023. The LGIP seeks to exchange shares at \$1.00 per share; and investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although LGIP seeks to maintain the value of share investments of \$1.00 per share, it is possible to lose money by investing in the pool. The College intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis. At June 30, 2023, the College held deposits of \$4,402,807 in the LGIP.

### **Interest Rate Risk**

ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the Oregon Short Term Fund Board (OSTFB). The College does not have an interest rate risk policy. With all College investments held with Oregon LGIP as of June 30, 2023, the College is in compliance with these ORS statutes.

### **Credit Risk**

ORS limit the types of investments the College may have to limit exposure to credit risk. The College does not have a credit risk policy. With all College investments held with Oregon LGIP as of June 30, 2023, the College is in compliance with these ORS statutes.

### **Custodial Credit Risk**

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The College does not have an investment policy for custodial credit risk. As of June 30, 2023, all of the College deposits are insured or collateralized or covered under the Oregon collateral program as mentioned above, and therefore, are not subject to custodial credit risk.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have an investment policy for concentration of credit risk. As of June 30, 2023, all College investments were held with Oregon LGIP.

**Note 4 - Receivables**

Receivables as of June 30, 2023, consist of the following:

Grants and other agencies	\$ 1,714,460
Student	1,068,722
Property taxes	109,588
Accrued Year End Grant Receivables	<u>1,718,238</u>
	4,611,008
Allowance for doubtful accounts	<u>(875,320)</u>
Total	<u>\$ 3,735,688</u>

**Note 5 - Capital and Leased Assets**

Capital assets on June 30, 2023, consist of the following:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 2,310,510	\$ -	\$ -	\$ 2,310,510
Construction in progress	<u>-</u>	<u>53,920</u>		<u>53,920</u>
Total capital assets not being depreciated	<u>2,310,510</u>	<u>53,920</u>	<u>-</u>	<u>2,364,430</u>
Depreciable capital assets:				
Building and improvements	49,852,129	531,038		50,383,167
Furniture, equipment, and machinery	2,261,910	318,847	(65,383)	2,515,374
Intangible - software	<u>606,305</u>	<u>14,862</u>	<u>-</u>	<u>621,167</u>
Total capital assets being depreciated	<u>52,720,344</u>	<u>864,747</u>	<u>(65,383)</u>	<u>53,519,708</u>
Total capital assets	<u>55,030,854</u>	<u>918,667</u>	<u>(65,383)</u>	<u>55,884,138</u>

Columbia Gorge Community College

Notes to Financial Statements

June 30, 2023

Less accumulated depreciation for:				
Building and improvements	(12,935,837)	(1,099,189)	-	(14,035,026)
Furniture, equipment, and machinery	(1,694,408)	(129,993)	56,177	(1,768,224)
Intangible - software	(121,261)	(122,747)	-	(244,008)
	<u>(14,751,506)</u>	<u>(1,351,929)</u>	<u>56,177</u>	<u>(16,047,258)</u>
 Total depreciable capital assets, net of depreciation	 <u>37,968,838</u>	 <u>(487,182)</u>	 <u>(9,206)</u>	 <u>37,472,450</u>
 Total capital assets, net	 <u>\$40,279,348</u>	 <u>\$ (487,182)</u>	 <u>\$ (9,206)</u>	 <u>\$39,836,880</u>

Leased assets on June 30, 2023, consist of the following:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>Balance June 30, 2023</u>
Right of use Leased Assets Being Amortized:				
Right of use leased hanger	\$ 106,803	\$ 57,160		\$ 163,963
Right of use leased equipment	<u>133,285</u>	<u>35,350</u>		<u>168,635</u>
 Total right to use leased assets	 240,088	 92,510	 -	 332,598
Less Accumulated Amortization for				
Right to use leased hanger	(53,401)	(3,759)		(57,160)
Right to use leased equipment	<u>(78,539)</u>	<u>(107,559)</u>	9,696	<u>(176,402)</u>
 Total accumulated amortization	 <u>(131,940)</u>	 <u>(111,318)</u>	 9,696	 <u>(233,562)</u>
 Net right to use leased assets	 <u>\$ 108,148</u>	 <u>\$ (18,808)</u>	 <u>\$ 9,696</u>	 <u>\$ 99,036</u>

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

This pre-SLGRP liability amount is the difference between the total unfunded actuarial liability (UAL) and the UAL attributable to the SLGRP for the employers that have joined the rate pool. The liability that existed prior to the College joining the rate pool is the sole responsibility of the College and is separate from the pooled PERS pension liability amount. On June 30, 2023, the College reported a liability of \$274,864 for its proportionate share of the pre-SLGRP liability.

**Note 7 - Leases****Leases as Lessor**

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

The College has accrued a receivable for ten tenant leases. The remaining receivable for these leases was \$588,204 for the year ended June 30, 2023. Deferred inflows related to these leases were \$583,822 as of June 30, 2023. Receipts of \$264,794 were recognized during the fiscal year. Final receipt is expected in the fiscal year 2027.

**Leases as Lessee**

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

The College has entered into multiple lease agreements for copier equipment. The College is required to make principal and interest payments through July 2028. The lease liability was valued using discount rates of .25 percent based on the Risk-Free Treasury Rate.

The College has entered into a lease agreement for an airplane hangar. The College is required to make principal and interest payments through June 2024. The lease liability was valued using a discount of .25 percent based on the Risk-Free Treasury Rate.

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

The College has leased buildings and other equipment under non-cancelable operating leases. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>
2024	94,813
2025	2,303
2026	1,919
2027	
	<u>\$ 99,036</u>

**Note 8 - Bonds and Note Payable**

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

	<u>Original Amount</u>	<u>Balance June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Due in One Year</u>
<b>Bonds Payable</b>						
<b>General Obligation Refunding</b>						
<b>Bonds, Series 2012</b>						
Principal	\$ 13,790,000	\$ 4,895,000	\$ -	\$ (1,530,000)	\$ 3,365,000	\$ 1,630,000
Bond Premium	1,125,553	259,753	-	(86,585)	173,168	-
<b>Pension Obligation Bonds</b>						
Series 2003 Original Issue	3,570,327	2,116,197		(52,410)	2,063,787	335,000
<b>Full Faith and Credit Obligations</b>						
<b>Series, 2019</b>						
Principal	7,475,000	7,270,000	-	(215,000)	7,055,000	220,000
Bond Premium	578,018	508,655	-	(23,121)	485,534	-
<b>Full Faith and Credit Obligations</b>						
Series 2013 Original Issue	1,500,000	673,000		(105,000)	568,000	108,000
<b>Total bonds payable</b>	<u>28,038,898</u>	<u>15,722,605</u>	<u>-</u>	<u>(2,012,116)</u>	<u>13,710,489</u>	<u>2,293,000</u>
Port of the Dalles Note	1,500,000	979,766	-	(531,443)	448,323	448,323
<b>Total</b>	<u>\$ 29,538,898</u>	<u>\$ 16,702,371</u>	<u>\$ -</u>	<u>\$ (2,543,559)</u>	<u>\$ 14,158,812</u>	<u>\$ 2,741,323</u>

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

Year Ending June 30,	General Obligation Refunding Bonds, Series 2012		Pension Obligation Bonds, Series 2003		FFC Obligations, Series 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	1,630,000	121,450	383,758	102,720	220,000	282,200
2025	1,735,000	59,200	423,758	83,759	230,000	273,400
2026	-	-	468,757	62,496	240,000	264,200
2027	-	-	513,757	38,640	250,000	254,600
2028-32	-	-	273,757	12,600	1,400,000	1,115,000
2033-37	-	-	-	-	1,700,000	812,200
2038-42	-	-	-	-	2,065,000	444,400
2043-45	-	-	-	-	950,000	57,400
Total	<u>\$ 3,365,000</u>	<u>\$ 180,650</u>	<u>\$ 2,063,787</u>	<u>\$ 300,215</u>	<u>\$ 7,055,000</u>	<u>\$ 3,503,400</u>

Year Ending June 30,	FFC Obligations, Series 2013		Total		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	105,000	15,703	2,338,758	522,073	448,323	15,691
2025	111,000	12,733	2,499,758	429,092	-	-
2026	114,000	9,680	822,757	336,376	-	-
2027	117,000	6,545	880,757	299,785	-	-
2028-32	121,000	3,327	1,794,757	1,130,927	-	-
2033-37	-	-	1,700,000	812,200	-	-
2038-42	-	-	2,065,000	444,400	-	-
2043-45	-	-	950,000	57,400	-	-
Total	<u>\$ 568,000</u>	<u>\$ 47,988</u>	<u>\$ 13,051,787</u>	<u>\$ 4,032,253</u>	<u>\$ 448,323</u>	<u>\$ 15,691</u>

### General Obligation Bond Issue

On March 15, 2012, the College issued \$13,790,000 between 1.4% and 6.25% interest rate 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. Payments are due on December 15 and January 15 each year with a maturity date of June 15, 2025.

### Pension Obligation Bond Issue

On April 23, 2003, the College participated with six community colleges in a pooled issuance of limited tax pension obligation bonds to finance the College's estimated Oregon Public Employees Retirement System (PERS) unfunded actuarial liability. The College issued \$3,570,327 in debt as part of a pooled issuance of \$153,582,300. The \$3,570,327 of debt includes \$1,750,327 Series 2003A deferred interest bonds and \$1,820,000 Series 2003 current interest bonds. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 1.40% to 6.25%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.60% to

5.68%. Except for the payment of its pension bond payments and additional charges when due, each community college has no obligation or liability to any other participating college's pension bonds or liability to PERS.

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

#### **Full Faith and Credit Financing Agreements**

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

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

#### **Port of the Dalles Promissory Note**

In 2019, the College Board approve entering into a \$1,500,000 intergovernmental loan agreement with the Port of the Dalles. In support of the Skills Center and Resident Hall capital project, the Port of the Dalles authorized a financial package to the College for a loan of up to \$1,500,000 at 4.01% annual interest to be paid in full, with interest, no later than three years from the March 29, 2019, loan signature date. The College had drawn \$1,500,000 against the loan in the prior year. The note and repayment schedule were updated on June 30, 2021, with the final payment due on June 30, 2024.

### **Note 9 - Pension Plans**

#### **Plan Description**

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

The Pension Program is the defined benefit portion of the plan which applies to qualifying College Employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. The Individual Account Program (IAP), is defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go



into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Starting July 1, 2020, Senate Bill 1049 required IAP member contributions to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 a month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account.

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

### **Benefits Provided**

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$210,583 in 2022 and will be indexed with inflation every year.

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

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

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,

- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

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

*Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair market value of the underlying global equity investments of that accounts. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA is 2.0% the annual benefit.

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

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$210,583 in 2022 and will be indexed with inflation in later years.

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

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

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

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

#### OPSRP Individual Account Program (IAP)

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

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

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

#### Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023, were \$1,004,787, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023, were 18.53 percent for Tier One/Tier Two General Service Members and 14.84 percent for OPSRP Pension Program General Service Members.

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

For the year ended June 30, 2023, the College recognized a net pension liability of \$6,345,188 for its proportionate share of the PERS net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2020. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2023, and 2022, the College's proportion were .04143930% and 0.03920816%, respectively.

Columbia Gorge Community College

Notes to Financial Statements

June 30, 2023

On June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 308,008	\$ 39,570
Changes in assumptions	995,594	9,096
Net difference between projected and actual earnings on pension plan investments	-	1,134,397
Changes in proportionate share	305,602	229,893
Differences between employer contributions and employer proportionate share of system contributions	-	966,084
Contributions subsequent to the measurement date	1,004,787	-
Total	\$ 2,613,991	\$ 2,379,040

The \$1,004,787 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (offset) in future periods as follows:

Years Ending June 30,		
2024	\$	(218,205)
2025		(321,502)
2026		(630,094)
2027		431,959
2028		(31,994)
	\$	(769,836)

**Actuarial Assumptions**

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

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

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study Report	2020, Published July 20, 2021
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost-of-living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020.

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multi-strategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	

Assumed Inflation - Mean

2.40%

Source: OPERS Annual Comprehensive Financial Report, for the fiscal year ended June 30, 2022.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments for the Defined Benefit Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate.

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

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension liability (asset)	\$ 11,252,642	\$ 6,345,188	\$ 2,237,876

Detailed information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the separately issued ACFR for the plan which is available as noted above. Both the PERS and OPSRP plans are administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>  
Transition Liability

The College reports a separate liability to the plan with a balance of \$274,864 at June 30, 2023. The liability represents the College’s allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.42% of covered payroll for payment of this transition liability, included in the total net employer contribution rate.

**Note 10 - Postemployment Benefits Other Than Pensions (OPEB)**

**Multiple Employer Plan**

**Plan Description and Administration**

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

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

**Plan Membership**

On June 30, 2023, the measurement date, Plan membership consisted of the following:

Eligible employee or spouse of ineligible employees or beneficiaries currently receiving benefits payments	8
Active employees	83
	91

**Benefits provided**

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

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

**Contributions**

For the year ended June 30, 2023, the College retirees paid 100% of their insurance premium costs.

**OPEB Liabilities and OPEB Expense.**

On June 30, 2023, the College reported a total OPEB liability of \$478,388. The total OPEB liability was measured as of June 30, 2022, and was determined using the entry age normal actuarial cost method. For the year ended June 30, 2023, the College recognized OPEB change of \$90,404. Deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used. These items should be recognized in OPEB expense immediately.



Schedule of Deferred (Inflows) and Outflows of Recourses

OPEB Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an out flow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to future period and will not be recognized as an inflow of resources (revenue) until that time.

	Deferred Outflow of Resources	Deferred Inflow or Resources
Changes of assumptions or inputs	\$ 26,352	\$ 29,725
Differences between expected and actual experience	174,948	
Benefits Payments	117,584	
Total	<u>\$ 318,884</u>	<u>\$ 29,725</u>

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

<u>Years Ending June 30,</u>	Deferred Outflow (Inflow) of Resources
2024	43,374
2025	44,624
2026	45,033
2027	24,722
2028	14,191
Thereafter	(369)
	<u>\$ 171,575</u>

Deferred outflow of resources are presented as positive amounts. Deferred inflows are resources presented as negative amounts. The amount shown is expected benefit payments in the fiscal year. Can be increased with an estimate of administrative expenses paid in the fiscal year.

**Key Assumptions and Methods**

The total OPEB liability in the June 30, 2022, valuation was determined using the following key assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate: 3.54%
- Measurement date: June 30, 2022
- Salary increases: 3.4%
- Age adjustment factor: 2.051837
- Average retirement age: 65
- NOL and ADC: entry age normal actuarial cost method
- Mortality table: Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
- Turnover assumptions: Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
- Actuarial cost method: Entry age normal
- Amortization period: 20

**Change in Total OPEB Liability**

	Increase (Decrease) in Total OPEB Liability
<b>Multiple Employer Plan:</b>	
Balance as of June 30, 2022	\$ 568,792
Changes for the year:	
Service cost	46,598
Interest on total OPEB liability	12,036
Changes in economic/demographic assumptions	-
Changes in assumptions or other inputs	(32,047)
Benefit payments	(116,991)
Net changes	(90,404)
Balance as of June 30, 2023	\$ 478,388

**Sensitivity of the College’s proportionate share of the total OPEB liability to changes in the discount rate.**

The following presents the College’s total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 498,881	\$ 478,388	\$ 459,236

**Sensitivity of the College’s proportionate share of the total OPEB liability to changes in the healthcare cost trend rates.**

The following presents the College’s total OPEB liability if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>4% Decrease</u>	<u>Current 5% Rate</u>	<u>6% Increase</u>
Net OPEB Liability	\$ 454,168	\$ 478,388	\$ 506,317

**Retirement Health Insurance Account (RHIA)**

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

**Benefits Provided**

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

**Funding Policy and Contributions**

PERS funding policy provides for monthly employer contributions at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2023, were \$570. The rates in effect for the fiscal year ended June 30, 2023, were 0.05% for Tier One/Tier Two General Service Members and 0% for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

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

On June 30, 2023, the College reported an asset of \$67,904 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The College’s proportion of the net OPEB asset was based on a projection of the College’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. On June 30, 2022, and 2021 the College’s proportion was .01910983 percent and 0.02378047 percent, respectively.

On June 30, 2023, the College reported deferred outflow of resources and deferred inflow of resources related to OPEB from the sources identified in the following table:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Differences between expected and actual experience	\$ -	\$ 1,840
Changes of assumptions	532	2,263
Net difference between projected and actual earnings on investment	-	5,179
Changes in proportionate share	17,626	
Contributions subsequent to measurement date	570	-
<b>Total</b>	<b>\$ 18,728</b>	<b>\$ 9,282</b>

Contributions subsequent to the measurement date of \$570 reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

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

Years Ending June 30,

2024		\$	11,266
2025			(781)
2026			(3,268)
2027			1,659
			1,659
		\$	8,876

**Actuarial Methods and Assumptions**

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. This method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

The net OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study Report	2020, Published July 20, 2021
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four- year period ending on December 31, 2020.

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021, the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Milliman’s assumptions for each of the asset classes in which the plan was invested at that time was based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of turn for each major asset class, calculated using both arithmetic and geometric means, refer to the asset allocation disclosed in **Note 9** or see PERS’ audited financial statements at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**Discount Rate**

The discount rate used to measure the total OPEB asset was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the College’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the College’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB Asset	\$ (61,201)	\$ (67,904)	\$ (73,650)

**OPEB Plan Fiduciary Net Position**

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

**Note 11 - Risk Management**

The College is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, injuries to employees and natural disasters. The College is insured for the physical damage to vehicles and carries insurance for all risks of loss, including general and auto liability, property insurance, crime coverage, equipment breakdown coverage, and workers' compensation. General liability insurance generally covers casualty losses with a loss limit of \$20 million per occurrence and a \$20 million aggregate loss limit. The College's property insurance and equipment breakdown total loss limit is approximately \$79,000,000 with a \$10,000 property deductible, except for mobile equipment, which has a deductible of \$1,000 or \$5,000 depending on motor size. Auto liability is \$15,000,000 liability with the \$100 comprehensive and \$500 collision deductible. Earthquake and flood coverage has a loss limit of \$20 million. Crime coverage has a loss limit of \$250,000. Workers' compensation insurance provides statutory coverage and \$1 million employer's liability coverage. There was no significant reduction in the College's insurance coverage during the year ended June 30, 2022. The College has one open insurance claim to the Readiness Center, and no insurance settlement exceeded coverage for the prior three years.

**Note 12 - Columbia Gorge Community College Foundation****Deposits with Financial Institutions**

Cash and cash equivalents consist of cash held in checking and money market with original maturities of 3 months or less, which are neither held for nor restricted by donors for long-term purposes. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At times, amounts on deposit may exceed insured limits.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of revenues, expenses and changes in net position and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation maintains investment balances with Securities Investor Protection Corporation (SIPC) brokerage firms which are insured up to \$500,000. At June 30, 2023, the Foundation had investment balances, including cash equivalents, held in brokerage firms in excess of SIPC.

### Fair Value Hierarchy

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

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

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

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

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

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. All foundation investments are considered level 1 as of June 30, 2023.

### Donor Designated Endowments

Endowment net asset composition by type of fund as of June 30, 2023, is as follows:

	With Donor Restrictions
Balance at July 1, 2022	\$ 2,288,040
Contributions	212,046
Investment income, net of fees	19,610
Investment appreciation (depreciation)	178,380
Amounts appropriated for expenditures	-
Endowment net assets, June 30, 2023	<u>\$ 2,698,076</u>



Required Supplementary Information

June 30, 2023

**Columbia Gorge Community College**

Columbia Gorge Community College  
Schedule of Total OPEB Liability  
June 30, 2023

Multiple Employer Plan	Reported as of the measurement date of June 30,					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Benefit payments	\$ (116,991)	\$ (37,839)	\$ (96,619)	\$ (18,277)	\$ (14,124)	\$ (35,268)
Service cost	46,598	42,896	42,896	29,618	29,185	30,039
Interest on total OPEB liability	12,036	9,959	17,030	10,767	9,306	7,378
Change in assumptions	-	0	19,021	8,222	(4,489)	(10,753)
Changes in economic/demographic assumptions	(42,134)	89,977	-	203,587	-	-
Net changes in OPEB liability	(100,491)	104,993	(17,672)	233,917	19,878	(8,604)
Total OPEB liability – beginning	578,879	473,886	491,558	257,641	237,763	246,367
Total OPEB liability – ending	<u>\$ 478,388</u>	<u>\$ 578,879</u>	<u>\$ 473,886</u>	<u>\$ 491,558</u>	<u>\$ 257,641</u>	<u>\$ 237,763</u>

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

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

Columbia Gorge Community College

Schedule of Net OPEB Asset - RHIA

June 30, 2023

	Reported as of the measurement date of June 30,					
	2022	2021	2020	2019	2018	2017
College's proportionate share of the net OPEB asset	\$ (67,904)	\$ (81,662)	\$ (90,870)	\$ (88,655)	\$ (49,242)	\$ (19,537)
College's proportionate share at measurement date	0.01910%	0.23780%	0.04460%	0.04588%	0.04411%	0.04681%
College's covered payroll	\$6,319,750	\$5,904,291	\$5,951,176	\$5,200,614	\$5,541,426	\$5,501,994
College's proportionate share of the net OPEB asset as a percentage of its covered payroll	1.1%	1.4%	1.5%	1.7%	0.9%	0.4%
RHIA Plan fiduciary net position as a percentage of the total OPEB asset	194.6%	183.9%	150.1%	124.0%	124.0%	108.9%

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

Columbia Gorge Community College  
 Schedule of the College's Contributions - RHIA  
 June 30, 2023

	Reported as of the fiscal year-end date of June 30,					
	2023	2022	2021	2020	2019	2018
Contractually required contributions	470	\$ 471	\$ 636	\$ 3,185	\$ 22,739	\$ 21,360
Contributions in relation to the contractually required contribution	<u>(470)</u>	<u>(471)</u>	<u>(636)</u>	<u>(3,185)</u>	<u>(22,739)</u>	<u>(21,360)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	6,309,973	\$ 6,319,750	\$ 5,904,291	\$ 5,951,176	\$ 5,200,614	\$5,541,426
Contributions as a percentage of covered payroll	0.01%	0.01%	0.01%	0.05%	0.44%	0.39%

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

**Columbia Gorge Community College**  
 Schedule of the College's Proportionate Share of the Net Pension Liability – OPERS  
 Oregon Public Employees Retirement System  
 June 30, 2023

As of the Measurement Date of June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a % of Covered Payroll (b/c)	Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)
2022	0.04143930%	6,345,188	6,309,973	100.56%	84.50%
2021	0.03920816%	4,691,839	5,904,291	79.46%	87.60%
2020	0.04068234%	8,878,287	5,951,176	149.19%	75.80%
2019	0.04129482%	7,143,015	5,200,614	137.35%	80.20%
2018	0.04243378%	6,428,159	5,541,426	116.00%	82.07%
2017	0.04270759%	5,756,999	5,501,994	104.63%	83.12%
2016	0.05359039%	8,045,162	4,311,800	186.58%	80.53%
2015	0.05487119%	3,150,408	5,350,895	58.88%	91.88%
2014	0.04866030%	(1,102,990)	5,251,319	-21.00%	103.60%

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

Columbia Gorge Community College  
Schedule of the College Contributions – OPERS  
Oregon Public Employees Retirement System  
June 30, 2023

Fiscal Year Ended June 30,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2023	\$ 1,004,787	\$ 1,004,787	-	\$ 6,309,973	15.92%
2022	849,028	849,028	-	6,319,750	13.43%
2021	749,065	749,065	-	5,904,291	12.69%
2020	751,750	751,750	-	5,951,176	12.63%
2019	671,111	671,111	-	5,200,614	12.90%
2018	544,313	544,313	-	5,541,426	9.82%
2017	463,803	463,803	-	5,501,994	8.43%
2016	402,001	402,001	-	4,311,800	9.32%
2015	496,715	496,715	-	5,350,895	9.28%

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

Supplementary Information

June 30, 2023

**Columbia Gorge Community College**

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

### **Measurement Focus and Basis of Accounting**

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

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

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

### **Stewardship, Compliance, and Accountability**

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

The level of expenditure 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 over expenditure. Such budget changes require Board of Education approval.

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



**Description of Funds**

The College has the following funds:

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

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

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

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

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

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

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

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

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

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

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

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – General Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
State sources	\$ 5,675,560	\$ 5,675,560	\$ 6,014,759	\$ 339,199
Local sources	1,262,764	1,262,764	1,556,154	293,390
Tuition	1,954,700	1,954,700	1,817,214	(137,486)
Instructional fees	1,056,000	1,056,000	884,766	(171,234)
Special fees	93,700	93,700	54,161	(39,539)
Other sources	67,900	67,900	1,018,511	950,611
Sales and services	6,550	6,550	21,272	14,722
<b>Total revenues</b>	<b>10,117,174</b>	<b>10,117,174</b>	<b>11,366,837</b>	<b>1,249,663</b>
<b>Expenditures</b>				
Instruction	3,517,345	3,611,845	3,567,939	(43,906)
Academic support	871,010	893,260	775,005	(118,255)
Student services	1,273,869	1,290,309	1,117,847	(172,462)
Institutional support	3,254,622	3,282,790	2,977,420	(305,370)
Financial aid	18,347	18,347	12,388	(5,959)
Plant operation and maintenance	1,152,204	1,253,318	1,276,301	22,983
Contingency	260,000	143,078		(143,078)
Debt service	18,590	572,979	572,979	(0)
<b>Total expenditures</b>	<b>10,365,987</b>	<b>11,065,925</b>	<b>10,299,879</b>	<b>(766,046)</b>
<b>Excess (Deficiency) Of Revenue Over (Under) Expenditures</b>	<b>(248,813)</b>	<b>(948,752)</b>	<b>1,066,958</b>	<b>2,015,710</b>
<b>Other Financing Sources (Uses)</b>				
Procceds from FFC bond issuance	-	-	-	-
Transfer from other funds	240,000	240,000	-	(240,000)
Transfer to other funds	(1,103,830)	(1,929,961)	(1,236,200)	693,761
<b>Total other financing sources (uses)</b>	<b>(863,830)</b>	<b>(1,689,961)</b>	<b>(1,236,200)</b>	<b>453,761</b>
<b>Net Change In Fund Balance</b>	<b>(1,112,643)</b>	<b>(2,638,713)</b>	<b>(169,242)</b>	<b>2,469,471</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,747,180</b>	<b>3,747,180</b>	<b>3,520,444</b>	<b>(226,736)</b>
<b>Fund Balance, End of Year</b>	<b>\$ 2,634,537</b>	<b>\$ 1,108,467</b>	<b>\$ 3,351,202</b>	<b>\$ 2,242,735</b>

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Grant Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Federal sources	\$ 1,321,888	\$ 4,456,818	\$ 2,383,526	\$ (2,073,292)
State sources	1,403,921	3,139,499	3,822,498	682,999
Tuition	-	14,450	25,245	10,795
Other sources	158,460	237,472	661,499	424,028
Total revenues	<u>2,884,269</u>	<u>7,848,239</u>	<u>6,892,768</u>	<u>(955,471)</u>
<b>Expenditures</b>				
Personnel services	2,208,278	3,112,359	2,658,557	(453,802)
Materials and services	2,101,718	7,356,672	3,764,282	(3,592,390)
Total expenditures	<u>4,309,996</u>	<u>10,469,031</u>	<u>6,422,839</u>	<u>(4,046,192)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(1,425,727)	(2,620,792)	469,929	3,090,721
<b>Other Financing Sources (Uses)</b>				
Transfer to other funds	-	105,265	99,062	(6,203)
Total other financing sources (uses)	<u>-</u>	<u>105,265</u>	<u>99,062</u>	<u>(6,203)</u>
Net Change In Fund Balance	(1,425,727)	(2,515,527)	568,991	3,084,518
Fund Balance, Beginning of Year	<u>2,737,572</u>	<u>2,737,572</u>	<u>2,983,270</u>	<u>245,698</u>
Fund Balance, End of Year	<u>\$ 1,311,845</u>	<u>\$ 222,045</u>	<u>\$ 3,552,261</u>	<u>\$ 3,330,216</u>

\* Budget was appropriated by total receipt of pass through resources expenditures by the fund

**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual – Skills Center and Residence Hall Fund  
 Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Personnel services	-	-	-	-
Materials and services	-	87,791	87,791	-
Total expenditures	-	87,791	87,791	-
Other Financing Use				
Transfer from other funds	-	-	-	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	(87,791)	(87,791)	-
Other Financing Sources (Uses)				
Transfer from other funds	-	-	-	-
Net Change In Fund Balance	-	(87,791)	(87,791)	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (87,791)	\$ (87,791)	\$ -

**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual – Readiness Center Claim Fund  
 Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ -	\$ 300,000	\$ 268,661	\$ (31,339)
Total revenues	-	300,000	268,661	(31,339)
Expenditures				
Personnel services	-	-	1,073	1,073
Materials and services	-	320,000	249,300	(70,700)
Total expenditures	-	320,000	250,373	(69,627)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	-	(20,000)	18,288	38,288
Net Change In Fund Balance	-	(20,000)	18,288	38,288
Fund Balance, Beginning of Year	-	-	75,805	75,805
Fund Balance, End of Year	\$ -	\$ (20,000)	\$ 94,093	\$ 114,093

\* Budget was appropriated by total recovery and replacement of insurance claim losses.

\*\* Ending budget estimate prior to final insurance claim settlement. Expense estimated as necessary replacement cost.

**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and changes in Fund Balance  
 Budget and Actual – Debt Service Fund – College G.O. Bonds  
 Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 2,263,419	\$ 2,263,419	\$ 2,220,000	\$ (43,419)
Investment income	21,894	21,894	239,568	217,674
Total revenues	<u>2,285,313</u>	<u>2,285,313</u>	<u>2,459,568</u>	<u>174,255</u>
<b>Expenditures</b>				
Debt service				
Principal payments	1,530,000	1,530,000	1,530,000	-
Interest payments	173,550	173,550	173,547	(3)
Total expenditures	<u>1,703,550</u>	<u>1,703,550</u>	<u>1,703,547</u>	<u>(3)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	581,763	581,763	756,021	174,258
Fund Balance, Beginning of Year	<u>(472,067)</u>	<u>(472,067)</u>	<u>(425,011)</u>	<u>47,056</u>
Fund Balance, End of Year	<u>\$ 109,696</u>	<u>\$ 109,696</u>	<u>\$ 331,010</u>	<u>\$ 221,314</u>

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

**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and changes in Fund Balance  
 Budget and Actual – Debt Service Fund – Pension Bonds  
 Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Other sources	\$ 201,333	\$ 201,333	\$ 287,952	\$ 86,619
Investment income	25	25	-	(25)
Total revenues	<u>201,358</u>	<u>201,358</u>	<u>287,952</u>	<u>86,594</u>
<b>Expenditures</b>				
Debt service				
Interest payments	90,944	90,944	82,720	(8,224)
Principle payments	326,776	326,776	335,000	8,224
Total expenditures	<u>417,720</u>	<u>417,720</u>	<u>417,720</u>	<u>0</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>(216,362)</u>	<u>(216,362)</u>	<u>(129,768)</u>	<u>86,593</u>
Fund Balance, Beginning of Year	<u>428,578</u>	<u>428,578</u>	<u>491,914</u>	<u>63,336</u>
Fund Balance, End of Year	<u>\$ 212,217</u>	<u>\$ 212,216</u>	<u>\$ 362,145</u>	<u>\$ 149,929</u>

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

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and changes in Fund Balance  
Budget and Actual – Debt Service Fund – Full Faith and Credit Bonds  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Other sources	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures</b>				
Debt service				
Principal payments	320,000	320,000	320,000	-
Interest payments	307,240	307,240	307,240	-
Total expenditures	627,240	627,240	627,240	-
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(627,240)	(627,240)	(623,751)	3,489
Other Financing Sources (Uses)				
Transfer from other funds	627,240	627,240	623,751	(3,489)
Fund Balance, Beginning of Year	-	-	3,489	3,489
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

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



**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual – Reserve Fund – Facilities & Grounds Maintenance  
 Year Ended June 30, 2023

---

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

**Columbia Gorge Community College**  
 Schedule of Revenues, Expenditures, and changes in Fund Balance  
 Budget and Actual – Enterprise Fund  
 Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Tuition	\$ 123,978	\$ 123,978	\$ 84,307	\$ (39,671)
Sales	291,950	406,135	606,472	200,337
Instructional and special fees	29,100	29,100	39,035	9,935
Other sources	-	-	-	-
<b>Total revenue</b>	<b>445,028</b>	<b>559,213</b>	<b>729,814</b>	<b>170,601</b>
<b>Expenditures</b>				
Personnel services	471,783	492,378	497,723	5,345
Materials and services	130,507	365,433	296,030	(69,403)
<b>Total expenditures</b>	<b>602,290</b>	<b>857,811</b>	<b>793,753</b>	<b>(64,058)</b>
<b>Excess (Deficiency) Of Revenue Over (Under) Expenditures</b>	<b>(157,262)</b>	<b>(298,599)</b>	<b>(63,939)</b>	<b>234,660</b>
<b>Other Financing Use</b>				
Transfer from other funds	273,000	519,645	255,074	(264,571)
Transfer to other funds	(240,000)	(78,719)	(172,564)	(93,845)
<b>Total other financing sources (uses)</b>	<b>33,000</b>	<b>440,925</b>	<b>82,510</b>	<b>(358,416)</b>
<b>Net Change In Fund Balance</b>	<b>(124,262)</b>	<b>142,327</b>	<b>18,571</b>	<b>(123,756)</b>
<b>Fund Balance, Beginning of Year</b>	<b>389,552</b>	<b>164,786</b>	<b>166,249</b>	<b>1,463</b>
<b>Fund Balance, End of Year</b>	<b>\$ 265,290</b>	<b>\$ 307,113</b>	<b>\$ 184,820</b>	<b>\$ (122,293)</b>

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – College Bookstore Enterprise Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Text Book Sales, Net of Discount	\$ 88,973	\$ 143,960	\$ 181,387	\$ 37,427
Total revenues	88,973	143,960	181,387	37,427
<b>Expenditures</b>				
Personnel services	75,440	75,440	68,197	(7,243)
Materials and services	13,410	235,097	212,779	(22,318)
Total expenditures	88,850	310,537	280,976	(29,561)
Excess (Deficiency) Of Revenue Over (Under) Expenditures	123	(166,577)	(99,589)	66,988
<b>Other Financing Use</b>				
Transfer from other funds	-	-	53,153	53,153
Net Change in Fund Balance	123	(166,577)	(46,436)	120,141
Fund Balance, Beginning of Year	-	34,943	36,406	1,463
Fund Balance, End of Year	\$ 123	\$ (131,634)	\$ (10,030)	\$ 121,604

\* Budget shortage compensated from other Enterprise profits.

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Student Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Membership dues	\$ 330	\$ 330	\$ -	\$ (330)
Fundraising	5,000	5,000	-	(5,000)
Special Fees	-	25,000	-	(25,000)
Total revenues	<u>5,330</u>	<u>30,330</u>	<u>-</u>	<u>(30,330)</u>
<b>Expenditures</b>				
Materials and services	<u>9,000</u>	<u>34,000</u>	<u>6,725</u>	<u>(27,275)</u>
Total expenditures	<u>9,000</u>	<u>34,000</u>	<u>6,725</u>	<u>(27,275)</u>
Excess (Deficiency) Of Revenue Over (Under) Expenditures	<u>(3,670)</u>	<u>(3,670)</u>	<u>(6,725)</u>	<u>(3,055)</u>
<b>Other Financing Use</b>				
Transfer from other funds	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Net Change In Fund Balance	(3,670)	(3,670)	18,275	21,945
Fund Balance, Beginning of Year	<u>12,630</u>	<u>11,277</u>	<u>10,032</u>	<u>(1,245)</u>
Fund Balance, End of Year	<u>\$ 8,960</u>	<u>\$ 7,607</u>	<u>\$ 28,307</u>	<u>\$ 20,700</u>

\* Budget was appropriated by total pass through of student funds received.

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Student Aid Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal sources	\$ 1,321,021	\$ 1,321,021	\$ 1,707,417	\$ 386,396
Expenditures				
Materials and services	2,145,503	1,313,021	1,642,950	329,929
Personnel services	8,892	8,866	29,458	20,592
Total expenditures	2,154,395	1,321,887	1,672,408	350,521
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(833,374)	(866)	35,009	35,875
Other Financing Source				
Transfer from other funds	-	-	3,184	3,184
Net Change In Fund Balance	(833,374)	(866)	38,193	39,059
Fund Balance, Beginning of Year	845,716	(13,234)	(38,878)	(25,644)
Fund Balance, End of Year	\$ 12,342	\$ (14,100)	\$ (685)	\$ 13,415

\* Budget was appropriated by total pass through of student funds received.

Columbia Gorge Community College  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Scholarship Fund  
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other sources	\$ 553,118	\$ 553,118	\$ 712,160	\$ 159,042
Expenditures				
Materials and services	633,118	633,118	762,137	129,019
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(80,000)	(80,000)	(49,977)	30,023
Other Financing Sources (Uses)				
Transfer from other funds	80,000	66,717	261,749	195,032
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	80,000	66,717	261,749	195,032
Net Change In Fund Balance	0	(13,283)	211,772	225,055
Fund Balance, Beginning of Year	0	0	-	0
Fund Balance, End Of Year	\$ -	\$ (13,283)	\$ 211,772	\$ 225,055

\* Budget was appropriated by total pass through of student funds received.

## Columbia Gorge Community College

Reconciliation of Excess (Deficiency) of Revenues Over Expenditures on a Budgetary Basis to Changes in Net  
Position on a GAAP Basis  
Year Ended June 30, 2023

---

Excess (deficiency) of revenues over (under) expenditures	
General Fund	\$ 1,066,958
Grant Fund	469,929
Skills Center and Resident Hall Fund	(87,791)
Ready Center Claim Fund	18,288
College G.O. Bonds Fund	756,021
Pension Bonds Fund	(129,768)
Full Faith and Credit Bond Fund	(623,751)
Reserve Fund – Facilities & Grounds Maintenance	-
Reserve Fund – General Operations	-
Reserve Fund – Skills Center/Housing	-
Enterprise Fund	(63,939)
College Bookstore Enterprise Fund	(99,589)
Student Fund	(6,725)
Student Aid Fund	35,009
Scholarship Fund	(49,977)
	1,284,664
Reconciling items	
Federal Direct Student Loans	
Depreciation	(1,408,106)
Capital outlay	525,477
Amortization of right of use asset	(9,696)
Lease income	264,794
OPEB and pension expense	887,202
Deferred charge on refunding amortization	(102,719)
Accrued interest payable including accretion on capital appreciation bonds	(24,244)
Donated capital assets	0
Debt premium amortization	109,706
Debt service principal payments	2,433,853
State foundation payment off year	-
Delinquent property taxes	(47,109)
	2,629,158
Change in net position on a GAAP basis	\$ 3,913,822

Columbia Gorge Community College  
Reconciliation of Budgetary Fund Balances to Net Position on a GAAP Basis  
Year Ended June 30, 2023

---

Budgetary fund balances	
General Fund	\$ 3,359,269
Grant Fund	307,060
Capital Projects Fund	-
Skills Center and Resident Hall Fund	(87,791)
Ready Center Claim Fund	94,093
College G.O. Bonds Fund	331,010
Pension Bonds Fund	362,145
Full Faith and Credit Bonds Fund	-
Reserve Fund – Facilities & Grounds Maintenance	27,257
Reserve Fund – General Operations	-
Reserve Fund - Skills Center	-
Enterprise Fund	184,820
College Bookstore Enterprise Fund	(10,030)
Student Fund	28,307
Student Aid Fund	(685)
Scholarship Fund	211,772
	4,807,227
 Total budgetary fund balances	 4,807,227
 Reconciling items	
Capital assets	39,836,880
Lease receivable	588,204
Right of use assets	99,036
Net OPEB asset	67,904
Deferred outflows of resources	3,297,207
Accrued interest payable	(38,938)
Lease liability	(99,036)
Compensated absences	(353,897)
Deferred revenue on property taxes	70,270
Pre-SLGRP pooled liability	(274,864)
Total OPEB liability	(478,388)
Net pension liability	(6,345,188)
Long-term debt	(14,158,812)
Deferred inflows of resources	(3,001,869)
	19,208,509
 Total reconciling items	 19,208,509
 Net position on a GAAP basis	 \$ 24,015,736



Compliance Section

June 30, 2023

**Columbia Gorge Community College**

## **Report of Independent Auditors 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***

The Board of Education  
Columbia Gorge Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbia Gorge Community College (the College), and its discretely presented component unit, Columbia Gorge Community College Foundation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Columbia Gorge Community College's basic financial statements, and have issued our report thereon dated April 10, 2024. The financial statements of Columbia Gorge Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Columbia Gorge Community College Foundation.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **Columbia Gorge Community College's Response to Findings**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon  
April 10, 2024

## **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Education  
Columbia Gorge Community College

### **Report on Compliance for Each Major Federal Program**

#### ***Adverse and Unmodified Opinions***

We have audited Columbia Gorge Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. 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.

#### ***Adverse Opinion on Student Financial Assistance Cluster***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the College did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2023.

#### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, The College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

#### ***Basis for Adverse and Unmodified Opinions***

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

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

*Matters Giving Rise to Adverse Opinion on Student Financial Aid Cluster*

As described in findings 2023-004, 2023-005, 2023-006, and 2023-008 in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the following:

<b><i>Finding #</i></b>	<b><i>Assistance Listing #</i></b>	<b><i>Program (or Cluster) Name</i></b>	<b><i>Compliance Requirement</i></b>
2023-004	Various	Student Financial Assistance Cluster	Special Tests and Provisions – Enrollment Reporting
2023-005	Various	Student Financial Assistance Cluster	Special Tests and Provisions – Return of Title IV Funds
2023-006	Various	Student Financial Assistance Cluster	Gramm-Leach-Bliley Act Student Information Security
2023-008	Various	Student Financial Assistance Cluster	Eligibility

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

***Responsibilities of Management for Compliance***

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

***Auditor’s Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

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

The College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-005, 2023-006, 2023-007, and 2023-008 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

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

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

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

*Moss Adams LLP*

Portland, Oregon  
April 10, 2024

## Report of Independent Auditors Required by Oregon State Regulations

The Board of Education  
Columbia Gorge Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbia Gorge Community College (the College) and the discretely presented component unit, Columbia Gorge Community College Foundation (the Foundation) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Columbia Gorge Community College's basic financial statements, and have issued our report thereon dated April 10, 2024. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* or the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### Compliance

As part of obtaining reasonable assurance about whether the College's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing
- State school fund



In connection with our testing, nothing came to our attention that caused us to believe Columbia Gorge Community College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows: the College had excess expenditures over appropriations for three funds, the College did not publish the notice of budget committee meeting in the newspaper more than once in accordance with ORS 294.426, and the College did not follow budget law for supplemental budget process; see finding 2023-001 in the schedule of findings and questioned costs.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses or schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of education and management of Columbia Gorge Community College and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these parties.



Scott Simpson, Partner, for  
Moss Adams LLP  
Portland, Oregon  
April 10, 2024

Columbia Gorge Community College  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-23 Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Direct Student Loans	84.268		\$ 558,373
Federal Pell Grant Program	84.063		942,670
Federal Supplemental Educational Opportunity Grants	84.007		-
Federal Work-Study Program	84.033		<u>12,388</u>
Total Student Financial Assistance Cluster			<u>1,513,431</u>
Title III Strengthening Institutions Program			
Direct Funding			
Higher Education Institutional Aid	84.031A		<u>381,383</u>
Education Stabilization Fund			
Direct Funding			
COVID-19: Higher Education Emergency Relief Funds, Student Aid	84.425E		697,364
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		<u>72,208</u>
Subtotal			<u>769,572</u>
Passed through Oregon Higher Education Coordinating Commission			
Adult Education – Basic Grants to States	84.002	21-112A	<u>175,865</u>
Total U.S. Department of Education			<u>2,840,251</u>
U.S. Department of Agriculture			
Rural Utilities Service Direct Funding			
Distance Learning and Telemedicine Loans and Grant	10.855		<u>133,145</u>
Passed-through Oregon Department of Human Services			
Portland Community College			
Race to the Top Early Learning Challenge	10.561	n/a	<u>21,397</u>
Total U.S. Department of Agriculture			<u>154,542</u>

Columbia Gorge Community College  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-23 Federal Expenditures
U.S. Department of the Interior			
Bureau of Land Management			
BLM Fuels Management and Community Fire Assistance Program Activities	15.228	L22AC00346-00	<u>62,972</u>
Total U.S. Department of the Interior			<u>62,972</u>
U.S. Department of Labor			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed-through East Cascade Workforce Investment Board:			
WIA Adult Program	17.258	22-011	71,202
WIA Youth Activities	17.259	22-005	106,556
WIA Dislocated Worker Formula Grants	17.278	22-011	21,924
WIA Dislocated Worker Formula Grants	17.278	22-011	11,684
WIA Dislocated Worker Formula Grants	17.278	22-011	224,524
WIA Dislocated Worker Formula Grants	17.278	22-005	<u>132,043</u>
Total WIOA Cluster			<u>567,933</u>
Passed-through Oregon Department of Human Services			
Workforce Investment Act (WIA) National Emergency Grants	17.277	154335	<u>87,845</u>
Total U.S. Department of Labor			<u>655,778</u>
U.S. Department of Treasury			
Passed-through the State of Oregon Department of Education			
Covid-19 State and Local Fiscal Recovery Funds	21.027	18529 / 8075	56,941
Passed-through the County of Hood River			
Covid-19 State and Local Fiscal Recovery Funds	21.027	n/a	<u>21,314</u>
Total U.S. Department of Treasury			<u>78,255</u>
National Science Foundation			
Direct Funding			
Education and Human Resources	47.076		<u>148,410</u>
Total National Science Foundation			<u>148,410</u>

Columbia Gorge Community College  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	2022-23 Federal Expenditures
U.S. Small Business Administration			
Passed-through Oregon Small Business Development Center			
COVID-19: Discretionary Grants: Reimaging Workforce Small Business Development Centers	59.037	SBAHQ-20-C-0074- 145	\$ 19,794
Passed-through Lane Community College Small Business Development Center Network Office:			
Small Business Development Center	59.037	SBA-2022-145	<u>123,459</u>
Total U.S. Small Business Administration			<u>143,253</u>
U.S. Department of Health and Human Services			
Passed-through Oregon Child Care Resource and Referral Network:			
Child Care Development Fund Cluster (CCDF) Cluster: Child Care and Development Block Grant	93.575	14833	<u>630,641</u>
Total U.S. Department of Health and Human Services			<u>630,641</u>
Total Federal Financial Assistance			<u>\$ 4,714,102</u>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Columbia Gorge Community College under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations for Columbia Gorge Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Columbia Gorge Community College.

**Note 2 - Summary of Significant Accounting Policies**

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

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Federal Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Adverse
84.425E, F	Education Stabilization Fund (COVID-19 Higher Education Emergency Relief Fund)	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

---

**Section II – Financial Statement Findings**

---

**2023-001 – Financial Statement Close and Reporting Process – Material Weakness in Internal Controls over Financial Reporting**

*Criteria* – Effective internal control over the financial close and reporting process requires that the College have adequately designed, implemented, and documented internal controls over the preparation of the financial statements.

*Condition/context* – During the audit there were several versions of the draft financial statements provided by management that did not balance, did not agree to the trial balance and/or did not agree to supporting documentation. There were schedules provided that were not complete and did not reconcile to the trial balance or other supporting documentation provided. The beginning balance entries for the pension and other post-employment benefit obligations did not agree to the prior year audited financial statements. The budget to actual schedules included as supplementary information do not tie to the approved budget and the College made budget adjustments that did not comply with Oregon Minimum Standards Budget Law. Lastly, the schedule of expenditures of federal awards required adjustments to tie to actual expenditures.

*Cause/effect* – Due to the lack of fully designed, implemented, and documented financial close and reporting process, there were several versions of the financial statement that had to be modified by management. In addition, management relied heavily on the auditors for assistance in drafting the financial statements. Given that condition, there is an increased risk of financial reporting misstatements that may not be prevented or detected on a timely basis.

*Recommendation* – We recommend the College look for opportunities to continue to improve the financial close and reporting process including designing and implementing a documented financial close and reporting process.

*Views of responsible officials and planned corrective actions* –

Responsible Individuals:            Dr. Lorelle Davies, Chief Financial Officer

*Corrective Action Plan:* Producing accurate and timely financial statements is the responsibility of the Columbia Gorge Community College Vice President of Financial Services. Financial reporting for the year ended June 30, 2023, was impacted by the significant retirement of the legacy system used to record fiscal year 2023 financials, subsequent failure to record accurate and complete financial statements.

The Chief Financial Officer will implement monthly reconciliations of general ledger accounts and develop a year-end closing process to ensure accurate, complete, and timely financial reporting as follows:

- Ensure budget adjustments are approved by the chief financial officer and supplemental budgets or resolutions are prepared as needed for Board approval in compliance with Oregon’s Local Budget Law.
- Ensure monthly reconciliation of the current budget to the approved budget utilizing the annual budget adjustment summary.
- Ensure general ledger accounts are in balance through monthly review of the trial balance report.
- Utilize a monthly and year-end closing checklist.

- Develop an annual schedule of financial reporting and budget processes to ensure audits, budgets, and continuing disclosure filings are completed on time and in compliance.
- Provide staff training.
- Ensure completion and correct calculation of schedules to include capital assets calculations and retirement pension and other post-employment benefit obligations.

*Anticipated Completion Date:* June 30, 2024

---

### Section III – Federal Award Findings and Questioned Costs

---

#### **2023-002 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Significant Deficiency in Internal Controls over Compliance**

##### ***Department of Education***

**Federal Assistance Listing Number:** 84.425E

**Federal Program Name:** Higher Education Emergency Relief Funds (HEERF) Student Aid Portion

*Criteria* – In accordance with the Funding Certification and Agreement for the Emergency Financial Aid Grants to Students institutions must have a documented plan to distribute funds to students.

*Condition/context* – A sample of 18 disbursements to students out of a population of 113 disbursements to students was selected. A documented plan for distribution of funds to students was requested, however the College did not have a documented plan that clearly outlined the plan for disbursement. Additionally, we were unable to obtain clear documentation of the rationale for approval of award amounts for students selected.

Our sample was not, and was not intended to be, statistically valid.

*Questioned costs* – None.

*Cause/effect* – The College did not have the controls in place to formally approve a plan for distribution of funds that was documented and circulated to the College. The lack of a documented plan for distribution of funds to students increases the risk that funds were inappropriately disbursed to students at the wrong amounts. In addition, it increases the risk that the disbursements were not equitable across the student population.

*Repeat finding* – No

*Recommendation* – We recommend the College adopt a policy that is formally approved and retained indicating how HEERF student aid portion funds were to be distributed to students.

*Views of responsible officials and planned corrective actions* –

*Responsible Individuals:* Dr. Lorelle Davies, Chief Financial Officer

Michael N. Espinoza, Vice President of Student Services



*Corrective Action Plan:* HEERF procedures and processes were adopted and provided to the auditors during the audit process. Three independent outreach efforts were implemented to contact, support, and release funding to students. Limited staffing and a sense of urgency in emergency disbursements contribute less than perfect execution. Documentation was provided for all sample disbursements with a few instances of missing documentation. The Rubric for disbursement through Student Services based on a Pell and enrollment need evaluation was not available to auditors. The college can reproduce criteria to support disbursement. All HEERF funding was distributed to students that met eligibility requirements within the June 30, 2023, disbursement deadline. Ongoing efforts include the following:

- The college will continue to archive and document all disbursement records.
- Continued implementation of processes and procedures for all aid disbursement to prevent future instances.

*Anticipated Completion Date:* Completed June 30, 2023

### **2023-003 – Reporting – Significant Deficiency in Internal Controls over Compliance**

#### ***Department of Education***

**Federal Assistance Listing Number:** 84.425E, 84.425F

**Federal Program Name:** Higher Education Emergency Relief Funds (HEERF) Student Aid Portion, Higher Education Emergency Relief Funds (HEERF) Institutional Portion

*Criteria* – Under the Coronavirus Aid, Relief, and Economic Security Act 18004(e) and the Coronavirus Response and Relief Supplemental Appropriations Act 314(e) institutions that received funds under HEERF I and HEERF II are required to submit a report to the secretary on how the school used its HEERF funds. While the American Rescue Plan did not explicitly identify procedures by which institutions must report on their uses of HEERF grant funds, the Department of Education exercises this reporting authority under 2 CFR section 200.328 and 2 CFR section 200.329.

*Condition/context* – A sample of 4 special reports from the population of 4 special reports was selected. For the three quarterly reports selected, the College could not provide support that the reports were published timely. In addition, the College could not provide consistent institutional records for the data included in the three quarterly reports or annual report. Three of the four quarterly reports were corrected based on the audit procedures performed, the College did not properly identify these as “corrected” upon posting to the College website.

Our sample was not, and was not intended to be, statistically valid.

*Questioned costs* – None.

*Cause/effect* – Due to the lack of controls, the College did not maintain support that quarterly reports were posted timely and was unable to provide consistent institutional records for the data included in the reports.

*Repeat finding* – Yes, 2022-005

*Recommendation* – We recommend the College update previously posted reports to accurately reflect the actual expenditures during the time period covered by the report, note the reports as “corrected” and ensure institutional records are maintained that clearly support the data reported. We also recommend the College implement a process to ensure evidence of submission dates and publication dates are maintained to ensure compliance with the reporting due dates.

*Views of responsible officials and planned corrective actions* –

*Responsible Individuals:* Dr. Lorelle Davies, Chief Financial Officer  
Courtney Judah, Executive Director of Institutional Effectiveness

*Corrective Action Plan:*

The college will continue to apply a detailed reporting process for timely collection and reporting of grants. Reporting to include the following:

- Accurate and regular collection of data needed to report outcomes and service populations.
- Cross verify data with Institutional Effectiveness and Institutional Research.
- Post in accordance with grant requirements including documentation to record posting and submission dates.

*Anticipated Completion Date:* Completed April 30, 2024

**2023-004 – Special Tests and Provisions - Enrollment Reporting – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

***Student Financial Assistance Cluster***

***Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans

*Criteria* – The National Student Loan Data System (NSLDS) is the Department of Education’s (ED) centralized database for students’ enrollment information under the Pell Grant and the Direct Loan and Federal Family Education Loan programs. Uniform guidance requires institutions to have internal controls in place to ensure attendance changes for students are reported to NSLDS within at least 60 days of when the student attendance change occurs. It is the College’s responsibility to update students’ enrollment information timely and accurately as outlined in 34 CFR § 685.309.

Institutions are responsible for accurately reporting certain significant data elements under the Campus-Level Record and Program-Level Record that ED considers high risk, which includes the student’s program as per the Classification of Instructional Programs (CIP) code, and the student’s status change Effective Date.

*Condition/context* – The College did not report enrollment status changes to NSLDS during the 2022-2023 award year.

*Questioned costs* – None reported.

*Cause/effect* – The College did not have controls in place to ensure the reporting of enrollment information under the Pell grant and Direct loan programs via NSLDS was completed. Due to the way the College’s software pulls the roster information, the Clearing House is unable to send the data to NSLDS. While the College has been working with the software vendor to correct this issue, the reporting process for NSLDS stopped in the prior award year and has not resumed. Management did not implement other processes or procedures to deal with the issues encountered with the software to fulfill their responsibility to ensure accurate and timely reporting and submission of student status during the year. The College is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

*Repeat finding – Yes, 2022-003*

*Recommendation* – The College should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website, regardless of whether or not it has to be done manually in situations where the software is not reporting correctly. Management should immediately go through all students that were awarded funds under these programs to ensure their status and all relevant student data is correct on NSLDS.

*Views of responsible officials and planned corrective actions –*

*Responsible Individuals:* Mary Martin, Registrar

Michael N. Espinoza, Vice President of Student Services

*Corrective Action Plan:* Enrollment reporting is the responsibility of the Columbia Gorge Community College (CGCC) Registrar. Reporting of enrollment information in a timely manner for the year ended June 30, 2023, was impacted by the implementation of a new Student Information System (SIS) in May 2021. The SIS included significant changes to student recording procedures and a new enrollment reporting process.

In response to the Enrollment Reporting Finding for the year ended June 30, 2023, the Registrar continues working to mitigate any issues negatively impacting enrollment reporting by:

- working with the Vice President of Student Services and Director of Financial Aid to establish internal checks and balances to ensure reporting is being done in a timely manner.
- working with SIS system support staff and internal IT staff to promptly address technical issues and/or other issues impacting enrollment reporting.
- working with National Student Clearinghouse representative to ensure reporting schedule meets required timeframes.
- consistent review of enrollment files prior to submission to ensure correct student enrollment statuses and program information are being reported.
- prompt resolution of reporting errors.
- identifying and training of additional staff on enrollment reporting.

*Anticipated Completion Date:* to be completed by June 30, 2024

**2023-005 – Special Tests and Provisions – Return of Title IV Funds (R2T4) – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

***Student Financial Assistance Cluster***

***Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans, Supplemental Educational Opportunity Grant

*Criteria* – In accordance with 34 CFR 668.22 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 grant or loan assistance that the student earned as of the student's withdrawal date.

*Condition/context* – The College is not properly identifying students who have withdrawn from the institution for whom a R2T4 calculation is necessary. The College was unable to provide a complete population of official and unofficial withdrawals with accurate withdrawal dates for testing.

*Questioned costs* – Undeterminable.

*Cause/effect* – This occurred because of lack of controls and processes in place to ensure supporting documentation is maintained for student's withdrawal dates, and a lack of understanding of compliance requirements. This resulted in a failure to properly identify students requiring calculation for return of funds to the federal government, or eligibility for post withdrawal disbursement. As a result, we were unable to determine if the College is remitting unearned funds to the federal government, or offering eligible students post withdrawal disbursements if available to them.

*Repeat finding* – No

*Recommendation* – We recommend the College review their policies, procedures and controls to ensure students who have withdrawn from the institution are being identified, and that R2T4 calculations are performed and maintained for those students. We also recommend the College ensure all withdrawals have the appropriate documentation to support the withdrawal date used in the calculation.

*Views of responsible officials and planned corrective actions* –

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Corrective Action Plan:* The college entered into a third-party contract to manage financial aid packaging and awarding. Integration and processes for the R2T4 calculation with the third-party processor was not completed correctly. New integrations, policies, and processes to be adopted in fiscal year 2023-24.

- Develop and implement ongoing tracking and reporting for all financial aid reporting.
- Financial Aid and Student Accounts work to regularly review and action student account files.
- Continue to work with third-party service to review and promptly return Title IV funding in compliance with federal rulings.

*Anticipated Completion Date:* to be completed by June 30, 2024

**2023-006 – Special Tests and Provisions - Gramm-Leach-Bliley Act – Student Information Security – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

***Student Financial Assistance Cluster***

***U.S Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268, 84.033

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans, Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program

*Criteria:* Per 16 CFR 314.3, institutions subject to the requirement shall develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to the size and complexity, the nature and scope of their activities, and the sensitivity of any customer information at issue. The information security program shall include the elements set forth in 16 CFR 314.4 and shall be reasonably designed to achieve the objectives of 16 CFR 314.3(b). These requirements were effective as of June 9, 2023.

*Condition/context:* Based on our review of the information provided by the College, they do not currently have a written policy that addresses the required elements in 16 CFR 314.4.

*Questioned costs:* None.

*Cause/Effect:* Staffing shortages have contributed to the delay in implementation of this standard. The absence of a well-designed and documented policy addressing the standards set forth under the act could put the security, confidentiality, and integrity of student information at risk.

*Repeat finding:* No

*Recommendation:* We recommend the College review the compliance requirements and draft a written policy that addresses all the required elements under the act.

*Views of responsible officials and planned corrective actions:*

*Responsible Individuals:* Andrew Burke, Chief Information Officer

*Corrective actions Plan:* The college released a Request for Proposal (RFP) to contract with outside information technology services to guide the development and implement a comprehensive information security program and address staffing gaps. Outside Chief Information Officer, information security, and technical partnership completed and contracted effective April 2024. Outside service will guide the college in the review and implementation of procedures and policies necessary for the required controls to be completed through the following phase:

- Assessment and gap analysis of current infrastructure and cybersecurity measures.
- Develop necessary policies and procedures based on NIST guidelines and GLBA requirements.
- Detect and respond to ongoing training and incident response planning.

*Anticipated Completion Date:* to be completed by June 30, 2024

## **2023-007 – Reporting – Material Weakness in Internal Controls**

### ***Student Financial Assistance Cluster***

#### ***U.S Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans

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

*Condition/context:* During our testing we noted 82 out of 100 disbursement transactions tested where the disbursement date per the students records and the disbursement date per COD did not agree. We noted in 2 out of 100 transactions, the amount per the student record and amount per COD did not agree.

*Questioned costs:* None.

*Cause/Effect:* The College did not have adequate and/or functioning controls in place to ensure the reporting of disbursements to students on COD was submitted timely and that the dates and amounts agreed. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the disbursement information reported by institutions. The College is not in compliance with the federal COD reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

*Repeat finding:* Yes, 2022-004

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

*Views of responsible officials and planned corrective actions:*

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Corrective Action:* The college will conduct ongoing training to develop reporting and process steps to prevent reporting errors and improve accuracy in reporting in identifying student's assistance needs. The College has entered into an agreement with a third-party financial aid provider to service and administer financial aid awards, COD reporting and reconciliation.

- The College will implement a process to review, update, and verify student disbursements are reported to COD accurately and timely.
- Prevention to include creation of reports for awards pending and detailed disbursement and reconciliations schedules, and system back-end processes.
- Implemented a tracking log starting in July 2023 between Financial Aid and the Business Office to ensure distribution in compliance with Common Origination and Disbursement (COD).

*Anticipated Completion Date:* to be completed by June 30, 2024

## **2023-008 – Eligibility – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

### ***Student Financial Assistance Cluster***

#### ***U.S Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268, 84.033

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans, Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program

*Criteria:* The cost of attendance (COA) is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive for purposes of the Campus-Based, TEACH Grant, and Direct Loan programs, and is one of the basic components of the Pell Grant calculation. COA is determined by law (Higher Education Act, Sec. 472) and is not subject to regulation by the Department of Education. The law specifies the types of costs that are included in the COA, but each school must determine the appropriate and reasonable amounts to include for each eligible COA category for its students, based on the criteria described in the Federal Student Aid Handbook.

*Condition/context:* During our testing of 30 students out of a population of 292 students who received federal awards during the year, the College was unable to provide a schedule that included the complete budgeted cost of attendance used for packaging the 2022 – 2023 award year. As a result, we were not able to conclude that the cost of attendance used in packaging each student or the award amounts disbursed were appropriate. We could not conclude that the total aid awarded did not exceed the student's financial need or cost of attendance.

In addition, we noted the following issues while testing eligibility. Out of a population of 30 students:

- Using the cost of attendance noted on the award letter, we were unable to recalculate the Pell award disbursed for 6 students.
- We noted during review of satisfactory academic progress, 4 students appeared to be receiving awards in period of suspension. We were unable to obtain evidence that the students had applied and been approved for an appeal or other rationale for continued receipt of Title IV funds.
- For 2 students who withdrew from the institution, Title IV funds received do not appear to have been evaluated for return to Title IV.
- For 2 students, refunds of credit balances created by disbursement of Title IV funds were not issued to students within the required timeframe.
- For 1 student, based on the cost of attendance per the award letter, the student appeared to be over awarded
- For 1 student, Title IV funds disbursed were not properly reflected on the student ledger.
- For 1 student, the award letter did not reflect an award during a term for which a student received a Title IV disbursement.
- For 1 student, Title IV aid was disbursed multiple periods after the award was made.

*Questioned costs:* Undeterminable.

*Cause/Effect:* The College did not have adequate controls in place to ensure the appropriate and reasonable amounts were included in each eligible cost of attendance category for its students, that awards were properly calculated, refunds were disbursed timely and student records were accurate. We are not able to conclude that the College is in compliance with eligibility requirements in the OMB compliance supplement.

*Repeat finding:* No

*Recommendation:* We recommend the College review their policies, procedures and controls to ensure that annually a cost of attendance schedule is approved, and that the approved schedule is used in packaging student financial aid. Rationale for adjustments made to the budgeted cost of attendance for individual students should be documented and support maintained. The College should review all processes and procedures related to eligibility to ensure controls are well documented and allow them to properly adhere to requirements for eligibility of Title IV aid.

*Views of responsible officials and planned corrective actions:*

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Views of responsible officials and planned corrective actions:* The college entered into a third-party contract to manage financial aid packaging and awarding. Calculation and reporting completed by prior Financial Director submitted national average as the college calculations instead of college service area specific calculations. The college worked with the third-party provider to ensure policies and processes adopted in July 2023 to ensure cost of attendance (COA) reporting and calculations are complete and accurate going forward.

*Recommendation:* We recommend the College review their policies, procedures and controls to ensure that annually a cost of attendance schedule is approved, and that the approved schedule is used in packaging student financial aid. Rationale for adjustments made to the budgeted cost of attendance for individual students should be documented and support maintained. The College should review all processes and procedures related to eligibility to ensure controls are well documented and allow them to properly adhere to requirements for eligibility of Title IV aid.

*Anticipated Completion Date:* to be completed by June 30, 2024





## Summary Schedule of Prior Audit Findings

### Section II – Financial Statement Findings

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

**Condition:** The finding was a material weakness in internal control related to: (1) the timely monthly reconciliation of the general ledger accounts, (2) the journal entries and reconciliations should be approved by supervisory personnel and supported with proper documentation, and (3) controls over the year-end financial close and reporting process.

**Recommendation:** Auditor recommended maintaining qualified personnel and policies for timely year-end reconciliation of year end accounts.

**Current Status:** The primary focus of this finding regarding the timely reconciliation of general ledger accounts improved significantly for FY22-23-year end and has further improved in FY23-24 with the implementation of the new accounting system. The number of correcting entries required for the operational general ledger accounts has been a minimum for FY22-23-year end. The secondary issue is the accounts associated with GAAP adjustments for long term assets and debt services which in FY22-23 was still performed by hand outside of the regular accounting system. This deficiency is being corrected in FY23-24 with the implementation of the new accounting system. See current year finding 2023-001.

Status: to be completed by June 30, 2024

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

**Condition:** The finding was a significant deficiency in internal control related to the proper accounting for the purchases of capital and intangible assets.

**Recommendation:** Auditor recommended implementing a policy for the proper review of capital assets purchases and review of the listing and rollforward by management to ensure accurate reporting.

**Current Status:** The primary issues occurred was the completion of the Skills Center and Residence Hall construction projects which were completed in 2022. During FY22-23 additional procurement training was conducted with all purchasing employees and a revised Administrative Policy adopted. The college acknowledges much of the challenge is related to the use of manual recording processes. We adopted a new accounting system that will include a fixed assets module to be installed in FY2024. The fixed asset module records capital and intangible assets at the time of purchase. The new accounting system requires attachment of required procurement documentation and approvals for capital and intangible assets at the time of purchase, making it easier to identify capital assets. See current year finding 2023-001.

Status: to be completed by June 30, 2024

### **Section III – Federal Award Findings and Questioned Costs**

#### **2022-003 Special Tests and Provisions – Enrollment Reporting**

**Condition:** The finding was a material noncompliance and material weakness in internal control over compliance for the timely reporting of student enrollment data to the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access website (NSLDSFAP). This was a repeat finding from 2020-002 and 2021-003.

**Recommendation:** Auditor recommended that the college implement a process to review, update and verify student enrollment data on the NSLDSFAP website.

**Current Status:** **Current Status:** A change in new Student Information System (SIS) in May of 2021 created multiple and ongoing student file rejection within the NSLDS files. Ongoing training and SIS support have been engaged to bring up to date outstanding NSLDSFAP data. Progress and action are reviewed on a weekly basis by management. See current year finding 2023-004.

*Anticipated Completion Date: Ongoing*

#### **2022-004 Reporting – Common Origination and Disbursement System (COD)**

**Condition:** The finding was a material weakness in internal control regarding the timely reporting of disbursement data to the COD. This was a repeat finding from 2021-004.

**Recommendation:** Auditor recommended that the college should implement a process to review, update and verify student disbursements are reported to COD accurately and timely.

**Current Status:** Ongoing training was conducted with Enterprise Management Software support to develop reporting and process steps to prevent reporting errors and improve accuracy in reporting in identifying student's assistance needs. Prevention to include creation of reports for awards pending and detailed disbursement and reconciliations schedules, and system back-end processes. The College has entered into an agreement with a third-party financial aid provider to service and administer financial aid awards, COD reporting and reconciliation. Contracted services include award packaging, document collection and compliance review, disbursement logs, direct flow of federal funds, account reconciliation and exit process. See current year finding 2023-007.

Status: to be completed by June 30, 2024

#### **2022-005 Reporting under Higher Education Emergency Relief Funds (HEERF)**

**Condition:** The finding was a significant deficiency in internal control regarding the timely and accurate reporting of HEERF Relief Funds.

**Recommendation:** Auditor recommended that the college should continue to ensure the process to review, update and verify reporting under HEERF was done accurately as the reporting process was greatly improved over the prior year.

**Current Status:** Based on the 2021-005 finding, the college put corrective actions in place including all quarterly reports were reviewed and revisions made to correct any errors or deficiencies. Existing staff participated in HEERF reporting training on March 8, 2022. Final report was March 31, 2023. Based on a review of this, The Department of Education Grants Risk Management Service Division (GRMSD) reviewed closed the 2021-05 finding in June 2022. Based on a review of all HEERF findings, The Department of Education Grants Risk Management Service Division (GRMSD) reviewed closed the 2021-05 finding in October 2023. See current year finding 2023-003.

Status: to be completed by June 30, 2024

#### **2022-006 Allowable Costs/Activities under Higher Education Emergency Relief Funds (HEERF)**

**Condition:** The finding was a significant deficiency in internal control regarding the review of student awards to conform to HEERF funding requirements.

**Recommendation:** Auditor recommended that the college should implement a process to adequately document their review and approval of students to receive aid under HEERF.

**Current Status:** The college adopted three outreach processes to evaluate and award students with HEERF funding. First through making funding available through the CGCC Foundation, Student Services Outreach, and Student Account requests. These processes were outlined and adopted as administrative procedures. HEERF final report was March 30, 2023. Based on a review of all HEERF findings, The Department of Education Grants Risk Management Service Division (GRMSD) reviewed closed the 2021-05 finding in October 2023.

#### **2022-007 Cash Management under Higher Education Emergency Relief Funds (HEERF)**

**Condition:** The finding was a material weakness in internal control regarding the timely disbursement of HEERF funds after the drawdown from DOE's G5 grant system.

**Recommendation:** Auditor recommended that the college implement a process to ensure funds were disbursed within the required timeframe.

**Current Status:** Review of the processes and systems were completed with the Department of Education Management and Program Analyst with the flagging cleared in March of 2022. HEERF funds were distributed in FY22-23 to students before the drawdown in G5 was made. Based on a review of all HEERF findings, The Department of Education Grants Risk Management Service Division (GRMSD) reviewed closed the 2021-05 finding in October 2023. HEERF final report was March 30, 2023.



---

**Corrective Plan of Action for Fiscal Year Ending June 30, 2023**

---

Financial Statement Findings

**2023-001 – Financial Statement Close and Reporting Process – Material Weakness in Internal Controls over Financial Reporting**

*Finding Summary:* Several versions of the draft financial statements provided that did not balance, did not agree to the trial balance and/or did not agree to supporting documentation. There were schedules provided that were not complete and did not reconcile to the trial balance or other supporting documentation provided. The beginning balance entries for the pension and other post-employment benefit obligations did not agree to the prior year audited financial statements. The budget to actual schedules included as supplementary information do not tie to the approved budget and the College made budget adjustments that did not comply with Oregon Minimum Standards Budget Law. Lastly, the schedule of expenditures of federal awards required adjustments to tie to actual expenditures.

Responsible Individuals: Dr. Lorelle Davies, Chief Financial Officer

*Corrective Action Plan:* Producing accurate and timely financial statements is the responsibility of the Columbia Gorge Community College Vice President of Financial Services. Financial reporting for the year ended June 30, 2023, was impacted by the significant retirement of the legacy system used to record fiscal year 2023 financials, subsequent failure to record accurate and complete financial statements.

The Chief Financial Officer will implement monthly reconciliations of general ledger accounts and develop a year-end closing process to ensure accurate, complete, and timely financial reporting as follows:

- Ensure budget adjustments are approved by the chief financial officer and supplemental budgets or resolutions are prepared as needed for Board approval in compliance with Oregon’s Local Budget Law.
- Ensure monthly reconciliation of the current budget to the approved budget utilizing the annual budget adjustment summary.
- Ensure general ledger accounts are in balance through monthly review of the trial balance report.
- Utilize a monthly and year-end closing checklist.
- Develop an annual schedule of financial reporting and budget processes to ensure audits, budgets, and continuing disclosure filings are completed on time and in compliance.
- Provide staff training.
- Ensure completion and correct calculation of schedules to include capital assets calculations and retirement pension and other post-employment benefit obligations.

*Anticipated Completion Date:* June 30, 2024

## Federal Award Findings

### **2023-002 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Significant Deficiency in Internal Controls over Compliance**

Federal Agency Name: Department of Education

Federal Assistance Listing Number: 84.425E

Federal Program Name: Higher Education Emergency Relief Funds (HEERF) Student Aid Portion

*Finding Summary:* The College did not have consistent controls in place to formerly approve a plan for distribution of funds that was documented and circulated to the College. The lack of a documented plan for distribution of funds to students increases the risk that funds were inappropriately disbursed to students at the wrong amounts. In addition, it increases the risk that the disbursements were not equitable across the student population.

*Responsible Individuals:* Dr. Lorelle Davies, Chief Financial Officer

Michael N. Espinoza, Vice President of Student Services

*Corrective Action Plan:* HEERF procedures and processes were adopted and provided to the auditors during the audit process. Three independent outreach efforts were implemented to contact, support, and release funding to students. Limited staffing and a sense of urgency in emergency disbursements contribute less than perfect execution. Documentation was provided for all sample disbursements with a few instances of missing documentation. The Rubric for disbursement through Student Services based on a Pell and enrollment need evaluation was not available to auditors. The college can reproduce criteria to support disbursement. All HEERF funding was distributed to students that met eligibility requirements withing the June 30, 2023, disbursement deadline. Ongoing efforts include the following:

- The college will continue to archive and document all disbursement records.
- Continued implementation of processes and procedures for all aid disbursement to prevent future instances.

*Anticipated Completion Date:* Completed June 30, 2023

### **2023-003 – Reporting – Significant Deficiency in Internal Controls over Compliance**

Federal Agency Name: *Department of Education*

Federal Assistance Listing Number: 84.425E, 84.425F

Federal Program Name: Higher Education Emergency Relief Funds (HEERF) Student Aid Portion, Higher Education Emergency Relief Funds (HEERF) Institutional Portion

*Finding Summary:* A sample of 4 special reports from the population of 4 special reports was selected. For the three quarterly reports selected, the College could not provide support that the reports were published timely. In addition, the College could not provide consistent institutional records for the data included in the three quarterly reports or annual reports. Three of the four quarterly reports were corrected based on the audit procedures performed, the College did not properly identify these as “corrected” upon posting to the College website.

*Responsible Individuals:* Dr. Lorelle Davies, Chief Financial Officer

*Corrective Action Plan:* The college will continue to apply a detailed reporting process for timely collection and reporting of grants. Reporting to include the following:

- Accurate and regular collection of data needed to report outcomes and service populations.
- Cross verify data with Institutional Effectiveness and Institutional Research.
- Post in accordance with grant requirements including documentation to record posting and submission dates.

*Anticipated Completion Date:* Completed April 30, 2024

**2023-004 – Special Tests and Provisions - Enrollment Reporting – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

*Student Financial Assistance Cluster*

*Department of Education*

Federal Assistance Listing Number: 84.063, 84.268

Federal Program Name: Federal Pell Grant Program, Federal Direct Student Loans

*Finding Summary:* The College did not have controls in place to ensure the reporting of enrollment information under the Pell grant and Direct loan programs via NSLDS was completed. Due to the way the College's software pulls the roster information, the Clearing House is unable to send the data to NSLDS. While the College has been working with the software vendor to correct this issue, the reporting process for NSLDS stopped in the prior award year and has not resumed. Management did not implement other processes or procedures to deal with the issues encountered with the software to fulfill their responsibility to ensure accurate and timely reporting and submission of student status during the year. The College is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

*Repeat finding – Yes, 2022-003*

*Responsible Individuals:* Mary Martin, Registrar

Michael N. Espinoza, Vice President of Student Services

*Corrective Action Plan:* Enrollment reporting is the responsibility of the Columbia Gorge Community College (CGCC) Registrar. Reporting of enrollment information in a timely manner for the year ended June 30, 2023, was impacted by the implementation of a new Student Information System (SIS) in May 2021. The SIS included significant changes to student recording procedures and a new enrollment reporting process.

In response to the Enrollment Reporting Finding for the year ended June 30, 2023, the Registrar continues working to mitigate any issues negatively impacting enrollment reporting by:

- working with the Vice President of Student Services and Director of Financial Aid to establish internal checks and balances to ensure reporting is being done in a timely manner.
- working with SIS system support staff and internal IT staff to promptly address technical issues and/or other issues impacting enrollment reporting.

- working with National Student Clearinghouse representative to ensure reporting schedule meets required timeframes.
- consistent review of enrollment files prior to submission to ensure correct student enrollment statuses and program information are being reported.
- prompt resolution of reporting errors.
- identifying and training of additional staff on enrollment reporting.

*Anticipated Completion Date:* to be completed by June 30, 2024

**2023-005 – Special Tests and Provisions – Return of Title IV Funds (R2T4) – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

*Student Financial Assistance Cluster*

*Department of Education*

*Finding Summary:* This occurred because of lack of controls and processes in place to ensure supporting documentation is maintained for student’s withdrawal dates, and a lack of understanding of compliance requirements. This resulted in a failure to properly identify students requiring calculation for return of funds to the federal government, or eligibility for post withdrawal disbursement. As a result, the auditors were unable to determine if the College is remitting unearned funds to the federal government, or offering eligible students post withdrawal disbursements if available to them.

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Corrective Action Plan:* The college entered into a third-party contract to manage financial aid packaging and awarding. Integration and processes for the R2T4 calculation with the third-party processor was not completed correctly. New integrations, policies, and processes to be adopted in fiscal year 2023-24.

- Develop and implement ongoing tracking and reporting for all financial aid reporting.
- Financial Aid and Student Accounts work to regularly review and action student account files.
- Continue to work with third-party service to review and promptly return Title IV funding in compliance with federal rulings.

*Anticipated Completion Date:* to be completed by June 30, 2024

**2023-006 – Gramm-Leach-Bliley Act – Student Information Security – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

*Student Financial Assistance Cluster*

*U.S Department of Education*

Federal Assistance Listing Number: 84.063, 84.268, 84.007, 84.033, 84.379

Federal Program Name: Federal Pell Grant Program, Federal Direct Student Loans, Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program

*Finding Summary:* Staffing shortages have contributed to the delay in the implementation of this standard. The absence of a well-designed and documented policy addressing the standards set forth under the act could put the security, confidentiality, and integrity of student information at risk.

*Responsible Individuals:* Andrew Burke, Chief Information Officer

*Corrective actions Plan:* The college released a Request for Proposal (RFP) to contract with outside information technology services to guide the development and implement a comprehensive information security program and address staffing gaps. Outside Chief Information Officer, information security, and technical partnership completed and contracted effective April 2024. Outside service will guide the college in the review and implementation of procedures and policies necessary for the required controls to be completed through the following phase:

- Assessment and gap analysis of current infrastructure and cybersecurity measures.
- Develop necessary policies and procedures based on NIST guidelines and GLBA requirements.
- Detect and respond to ongoing training and incident response planning.

*Anticipated Completion Date:* to be completed by June 30, 2024

## **2023-007 – Reporting – Material Weakness in Internal Controls**

### ***Student Financial Assistance Cluster***

#### ***U.S Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans

*Finding Summary:* The College did not have adequate and/or functioning controls in place to ensure the reporting of disbursements to students on COD was submitted in a timely way and that the dates and amounts agreed. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the disbursement information reported by institutions. The College is not in compliance with the federal COD reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

*Repeat finding:* Yes, 2022-004

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Corrective Action:* The college will conduct ongoing training to develop reporting and process steps to prevent reporting errors and improve accuracy in reporting in identifying student's assistance needs. The College has entered into an agreement with a third-party financial aid provider to service and administer financial aid awards, COD reporting and reconciliation.

- The College will implement a process to review, update, and verify student disbursements are reported to COD accurately and timely.
- Prevention to include creation of reports for awards pending and detailed disbursement and reconciliations schedules, and system back-end processes.



- Implemented a tracking log starting in July 2023 between Financial Aid and the Business Office to ensure distribution in compliance with Common Origination and Disbursement (COD).

*Anticipated Completion Date:* to be completed by June 30, 2024

## **2023-008 – Eligibility – Material Weakness in Internal Controls over Compliance and Material Noncompliance**

### ***Student Financial Assistance Cluster***

#### ***U.S Department of Education***

**Federal Assistance Listing Number:** 84.063, 84.268, 84.007, 84.033, 84.379

**Federal Program Name:** Federal Pell Grant Program, Federal Direct Student Loans, Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program

*Finding Summary:* The College did not have adequate controls in place to ensure the appropriate and reasonable amounts were included in each eligible cost of attendance category for its students, that awards were properly calculated, refunds were disbursed timely and student records were accurate. The auditors were not able to conclude that the College is in compliance with eligibility requirements in the OMB compliance supplement.

*Repeat finding:* No

*Responsible Individuals:* Michael N. Espinoza, Vice President of Student Services

*Views of responsible officials and planned corrective actions:* The college entered into a third-party contract to manage financial aid packaging and awarding. Calculation and reporting completed by prior Financial Director submitted national average as the college calculations instead of college service area specific calculations. The college worked with the third-party provider to ensure policies and processes adopted in July 2023 to ensure cost of attendance (COA) reporting and calculations are complete and accurate going forward.

*Corrective Action:* The College will review their policies, procedures and controls to ensure that annually a cost of attendance schedule is approved, and that the approved schedule is used in packaging student financial aid. Rationale for adjustments made to the budgeted cost of attendance for individual students should be documented and support maintained. The College will review all processes and procedures related to eligibility to ensure controls are well documented and to properly adhere to requirements for eligibility of Title IV aid.

*Anticipated Completion Date:* to be completed by June 30, 2024