

CENTRAL OREGON COMMUNITY COLLEGE

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

CENTRAL OREGON COMMUNITY COLLEGE

DISTRICT OFFICIALS

JUNE 30, 2018

Chairperson

Vikki Ricks
Zone 7

Board Members

Joe Krenowicz
Zone 1

Laura Cooper
Zone 2

Alan Unger
Zone 3

Erica Skatvoid
Zone 4

John Mundy
Zone 5

Bruce Abernathy
Zone 6

President

Shirley I. Metcalf

Chief Financial Officer

David Dona

CENTRAL OREGON COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

Board of Officials
Central Oregon Community College
Bend, Oregon

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other information starting on page 4, be presented to supplement the basic financial statements. Such information, although not 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 management's discussion and analysis in accordance 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.

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards and Other Information

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2018, on our consideration of Central Oregon Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Oregon Community College's basic financial statements as a whole. The Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The Supplemental Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued a report titled "Independent Auditors' Report Required by State Regulations" dated December 11, 2018, which is also a required part of the financial statements. The purpose of the report is to address specific matters required by the State of Oregon.

Price Fronk & Co.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 11, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

This section of Central Oregon Community College District (the College) Annual Financial Report presents management's discussion and analysis (MD&A) of the College's financial activities during the fiscal year ended June 30, 2018. The purpose of the MD&A is to assist readers in understanding the accompanying financial statements by providing an analysis of the College's financial activity based on currently known facts and conditions. Management prepares this discussion, and is responsible for the completeness and reliability of the information. This discussion should be read in conjunction with the financial statements and related footnote disclosures.

Accounting Standards

The financial statements have been prepared in accordance with Governmental Accounting Standards Board Statement Number 35 (Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities), adopted the fiscal year ended June 30, 2003. The financial statements also include discrete presentations of financial activities for the College's independent Foundation in accordance with Governmental Accounting Standards Board Statement Number 39 (Determining Whether Certain Organizations Are Component Units) and Governmental Accounting Standards Board Statement Number 61 (The Financial Reporting Entity: Omnibus). The College implemented Governmental Accounting Standards Board Number 68 (Accounting and Financial Reporting for Pensions) for the fiscal year ended June 30, 2015. The College implemented Governmental Accounting Standards Board Number 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions) for the year ended June 30, 2018.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the College's basic financial statements, which are prepared in accordance with the accrual basis of accounting. The entity-wide presentation is designed to provide readers with a broad overview of the College's finances, in a manner similar to a private sector business. These statements focus on the financial condition of the College, the results of its operations, and its cash flows. The entity-wide statements are comprised of the following:

- *The Statement of Net Position* presents information on the College's financial position at the end of the fiscal year and includes all assets and liabilities with the net difference reported as net position. Over time, increases or decreases in the net position are an indicator of the improvement or deterioration of the College's financial health. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.
- *The Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. Revenues and expenses are generally reported using the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of when cash is exchanged. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods. Utilization of long-term capital assets is reported in the

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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

financial statements as depreciation expense, which amortizes the cost of assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. The primary sources of operating revenues include tuition, fees, and grants. State appropriations and property taxes are classified as non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss although the overall net position is positive.

- *The Statement of Cash Flows* presents information on cash flows from operating activities, noncapital financial activities, capital financing activities, and investment activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists the reader in evaluating the College's financial viability and its ability to meet financial obligations as they become due.
- *The Notes to the Basic Financial Statements* provides additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Financial Highlights

- The College's financial position as of June 30, 2018, consists of total assets and deferred outflows of \$162 million, liabilities and deferred inflows of \$103 million, and net position of \$59 million, a decrease of \$8 thousand from the prior year. GASB Statement Nos. 68 requires the College to accrue pension assets, liabilities and related deferred inflows and deferred outflows of resources. Due to changes in the actuarial assumptions, pension assets decreased by \$4.4 million while pension liabilities decreased by \$4.1 million, resulting in a \$306 thousand operating expense adjustment compared to an adjustment of \$4.1 million last year. Unrestricted fund balance is now reported as a \$1.4 million positive balance compared to last year's deficit of \$259 thousand.
- Student credit enrollment decreased by 4.2% from the prior year. Declining enrollment impacted bookstore revenue, and the 320-bed Wickiup Residence Hall, resulting in a 6.9% percent decrease in Auxiliary Enterprise revenues.
- Property tax revenues for operations increased \$1.0 million due to increasing property values and new construction. Other impacts on property taxes include voter approved Measure 5 and Measure 50. Measure 5 limits the maximum allowable tax to \$5 for each \$1,000 of real market value on property assessed by all public school districts including community colleges. Measure 50 further limits future annual property tax growth to 3.0 percent of assessed value. The total property taxes received of \$19.6 million by the college district includes taxes for the annual debt service for the voter approved general obligation bonds issued in June 2010.
- The State Aid for student reimbursement increased \$4.7 million due to the State's deferral of the biennium's 8th quarter community college support fund payment for 2016-17 received in 2017-18. State Aid payments were historically made quarterly in August, October, January and April each year. In 2003,

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

the Oregon Legislature began delaying the eighth quarter payment in each biennium until July of the following fiscal year. The Oregon local budget law was amended to allow community colleges to accrue the delayed payment, which is reported within the budgetary basis statements. The basic financial statements, which are prepared using the full accrual accounting basis, report the eighth quarter delayed payment as revenue in the year received. This reporting timing difference between the two sets of statements is illustrated below.

<u>Fiscal Year</u>	<u>Number of State Aid Payments</u>		<u>Amount (in thousands, 000's)</u>	
	<u>Full Accrual Statements</u>	<u>Budgetary Basis Statements</u>	<u>Full Accrual Statements</u>	<u>Budgetary Basis Statements</u>
2011-12	5	4	\$ 6,865	\$ 5,333
2012-13	3	4	3,545	4,819
2013-14	5	4	8,013	6,739
2014-15	3	4	5,721	7,577
2015-16	5	4	11,266	9,411
2016-17	3	4	6,958	9,321
2017-18	5	4	11,662	9,299

Analysis of the Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the College using the accrual basis of accounting. Net position is the difference between assets and liabilities and is one measure of the College's financial condition.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The comparative Statement of Net Position is provided below.

STATEMENT OF NET POSITION

In thousands of dollars (000's)	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 34,535	\$ 35,223	\$ (688)	-2.0%
Capital assets, net depreciation	101,971	104,643	(2,672)	-2.6%
Non-depreciable assets	3,989	3,905	84	2.1%
Other noncurrent assets	<u>8,998</u>	<u>9,302</u>	<u>(304)</u>	<u>-3.4%</u>
Total Assets	149,493	153,073	(3,580)	-2.39%
Deferred outflows of resources				
Net pension deferred outflows	<u>12,735</u>	<u>17,175</u>	<u>(4,440)</u>	<u>-34.9%</u>
Total Assets and Deferred Outflows	\$ 162,228	\$ 170,248	\$ (8,020)	-4.94%
Liabilities				
Current liabilities	\$ 7,917	\$ 9,304	\$ (1,387)	-17.5%
Net pension liability	31,356	36,737	(5,381)	-17.2%
Noncurrent liabilities	<u>62,268</u>	<u>64,759</u>	<u>(2,491)</u>	<u>-4.0%</u>
Total Liabilities	101,541	110,800	(9,259)	-9.1%
Deferred inflows of resources				
Net pension related deferred inflows	<u>1,247</u>	<u></u>	<u>1,247</u>	<u>100.0%</u>
Total Liabilities and Deferred Inflows	102,788	110,800	(8,012)	-7.8%
Net Position				
Net investment in capital assets	50,588	51,025	(437)	-0.9%
Restricted	7,467	8,682	(1,215)	-16.3%
Unrestricted	<u>1,385</u>	<u>(259)</u>	<u>1,644</u>	<u>118.7%</u>
Total Net Position	<u>59,440</u>	<u>59,448</u>	<u>(8)</u>	<u>-0.01%</u>
Total Liabilities and Net Position	\$ 162,228	\$ 170,248	\$ (8,020)	-4.9%

Current assets consist of pooled cash and investments, accounts receivable, and inventory. Current assets decreased \$688 thousand from the prior year. Accounts receivable decreased by \$1.1 million due to netting

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

deferred revenues against accounts receivable for amounts related to the ensuing fiscal year. The decline is offset by the increase in cash of \$603 thousand. Property taxes receivable remained flat from the prior year, while inventory decreased \$135 thousand. Capital assets consist of land, buildings, equipment, and land improvements net of accumulated depreciation. Capital assets decreased \$2.6 million due to new equipment purchases and building remodels, net of accumulated depreciation. Other noncurrent assets include a pension prepayment and the beneficial interest in a perpetual trust.

Current liabilities consist of accounts payable, interest payable, accrued expenses, unearned revenue, and the current portion of long-term debt, which decreased \$1.4 million from the prior year. Unearned revenue decreased by \$2.2 million due to netting the liability against student receivables. Offsetting the decline is an increase in accounts payable of \$710 thousand. Included in the noncurrent liabilities are long-term obligations in the form of full faith & credit bonds, pension obligation bonds, general obligation bonds, capital leases, net pension liability and other post-employment benefits (OPEB). The \$5.4 million decrease in the net pension liability is due to changes in actuarial assumptions, and the \$2.5 million decrease in noncurrent liabilities is due to debt service payments.

The college implemented GASB Statement Nos. 68 in 2015, which requires the college to recognize deferred inflows, and deferred outflows of resources and the associated pension liability as long-term obligations. The net pension liability represents the College's proportionate share of the Oregon Public Employees Retirement System (PERS). Between 2017 and 2018, the actuarial assumptions used for the pension obligation calculation were revised resulting in a change in the numbers reported. The asset net pension deferred outflows decreased \$4.4 million and net pension liabilities (net of deferred inflows) decreased \$4.1 million resulting in an increase in operating expenses of \$306 thousand. These changes do not have a long-term impact on the budgetary basis statements where the college reports actual pension payments made to PERS.

Net position is the difference between total assets and total liabilities. The College reports investment in capital assets (land, buildings, and major equipment) at historical cost, net of accumulated depreciation and less any debt used to acquire those assets. The College has \$50.6 million (85%) of total net position invested in capital assets, \$7.4 million (13%) is restricted primarily for construction, and \$1.4 million (2%) is unrestricted. The change in unrestricted from a negative to a positive balance reflects the change in actuarial assumptions for the pension asset and liability.

Analysis of Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the combination of operating and non-operating revenue and expenses during the year, with the difference increasing or decreasing the College's net position. GASB standards require the College to categorize revenues as either operating or non-operating. Operating revenues include tuition, fees, grants, contracts, and sales and services of various self-supporting operations. Although property taxes and State appropriations are budgeted as operating revenues, under GASB standards these funding sources are reported as non-operating revenues. The comparative Statement of Revenues, Expenses and Changes in Net Position is provided below.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2018	2017	Change	% Change
<i>In thousands of dollars (000's)</i>				
Operating Revenue				
Student tuition and fees	\$ 10,993	\$ 11,333	\$ (340)	-3.1%
Grants and contracts	2,078	1,980	98	4.7%
Sales of goods and services	5,745	4,914	831	14.5%
Other operating revenue	1,086	2,096	(1,010)	-93.0%
Auxiliary enterprises	5,439	5,815	(376)	-6.9%
Total Operating Revenues	25,341	26,138	(797)	-3.1%
Non-operating Revenues				
Federal appropriations	8,763	9,113	(350)	-4.0%
State appropriations	15,226	10,907	4,319	28.4%
Property taxes	19,586	18,522	1,064	5.4%
Investment earnings	497	346	151	30.4%
Total Non-Operating Revenues	44,072	38,888	5,184	11.8%
Total Revenues	\$ 69,413	\$ 65,026	\$ 4,387	6.3%
Operating Expenses				
Instruction	\$ 25,832	\$ 27,350	\$ (1,518)	-5.9%
Instructional support services	3,683	3,764	(81)	-2.2%
Student services	12,596	12,811	(215)	-1.7%
College support service	6,990	7,212	(222)	-3.2%
Plant operations and maintenance	6,649	6,081	568	8.5%
Information and technology services	3,920	4,032	(112)	-2.9%
Depreciation	4,243	4,148	95	2.2%
Auxiliary enterprise	2,756	4,424	(1,668)	-60.5%
Total Operating Expenses	66,669	69,822	(3,153)	-4.7%
Non-operating Expenses				
Interest expense	3,030	3,036	(6)	-0.2%
Total Non-operating Expenses	3,030	3,036	(6)	-0.2%
Total Expenses	69,699	72,858	(3,159)	-4.5%
Decrease in net position	(286)	(7,833)	7,547	-2638.8%
Net position - beginning of year as originally stated	59,448	67,281	(7,833)	-13.2%
Prior period adjustment	278		278	
Net position - beginning of year as restated	59,726	67,281	(7,555)	-12.6%
Net position - end of year	\$ 59,440	\$ 59,448	\$ (8)	-0.01%

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Revenues

Operating revenues decreased by \$797 thousand from the prior fiscal year. Tuition and fee revenues decreased \$340 thousand due to declining enrollment. Sales of goods and services increased \$831 thousand, offset by a decrease of \$1.0 million in other operating revenue for a net decrease of \$179 thousand. The change in revenues is a result of restating activities between the two revenue categories, and the overall decrease is related to declines in summer term enrollment. Auxiliary enterprise revenues decreased \$376 thousand due to the decline in student enrollment and lower bookstore sales.

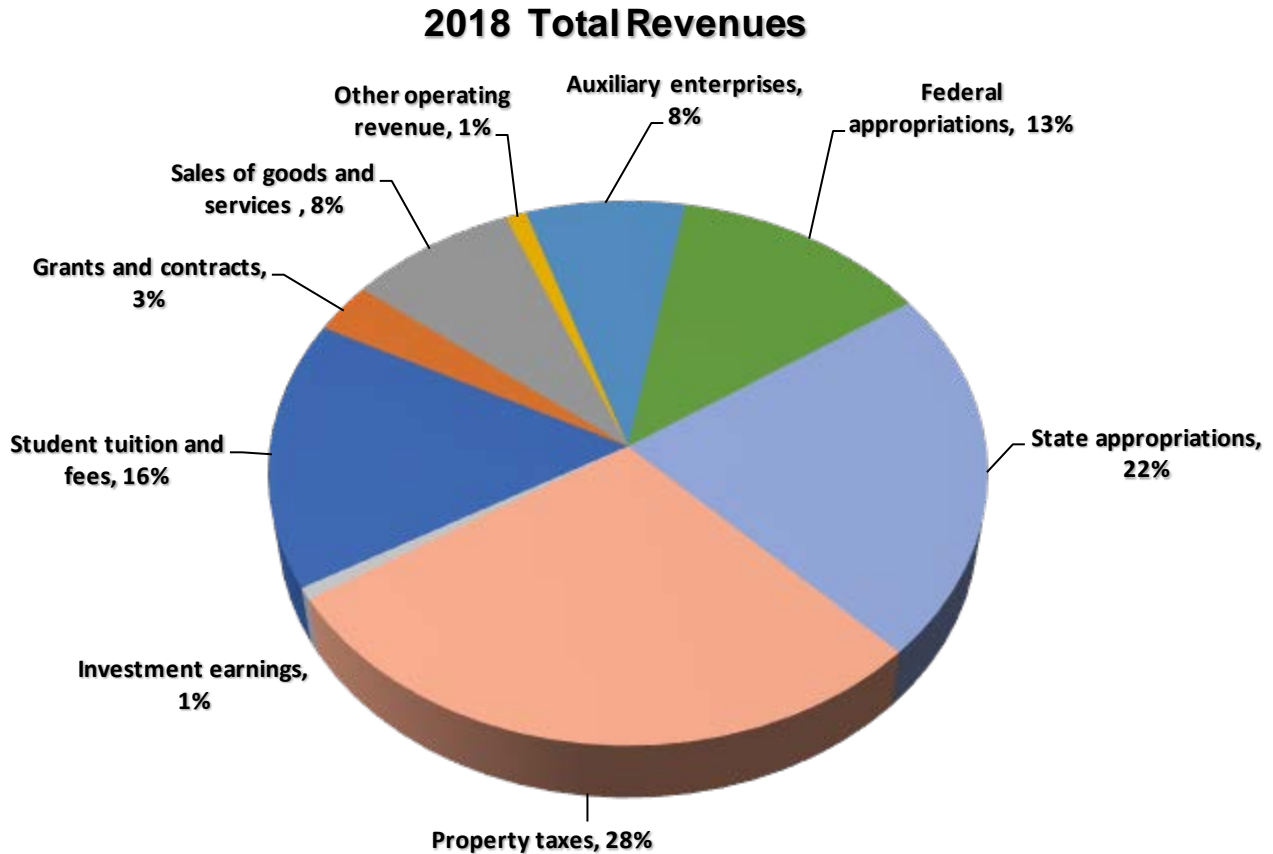
Non-operating revenues increased \$5.2 million from the prior year. Federal appropriations declined \$350 thousand primarily due to lower levels of federal financial aid, offset by an increase in federal grants. State appropriations increased \$4.3 million due to the timing differences in State reimbursement payments. The college received five payments in 2018 and three payments in 2017, a timing difference of \$4.7 million. Offsetting this increase is a decrease of \$361 thousand in state grants. Property tax revenue increased \$1.0 million from increasing property values and new building construction. Total investment earnings increased \$151 thousand due to improved investment performance.

The following graph illustrates the total revenue sources for the College for the 2018 fiscal year. Federal appropriations now represent 13% of College revenues compared to 14% last year. State appropriations increased to 22% from 17% while property taxes remain unchanged at 28%. Student tuition and fees decreased to 16% from 17% the prior year, while grants and contracts, sales of goods and service, auxiliary enterprises and other revenue remained relatively flat as a percentage of total revenues.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018



Expenses

Operating expenses consist of salaries and payroll assessments, materials and services, utilities, grants and scholarships, and depreciation. Total operating expenses decreased \$3.1 million from the prior year due to a decrease in the pension liability adjustment of \$306 thousand this year compared to \$4.1 million last year. The pension adjustment is spread across all related payroll expense categories. Offsetting the decline in the pension liability is an increase in salaries and payroll assessments. Enterprise fund expenses are lower this year due to reallocating a portion of the tuition discount from student services to enterprise activities.

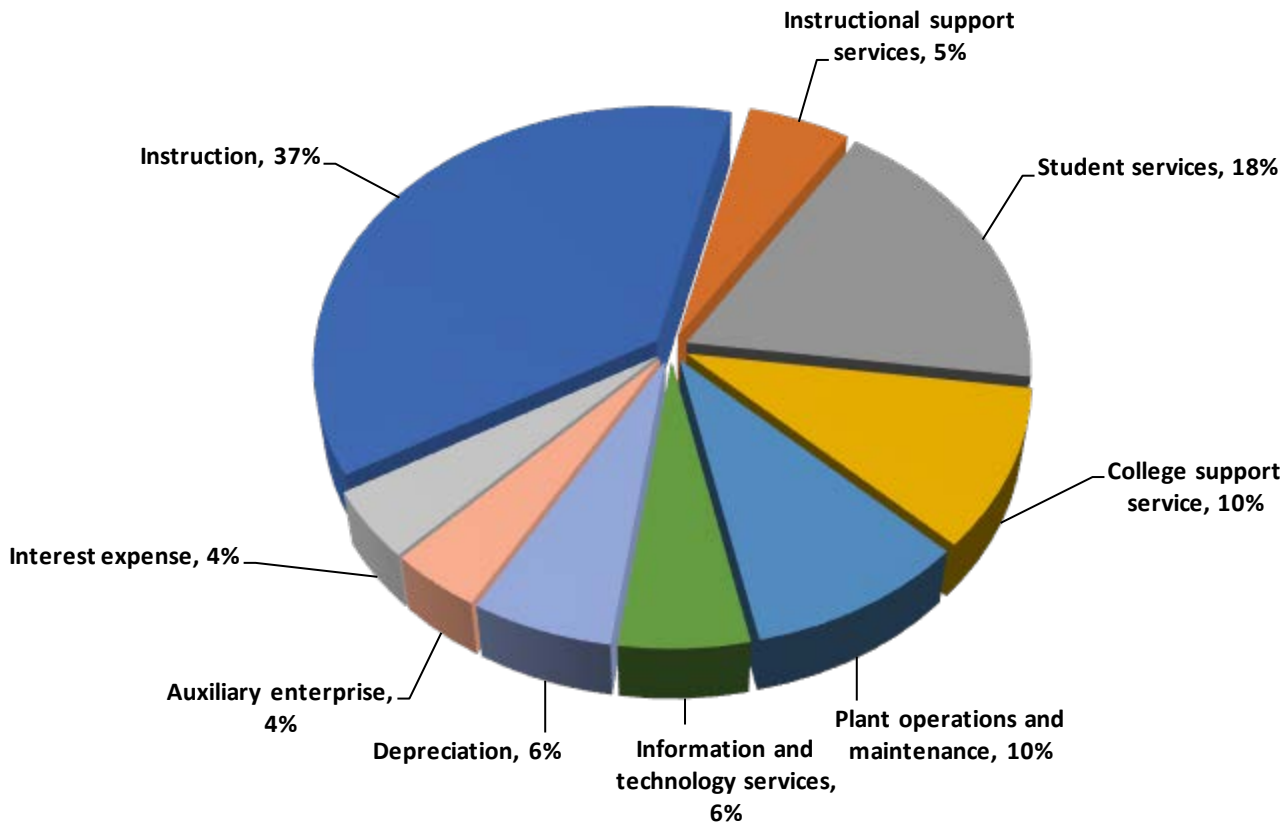
Non-operating expenses remain flat from the prior year. The following graph illustrates the total expenditures for the College for the 2018 fiscal year. Instruction and instructional support now represents 42% of College expenditures compared to 43% last year, while plant operations and maintenance increased to 10% from 8%. Auxiliary enterprise declined to 4% from 6% last year, while all other categories of expense remained flat from the prior year.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

2018 Total Expenses



Analysis of the Statement of Cash Flows

This statement provides a measurement of the College's financial health by providing information on the sources and uses of cash. It provides the user information on cash receipts and cash payments to help assess the College's ability to generate net cash flows, its ability to meet its obligations as they become due, and its need for external financing. The Statement of Cash Flows presents information on cash flows from operating activities, noncapital financial activities, capital financing activities, and investment activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement is reported using the direct method in accordance with Governmental Accounting Standards Board Statement Number 35 (Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities). The comparative Statement of Cash Flows is provided below.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

STATEMENT OF CASH FLOW

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Cash flows from operating activities	\$ (36,596)	\$ (38,958)	\$ 2,362	-6.5%
Cash flows from noncapital financing activities	42,464	42,186	278	0.7%
Cash flows from capital financing activities	(5,761)	(5,032)	(729)	12.7%
Cash flows from investing activities	<u>496</u>	<u>346</u>	<u>150</u>	<u>30.2%</u>
Net increase (decrease) in cash and investments	603	(1,458)	2,061	341.8%
Cash and pooled investments - beginning of year	<u>29,166</u>	<u>30,624</u>	<u>(1,458)</u>	<u>-5.0%</u>
Cash and pooled investments - end of year	<u>\$ 29,769</u>	<u>\$ 29,166</u>	<u>\$ 603</u>	<u>2.0%</u>

The largest sources of cash from operating activities include student tuition and fees, auxiliary enterprises, and financial aid. Major uses of operating cash include payments for employees, facilities, and materials and supplies. Current accounting standards now require that cash payments from property taxes, state appropriations, and federal appropriations be classified as noncapital financing activities even though colleges budget these revenues for operations. Other noncapital components include long-term debt service payments, change in other post-employment benefits payable, and changes in pension obligations. The use of cash from capital financing activities reflect the capital related long-term debt service payments, major equipment, and building construction.

General Fund Budgetary Highlights

The general fund is the College's primary operating fund. It accounts for all the operational activities of the College except those activities required to be accounted for in another fund. The general fund's actual ending fund balance totaled \$6 million, an increase of \$59 thousand over the beginning balance. The \$1.2 million negative variance in total revenue reflects reductions to transfers-in (\$1.5 million), and lower than budgeted tuition and fees (\$428 thousand). The reductions are offset by positive revenue changes for property taxes (\$245 thousand) and state appropriations (\$507 thousand). The budgetary savings in total expenditures of \$3.9 million are instruction \$1.3 million, student services \$461 thousand, college support services \$387 thousand, plant operations and maintenance \$356 thousand, information and technology services \$604 thousand and \$800 thousand operating contingency. Salaries were under budget by \$972 thousand, payroll assessments by \$1.09 million, materials and services by \$1.06 million and contingency by \$800 thousand.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

GENERAL FUND SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE SUMMARY

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget Over (Under)</u>	<u>% Variance</u>
<i>In thousands of dollars (000's)</i>				
Resources				
Local:				
Property taxes	\$ 16,109	\$ 16,354	\$ 245	1.5%
Tuition and fees	17,316	16,888	(428)	-2.5%
Investment earnings	5	33	28	560.0%
Other operating revenue	197	184	(13)	-6.6%
Intergovernmental:				
State appropriations	8,792	9,299	507	5.8%
Transfer-in from other funds	2,280	730	(1,550)	-68.0%
Total Resources	44,699	43,488	(1,211)	-2.7%
Expenditures				
Instruction	22,256	20,993	(1,263)	-5.7%
Instructional support services	3,599	3,540	(59)	-1.6%
Student services	4,785	4,324	(461)	-9.6%
College support services	5,675	5,288	(387)	-6.8%
Plant operations and maintenance	4,848	4,492	(356)	-7.3%
Information and technology services	5,108	4,504	(604)	-11.8%
Financial aid	295	288	(7)	-2.4%
Operating contingency	800		(800)	-100.0%
Total Expenditures	47,366	43,429	(3,937)	-8.3%
Beginning fund balance	5,896	5,954	58	1.0%
Ending fund balance	\$ 3,229	\$ 6,013	\$ 2,784	86.2%

Capital Assets

The College records all capital assets at historical cost with associated accumulated depreciation. The College added \$1.7 million in capital assets before depreciation this fiscal year. The comparative Summary of Capital Assets presented below identifies the capital assets by categories and amounts.

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

SUMMARY OF CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Land and land improvements	\$ 10,726,697	\$ 10,668,447	\$ 58,250	0.5%
Construction work in progress	49,785		49,785	100.0%
Buildings	128,173,438	127,264,875	908,563	0.7%
Equipment/library books/art	<u>11,487,605</u>	<u>10,845,361</u>	<u>642,244</u>	<u>5.6%</u>
Change in capital assets	150,437,525	148,778,683	1,658,842	1.1%
Accumulated depreciation	<u>(44,477,867)</u>	<u>(40,230,706)</u>	<u>(4,247,161)</u>	<u>9.5%</u>
Net Capital Assets	<u>\$ 105,959,658</u>	<u>\$ 108,547,977</u>	<u>\$ (2,588,319)</u>	<u>-2.4%</u>

Debt Administration

As of June 30, 2018, the College had \$63.1 million in outstanding long-term debt, a decrease of \$2.0 million from the prior year. The decrease reflects the long-term debt principal payments. The Oregon Revised Statutes limits bonded indebtedness to 1.5 percent of real market value of property within the college district for the outstanding principal amount of general obligation bonds. The College may levy property taxes in the amount required to pay annual debt service of general obligation bonds. The College has an underlying credit rating of AA issued by Standard & Poor's. The following table summarizes the long-term debt by type of debt instrument and amount.

OUTSTANDING LONG-TERM DEBT AS OF JUNE 30, 2018

Full Faith & Credit Bonds	\$ 20,127,303
Pension Obligation Bonds	7,693,195
General Obligation Bonds	35,243,929
Capital Lease	<u>69,349</u>
	<u>\$ 63,133,776</u>

Future Economic Outlook

The College relies on three primary sources of operating revenue and support; 1) State Aid support from the State's community college support fund; 2) current and prior year property taxes; 3) student tuition and fees.

The State of Oregon has experienced strong economic growth throughout most areas of the state the past few years. The impacts of a robust construction sector, low interest rates and high levels of employment has

CENTRAL OREGON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

dramatically improved Oregon's financial condition. High levels of employment and strong corporate earnings are particularly important as individual and corporate income taxes represent the largest source of revenue for the State's general fund. As part of the State's 2017-2019 biennial budget process, the budget appropriation for the community college support fund (CCSF) increased from \$550 million to \$570 million, an increase of \$20 million (3.5%). The State uses its funding formula to distribute State Aid from the community college support fund to Oregon's 17 community colleges. Numerical elements such as property taxes and student enrollment within the funding formula will affect the amount each college receives. State Aid to COCC now represents 19 percent of the College's current general fund budget. The Oregon Higher Education Coordinating Commission (HECC) has requested \$647 million, an increase of \$77 million (13.5%) over the current CCSF funding level for the 2019-2021 biennium.

Property tax revenue represents 38 percent of the current year's general fund budgeted revenue and the largest single source of revenue for general operations. The financial health, economic vitality, and population growth of the college district impacts property values and associated property taxes. The college district is large covering 10,000 square miles and encompasses all of Crook, Deschutes and Jefferson counties, as well as parts of Wasco, Lake and Klamath counties. Like most areas throughout the country, the college district is diverse with some communities experiencing strong growth and full employment while other communities are experiencing slower growth and lower employment levels. Property tax revenue for the current year operations is projected to increase to \$17.1 million, an increase of \$989 thousand (4.3%) from the prior fiscal year. Property values are anticipated to increase for the next decade.

The College experienced unprecedented student enrollment growth during the period of 2008 – 2012, with credit enrollment growing 110 percent. Large numbers of individuals returned to college due to job losses and high levels of unemployment. The 4.2 percent enrollment decline for fiscal year 2018 was the sixth year of enrollment declines since reaching the peak enrollment year of 2012. This student enrollment decline is expected to continue for fiscal year 2019. Colleges and universities throughout the state and nationally continue to experience declines in student enrollment as current students continue to graduate or cycle-out at a rate higher than newly admitted students. Community college student enrollment levels tend to be countercyclical with the economy. When the economy improves and employment levels rise, student enrollment levels commonly decline.

Requests for Information

This financial report is designed to provide citizens, taxpayers, students, creditors and other stakeholders with a general overview of the College's financial position, accountability of resources, and stewardship of facilities. If you have questions or would like to request additional information, contact the Fiscal Services Department at 2600 NW College Way, Bend, Oregon, 97703.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CENTRAL OREGON COMMUNITY COLLEGE

STATEMENT OF NET POSITION

JUNE 30, 2018

	College	Foundation
ASSETS		
Current Assets		
Pooled cash and investments	\$ 29,769,741	\$ 22,327,741
Cash with county treasurers	103,580	
Property taxes receivable	568,303	
Accounts receivable	4,123,096	168,438
Allowance for uncollectible accounts	(327,465)	
Prepays and advances	600	
Inventory	297,630	
Total current assets	34,535,485	22,496,179
Noncurrent Assets		
Beneficial interest in perpetual trust	1,304,935	1,128,502
Noncurrent receivable		131,940
Pension prepayment	7,693,195	
Land	3,327,690	
Construction work in process	49,785	
Other non-depreciable assets	611,207	
Capital assets - net of accumulated depreciation	101,970,976	650
Total noncurrent assets	114,957,788	1,261,092
Deferred Outflows of Resources		
Deferred pension outflows of resources	12,734,622	
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 162,227,895	\$ 23,757,271
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 4,477,434	\$ 170,656
Interest payable	137,140	
Accrued expenses	662,260	
Unearned revenue	244,800	
Current portion of bonds and notes payable	2,395,692	
Total current liabilities	7,917,326	170,656
Noncurrent Liabilities		
Other post employment benefits payable	1,530,125	
Net pension liability	31,355,843	
Bonds and notes payable - net of current portion	60,738,084	
Total noncurrent liabilities	93,624,052	
Deferred Inflows of Resources		
Deferred pension inflows of resources	1,246,988	
TOTAL LIABILITIES AND DEFERRED INFLOWS	102,788,366	170,656
NET POSITION		
Net Investments in Capital Assets	50,588,427	650
Restricted		
Capital projects	5,516,956	
Permanent non-expendable endowment	1,675,888	9,113,602
Student scholarships		12,070,111
Debt service	272,776	
Unrestricted	1,385,482	2,402,252
TOTAL NET POSITION	59,439,529	23,586,615
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 162,227,895	\$ 23,757,271

See notes to the basic financial statements

CENTRAL OREGON COMMUNITY COLLEGE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	College	Foundation
Operating Revenue		
Tuition and fees	\$ 10,993,313	\$
Operating gifts, grants and contracts	2,077,872	1,534,946
Sales and other services	6,275,889	
Other operating revenue	554,964	173,061
Auxiliary Enterprises		
College Bookstore	1,853,663	
Food Service Operations	1,467,013	
Residence Hall	2,118,780	
Total operating revenue	25,341,494	1,708,007
Operating Expenses		
Instruction	25,832,034	
Instruction support	3,683,457	
Student services	12,595,574	
College support services	6,989,722	1,926,740
Plant operations and maintenance	6,649,159	
Information technology services	3,920,388	
Depreciation	4,242,864	
Auxiliary Enterprises		
College Bookstore	1,741,224	
Food Service Operations	639,791	
Residence Hall	375,635	
Total operating expense	66,669,848	1,926,740
TOTAL OPERATING LOSS	(41,328,354)	(218,733)
Non-operating Revenue (Expenses)		
Federal appropriations	8,763,328	
State appropriations	15,226,230	
Property taxes	19,585,867	
Investment earnings	496,325	1,675,451
Interest expense	(3,029,641)	
Net Non-operating Revenue	41,042,109	1,675,451
Increase (decrease) in net position	(286,245)	1,456,718
Net position - beginning of year as originally stated	59,447,622	22,129,897
Prior period adjustment	278,152	
Net position - beginning of year as restated	59,725,774	
Net position - end of year	\$ 59,439,529	\$ 23,586,615

See notes to the basic financial statements

CENTRAL OREGON COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2018

	College
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 24,206,425
Cash payments for goods and services	(18,955,985)
Cash payments to employees	(41,846,189)
Net cash used by operating activities	(36,595,749)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from federal appropriation	8,763,328
Cash received from state appropriation	15,226,230
Cash received from property taxes	19,598,021
Change in beneficial interest in perpetual trust	(12,045)
Principal paid on long-term debt	(315,884)
Interest paid on long-term debt	(795,658)
Net cash provided by noncapital financing activities	42,463,992
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of buildings, improvements and equipment	(1,350,598)
Principal paid on capital-related long-term debt	(1,919,976)
Interest paid on capital-related long-term debt	(2,490,539)
Net cash used by capital financing activities	(5,761,113)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	496,325
Net cash provided by investing activities	496,325
Net decrease in cash and pooled investments	603,455
Cash and pooled investments - beginning of year	29,166,286
Cash and pooled investments - end of year	\$ 29,769,741
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (41,328,354)
Adjustments to reconcile operating loss to net cash provided by (used) by operating activities:	
Depreciation	4,242,864
(Increase) decrease in:	
Receivables	1,142,605
Prepaid expenses	
Inventory	134,826
Increase (decrease) in:	
Accounts payable	710,622
Accrued expenses	65,094
Unearned revenue	(2,277,674)
Beneficial interest in perpetual trust	622,150
Pension obligation	92,118
Net Cash Used By Operating Activities	\$ (36,595,749)

See notes to the basic financial statements

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Central Oregon Community College, (the College), located in Bend, Oregon, is an accredited two-year Oregon community college serving the residents of Central Oregon. The College encompasses all of Crook, Deschutes, and Jefferson counties and portions of Klamath, Lake, and Wasco counties. Founded in 1949 as an extension of Deschutes County School District No. 1, the College was separated from School District No. 1, extended to cover its present geographic area, and established as an independent taxing District in 1962.

The accompanying financial statements present the College and its component unit (COCC Foundation), an entity whose primary purpose is for the financial benefit of the College. The Foundation is a legally separate nonprofit 501(c)(3) corporation with the purpose of providing funds to support the mission and students of the College. Although the Foundation selects its Board of Directors independently of the College, the Foundation is a component unit as defined in Governmental Accounting Standards Board Statement No. 39 because of the nature and significance of its financial relationship with the College and its students.

Basis of Presentation

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis of Public College and Universities*, issued in June and November, 1999, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011. The College follows the “business-type activities” reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College’s financial activities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

Basis of Accounting

The financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Resources

It is the College's policy to first apply unrestricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available.

Cash, Cash Equivalents and Investments

Cash and cash equivalents includes amounts in demand deposits, the Oregon Local Government Investment Pool and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, commercial paper, repurchase agreements, and the State of Oregon Local Government Investment Pool.

The College's investments as of June 30, 2018, consist of certificates of deposit and deposits in the State of Oregon Local Government Investment Pool, which is managed and monitored by the Oregon State Treasurer. Investments are recorded at cost, which approximates market value. The carrying value of the pool approximates the fair value of pool shares.

Receivables

All accounts, grants and property taxes receivable are shown net of an allowance for uncollectible accounts. Accounts receivable included amounts due from local, state and federal agencies for programs and from students for the balance of tuition and fees.

Property taxes receivable at year end are recognized as revenue. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Receivables – Continued

Pledges receivable are shown at estimated present value. Management's estimate of collectability is based, among other things, on the Foundation's past collection and an estimate of the impact of current economic conditions. The majority of the pledges outstanding at June 30, 2018, are specifically restricted by the donor. Amounts are charged to allowance for doubtful accounts as they are deemed uncollectible.

Inventory

Inventories are stated using the cost (first-in/first-out) method. Inventories consist of books and supplies and are charged to expense when sold or used.

Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated by category in the Statement of Net Assets.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

Capital Assets

Capital assets consist of land, buildings, improvements and equipment. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair value as of the date of the donation. Capital assets are defined by the College as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Continued

Depreciation is recorded as an expense in the Statement of Revenue, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	40
Improvements other than buildings	15-20
Machinery and equipment	3-15

A prorated amount of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period. In the fund financial statements, acquisition of capital assets is reported as an expenditure.

Compensated Leave

Accumulated vacation leave is recorded in the fund obligated for such benefits. Compensated leave is recorded as an expense and liability as benefits accrue to the employee.

Pensions

Public Employees Retirement System. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Postemployment Healthcare Benefits Obligation (OPEB)

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

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Scholarship Allowances

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses 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. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payment for services, on the ratio of total aid to the aid not considered to be third party aid. The following operating expenses are shown net of scholarship allowances in the amount of:

Student services	\$ 4,758,825
Auxillary enterprises	
College bookstore	185,684
Food service operations	370,190
Residence hall	<u>580,042</u>
Total Scholarship Allowance	<u>\$ 5,894,741</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncement

The College implemented Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources and deferred inflows of resources and expenses as related to the governmental unit's postemployment benefits. This change was incorporated in the College's 2018 financial statement. The amount of the 2017 OPEB liability was reported on the Statement of Net Position as OPEB payable and therefore no change to the College's Beginning net position on the Statement of Activities for 2017 was required.

NOTE 2 – BUDGET COMPLIANCE

The College is subject to provisions of the Oregon Revised Statutes which set forth local budget procedures. A budget is prepared for each governmental fund type on the modified accrual basis of accounting. Proprietary fund types and non-expendable trusts are budgeted on the full accrual basis of accounting. Expenditure budgets are appropriated at the program level. Budgeted expenditures at the appropriation level may not be legally overspent. Budgetary information is presented in the Required Supplemental Information section of this report as listed in the table of contents.

The College may, however, approve additional appropriations for reimbursable grant expenditures, which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the fiscal year by the use of appropriation transfers between legal categories. Such transfers require the approval of the Board of Directors.

A supplemental budget may be approved if an occurrence or need exists which had not been ascertained at the time the budget was adopted. Budget amounts shown in the financial statements include the original budget and budget transfers.

Transfers of general operating contingency appropriations which in aggregate during a fiscal year exceed fifteen percent of the total appropriations of the fund may only be made after adoption of a supplemental budget prepared for that purpose.

When the estimated total expenditures contained in a supplemental budget for a fiscal year result in an amount of estimated total expenditures, by the municipal corporation for that fiscal year, that differs by ten percent or more of any individual fund contained in the regular budget for that fiscal year, the supplemental budget, or summary thereof, shall be published. The governing body shall then hold a public hearing on the supplemental budget prior to adoption.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 2 – BUDGET COMPLIANCE – CONTINUED

Transfers of appropriations from one fund to another or from one appropriation level to another must be authorized by official resolution or ordinance of the governing body. The resolution or ordinance must state the need for the transfer, the purpose for the authorized expenditures and the amount of the appropriation transferred.

NOTE 3 – POOLED CASH AND INVESTMENTS

The College's investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States, its agencies, and certain states, commercial paper and certain guaranteed investments issued by banks. The College invested in authorized investments during the year. The Oregon State Treasurer's Investment Pool is carried at cost, which approximates market value at June 30, 2018. The Oregon State Treasurer's Investment Pool is characterized as a Level 2 fair value measurement in the Oregon Short Term Fund's audited financial report.

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

	Security	College	Foundation
Cash and cash equivalents			
Cash on hand and other	N/A	\$ 10,349	\$
Demand deposits	FDIC & Collateral	1,192,152	2,079,692
		1,202,501	2,079,692
Investments			
Oregon State Treasurer's Investment Pool - Level 2	N/A	28,567,240	
Commonfund Investments			20,201,928
CSV New York Life			46,121
Cash and investments, as reported in statement of net position		\$ 29,769,741	\$ 22,327,741

Deposits with Financial Institutions

The College and Foundation's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The College and Foundation's policy, in compliance with State Statutes, requires that deposits be covered by the FDIC and deposited in a qualified depository for public

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 3 – POOLED CASH AND INVESTMENTS – CONTINUED

funds. Certain financial institutions have pledged they will cover deposits of public funds in any one of the group's banks. The banks that have joined this group have been identified by the State Treasurer. The College and Foundation only deposit funds in banks that have been approved by the Office of the State Treasurer. At June 30, 2018, the carrying amount of deposits in financial institutions was \$1,192,152 and \$2,079,692 and the balance per the bank statements was \$1,934,672 and \$1,995,627 for the College and Foundation, respectively. Of this amount, \$250,000 was covered by FDIC for each, the College and the Foundation, and \$942,152 and \$1,829,692 was collateralized by securities held by financial institutions acting as agents of the College and Foundation, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy requires that investment portfolios have maturities of 18 months or less.

Credit Risk

Oregon Revised Statutes limit investments in commercial paper and corporate bonds to those rated at least A-1 and AA respectively by a nationally recognized rating agency. The College investment policy does not further limit its investment choices. At June 30, 2018, the College was in compliance with the above state limitations. The State of Oregon Local Government Pool is unrated.

The Local Government Investment Pool is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. The Oregon Short Term Fund Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805 to 294.895).

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of counterparty, the College will not be able to recover the value of its investments that are in the possession of an outside party. The College did not have investments exposed to custodial credit risk at June 30, 2018.

NOTE 4 – PROPERTY TAXES

The College is currently subject to constitutional property tax limitation on property taxes for schools and non-school government entities. Under the provisions of the limitation, tax revenues are separated into those for public school systems, including community colleges and education service Colleges, and those for local government entities other than the public school system. The limitation specifies \$5 is the maximum allowable

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 4 – PROPERTY TAXES – CONTINUED

tax for each \$1,000 of real property value assessed on a property by all public school systems, including community colleges and education service districts. The limitation does not include taxes to repay bonded debt or certain special assessments.

Under the constitutional limitation, the maximum taxable assessed value of property for 1997-98 was reduced to 90% of each property's assessed value for the 1995-96 year. Increases to the assessed value are limited to 3% per year, with exceptions for new property and certain improvements. For the 1997-98 tax year, the total of most taxing district operating levies in the state were reduced by approximately 17%.

For subsequent years, the tax rates for each taxing district are permanently fixed based on the 1997-98 levy. Voters of a local taxing district may approve special levies limited to five years exceeding this limitation. Elections related to tax levies or bond measures require 50% of the registered voters to cast ballots to be valid except in May and November elections.

Taxes may be paid by the property owner by November 15 to receive a three percent discount. The installment method can also be used by the property owner, with one-third due November 15, February 15, and May 15, following the date of the lien. Unpaid taxes become subject to foreclosure four years after they become a lien on the property. Tax collections and foreclosure are the responsibility of the county tax collector and treasurer.

The Deschutes County assessor allocates property tax levies to the other counties included in the College's boundaries. The levy for the year ended June 30, 2018, by county, is as follows:

Deschutes County	\$ 16,917,440
Jefferson County	1,211,326
Crook County	1,507,747
Klamath County	281,975
Lake County	127,126
Wasco County	7,899
	<hr/>
	\$ 20,053,513

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 5 – RECEIVABLES

Accounts Receivable

All accounts, student loans, grants and property taxes receivable are shown net of an allowance for uncollectible accounts. Student loans receivable are recorded as tuition is assessed, or as amounts are advanced to students, under various federal student financial assistance programs. Allowance for uncollectible accounts is \$327,465 as of June 30, 2018.

Unreimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred. Grant funds received prior to the occurrence of qualifying expenses are recorded as deferred revenue.

Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

Pledges receivable for the Foundation at June 30, 2018, consist of:

Pledges receivable	<u>\$ 248,438</u>
Less allowance for doubtful accounts	(50,000)
Less discount to present value	<u>(1,742)</u>
	196,696
Less current portion	<u>(168,438)</u>
Long-term portion	<u>\$ 28,258</u>
Contributions receivable from charitable remainder trust to the Foundation	<u>\$ 103,682</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS

The changes in the College's capital assets for governmental activities are as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets not being depreciated				
Land	\$ 3,327,690	\$	\$	\$ 3,327,690
Construction work in progress		49,785		49,785
Art and collectibles	577,152	34,055		611,207
	<u>3,904,842</u>	<u>83,840</u>		<u>3,988,682</u>
Capital Assets being depreciated				
Improvements	7,340,757	58,250		7,399,007
Buildings	127,264,875	908,563		128,173,438
Equipment and other	10,268,209	629,052	(20,864)	10,876,397
	<u>144,873,841</u>	<u>1,595,865</u>	<u>(20,864)</u>	<u>146,448,842</u>
Accumulated depreciation	<u>(40,230,706)</u>	<u>(4,268,024)</u>	<u>20,864</u>	<u>(44,477,866)</u>
	<u>\$ 108,547,977</u>	<u>\$ (2,588,319)</u>	<u>\$ -</u>	<u>\$ 105,959,658</u>

The changes in the Foundation's capital assets for governmental activities are as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Computer equipment	\$ 9,702	\$	\$	\$ 9,702
Furniture and equipment	13,901			13,901
	23,603			23,603
Accumulated depreciation	<u>(22,086)</u>	<u>(867)</u>		<u>(22,953)</u>
	<u>\$ 1,517</u>	<u>\$ (867)</u>	<u>\$ -</u>	<u>\$ 650</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT

The College issued general obligation bonds to provide funds for the construction of capital facilities as approved by the electorate. The College is also obligated under full faith and credit obligations for the construction of capital facilities.

The College issued pension obligation bonds to offset a portion of the unfunded Oregon Public Employees Retirement Service (PERS) UAL liability. The unfunded liability is the difference between the retirement benefits that have accrued to College employees under PERS and the asset value available to pay for them. The pension obligation payments will be expensed to funds with payroll costs.

The following is a summary of the bond transactions and capital lease transactions for the year ended June 30, 2018:

Full Faith and Credit Obligations	
April 16, 2014, original issue was \$20,965,000 interest rate of 4% to 5% payable semiannually, principal paid annually; including unamortized premium of \$377,303.	\$ 20,127,303
General Obligation Bonds	
June 17, 2010 Issue, original issue was \$41,580,000 interest rate of 2% to 4.75% payable semiannually, principal paid annually; including unamortized premium of \$1,763,929.	35,243,929
Pension Obligation Bonds	
April 23, 2003 Issue, original issue was \$11,535,638, interest rate of 2.04% to 6.25% payable semiannually, principal paid annually.	7,693,195
Capital Lease	
The College has entered into a contract with Financial Pacific Leasing, Inc. for \$94,325. Payments are \$24,976 per year at 3.97%.	<u>69,349</u>
	<u>\$ 63,133,776</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT – CONTINUED

The following changes in long-term debt occurred for the year ended June 30, 2018.

<i>Principal</i>						
<u>Issue</u>	<u>Beginning Balance July 1, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Paid</u>	<u>Ending Balance June 30, 2018</u>	<u>Due Within One Year</u>
April 23, 2003	\$ 8,009,079	\$	\$ 315,884	\$ 315,884	\$ 7,693,195	\$ 313,470
June 17, 2010	34,955,000		1,475,000	1,475,000	33,480,000	1,625,000
April 16, 2014	20,170,000		420,000	420,000	19,750,000	435,000
Note payable		94,325	24,976	24,976	69,349	22,222
	<u>63,134,079</u>	<u>94,325</u>	<u>2,235,860</u>	<u>2,235,860</u>	<u>60,992,544</u>	<u>\$ 2,395,692</u>
Unamortized premium	<u>2,397,788</u>			<u>(256,556)</u>	<u>2,141,232</u>	
Totals	<u>\$ 65,531,867</u>	<u>\$ 94,325</u>	<u>\$ 2,235,860</u>	<u>\$ 1,979,304</u>	<u>\$ 63,133,776</u>	<u>\$ 2,395,692</u>

<i>Interest</i>				
<u>Issue</u>	<u>Outstanding Issued</u>	<u>Matured</u>	<u>Paid</u>	<u>Outstanding June 30, 2018</u>
April 23, 2003	\$	\$ 795,658	\$ 795,658	\$
June 17, 2010		1,650,250	1,650,250	
April 16, 2014		840,188	840,188	
	<u>\$ -</u>	<u>\$ 3,286,096</u>	<u>\$ 3,286,096</u>	<u>\$ -</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT – CONTINUED

Future maturities of long-term debt as are follows:

<u>Year Ended</u>	<u>Future Principal and Interest Requirements April 23, 2003</u>		<u>Future Principal and Interest Requirements June 17, 2010 Issue</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 313,470	\$ 853,072	\$ 1,625,000	\$ 1,593,250
2020	313,324	913,218	1,785,000	1,530,350
2021	310,745	975,797	1,955,000	1,457,525
2022	308,180	1,038,362	2,150,000	1,364,663
2023	307,476	1,104,066	2,360,000	1,262,538
2024-2028	6,140,000	1,010,775	15,430,000	4,380,882
2029-2033	_____	_____	8,175,000	606,646
	<u>\$ 7,693,195</u>	<u>\$ 5,895,290</u>	<u>\$ 33,480,000</u>	<u>\$ 12,195,854</u>

<u>Year Ended</u>	<u>Future Principal and Interest Requirements April 16, 2014 Issue</u>		<u>Future Principal and Interest Requirements Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 435,000	\$ 823,387	\$ 22,222	\$ 2,753
2020	455,000	805,988	23,105	1,871
2021	475,000	787,788	24,022	954
2022	490,000	768,787		
2023	510,000	749,188		
2024-2028	2,870,000	3,423,337		
2029-2033	3,570,000	2,729,163		
2034-2038	4,390,000	1,910,438		
2039-2043	5,345,000	949,513		
2044	1,210,000	51,425		
	<u>\$ 19,750,000</u>	<u>\$ 12,999,014</u>	<u>\$ 69,349</u>	<u>\$ 5,578</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT – CONTINUED

Year Ended	Future Principal and Interest Totals Requirements	
	Principal	Interest
2019	\$ 2,395,692	\$ 3,272,462
2020	2,576,429	\$ 3,251,427
2021	2,764,767	\$ 3,222,064
2022	2,948,180	\$ 3,171,812
2023	3,177,476	\$ 3,115,792
2024-2028	24,440,000	\$ 8,814,994
2029-2033	11,745,000	\$ 3,335,809
2034-2038	4,390,000	\$ 1,910,438
2039-2043	5,345,000	\$ 949,513
2044	1,210,000	\$ 51,425
	<u>\$ 60,992,544</u>	<u>\$ 31,095,736</u>

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

General Information about the Pension Plan

The Oregon Public Employees Retirement Systems (PERS or the System) provides statewide defined benefit and defined contribution plans for eligible employers such as units of state government, political subdivisions, community colleges and school districts. For the District and other eligible employers that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, 238A and Internal Revenue Code Section 401(a) by the Public Employees Retirement Board. The Board has the authority under state statutes to amend the Plan's benefits and contribution rates. PERS issues publicly available financial reports that include financial statements and required supplementary information. The reports can be obtained from the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377 or at www.oregon.gov/pers. The Plan currently covers 146,435 inactive members (or their beneficiaries) receiving benefits, 45,925 inactive members not receiving benefits and 171,676 active members.

The Plans offer retirement and disability benefits, post-employment healthcare benefits, annual cost of living increases and death benefits to Plan members and beneficiaries. Benefits differ depending upon employee

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Continued

General Information about the Pension Plan – continued

entry date. PERS Tier One/Tier Two plans and the Oregon Public Service Employee's Retirement Plan (OPSRP) established for employees hired after August 29, 2003, are established by state statutes to provide benefits for state and local governments and their employees. The authority to establish and amend the benefit provisions of the Plan rests with the Oregon Legislature.

Benefits Provided

Tier one/tier two retirement benefit ORS Chapter 238

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 payouts. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981), or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible for retirement after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 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 conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM

Benefits Provided – Continued

Tier one/tier two retirement benefit ORS Chapter 238 – continued

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

Benefit Changes. After retirement members may choose to continue participation in a variable equities investment account and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP IAP)

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

Upon retirement, a member of the OPSRP Individual Account Program (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.

Recordkeeping. OPERS contracts with VOYA Financial to maintain IAP participant records.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM

Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The College makes this contribution on behalf of its employees.

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 Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$4,977,385, excluding amounts to fund employer specific liabilities.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the College reported a net pension liability of \$31,355,843 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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 employers, actuarially determined. At June 30, 2018, the College's proportion was .233% a decrease from the prior year proportionate share of .244%.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended June 30, 2018, the College recognized pension expense of \$82,500. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,516,382	\$
Changes in assumptions	5,715,611	
Net difference between actual and expected earnings in investments	323,039	
Changes in proportionate share	140,643	904,474
Differences between employer contributions and employer's proportionate share of system contributions	61,562	342,514
College contributions subsequent to measurement date	4,977,385	
Total	\$ 12,734,622	\$ 1,246,988

Deferred outflow of resources will be recognized by year as follows:

<u>Year Ended June 30,</u>		
2019	\$	1,193,332
2020		3,748,597
2021		2,499,011
2022		(923,897)
2023		(6,794)
Total	\$	6,510,249

Actuarial assumptions

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Actuarial assumptions – Continued

method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	A blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with the Moro decision, blended based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generation scale BB.

Actuarial valuations of an ongoing plan involve estimates of 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.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Long-term Expected Rate of Return

To develop an analytical basis for the selection of long-term expected rate of return assumptions, in July 2015 the PERS board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s investment advisors. The table below show’s Milliman’s assumptions for each asset class 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	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leverage loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.12%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.87%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Long-term Expected Rate of Return – Continued

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

Sensitivity to the College's Proportion of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability should be if it were calculated using a discount rate that 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
College's proportionate share of the net pension liability/(asset)	\$ 53,436,082	\$ 31,355,843	\$ 12,892,675

Pension plan fiduciary net position

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency; it is left to professional judgement.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Pension plan fiduciary net position – Continued

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the Plan to a 100% funded position by the end of the amortization period if future experiences follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume the Plan assets earn the assumed rate of return and there are not future changes in the Plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the Plan's funded position.

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows and outflows or resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, the following deferred items are reported:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between projected and actual earnings
- Difference between employer contributions and proportionate share of contributions
- Employer contributions made after the measurement date

Difference between expected and actual experience, changes in assumptions, changes in employer proportion and changes between employer contributions and proportionate share of contributions are amortized over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8 – PARTICIPATION IN PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Pension plan fiduciary net position – Continued

of the closed period “layers” attributable to each measurement period. The average remaining service lives determined at the beginning of each measurement period are:

- Year ended June 30, 2017 – 5.3 years
- Year ended June 30, 2016 – 5.3 years
- Year ended June 30, 2015 – 5.4 years
- Year ended June 30, 2014 – 5.6 years

Subsequent event

The Board reviews the discount rate in odd-numbered years as part of the Board’s adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS Board adopted a 7.20% assumed rate.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board’s policy decision from 2013 that the assumed rate will be effective January 1 following the Board’s adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for a clear effective date for all transactions that involve calculations using both the rate and AEF components.

NOTE 9 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce the risk of incurring material losses related to the above, the College pays annual insurance premiums to a commercial supplier. Limitations on claims are as follows: general liability of \$20,000,000; excess liability of \$20,000,000 and property coverage of \$100,000,000. The College also carries commercial insurance for workers' compensation and employee health and accident insurance. Settled claims from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 10 – ORGANIZATION

The College is organized with a board of directors consisting of seven elected members. The board is charged with the affairs of the College and employs an administrative staff headed by the president of the college to manage the College's activities. The administrative staff is responsible for incorporating the various board actions and policies into the daily affairs of the College.

NOTE 11 – BENEFICIAL INTEREST IN PERPETUAL TRUST

The College is a beneficiary of an irrevocable trust created by a donor, the assets of which are not in the possession of the College. The College has an irrevocable right to receive the income from the trust's assets in perpetuity. Net interest income is paid annually to the College to be used for educational purposes. Effective the first business day of January 2001, the College shall receive an amount equal to the greater of five percent of the net fair value of the Trust assets or 85 percent of the net income of the Trust. Gains or losses related to the beneficial interests are reported as a net gain (loss) on perpetual trust, in the non-expendable trust fund, based on explicit donor stipulations. The fair value at June 30, 2018, of the beneficial interests was \$1,304,935.

The Foundation is a beneficiary of irrevocable trusts created by donors, the assets of which are not in the possession of the Foundation. The Foundation has an irrevocable right to receive the income from the trust's assets in perpetuity. Net realized and unrealized gains (losses) related to the beneficial interests are reported as changes in permanently restricted net assets based on explicit donor stipulations. The fair value at June 30, 2018, of the beneficial interests was \$1,128,502.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grant Audit

The College receives grants from various federal, state, and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the College's management, such disallowances, if any will not be significant.

Legal Proceedings

The College is involved in various legal proceedings. Management believe that any losses arising from these actions will not materially affect the College's financial position.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 13 – COMPONENT UNITS

The discretely presented component unit is reported in a separate column in the government-wide statements to emphasize that it is legally separate from the primary government. The Central Oregon Community College Foundation is a separate non-profit organization established in 1955 to provide grants, loans, and endowments for the education of the students of Central Oregon Community College. The Foundation's primary transaction with the College was \$1,224,373 in scholarships made during the year. Complete financial statements for the Central Oregon Community College Foundation may be obtained at the entity's administrative offices located at 2600 NW College Way, Bend, Oregon 97703.

NOTE 14 – POST-EMPLOYMENT BENEFITS

General Information about the Stipend Benefits Plan

Plan description – The College maintains a single employer stipend benefit program for its employees. This program covers all full-time PERS eligible employees employed by the College with at least 12 years of service as of June 30, 2002, and retire after attaining age 55 with at least 15 years of continuous service. Benefits are paid until the earlier of the participant's age 65, or until one year after the participant's death (one year after death if the stipend is used as a reimbursement of health premiums). The benefit amount is \$500 per month if the participant has 15 or more years of service at June 30, 2002, and \$300 per month if the participant has 12 to 14 years of service as of June 30, 2002, (certain names early retirees are grandfathered into a \$550 per month level).

General information about the PERS OPEB Plan

Oregon Public Employees Retirement System (PERS or the System) administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan. Contributions are mandatory for each employer that is a member of PERS. As of June 30, 2017, there were 796 participating employers.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree and three members must have experience in business management, pension management or investing.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Contributions

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

Plan Membership

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. 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.

As of June 30, 2017, the inactive RHIA plan participants currently receiving benefits totaled 44,769, and there were 61,208 active and 16,369 inactive members who meet the requirements to receive RHIA benefits when they retire.

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

At June 30, 2018, the College reported a net OPEB asset of \$1,530,125 for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of July 1, 2016. The Employer's proportion of the net OPEB liability/(asset) was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. As of the measurement date amounts paid by the College to the RHIA fund of the Oregon PERS, which represents its contributions to OPEB, were included in the College's deferred outflow of resources related to pensions. For the year ended June 30, 2018, the Employer recognized OPEB income of \$92,118.

Actuarial assumptions

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 below are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial assumptions – Continued

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal, level percent of salary
- Interest rate for discount future liabilities – 3.50% per year, based on all years discounted at municipal bond rate.
- Inflation - 2.5%
- Salary scale – 2.5% per year plus the Salary Merit Scale
- Salary Merit Scale – total payroll increase is overall payroll growth plus a salary merit scale. Sample rates are as follows:

<u>Duration</u>	<u>Rate</u>
0	3.53%
5	2.01%
10	0.82%
15	-0.07%
20	-0.67%
25	-0.91%
30+	-0.94%

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial assumptions – Continued

- Annual premium increase rate:

<u>Year</u>	<u>Rate</u>
2018-19	6.3%
2019-20	6.2%
2020-21	6.1%
2021-22	6.0%
2022-23	5.9%
2023-24	5.8%
2024-25	5.7%
2025-26	5.6%
2026-27	5.5%
2027-28	5.4%
2028-29	5.3%
2029-30	5.2%
2030-31	5.1%
2031+	5.0%

- Mortality rates: Male and female - RP 2000 male or female table (as applicable), projected generationally with Scale BB, combined active/healthy annuitant, set back 24 months. Mortality rates for active male participants are 60% of these rates and for active female participants are 55% of these rates.
- Turnover rates – as developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that terminations are reflected in the census data provided.

<u>Years of Service</u>	<u>Male</u>	<u>Female</u>
0	20.0%	15.5%
5	8.2%	8.4%
10	4.2%	4.4%
15	2.8%	3.0%
20	1.8%	2.2%
25	1.2%	1.7%
30	1.2%	1.5%

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial assumptions – Continued

- Disability rates – As developed for the valuation of benefits under Oregon PERS. Sample rates are as follows:

Age	Rate
30	0.0326%
35	0.0499%
40	0.0804%
45	0.1318%
50	0.1832%

- Retirement rates – as developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that retirements are reflected in the census data provided. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.
- Participation – of the active employees currently enrolled in a medical plan 70% are assumed to remain enrolled at retirement until Medicare eligibility.
- Plan enrollment – current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
- Marital status – 50% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status as of the valuation date is used for current retirees.
- Coverage of eligible Children – assumed no impact of dependent children on the implicit subsidy.
- Health care claims costs – 2016-17 claims costs for an age 64 retiree or spouse are assumed to be:

	MODA	MODA Synergy/Summit
A	\$ 13,389	\$ 11,847
B	12,461	11,830
C	11,570	11,364
D	9,977	9,767
E	8,743	8,724

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial assumptions - Continued

- Aging factors – gaining factors are used to adjust the age 64 per capita claims costs:

<u>Attained Age</u>	<u>Factor Per Year</u>
Under 40	4.00%
40-44	3.75%
45-49	3.50%
50-54	3.00%
55-64	3.25%

- Dental and vision costs – no assumed implicit subsidy due to dental or vision costs.
- Changes since prior valuation – the interest rate for discounting future liabilities was lowered to match municipal bond rates as outlined in GASB statements 68 and 75. Premium increase rates were modified slightly to reflect anticipated experience. Aging factors were revised slightly to better align with prevalent actuarial practice. The percentage of future retirees covering a spouse on the plan was decreased to reflect anticipated experience. The participation assumption was lowered to better reflect observed and anticipated experience. Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 and June 30, 2018 was 3.50 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 liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Long-Term Expected Rate of Return – Continued

inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. More information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means are included in the PERS' audited financial statements.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability/(asset) of the Plan as of June 30, 2018, calculated using the discount rate of 3.50%, as well as what the RHIC net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
District's proportionate share of the net pension liability/(asset)	\$ 1,636,515	\$ 1,530,125	\$ 1,431,743

Deferred Inflows of Resources and Deferred Outflows of Resources

Deferred inflows of resources and deferred outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2018, there were:

- Changes in employer proportion since the prior measurement date.
- No difference between expected and actual experience.
- No difference due to changes of assumptions.
- A difference between projected and actual earnings which is being amortized over a closed five-year period. One-year's amortization is recognized in the employer's total OPEB expense for the measurement period.

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 – POST-EMPLOYMENT BENEFITS – CONTINUED

Deferred Inflows of Resources and Deferred Outflows of Resources – Continued

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2018, measurement period is 3.7 years.

Subsequent Event

The Board reviews the discount rate in odd-numbered years as part of the Board’s adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS Board adopted a 7.20% assumed rate. The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board’s policy decision from 2013 that the assumed rate will be effective January 1 following the Board’s adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for a clear effective date for all transactions that involve calculations using both the rate and AEF components.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 11, 2018, which is the date the financial statements were issued.

NOTE 16 – FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 16 – FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY – CONTINUED

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 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 fund’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 judgement 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 Oregon State Treasurer’s Investment Pool is characterized as a Level 2 fair value measurement in the Oregon Short-Term Fund’s audited financial report for the College

The following table sets forth by level, within the fair value hierarchy, assets at fair value as of June 30, 2018 for the Foundation:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commonfund investments	\$ 492,443	\$ 20,837,926	\$ 61	\$ 21,330,430
CSV New York Life	46,121			46,121
	<u>\$ 538,564</u>	<u>\$ 20,837,926</u>	<u>\$ 61</u>	<u>\$ 21,376,551</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 16 – FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY – CONTINUED

The fair value of assets is displayed in the Statement of Financial Position as follows:

Investments	\$ 20,248,049
Beneficial interest in perpetual trust	<u>1,128,502</u>
	<u>\$ 21,376,551</u>

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The College reported a prior period adjustment to correct the beginning net position related to capital assets for operating expenses that were subsequently determined to meet the capitalization criteria. The effect of this adjustment for the reclassification of operating expenses to capitalized assets is as follows:

Net position:	
Net position - beginning of year, as originally stated	\$ 59,447,622
Prior period adjustment	<u>278,152</u>
Net position - beginning of year, as restated	<u>\$ 59,725,774</u>

REQUIRED SUPPLEMENTAL INFORMATION

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30,	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the net pension liability (NPL)	Employer's covered payroll	NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension
2018	0.024%	\$ 31,355,843	\$ 24,169,944	129.73%	83.10%
2017	0.027%	\$ 36,737,387	\$ 22,203,147	165.50%	80.50%
2016	0.024%	\$ 14,167,747	\$ 20,733,321	68.30%	91.10%

Note: The schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30,	Statutorily required contribution	Contributions in relations to the statutorily required contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 4,932,234	\$ 4,932,234	\$ -	\$ 24,169,944	20.41%
2017	\$ 4,085,379	\$ 4,085,379	\$ -	\$ 22,203,147	18.40%
2016	\$ 4,001,531	\$ 4,001,531	\$ -	\$ 20,733,321	19.30%

Note: The schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years which the required supplementary information is available.

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF CONTRIBUTIONS OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM OPEB PLAN YEAR ENDED JUNE 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE OPERS NET OPEB LIABILITY

Fiscal Year Ending June 30,	Employer's proportion of the net OPEB liability (NPL)	Employer's proportionate share of the net OPEB liability/(asset)	Employer's covered payroll	NOPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.220%	\$ (92,316)	\$ 24,169,944	-0.38%	83.10%
2017	0.240%	\$ 63,878	\$ 22,203,147	0.29%	80.50%

Note: The schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 117,319	\$ 117,319	\$ -	\$ 24,169,944	0.49%
2017	\$ 110,126	\$ 110,126	\$ -	\$ 22,203,147	0.50%

Note: The schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years which the required supplementary information is available.

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS EARLY RETIREMENT PLAN YEAR ENDED JUNE 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 123,847	\$ 123,847
Interest on total OPEB liability	51,049	47,696
Benefit payments	(82,778)	(68,686)
Net Change in total OPEB liability	92,118	102,857
Total OPEB liability - beginning	1,438,007	1,335,150
TOTAL OPEB LIABILITY - ENDING	<u>\$ 1,530,125</u>	<u>\$ 1,438,007</u>
Covered employee payroll	22,303,628	21,759,637
Total OPEB liability - ending as a percentage of covered employee payroll	6.86%	6.61%

Note: The schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years which the required supplementary information is available.

SUPPLEMENTARY INFORMATION

General Fund

The general fund accounts for financial resources, for the College, which are not accounted for in any other fund. The principal revenues are property taxes, tuition and state support. The purpose of the expenditures is education.

CENTRAL OREGON COMMUNITY COLLEGE

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE

GENERAL FUND

BUDGETARY BASIS

YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Pooled cash and investments	\$ 5,194,221	\$ 2,739,859
Cash with county treasurers	86,764	89,549
Property taxes receivable	478,562	488,405
Accounts receivable	4,808,168	6,968,058
Allowance for doubtful accounts	(327,465)	(330,690)
Prepays	600	600
	<u>600</u>	<u>600</u>
<i>Total assets</i>	<u>\$ 10,240,850</u>	<u>\$ 9,955,781</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 3,216,633	\$ 3,042,827
Accrued compensated leave	662,260	597,166
	<u>662,260</u>	<u>597,166</u>
<i>Total liabilities</i>	<u>3,878,893</u>	<u>3,639,993</u>
Deferred inflows of resources unavailable property taxes	<u>349,001</u>	<u>361,648</u>
Fund balance:		
Unreserved	<u>6,012,956</u>	<u>5,954,140</u>
	<u>6,012,956</u>	<u>5,954,140</u>
<i>Total fund balance</i>	<u>6,012,956</u>	<u>5,954,140</u>
<i>Total liabilities and fund balance</i>	<u>\$ 10,240,850</u>	<u>\$ 9,955,781</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenue				
<i>Local:</i>				
Property taxes	\$ 16,109,000	\$ 16,109,000	\$ 16,354,172	245,172
Tuition and fees	17,316,000	17,316,000	16,888,054	(427,946)
Interest	5,000	5,000	32,559	27,559
Other	197,000	197,000	184,170	(12,830)
<i>Intergovernmental:</i>				
State	8,792,000	8,792,000	9,298,575	506,575
<i>Transfer from other funds</i>	2,280,000	2,280,000	730,000	(1,550,000)
<i>Total revenue</i>	44,699,000	44,699,000	43,487,530	(1,211,470)
Beginning fund balance	5,896,000	5,896,000	5,954,140	58,140
<i>Total available for appropriation</i>	\$ 50,595,000	\$ 50,595,000	\$ 49,441,670	(1,153,330)
Expenditures				
<i>Instruction:</i>				
Humanities office	\$ 71,303	\$ 71,303	76,085	4,782
Writing/literature	1,807,835	1,813,235	1,706,331	(106,904)
Foreign languages	475,282	475,282	488,203	12,921
Speech	535,136	535,136	540,250	5,114
Social science office	68,982	68,982	65,746	(3,236)
Music	382,288	382,288	340,338	(41,950)
Art	581,664	594,624	663,962	69,338
Theater arts	55,464	55,464	57,583	2,119
Fine arts and communication office	73,191	73,191	65,882	(7,309)
Business administration	742,502	712,108	713,034	926
Culinary program	1,118,847	1,097,842	978,388	(119,454)
Business administration office	65,184	65,184	63,615	(1,569)
Journalism	7,299	7,299	5,470	(1,829)
World languages and cultures office	45,787	45,787	29,481	(16,306)
Philosophy	18,894	18,894	17,553	(1,341)
Addiction studies	130,717	130,717	128,821	(1,896)
Anthropology	251,685	251,685	254,870	3,185
Criminal justice	260,455	282,055	214,148	(67,907)
Economics	95,349	106,149	111,504	5,355
Education	265,405	276,205	285,401	9,196
Geography	127,234	127,234	116,581	(10,653)
History	221,135	221,135	210,952	(10,183)
Human development	185,528	185,528	201,323	15,795
Political science	23,958	23,958	22,376	(1,582)
Psychology	406,661	441,221	434,878	(6,343)
Sociology	232,607	252,047	246,667	(5,380)
Oregon leadership institute	73,519	73,519	64,717	(8,802)
Regional services & R.C. operations	481,417	481,417	494,935	13,518
Regional services & M.C. operations	215,163	215,163	165,704	(49,459)
Regional services & P.C. operations	210,409	210,409	201,525	(8,884)

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL FUND (CONTINUED) BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Expenditures - continued				
<i>Instruction - continued</i>				
Engineering & engineering tech.	179,407	179,407	174,368	(5,039)
Science office	84,063	84,063	68,307	(15,756)
Mathematics	1,775,818	1,775,818	1,677,840	(97,978)
Biological science	1,274,710	1,274,710	1,189,318	(85,392)
Chemistry	506,984	506,984	474,168	(32,816)
Physics	214,954	214,954	215,007	53
Geology	143,694	143,694	110,435	(33,259)
Nursing	1,135,387	1,135,387	1,083,615	(51,772)
Health and human performance office	194,382	194,382	193,062	(1,320)
Health and human performance	1,038,392	1,038,392	927,932	(110,460)
Math office	71,299	71,299	75,074	3,775
Allied health	25,289	25,289	161	(25,128)
Computer information systems	1,137,691	1,122,691	1,080,720	(41,971)
Licensed massage therapy	237,788	237,788	228,666	(9,122)
Emergency medical service	330,494	330,494	339,239	8,745
Dental assisting	281,842	281,842	261,452	(20,390)
Medical assisting	211,119	211,119	188,641	(22,478)
Allied health office	67,177	67,177	65,747	(1,430)
Pharmacy technician	120,010	120,010	121,457	1,447
Veterinary technician program	240,658	240,658	174,770	(65,888)
CIS Office	59,207	59,207	58,743	(464)
Nursing office	68,535	68,535	69,918	1,383
HHP: Health classes	28,410	28,410		(28,410)
HHP: Recreation (O.R.L.T.)	210,692	210,692	199,836	(10,856)
Ponderosa office	104,783	104,783	79,034	(25,749)
Forestry technology	469,555	469,555	469,292	(263)
Automotive	409,775	409,775	355,973	(53,802)
Health information technology	254,378	254,378	210,401	(43,977)
Manufacturing processes	382,841	393,641	313,472	(80,169)
Apprenticeship	18,240	18,240	21,076	2,836
Wildland fire management	75,818	75,818	81,068	5,250
Structural fire science	96,067	96,067	100,969	4,902
Geographical information systems	166,338	202,343	173,735	(28,608)
Aviation program	299,129	340,796	318,371	(22,425)
Military science	2,000	2,000	778	(1,222)
Non-destructive testing	8,390	8,390		(8,390)
Regional credit instruction - Madras	47,154	11,436	5,315	(6,121)
Regional credit instruction - Prineville	41,718	10,774	3,313	(7,461)
Regional credit instruction - Redmond	92,932	21,961	6,864	(15,097)
Library skills	52,336	52,336	36,295	(16,041)
Instruction transfers	865,946	865,946	872,241	6,295
<i>Total instruction</i>	<u>22,256,302</u>	<u>22,256,302</u>	<u>20,992,996</u>	<u>(1,263,306)</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL FUND (CONTINUED) BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Expenditures - continued				
<i>Instructional support:</i>				
Office of the Vice President of instruction	362,816	362,816	357,241	(5,575)
Library	1,236,495	1,236,495	1,148,611	(87,884)
Catalog and class schedule	31,477	31,477	28,409	(3,068)
Commencement & convocation	37,752	37,752	36,836	(916)
Tutoring and testing	542,038	542,038	577,876	35,838
eLearning and academic technology	342,628	342,628	334,561	(8,067)
Instructional deans	627,376	627,376	632,033	4,657
Curriculum and assessment	216,400	216,400	222,520	6,120
Instructional support transfers	202,000	202,000	202,000	
<i>Total instructional support</i>	<u>3,598,982</u>	<u>3,598,982</u>	<u>3,540,087</u>	<u>(58,895)</u>
<i>Student services:</i>				
Admissions	975,474	975,474	891,054	(84,420)
Counseling center	76,458	76,458	72,535	(3,923)
Student life	333,165	333,165	252,593	(80,572)
Financial aid	701,913	701,913	669,247	(32,666)
Career services and job placement	131,177	131,177	123,885	(7,292)
Student outreach and contact	304,439	304,439	267,062	(37,377)
Multicultural activities	258,242	258,242	203,278	(54,964)
Club sports	265,544	265,544	276,122	10,578
Enrollment cashiering	83,202	83,202	82,568	(634)
Disability services	268,135	268,135	237,579	(30,556)
Office of the Dean of student and enrollment services	487,506	487,506	467,716	(19,790)
Advising	657,129	657,129	567,830	(89,299)
Placement testing	104,194	104,194	80,256	(23,938)
Student retention	136,923	136,923	130,874	(6,049)
Student service transfers	1,250	1,250	1,250	
<i>Total student services</i>	<u>4,784,751</u>	<u>4,784,751</u>	<u>4,323,849</u>	<u>(460,902)</u>
<i>College support services:</i>				
Governing board	95,495	95,495	99,270	3,775
President's office	394,130	394,130	368,614	(25,516)
Fiscal services	628,072	628,072	624,584	(3,488)
Campus public safety	837,629	837,629	784,568	(53,061)
Human resources	588,959	588,959	555,293	(33,666)
Mail services	268,316	268,316	146,219	(122,097)
College relations	736,460	736,460	780,041	43,581
Chief Financial Officer	543,241	543,241	482,527	(60,714)
Legal, audit, and professional services	83,183	83,183	69,312	(13,871)
Elections	29,355	29,355		(29,355)
General institutional support	490,543	490,543	460,761	(29,782)
Liability and other insurance	107,726	107,726	84,120	(23,606)
Institutional effectiveness	350,302	350,302	314,677	(35,625)

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL FUND (CONTINUED) BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Expenditures - continued				
<i>College support services continued:</i>				
Vice President for Administration	362,004	362,004	347,803	(14,201)
Community College Development	6,590	6,590	16,883	10,293
College support transfers	153,321	153,321	153,321	
	<u>5,675,326</u>	<u>5,675,326</u>	<u>5,287,993</u>	<u>(387,333)</u>
<i>Plant operations and maintenance:</i>				
Custodial services	1,333,922	1,333,922	1,236,498	(97,424)
Utilities	1,175,629	1,175,629	1,011,140	(164,489)
Fire and boiler insurance	129,485	129,485	126,097	(3,388)
Maintenance of grounds	487,542	487,542	542,708	55,166
Maintenance of buildings	814,400	814,400	915,755	101,355
Plant administration	346,872	346,872	310,261	(36,611)
Redmond campus infrastructure	121,908	121,908	9,842	(112,066)
Campus shuttle	143,989	143,989	96,763	(47,226)
Madras campus infrastructure	48,410	48,410	12,067	(36,343)
Prineville campus infrastructure	39,648	39,648	24,562	(15,086)
Plant operations transfers	205,830	205,830	205,830	
	<u>4,847,635</u>	<u>4,847,635</u>	<u>4,491,523</u>	<u>(356,112)</u>
<i>Information technology services:</i>				
Information technology services	1,470,325	1,216,467	1,077,235	(139,232)
Management information systems	800,493	800,493	651,555	(148,938)
User services	980,079	980,079	808,408	(171,671)
Enterprise computing services	510,506	510,506	513,982	3,476
Network/Telecom & media services	624,243	624,243	561,201	(63,042)
Web development	111,150	111,150	106,840	(4,310)
Regional IT services - Prineville	77,058	77,058	6,218	(70,840)
Project management		130,105	126,000	
Information security		123,753	118,464	
Information technology transfers	534,131	534,131	534,131	
	<u>5,107,985</u>	<u>5,107,985</u>	<u>4,504,034</u>	<u>(603,951)</u>
<i>Financial aid transactions:</i>				
Financial aid transactions	112,897	112,897	106,050	(6,847)
Other financial aid	182,182	182,182	182,182	
	<u>295,079</u>	<u>295,079</u>	<u>288,232</u>	<u>(6,847)</u>
Operating contingency	800,000	800,000		(800,000)
Total expenditures	<u>\$ 47,366,060</u>	<u>\$ 47,366,060</u>	<u>\$ 43,428,714</u>	<u>\$ (3,937,346)</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL FUND (CONTINUED) BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Expenditures - continued				
General Fund Summary				
Total revenue	\$ 44,699,000	\$ 44,699,000	\$ 43,487,530	\$ (1,211,470)
Beginning fund balance	<u>5,896,000</u>	<u>5,896,000</u>	<u>5,954,140</u>	<u>58,140</u>
<i>Total available for appropriations</i>	<u>50,595,000</u>	<u>50,595,000</u>	<u>49,441,670</u>	<u>(1,153,330)</u>
Expenditures:				
Instruction	22,256,302	22,256,302	20,992,996	(1,263,306)
Instructional support	3,598,982	3,598,982	3,540,087	(58,895)
Student services	4,784,751	4,784,751	4,323,849	(460,902)
College support services	5,675,326	5,675,326	5,287,993	(387,333)
Plant operations and maintenance	4,847,635	4,847,635	4,491,523	(356,112)
Information technology service	5,107,985	5,107,985	4,504,034	(603,951)
Financial aid	295,079	295,079	288,232	(6,847)
Operating contingency	<u>800,000</u>	<u>800,000</u>	<u></u>	<u>(800,000)</u>
<i>Total expenditures</i>	<u>47,366,060</u>	<u>47,366,060</u>	<u>43,428,714</u>	<u>(3,937,346)</u>
Ending fund balance	<u>\$ 3,228,940</u>	<u>\$ 3,228,940</u>	<u>\$ 6,012,956</u>	<u>\$ 2,784,016</u>

Special Revenue Funds

These funds account for proceeds of specific revenue sources that are restricted to expenditures for that specific purpose.

CENTRAL OREGON COMMUNITY COLLEGE

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
SPECIAL REVENUE FUNDS**

BUDGETARY BASIS

JUNE 30, 2018

	<u>Contracts and Grants</u>	<u>Auxiliary</u>	<u>Reserve</u>
ASSETS			
Current Assets			
Pooled cash and investments	\$	\$ 11,401,604	\$ 1,828,649
Accounts receivable	547,972	22,869	
Total assets	<u>\$ 547,972</u>	<u>\$ 11,424,473</u>	<u>\$ 1,828,649</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Deficit in pooled cash and investments	\$ 291,444	\$	\$
Accounts payable	18,130	173,972	
Deferred revenue		2,130,695	
Total current liabilities	<u>309,574</u>	<u>2,304,667</u>	
Fund Equity			
Fund balance			
Reserved			
Retiree benefits			570,499
PERS reserve			1,258,150
Unreserved - undesignated	238,398	9,119,806	
Total fund balance	<u>238,398</u>	<u>9,119,806</u>	<u>1,828,649</u>
Total liabilities and fund equity	<u>\$ 547,972</u>	<u>\$ 11,424,473</u>	<u>\$ 1,828,649</u>

<u>Financial Aid</u>	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>
\$ 518,996	\$ 13,749,249	\$ 14,547,400
<u>100,620</u>	<u>671,461</u>	<u>543,079</u>
\$ 619,616	\$ 14,420,710	\$ 15,090,479
\$ 33,906	\$ 291,444	\$ 305,983
<u>33,906</u>	<u>226,008</u>	<u>247,312</u>
	<u>2,130,695</u>	<u>2,108,058</u>
<u>33,906</u>	<u>2,648,147</u>	<u>2,661,353</u>
	570,499	591,716
	1,258,150	1,538,385
<u>585,710</u>	<u>9,943,914</u>	<u>10,299,025</u>
<u>585,710</u>	<u>11,772,563</u>	<u>12,429,126</u>
\$ 619,616	\$ 14,420,710	\$ 15,090,479

CENTRAL OREGON COMMUNITY COLLEGE

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS BUDGETARY BASIS JUNE 30, 2018

	Contracts and Grants	Auxiliary	Reserve
Revenue			
Local			
Charges for services	\$ 22,755	\$ 4,609,443	\$
Interest		232,430	27,979
Grants	877,349	17,814	
Other		985,323	
Intergovernmental			
State	133,911		
Federal	807,761		
Total Revenue	1,841,776	5,845,010	27,979
Expenditures			
Current			
Instruction	1,426,954	4,415,359	
Instructional support	1,344	356,022	
Student services	40,965	284,047	
College support services	209,467	1,176,406	29,431
Financial aid	62,250	7,400	
Capital outlay	17,737	298,527	
Total Expenditures	1,758,717	6,537,761	29,431
Excess of revenue over (under) expenditures	83,059	(692,751)	(1,452)
Other financing sources (uses)			
Transfer in	50,509	2,089,350	
Transfer out		(1,926,047)	(300,000)
	50,509	163,303	(300,000)
Excess of revenue and other sources over (under) expenditures and other uses	133,568	(529,448)	(301,452)
FUND BALANCE - beginning of year	104,830	9,649,254	2,130,101
FUND BALANCE - end of year	\$ 238,398	\$ 9,119,806	\$ 1,828,649

<u>Financial Aid</u>	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>
\$	\$ 4,632,198	\$ 3,622,909
30,403	290,812	185,511
1,200,523	2,095,686	1,980,214
37,456	1,022,779	1,901,508
3,196,914	3,330,825	3,949,084
7,955,567	8,763,328	9,112,793
<u>12,420,863</u>	<u>20,135,628</u>	<u>20,752,019</u>
	5,842,313	5,264,036
	357,366	312,394
173,977	498,989	822,759
	1,415,304	1,533,745
12,388,299	12,457,949	13,361,548
	316,264	330,371
<u>12,562,276</u>	<u>20,888,185</u>	<u>21,624,853</u>
(141,413)	(752,557)	(872,834)
232,182	2,372,041	2,065,571
(50,000)	(2,276,047)	(911,889)
<u>182,182</u>	<u>95,994</u>	<u>1,153,682</u>
40,769	(656,563)	280,848
544,941	12,429,126	12,148,278
<u>\$ 585,710</u>	<u>\$ 11,772,563</u>	<u>\$ 12,429,126</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE, REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION GRANTS AND CONTRACTS FUND BUDGETARY BASIS JUNE 30, 2018

	<u>Sub-Fund Number</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Ending Balance</u>
ABE Special Projects	31100	\$ 17,150	\$ 189,667	\$ 196,608	\$ 10,209
Carl Perkins	31101		72,757	72,757	
SBA Grant	31105		33,000	33,000	
SBA Grant Match	31108		42,334	42,334	
SBA Portable Assistance Project	31109		27,655	27,655	
NSF-NEVTEX Grant	31160		50,920	50,920	
Strengthening Institutions Program	31161		383,956	383,956	
NSF-NEVTEX2 Grant	31162		78,642	78,642	
Oregon PIPE Regional	31164		1,344	1,344	
OBDD	32226		72,000	72,000	
Scale Oregon Grant	32255	14,948	11,975	14,023	12,900
ABS Pathways Grant	32257		686	686	
East Cascades Works	32276		50,000	27,634	22,366
Cascade Health Services Support	33332	16,000		16,000	
Veteran-Partnership to End Poverty	33342	10,814		1,498	9,316
Regional Promise Grant	33350		2,090	2,090	
Better Together	33353	5,406		5,406	
HDESD Summer Internship Program	33354	18,500		18,500	
Meyer Memorial-Latino & Native American	33355		175,000	30,633	144,367
Ford Family Foundation PIP Funds	33361	3,246		3,246	
Deer Ridge Entrepreneurship Program	33363	17,527		399	17,128
Ford Family OSBDCN-Rural Outreach	33364		20,000	20,000	
Jefferson County Cultural Coalition	33365		400	11	389
Deer Ridge Correctional Institution	34355		514,027	507,570	6,457
OCF-GANAS	34361		2,500	413	2,087
OCF - Advanced Electric Drive Systems	34362	1,239		1,239	
WEBCO-Partners in Practice	34363		70,573	70,573	
HDESD - Writing Conversation	34364		6,108	6,108	
Deer Ridge Correctional Institution - WBE	34365		80,400	67,221	13,179
HDESD - Migrant Ed Summer School	34366		6,250	6,250	
		<u>\$ 104,830</u>	<u>\$ 1,892,284</u>	<u>\$ 1,758,716</u>	<u>\$ 238,398</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE BY FUNCTION AND OBJECT GRANTS AND CONTRACTS FUND BUDGETARY BASIS JUNE 30, 2018

	Charge for Services	Intergovernmental		Grants and Contracts	Transfers In	Total
		State	Federal			
ABE Special Projects	\$ 22,005	\$	\$ 167,662	\$	\$	\$ 189,667
Carl Perkins			64,582		8,175	72,757
SBA Grant			33,000			33,000
SBA Grant Match					42,334	42,334
SBA Portable Assistance Project			27,655			27,655
NSF-NEVTEX Grant			50,920			50,920
Strengthening Institutions Program			383,956			383,956
NSF-NEVTEX2 Grant			78,642			78,642
Oregon PIPE Regional			1,344			1,344
OBDD		72,000				72,000
Scale Oregon Grant	750	11,225				11,975
ABS Pathways Grant		686				686
East Cascades Works		50,000				50,000
Regional Promise Grant				2,090		2,090
Meyer Memorial-Latino & Native American				175,000		175,000
Ford Family OSBDCN-Rural Outreach				20,000		20,000
Jefferson County Cultural Coalition				400		400
Deer Ridge Correctional Institution				514,027		514,027
OCF-GANAS				2,500		2,500
WEBCO-Partners in Practice				70,573		70,573
HDES - Writing Conversation				6,108		6,108
Deer Ridge Correctional Institution - WBE				80,400		80,400
HDES - Migrant Ed Summer School				6,250		6,250
	<u>\$ 22,755</u>	<u>\$ 133,911</u>	<u>\$ 807,761</u>	<u>\$ 877,348</u>	<u>\$ 50,509</u>	<u>\$ 1,892,284</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT GRANTS AND CONTRACTS FUND BUDGETARY BASIS JUNE 30, 2018

	Salaries	Payroll Assessments	Materials and Services	Capital Outlay	Transfers Out	Total
ABE Special Projects	\$ 101,173	\$ 53,234	\$ 42,201	\$ 716	\$	\$ 196,608
Carl Perkins	55,109	10,205	6,727	716	-	72,757
SBA Grant	20,652	12,348	-	-	-	33,000
SBA Grant Match	24,845	17,489	-	-	-	42,334
SBA Portable Assistance Project	19,398	8,257	-	-	-	27,655
NSF-NEVTEX Grant	13,202	3,943	33,775	-	-	50,920
Strengthening Institutions Program	185,298	86,566	104,653	7,439	-	383,956
NSF-NEVTEX2 Grant	25,292	11,648	41,702	-	-	78,642
Oregon PIPE Regional	-	-	1,344	-	-	1,344
OBDD	42,986	29,014	-	-	-	72,000
Scale Total Revenue	12,782	1,148	93	-	-	14,023
ABS Pathways Grant	-	-	686	-	-	686
East Cascades Works	-	-	27,634	-	-	27,634
Cascade Health Services Support	5,837	581	-	9,582	-	16,000
Veteran-Partnership to End Poverty	350	104	1,044	-	-	1,498
Regional Promise Grant	1,596	494	-	-	-	2,090
Better Together	3,254	2,127	25	-	-	5,406
HDESD Summer Internship Program	3,870	1,503	13,127	-	-	18,500
Meyer Memorial-Latino & Native American	14,231	7,459	8,943	-	-	30,633
Ford Family Foundation PIP Funds	3,126	120	-	-	-	3,246
Deer Ridge Entrepreneurship Program	-	-	399	-	-	399
Ford Family OSBDCN-Rural Outreach	13,722	4,528	1,750	-	-	20,000
Jefferson County Cultural Coalition	-	-	11	-	-	11
Deer Ridge Correctional Institution	282,776	166,960	57,834	-	-	507,570
OCF-GANAS	-	-	413	-	-	413
OCF - Advanced Electric Drive Systems	-	-	1,239	-	-	1,239
WEBCO-Partners in Practice	1,951	156	68,466	-	-	70,573
HDESD - Writing Conversation	4,680	1,428	-	-	-	6,108
Deer I Total Expenditures	30,860	18,779	17,582	-	-	67,221
HDESD - Migrant Ed Summer School	2,222	178	3,850	-	-	6,250
	<u>\$ 869,212</u>	<u>\$ 438,269</u>	<u>\$ 433,498</u>	<u>\$ 17,737</u>	<u>\$ -</u>	<u>\$ 1,758,716</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE , REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION GRANTS AND CONTRACTS FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Charges for services	\$ 15,000	\$ 15,000	\$ 22,755	\$ 7,755
Grants and contracts	1,720,069	1,720,069	877,348	(842,721)
Intergovernmental:				
State	139,304	139,304	133,911	(5,393)
Federal	1,089,268	1,089,268	807,761	(281,507)
Transfers from other funds	36,039	36,039	50,509	14,470
Total Revenue	<u>2,999,680</u>	<u>2,999,680</u>	<u>1,892,284</u>	<u>(1,107,396)</u>
Beginning fund balance	<u>117,695</u>	<u>117,695</u>	<u>104,830</u>	<u>(12,865)</u>
<i>Total available for appropriation</i>	<u>3,117,375</u>	<u>3,117,375</u>	<u>1,997,114</u>	<u>(1,120,261)</u>
Expenditures				
Federal grants	1,125,307	1,125,307	887,216	(238,091)
State grants	149,304	149,304	114,343	(34,961)
Local grants	100,995	100,995	97,783	(3,212)
Contracts	1,686,769	1,686,769	659,374	(1,027,395)
Total Expenditures	<u>3,062,375</u>	<u>3,062,375</u>	<u>1,758,716</u>	<u>(1,303,659)</u>
Ending fund balance	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 238,398</u>	<u>\$ 183,398</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE, REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION

AUXILIARY FUND

BUDGETARY BASIS

JUNE 30, 2018

	Sub-Fund Number	Beginning Balance (deficit)	Revenue	Expenditures	Ending Balance (deficit)
Medical leave assistance program	61001	\$ 83,926	\$ 19,349	\$ 9,087	\$ 94,188
Public safety	61003	61,954	46,204	48,418	59,740
Law enforcement testing	61004	22	1,890	1,912	
MATC industry training account	61005	1,981	28		2,009
Sustainability fund	61006	30,173	423	911	29,685
Dental clinic	61007	1,319	3,744	1,693	3,370
Pharmacy tech	61008	3,711	2,320	1,332	4,699
Dental program	61009	5,579	17,088	18,498	4,169
Medical assisting program	61010	120	2,346	2,405	61
Teaching and learning center	61011	13,667	107	12,337	1,437
General testing	61511	20,172	15,651	6,302	29,521
Art cards	61512	10,424	4,147	(599)	15,170
Auto and industrial fees	61513	47,949	24,640	32,949	39,640
Facilities fees	61514	84,922	55,672	47,476	93,118
Club sports	61516	66,354	26,445	29,908	62,891
College activities	61518	210,065	66,443	38,915	237,593
Classified training	61522	24,080	15,365	12,264	27,181
Performing arts	61525	1,690	801	805	1,686
Hybrid vehicle fleet	61527	15,143	5,252	6,235	14,160
Special programs - administration	61528	87,295	121,528	176,123	32,700
Vehicles	61531	74,037	39,533	21,936	91,634
Physiology lab	61532	46,343	7,296	15,331	38,308
Library books account	61534	50,830	22,104	27,782	45,152
PCA wellness	61535	179	1,754	700	1,233
Outdoor recreation program	61537	14,648	4,773	10,878	8,543
Enrollment services support	61546	23,046	328		23,374
Accreditation	61547	5,843	5,076	6,047	4,872
College now	61550	282,290	132,077	104,266	310,101
Salvage sales	61552	14,188	1,651	293	15,546
CTE Accreditation	61553	47,658	525	21,697	26,486
Media activities	61561	38,293	26,998	17,937	47,354
Tutoring/Testing	61574	242,534	110,714	69,326	283,922
Institutional advancement	61576	1,169	17		1,186
Student honors recognition	61581	1,000	3,771	2,845	1,926
Innovation account	61589	322,592	284,523	294,123	312,992
Mazama lab fees	61592	115,543	57,179	47,472	125,250
Tool room deposits	61596	4,275	773	1,208	3,840
Computer lab printers	61597	13,867	12,442	9,378	16,931
Instructional projects	61598	141,638	44,131	44,724	141,045
Oregon International education consortium	61599	7,792	111		7,903
Student government	61601	76,148	173,967	180,697	69,418
The Broadside	61602	28,598	43,181	34,999	36,780
Blue Sky	61603	109,889	40,615	27,936	122,568
Elevation gratuity fund	61605	25,064	16,611		41,675
CIS software	61610	12,544	571	799	12,316
Bend area transit program	61611	25,665	72,753	40,000	58,418
Student government programs	61613	22	61,443	39,491	21,974
Student government reserve	61614	35,422	504		35,926
Math contest	61615		2,610	2,610	
Redmond campus operations	61700	580,728	257,815	110,771	727,772

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE, REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION AUXILIARY FUND (CONTINUED) BUDGETARY BASIS JUNE 30, 2018

	<u>Sub-Fund Number</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Chandler lab operations	61701	362,961	21,544	254,757	129,748
Prineville campus operations	61702	42,127	13,643	45,500	10,270
ITS services support	61703	31,535	1,207		32,742
Campus services support	61704	35,167	31,711		66,878
Self-sustaining activities		<u>3,584,181</u>	<u>1,923,394</u>	<u>1,880,474</u>	<u>3,627,101</u>
Summer session	62501	2,517,426	1,273,309	1,842,015	1,948,720
International programs	62558	47,216	643	4,100	43,759
SBDC program	62564	17,501	147,943	123,433	42,011
Business development and training	62575	9	53,314	53,315	8
ABE General Purpose	62576	261,840	566,912	655,532	173,220
Outreach centers	62577	200,629	2,856		203,485
Veterinarian tech program	62603	15,423	12,152	27,425	150
Culinary foundation fund	62604	10,319	2,982	13,239	62
EMT practical exam	62610	72	8,110	8,182	
Contracted credit classes	63501	131,169	22,137	36,180	117,126
Continuing education	63502	30,515	1,954,438	1,871,552	113,401
Licensed massage therapy	63572	43,357	25,215	34,695	33,877
Aviation program-simulator fees	63579	636,482	1,049,982	950,791	735,673
Unmanned aerial systems operations	63580	63,459	23,427	38,760	48,126
Non-general fund instruction		<u>3,975,417</u>	<u>5,143,420</u>	<u>5,659,219</u>	<u>3,459,618</u>
Foundation billing	64515		435,668	369,157	66,511
Partnership collaborations	64573	1,168,102	28,798	200,534	996,366
Revolving activities		<u>1,168,102</u>	<u>464,466</u>	<u>569,691</u>	<u>1,062,877</u>
Faculty professional improvement	65521	167,381	68,219	90,696	144,904
Adjunct faculty professional improvement	65523	51,983	6,716	10,403	48,296
ABE professional development fund	65524	28,404	5,440		33,844
Admin professional development and sabbatical	65526	12,340	5,211		17,551
Sabbatical - faculty	65527	9,141	125,222	112,061	22,302
Unemployment reserve	65542	303,508	76,776	48,117	332,167
Insurance reserve deductible	65543	153,260	44,258	55,574	141,944
Keyes educational enhancement fund	65562	195,537	71,238	37,573	229,202
		<u>921,554</u>	<u>403,080</u>	<u>354,424</u>	<u>970,210</u>
		<u>\$ 9,649,254</u>	<u>\$ 7,934,360</u>	<u>\$ 8,463,808</u>	<u>\$ 9,119,806</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE BY FUNCTION AND OBJECT AUXILIARY FUND BUDGETARY BASIS JUNE 30, 2018

	Charges for Services	Other	Interest	State and Local Grants	Transfers In	Totals
Medical leave assistance program	\$	\$ 18,090	\$ 1,259	\$	\$	19,349
Public safety	1,040	44,277	887			46,204
Law enforcement testing	1,890					1,890
MATC industry training account			28			28
Sustainability fund			423			423
Dental clinic	3,711		33			3,744
Pharmacy tech	2,252		68			2,320
Dental program	16,928		160			17,088
Medical assisting program	2,345		1			2,346
Teaching and learning center			107			107
General testing	15,300		351			15,651
Art cards	3,960		187			4,147
Auto and industrial fees	11,360	12,628	652			24,640
Facilities fees	54,414		1,258			55,672
Club sports	25,532		913			26,445
College activities		63,279	3,164			66,443
Classified training			365		15,000	15,365
Performing arts		777	24			801
Hybrid vehicle fleet	5,046		206			5,252
Special programs - administration		120,874	654			121,528
Vehicles	36,748	1,629	1,156			39,533
Physiology lab	6,698		598			7,296
Library books account	4,557	16,868	679			22,104
PCA wellness		1,740	14			1,754
Outdoor recreation program	4,600		173			4,773
Enrollment services support			328			328
Accreditation			76		5,000	5,076
College now	127,890		4,187			132,077
Salvage sales		1,441	210			1,651
CTE Accreditation			525			525
Media activities	720	25,673	605			26,998
Tutoring/Testing	106,993		3,721			110,714
Institutional advancement			17			17
Student honors recognition		2,500	21		1,250	3,771
Innovation account			4,523		280,000	284,523
Mazama lab fees	49,413	6,000	1,766			57,179
Tool room deposits		715	58			773
Computer lab printers		12,181	261			12,442
Instructional projects		2,128	2,003		40,000	44,131
Oregon International education consortium			111			111
Student government		172,820	1,147			173,967
The Broadside		38,400	467	4,314		43,181
Blue Sky		38,923	1,692			40,615
Elevation gratuity fund		16,139	472			16,611
CIS software		395	176			571
Bend area transit program	14,070		683		58,000	72,753
Student government programs		7,842	164		53,437	61,443
Student government reserve			504			504
Math contest		2,610				2,610
Redmond campus operations		248,450	9,365			257,815
Chandler lab operations		18,048	3,496			21,544
Prineville campus operations		13,273	370			13,643
ITS services support		753	454			1,207
Campus services support		31,000	711			31,711
	<u>495,467</u>	<u>919,453</u>	<u>51,473</u>	<u>4,314</u>	<u>452,687</u>	<u>1,923,394</u>
Self-sustaining activities	495,467	919,453	51,473	4,314	452,687	1,923,394

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE BY FUNCTION AND OBJECT AUXILIARY FUND (CONTINUED)

BUDGETARY BASIS

JUNE 30, 2018

	Charges for Services	Other	Interest	State and Local Grants	Transfers In	Totals
Summer session	1,223,606		49,703			1,273,309
International programs			643			643
SBDC program	147,509		434			147,943
Business development and training			7		53,307	53,314
ABE General Purpose		386	2,958		563,568	566,912
Outreach centers			2,856			2,856
Veterinarian tech program	12,000		152			12,152
Culinary foundation fund		2,919	63			2,982
EMT practical exam		8,110				8,110
Contracted credit classes	20,382		1,755			22,137
Continuing education	1,420,104		1,302		533,032	1,954,438
Licensed massage therapy	24,624		591			25,215
Aviation program-simulator fees	1,027,602		22,380			1,049,982
Unmanned aerial systems operations	22,500		927			23,427
Non-general fund instruction	3,898,327	11,415	83,771		1,149,907	5,143,420
Foundation billing	215,649		263		219,756	435,668
Partnership collaborations			15,298	13,500		28,798
Revolving activities	215,649		15,561	13,500	219,756	464,466
Faculty professional improvement			2,219		66,000	68,219
Adjunct faculty professional improvement			716		6,000	6,716
ABE professional development fund			440		5,000	5,440
Admin professional development and abbatical			211		5,000	5,211
Sabbatical - faculty			222		125,000	125,222
Unemployment reserve		12,283	4,493		60,000	76,776
Insurance reserve deductible		42,172	2,086			44,258
Keyes educational enhancement fund			71,238			71,238
Contractual and administrative provisions		54,455	81,625		267,000	403,080
	\$ 4,609,443	\$ 985,323	\$ 232,430	\$ 17,814	\$ 2,089,350	\$ 7,934,360

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT AUXILIARY FUND BUDGETARY BASIS JUNE 30, 2018

	Salaries	Payroll Assessments	Materials and Services	Capital Outlay	Transfers Out	Totals
Medical leave assistance program	\$ 6,161	\$ 2,926	\$	\$	\$	\$ 9,087
Public safety			45,418	3,000		48,418
Law enforcement testing	1,691	221				1,912
Sustainability fund			911			911
Dental clinic			1,693			1,693
Pharmacy tech			1,332			1,332
Dental program			18,498			18,498
Medical assisting program			2,405			2,405
Teaching and learning center	7,770	1,561	3,006			12,337
General testing	500	2	5,800			6,302
Art cards			(599)			(599)
Auto and industrial fees			17,333	15,616		32,949
Facilities fees	22,925	15,363	4,188		5,000	47,476
Club sports	16,800	1,344	6,470	5,294		29,908
College activities	3,000	915			35,000	38,915
Classified training			12,264			12,264
Performing arts			805			805
Hybrid vehicle fleet			6,235			6,235
Special programs - administration	67,464	40,342	1,560		66,757	176,123
Vehicles			21,936			21,936
Physiology lab	5,521	446	5,777	3,587		15,331
Library books account			14,410	13,372		27,782
PCA wellness			700			700
Outdoor recreation program			10,878			10,878
Accreditation			6,047			6,047
College now	72,919	25,334	6,013			104,266
Salvage sales			293			293
CTE Accreditation			21,697			21,697
Media activities			34,285	(16,348)		17,937
Tutoring/Testing	17,056	13,935	25,634	12,701		69,326
Student honors recognition			2,845			2,845
Innovation account	84,494	36,579	72,372		100,678	294,123
Mazama lab fees	4,383	2,414	28,667	12,008		47,472
Tool room deposits			1,208			1,208
Computer lab printers			9,378			9,378
Instructional projects	15,119	5,088	16,342		8,175	44,724
Student government	36,256	315	78,689		65,437	180,697
The Broadside	26,447	839	7,713			34,999
Blue Sky			27,936			27,936
CIS software			799			799
Bend area transit program			40,000			40,000
Student government programs			39,491			39,491
Math contest			2,610			2,610
Redmond campus operations			10,771		100,000	110,771
Chandler lab operations			4,757		250,000	254,757
Prineville campus operations			25,500		20,000	45,500
Self-sustaining activities	388,506	147,624	644,067	49,230	651,047	1,880,474
Summer session	713,917	209,918	3,180		915,000	1,842,015
International programs			4,100			4,100
SBDC program	56,427	21,275	45,731			123,433
Business development and training	22,966	16,416	13,933			53,315
ABE General Purpose	387,714	254,969	12,849			655,532

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT AUXILIARY FUND (CONTINUED)

BUDGETARY BASIS

JUNE 30, 2018

	Salaries	Payroll Assessments	Materials and Services	Capital Outlay	Transfers Out	Totals
Veterinarian tech program			25,669	1,756		27,425
Culinary foundation fund			13,239			13,239
EMT practical exam	7,281	92	809			8,182
Contracted credit classes	11,882	4,298			20,000	36,180
Continuing education	776,800	423,622	670,488	642		1,871,552
Licensed massage therapy			10,548	24,147		34,695
Aviation program-simulator fees	510,355	100,689	33,497	206,250	100,000	950,791
Unmanned aerial systems operations			23,666	15,094		38,760
Non-general fund instruction	2,487,342	1,031,279	857,709	247,889	1,035,000	5,659,219
Foundation billing	227,288	141,869				369,157
Partnership collaborations	478	56			200,000	200,534
Revolving activities	227,766	141,925			200,000	569,691
Faculty professional improvement	18,997	6,373	30,326		35,000	90,696
Adjunct faculty professional improvement			5,403		5,000	10,403
Sabbatical - faculty	68,133	43,928				112,061
Unemployment reserve		48,117				48,117
Insurance reserve deductible			55,574			55,574
Keyes educational enhancement fund	11,880	6,648	17,637	1,408		37,573
Contractual and administrative provisions	99,010	105,066	108,940	1,408	40,000	354,424
	<u>\$ 3,202,624</u>	<u>\$ 1,425,894</u>	<u>\$ 1,610,716</u>	<u>\$ 298,527</u>	<u>\$ 1,926,047</u>	<u>\$ 8,463,808</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE , REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION AUXILIARY FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Charges for services	\$ 5,020,183	\$ 5,020,183	\$ 4,609,443	\$ (410,740)
Interest	129,167	129,167	232,430	103,263
State and local	317,625	317,625	17,814	(299,811)
Other	659,272	659,272	985,323	326,051
Transfers from other funds	<u>1,459,350</u>	<u>1,459,350</u>	<u>2,089,350</u>	<u>630,000</u>
Total Revenue	<u>7,585,597</u>	<u>7,585,597</u>	<u>7,934,360</u>	<u>348,763</u>
Beginning fund balance	<u>8,089,771</u>	<u>8,089,771</u>	<u>9,649,254</u>	<u>1,559,483</u>
<i>Total available for appropriation</i>	<u>15,675,368</u>	<u>15,675,368</u>	<u>17,583,614</u>	<u>1,908,246</u>
Expenditures				
Self-sustaining activities	2,808,899	2,808,899	1,880,474	(928,425)
Non-general fund instruction	6,490,169	6,490,169	5,659,219	(830,950)
Revolving activities	887,381	887,381	569,691	(317,690)
Contractual and administrative provisions	<u>631,468</u>	<u>631,468</u>	<u>354,424</u>	<u>(277,044)</u>
	<u>10,817,917</u>	<u>10,817,917</u>	<u>8,463,808</u>	<u>(2,354,109)</u>
Ending fund balance	<u>\$ 4,857,451</u>	<u>\$ 4,857,451</u>	<u>\$ 9,119,806</u>	<u>\$ 4,262,355</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE, REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION RESERVE FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Interest	\$ 16,442	\$ 16,442	\$ 27,979	\$ 11,537
Total Revenue	<u>16,442</u>	<u>16,442</u>	<u>27,979</u>	<u>11,537</u>
Beginning fund balance	<u>1,806,225</u>	<u>1,806,225</u>	<u>2,130,101</u>	<u>323,876</u>
<i>Total available for appropriation</i>	<u>1,822,667</u>	<u>1,822,667</u>	<u>2,158,080</u>	<u>335,413</u>
Expenditures				
Retiree benefits	60,000	60,000	29,431	(30,569)
PERS reserve	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	
	<u>360,000</u>	<u>360,000</u>	<u>329,431</u>	<u>(30,569)</u>
Ending fund balance	<u>\$ 1,462,667</u>	<u>\$ 1,462,667</u>	<u>\$ 1,828,649</u>	<u>\$ 365,982</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF BEGINNING BALANCE, REVENUE, EXPENDITURES AND ENDING BALANCE BY FUNCTION

FINANCIAL AID FUND

BUDGETARY BASIS

JUNE 30, 2018

	<u>Sub-Fund Number</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Ending Balance</u>
College work study	71802	\$	\$ 195,168	\$ 195,168	\$
SEOG	71803		201,400	201,400	
Pell	71804		7,637,415	7,637,415	
Veteran's fund	71807	18,966	3,948	670	22,244
State need	72807		2,002,500	2,002,500	
Private scholarship award	72808		130,090	130,090	
Oregon promise grant	72809		1,064,324	1,064,324	
Foundation	73805		1,304,273	1,304,273	
COCC financial aid program	73809	415,954	89,329	57,701	447,582
Native American trust	75809	110,021	24,598	18,735	115,884
		<u>\$ 544,941</u>	<u>\$ 12,653,045</u>	<u>\$ 12,612,276</u>	<u>\$ 585,710</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE BY FUNCTION AND OBJECT FINANCIAL AID FUND BUDGETARY BASIS JUNE 30, 2018

	Interest	Grants	Other	Intergovernmental		Transfers In	Total
				State	Federal		
College work study	\$	\$	\$ 21,997	\$	\$ 128,557	\$ 44,614	\$ 195,168
SEOG					201,400		201,400
Pell			11,805		7,625,610		7,637,415
Veteran's fund	294		3,654				3,948
State need				2,002,500			2,002,500
Private scholarship award - state				130,090			130,090
Oregon promise grant				1,064,324			1,064,324
Foundation		1,200,523				103,750	1,304,273
COCC financial aid program	5,511					83,818	89,329
Native American trust	24,598						24,598
	<u>\$ 30,403</u>	<u>\$ 1,200,523</u>	<u>\$ 37,456</u>	<u>\$ 3,196,914</u>	<u>\$ 7,955,567</u>	<u>\$ 232,182</u>	<u>\$ 12,653,045</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT FINANCIAL AID FUND BUDGETARY BASIS JUNE 30, 2018

	Personal Service	Administrative Services	Grants and Loans	Transfers Out	Total
College work study	\$ 173,171	\$ 21,997	\$	\$	\$ 195,168
SEOG			201,400		201,400
Pell		11,805	7,625,610		7,637,415
Veteran's fund		670			670
State need			2,002,500		2,002,500
Private scholarship award - state			130,090		130,090
Oregon promise grant			1,064,324		1,064,324
Foundation			1,304,273		1,304,273
COCC financial aid program			7,701	50,000	57,701
Native American trust		16,335	2,400		18,735
	\$ 173,171	\$ 50,807	\$ 12,338,298	\$ 50,000	\$ 12,612,276

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE FINANCIAL AID FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Interest	\$ 29,631	\$ 29,631	\$ 30,403	\$ 772
Grants	1,317,818	1,317,818	1,200,523	(117,295)
Other	56,000	56,000	37,456	(18,544)
Intergovernmental				
State	4,700,000	4,700,000	3,196,914	(1,503,086)
Federal	11,470,000	11,470,000	7,955,567	(3,514,433)
Transfers from other funds	232,182	232,182	232,182	
Total Revenue	<u>17,805,631</u>	<u>17,805,631</u>	<u>12,653,045</u>	<u>(5,152,586)</u>
Beginning fund balance	<u>420,036</u>	<u>420,036</u>	<u>544,941</u>	<u>124,905</u>
Total available for appropriation	<u>18,225,667</u>	<u>18,225,667</u>	<u>13,197,986</u>	<u>(5,027,681)</u>
Expenditures				
Federal programs	11,571,000	11,571,000	8,033,983	(3,537,017)
State programs	4,700,000	4,700,000	3,196,914	(1,503,086)
Local programs	1,609,190	1,609,190	1,381,379	(227,811)
Total Expenditures	<u>17,880,190</u>	<u>17,880,190</u>	<u>12,612,276</u>	<u>(5,267,914)</u>
Ending fund balance	<u>\$ 345,477</u>	<u>\$ 345,477</u>	<u>\$ 585,710</u>	<u>\$ 240,233</u>

Debt Service Fund

This fund is used to account for the payments of bond principal and interest on the general obligation bond issue.

CENTRAL OREGON COMMUNITY COLLEGE

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE DEBT SERVICE FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Pooled cash and investments	\$ 272,776	\$ 147,244
Cash with county treasurers	16,816	17,932
Property taxes receivable	<u>89,741</u>	<u>92,052</u>
Total assets	<u>\$ 379,333</u>	<u>\$ 257,228</u>
LIABILITIES AND FUND BALANCE		
Deferred inflows of resources		
Unavailable property taxes	<u>\$ 63,915</u>	<u>\$ 66,011</u>
Fund balance		
Designated for debt service	<u>315,418</u>	<u>191,217</u>
Total liabilities and fund equity	<u>\$ 379,333</u>	<u>\$ 257,228</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE DEBT SERVICE FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Property taxes	\$ 3,152,065	\$ 3,152,065	\$ 3,246,440	\$ 94,375
Assessment	1,111,545	1,111,545	1,109,534	(2,011)
Interest	664	664	4,976	4,312
Transfers from other funds	<u>1,260,789</u>	<u>1,260,789</u>	<u>1,260,789</u>	
Total Revenue	<u>5,525,063</u>	<u>5,525,063</u>	<u>5,621,739</u>	<u>96,676</u>
Beginning fund balance	<u>53,600</u>	<u>53,600</u>	<u>191,217</u>	<u>137,617</u>
Total available for appropriation	<u>5,578,663</u>	<u>5,578,663</u>	<u>5,812,956</u>	<u>234,293</u>
Expenditures				
Debt service				
Principal	2,210,885	2,210,885	2,210,884	(1)
Interest	3,286,099	3,286,099	3,286,054	(45)
Outside services	<u>1,200</u>	<u>1,200</u>	<u>600</u>	<u>(600)</u>
Total Expenditures	<u>5,498,184</u>	<u>5,498,184</u>	<u>5,497,538</u>	<u>(646)</u>
Ending fund balance	<u>\$ 80,479</u>	<u>\$ 80,479</u>	<u>\$ 315,418</u>	<u>\$ 234,939</u>

Capital Projects Fund

The capital projects fund account is for the resources and reserves used for major construction and improvement projects of the College.

CENTRAL OREGON COMMUNITY COLLEGE

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE CAPITAL PROJECTS FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Pooled cash and investments	\$ 5,516,956	\$ 7,306,531
Total assets	<u>\$ 5,516,956</u>	<u>\$ 7,306,531</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 221,806	\$ 365,842
Total liabilities	<u>221,806</u>	<u>365,842</u>
Fund equity:		
Undesignated	<u>5,295,150</u>	<u>6,940,689</u>
Total liabilities and fund equity	<u>\$ 5,516,956</u>	<u>\$ 7,306,531</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE CAPITAL PROJECTS FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenue				
Local:				
Interest	\$ 27,540	\$ 27,540	\$ 89,769	\$ 62,229
Transfers from other funds	1,350,051	1,350,051	1,695,051	345,000
Total Revenue	1,377,591	1,377,591	1,784,820	407,229
Beginning fund balance	5,979,000	5,979,000	6,940,689	961,689
<i>Total available for appropriation</i>	7,356,591	7,356,591	8,725,509	1,368,918
Expenditures				
Capital outlay				
Personnel Services	85,416	85,416	47,815	(37,601)
Material and services	1,967,122	1,967,122	872,684	(1,094,438)
Capital outlay	3,412,292	3,412,292	1,849,770	(1,562,522)
Transfers out	660,090	660,090	660,090	
Total Expenditures	6,124,920	6,124,920	3,430,359	(2,694,561)
Ending fund balance	\$ 1,231,671	\$ 1,231,671	\$ 5,295,150	\$ 4,063,479

Proprietary Funds (Enterprise and Internal Service Funds)

Enterprise Funds

These funds are used to account for the financial activities of the Bookstore and the Residence Hall.

CENTRAL OREGON COMMUNITY COLLEGE

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND EQUITY ALL ENTERPRISE FUNDS BUDGETARY BASIS JUNE 30, 2018

	Bookstore	Food Service Operations	Wickiup Hall	Juniper Hall	Totals	
					2018	2017
Assets						
Current assets						
Pooled cash and investments	\$ 2,002,876	\$ 1,024,887	\$ 1,336,466	\$ 259,265	\$ 4,623,494	\$ 3,974,453
Accounts receivable	113,603				113,603	117,931
Inventory	297,630				297,630	432,456
Total current assets	<u>2,414,109</u>	<u>1,024,887</u>	<u>1,336,466</u>	<u>259,265</u>	<u>5,034,727</u>	<u>4,524,840</u>
Capital assets						
Buildings and equipment	1,576,763	16,552	20,048,233	631,871	22,273,419	22,256,867
Accumulated depreciation	<u>(1,085,327)</u>	<u>(4,373)</u>	<u>(1,343,810)</u>	<u>(569,600)</u>	<u>(3,003,110)</u>	<u>(2,464,623)</u>
Net property and equipment	<u>491,436</u>	<u>12,179</u>	<u>18,704,423</u>	<u>62,271</u>	<u>19,270,309</u>	<u>19,792,244</u>
Total Assets	<u>\$ 2,905,545</u>	<u>\$ 1,037,066</u>	<u>\$ 20,040,889</u>	<u>\$ 321,536</u>	<u>\$ 24,305,036</u>	<u>\$ 24,317,084</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$ 6,020	\$ 5,027	\$ 60,017	\$	\$ 71,064	\$ 28,982
Deferred revenue		111,500	130,207		241,707	411,324
Total liabilities	<u>6,020</u>	<u>116,527</u>	<u>190,224</u>		<u>312,771</u>	<u>440,306</u>
Fund equity						
Contributed capital	20,000				20,000	20,000
Retained earnings - unreserved	<u>2,879,525</u>	<u>920,539</u>	<u>19,850,665</u>	<u>321,536</u>	<u>23,972,265</u>	<u>23,856,778</u>
Total fund equity	<u>2,899,525</u>	<u>920,539</u>	<u>19,850,665</u>	<u>321,536</u>	<u>23,992,265</u>	<u>23,876,778</u>
Total liabilities and fund equity	<u>\$ 2,905,545</u>	<u>\$ 1,037,066</u>	<u>\$ 20,040,889</u>	<u>\$ 321,536</u>	<u>\$ 24,305,036</u>	<u>\$ 24,317,084</u>

CENTRAL OREGON COMMUNITY COLLEGE

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY ALL ENTERPRISE FUNDS BUDGETARY BASIS JUNE 30, 2018

	Bookstore	Food Service Operations	Wickiup Hall	Juniper Hall	Totals	
					2018	2017
Operating revenue						
Charges for services	\$ 1,853,663	\$ 1,467,013	\$ 2,118,780	\$	\$ 5,439,456	\$ 5,814,944
Total operating revenue	<u>1,853,663</u>	<u>1,467,013</u>	<u>2,118,780</u>	<u></u>	<u>5,439,456</u>	<u>5,814,944</u>
Operating expenses						
Salaries	325,486	48,023	226,152		599,661	637,275
Payroll assessments	223,274	29,991	160,635		413,900	386,918
Materials and services	1,370,720	924,080	547,795		2,842,595	3,284,167
Capital outlay	258	7,887	21,095		29,240	11,291
Depreciation	53,366	4,373	474,138	6,611	538,488	531,781
Total operating expenses	<u>1,973,104</u>	<u>1,014,354</u>	<u>1,429,815</u>	<u>6,611</u>	<u>4,423,884</u>	<u>4,851,432</u>
Operating income (loss)	<u>(119,441)</u>	<u>452,659</u>	<u>688,965</u>	<u>(6,611)</u>	<u>1,015,572</u>	<u>963,512</u>
Non-operating revenue (expenses)						
Interest income	27,530	11,705	17,831	3,638	60,704	23,777
Operating transfer in			482,000		482,000	443,500
Operating transfer out			(1,442,789)		(1,442,789)	(1,406,088)
Total non-operating revenue (expenses)	<u>27,530</u>	<u>11,705</u>	<u>(942,958)</u>	<u>3,638</u>	<u>(900,085)</u>	<u>(938,811)</u>
Net income (loss)	<u>(91,911)</u>	<u>464,364</u>	<u>(253,993)</u>	<u>(2,973)</u>	<u>115,487</u>	<u>24,701</u>
FUND EQUITY - beginning of year	<u>2,991,436</u>	<u>456,175</u>	<u>20,104,658</u>	<u>324,509</u>	<u>23,876,778</u>	<u>23,852,077</u>
FUND EQUITY - end of year	<u>\$ 2,899,525</u>	<u>\$ 920,539</u>	<u>\$ 19,850,665</u>	<u>\$ 321,536</u>	<u>\$ 23,992,265</u>	<u>\$ 23,876,778</u>

CENTRAL OREGON COMMUNITY COLLEGE

COMBINING SCHEDULE OF CASH FLOWS ALL ENTERPRISE FUNDS BUDGETARY BASIS JUNE 30, 2018

	Bookstore	Food Service Operations	Wickiup Hall
Cash flows from operating activities			
Cash received for services	\$ 1,857,991	\$ 1,417,763	\$ 1,998,413
Cash payments for goods and services	(1,236,139)	(941,291)	(517,498)
Cash payments to employees	(548,760)	(78,014)	(386,787)
Net cash flows from operating activities	73,092	398,458	1,094,128
Cash flows from non-capital financing activities			(960,789)
Cash flows from capital and related financing activities			
Acquisition of building, improvements and equipment		(16,552)	
Net cash flows from capital and related financing activities		(16,552)	
Cash flows from investing activities			
Interest earned	27,530	11,705	17,831
Net cash flows from investing activities	27,530	11,705	17,831
Net increase in cash and cash equivalents	100,622	393,611	151,170
Cash and cash equivalents - beginning of year	1,902,254	631,276	1,185,296
Cash and cash equivalents - end of year	\$ 2,002,876	\$ 1,024,887	\$ 1,336,466
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ (119,441)	\$ 452,659	\$ 688,965
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	53,366	4,373	474,138
Decrease in accounts receivable	4,328		
Decrease in inventory	134,826		
Increase (decrease) in accounts payable	13	(9,324)	51,392
Increase (decrease) in deferred revenue		(49,250)	(120,367)
Net cash flows from operating activities	\$ 73,092	\$ 398,458	\$ 1,094,128

Juniper Hall	Totals	
	2018	2017
\$	\$ 5,274,167	\$ 5,951,476
	(2,694,928)	(3,165,473)
	(1,013,561)	(1,024,193)
	1,565,678	1,761,810
	(960,789)	(962,588)
	(16,552)	(40,000)
	(16,552)	(40,000)
3,638	60,704	23,777
3,638	60,704	23,777
3,638	649,041	782,999
255,627	3,974,453	3,191,454
\$ 259,265	\$ 4,623,494	\$ 3,974,453
\$ (6,611)	\$ 1,015,572	\$ 963,512
6,611	538,488	531,781
	4,328	34,778
	134,826	118,919
	42,081	11,066
	(169,617)	101,754
\$ -	\$ 1,565,678	\$ 1,761,810

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES BOOKSTORE FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Sales	\$ 3,200,000	\$ 3,200,000	\$ 1,853,663	\$ (1,346,337)
Interest	17,220	17,220	27,530	10,310
Total Revenue	3,217,220	3,217,220	1,881,193	(1,336,027)
Beginning available resources	2,080,500	2,080,500	2,446,634	366,134
<i>Total available for appropriation</i>	5,297,720	5,297,720	4,327,827	(969,893)
Expenditures				
Personnel services	665,481	665,481	548,760	(116,721)
Material and services	2,289,450	2,289,450	1,370,720	(918,730)
Capital outlay	50,000	50,000	258	(49,742)
Transfers to other funds	90,000	90,000		(90,000)
Total Expenditures	3,094,931	3,094,931	1,919,738	(1,175,193)
Ending available resources	\$ 2,202,789	\$ 2,202,789	\$ 2,408,089	\$ 205,300
Analysis of ending available resources				
Current assets			\$ 2,414,109	
less liabilities			(6,020)	
			\$ 2,408,089	

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES FOOD SERVICES OPERATIONS FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenue				
Local:				
Sales	\$ 1,500,000	\$ 1,500,000	\$ 1,467,013	\$ (32,987)
Interest	2,733	2,733	11,705	8,972
Total Revenue	1,502,733	1,502,733	1,478,718	(24,015)
Beginning available resources	187,900	187,900	456,175	268,275
<i>Total available for appropriation</i>	1,690,633	1,690,633	1,934,893	244,260
Expenditures				
Personnel services	31,213	31,213	78,014	46,801
Material and services	1,403,055	1,403,055	924,080	(478,975)
Capital outlay	50,000	50,000	24,439	(25,561)
Total Expenditures	1,484,268	1,484,268	1,026,533	(457,735)
Ending available resources	\$ 206,365	\$ 206,365	\$ 908,360	\$ 701,995
Analysis of ending available resources				
Current assets			\$ 1,024,887	
less liabilities			(116,527)	
			\$ 908,360	

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES WICKIUP HALL FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Room and board	\$ 2,752,440	\$ 2,752,440	\$ 2,118,780	\$ (633,660)
Interest	6,455	6,455	17,831	11,376
Transfer from other funds	<u>482,000</u>	<u>482,000</u>	<u>482,000</u>	
Total Revenue	<u>3,240,895</u>	<u>3,240,895</u>	<u>2,618,611</u>	<u>(622,284)</u>
Beginning available resources	<u>541,931</u>	<u>541,931</u>	<u>926,098</u>	<u>384,167</u>
<i>Total available for appropriation</i>	<u>3,782,826</u>	<u>3,782,826</u>	<u>3,544,709</u>	<u>(238,117)</u>
Expenditures				
Personnel services	414,815	414,815	386,785	(28,030)
Material and services	646,183	646,183	547,798	(98,385)
Capital			21,095	21,095
Transfers to other funds	<u>1,442,789</u>	<u>1,442,789</u>	<u>1,442,789</u>	
Total Expenditures	<u>2,503,787</u>	<u>2,503,787</u>	<u>2,398,467</u>	<u>(105,320)</u>
Ending available resources	<u>\$ 1,279,039</u>	<u>\$ 1,279,039</u>	<u>\$ 1,146,242</u>	<u>\$ (132,797)</u>
Analysis of ending available resources				
Current assets			\$ 1,336,466	
Less liabilities			<u>(190,224)</u>	
			<u>\$ 1,146,242</u>	

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES JUNIPER HALL FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
Room and board	\$ 200,000	\$ 200,000	\$	\$ (200,000)
Interest	<u>2,992</u>	<u>2,992</u>	<u>3,638</u>	<u>646</u>
Total Revenue	<u>202,992</u>	<u>202,992</u>	<u>3,638</u>	<u>(199,354)</u>
Beginning available resources	<u>250,000</u>	<u>250,000</u>	<u>255,627</u>	<u>5,627</u>
<i>Total available for appropriation</i>	<u>452,992</u>	<u>452,992</u>	<u>259,265</u>	<u>(193,727)</u>
Expenditures				
Personnel services				
Material and services	<u>101,500</u>	<u>101,500</u>	<u></u>	<u>(101,500)</u>
Total Expenditures	<u>101,500</u>	<u>101,500</u>	<u></u>	<u>(101,500)</u>
Ending available resources	<u>\$ 351,492</u>	<u>\$ 351,492</u>	<u>\$ 259,265</u>	<u>\$ (92,227)</u>
Analysis of ending available resources				
Current assets			\$ 259,265	
Less liabilities			<u></u>	
			<u>\$ 259,265</u>	

Internal Service Fund

This fund is used to account for the financing of services charged on cost reimbursement basis to other departments.

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF ASSETS, LIABILITIES AND FUND EQUITY INTERNAL SERVICE FUND

JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Pooled cash and investments	\$ 248,741	\$ 304,655
Total current assets	<u>248,741</u>	<u>304,655</u>
Capital Assets		
Building and equipment	83,172	83,172
Accumulated depreciation	<u>(55,662)</u>	<u>(47,153)</u>
Net building and equipment	<u>27,510</u>	<u>36,019</u>
TOTAL ASSETS	<u>\$ 276,251</u>	<u>\$ 340,674</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable	\$ 3,538	\$ 6,095
Total liabilities	<u>3,538</u>	<u>6,095</u>
Fund Equity		
Retained earnings - unreserved	<u>272,713</u>	<u>334,579</u>
Total Fund Equity	<u>272,713</u>	<u>334,579</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 276,251</u>	<u>\$ 340,674</u>

CENTRAL OREGON COMMUNITY COLLEGE

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUND JUNE 30, 2018

	Centralized Services	Copier Activities	Totals	
			2018	2017
Operating revenue				
Charges for services	\$ 105,668	\$ 113,027	\$ 218,695	\$ 234,746
Total operating revenue	<u>105,668</u>	<u>113,027</u>	<u>218,695</u>	<u>234,746</u>
Operating expenses				
Salaries	58,592		58,592	52,333
Payroll assessments	51,048		51,048	48,909
Materials and services	53,722	102,366	156,088	172,895
Capital outlay	236		236	
Depreciation	8,508		8,508	7,760
Total operating expenses	<u>172,106</u>	<u>102,366</u>	<u>274,472</u>	<u>281,897</u>
Operating income (loss)	<u>(66,438)</u>	<u>10,661</u>	<u>(55,777)</u>	<u>(47,151)</u>
Non-operating revenue (expenses)				
Interest income	3,749	162	3,911	2,246
Operating transfer out	<u>(10,000)</u>		<u>(10,000)</u>	
Total non-operating revenue (expenses)	<u>(6,251)</u>	<u>162</u>	<u>(6,089)</u>	<u>2,246</u>
Net income (loss)	(72,689)	10,823	(61,866)	(44,905)
FUND EQUITY - beginning of year	<u>(46,982)</u>	<u>2,077</u>	<u>334,579</u>	<u>379,484</u>
FUND EQUITY - end of year	<u>\$ (119,671)</u>	<u>\$ 12,900</u>	<u>\$ 272,713</u>	<u>\$ 334,579</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF CASH FLOWS

INTERNAL SERVICE FUND

JUNE 30, 2018

	Totals	
	2018	2017
Cash flows from operating activities		
Cash received from users	\$ 218,695	\$ 234,746
Cash payments for goods and services	(158,880)	(179,974)
Cash payments to employees	(109,640)	(101,242)
Net cash flows from operating activities	(49,825)	(46,470)
Cash flows from non-capital financing activities	10,000	
Cash flows from capital and related financing activities		
Acquisition of building, improvements and equipment		(22,436)
Net cash flows from capital and related financing activities		(22,436)
Cash flows from investing activities		
Interest earned	3,911	2,246
Net cash flows from investing activities	3,911	2,246
Net decrease in cash and cash equivalents	(35,914)	(66,660)
Cash and cash equivalents - beginning of year	304,655	371,315
Cash and cash equivalents - end of year	\$ 268,741	\$ 304,655
Reconciliation of operating income to net cash flows from operating activities		
Operating income (loss)	\$ (55,777)	\$ (47,151)
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	8,508	7,760
Decrease in accounts payable	(2,556)	(7,079)
Net cash flows from operating activities	\$ (49,825)	\$ (46,470)

CENTRAL OREGON COMMUNITY COLLEGE

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES
CENTRALIZED SERVICES FUND
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
User charges	\$ 170,000	\$ 170,000	\$ 105,668	(64,332)
Interest	2,647	2,647	3,749	1,102
Total Revenue	172,647	172,647	109,417	(63,230)
Beginning available resources	296,740	296,740	294,434	(2,306)
<i>Total available for appropriation</i>	469,387	469,387	403,851	(65,536)
Expenditures				
Personnel services	108,696	108,696	109,640	944
Material and services	95,000	95,000	53,722	(41,278)
Capital outlay	32,500	32,500	236	(32,264)
Transfers to other funds	10,000	10,000	10,000	
Total Expenditures	246,196	246,196	173,598	(72,598)
Ending available resources	\$ 223,191	\$ 223,191	\$ 230,253	\$ 7,062
Analysis of ending available resources				
Current assets			\$ 232,423	
Less liabilities			(2,170)	
			\$ 230,253	

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN AVAILABLE RESOURCES COPIER ACTIVITIES FUND BUDGETARY BASIS YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenue				
Local:				
User charges	\$ 102,000	\$ 102,000	\$ 113,027	\$ 11,027
Interest			162	162
Total Revenue	<u>102,000</u>	<u>102,000</u>	<u>113,189</u>	<u>11,189</u>
Beginning available resources	<u>2,000</u>	<u>2,000</u>	<u>4,126</u>	<u>2,126</u>
<i>Total available for appropriation</i>	<u>104,000</u>	<u>104,000</u>	<u>117,315</u>	<u>13,315</u>
Expenditures				
Material and services	103,000	103,000	102,366	(634)
Capital purchases	<u>1,000</u>	<u>1,000</u>		<u>(1,000)</u>
Total Expenditures	<u>104,000</u>	<u>104,000</u>	<u>102,366</u>	<u>(1,634)</u>
Ending available resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,949</u>	<u>\$ 14,949</u>
Analysis of ending available resources				
Current assets			\$ 16,317	
Less liabilities			<u>(1,368)</u>	
			<u>\$ 14,949</u>	

Permanent Fund

Permanent funds report resources that are legally restricted in that only earnings, and not principal, may be used to support the government's programs for the benefit of the government or its citizens.

CENTRAL OREGON COMMUNITY COLLEGE

**SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
NON-EXPENDABLE TRUST FUND**

BUDGETARY BASIS

YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Pooled cash and investments	\$ 455,748	\$ 452,127
Beneficial interest in perpetual trust	<u>1,304,935</u>	<u>1,292,890</u>
Total assets	<u>\$ 1,760,683</u>	<u>\$ 1,745,017</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	<u>\$ 77,826</u>	<u>\$ 75,754</u>
Total liabilities	<u>77,826</u>	<u>75,754</u>
Fund Balance:		
Reserved for endowments	1,549,733	1,549,733
Unreserved	<u>133,124</u>	<u>119,530</u>
Total fund equity	<u>1,682,857</u>	<u>1,669,263</u>
Total liabilities and fund equity	<u>\$ 1,760,683</u>	<u>\$ 1,745,017</u>

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-EXPENDABLE TRUST FUND BUDGETARY BASIS JUNE 30, 2018

	Totals	
	2018	2017
Operating expenses		
Materials and services	\$ 98,967	\$ 89,347
Operating loss	(98,967)	(89,347)
Non-operating revenue		
Interest income	6,549	4,002
Net-gain on perpetual trust	106,012	155,846
Total non-operating revenue	112,561	159,848
Net gain	13,594	70,501
FUND BALANCE - beginning of year	1,669,263	1,598,762
FUND BALANCE - end of year	\$ 1,682,857	\$ 1,669,263

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-EXPENDABLE TRUST FUND

BUDGETARY BASIS

YEAR ENDED JUNE 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget Over (Under)</u>
BEGINNING FUND BALANCE	\$ 1,669,263	\$ 373,652	\$ 1,295,611
Revenue			
Interest	6,549	3,736	2,813
Net gain on perpetual trust	<u>106,012</u>		<u>106,012</u>
Total Revenue	<u>112,561</u>	<u>3,736</u>	<u>108,825</u>
<i>Total available for appropriation</i>	<u>1,781,824</u>	<u>377,388</u>	<u>1,404,436</u>
Expenses			
Scholarships	<u>98,967</u>	<u>7,000</u>	<u>91,967</u>
Total Expenditures	<u>98,967</u>	<u>7,000</u>	<u>91,967</u>
ENDING FUND BALANCE	<u>\$ 1,682,857</u>	<u>\$ 370,388</u>	<u>\$ 1,312,469</u>

INDEPENDENT AUDITORS' REPORT REQUIRED BY STATE REGULATIONS

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Officials
Central Oregon Community College
Bend, Oregon

We have audited the basic financial statements of Central Oregon Community College (the College), as of and for the year ended June 30, 2018, and have issued our report thereon dated December 11, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS – CONTINUED**

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the management, the audit committee, the Board of Officials, federal awarding agencies and passthrough entities of the College, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 11, 2018

SINGLE AUDIT ACT REQUIREMENTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Central Oregon Community College
Bend, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Oregon Community College (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – CONTINUED**

deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 11, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Central Oregon Community College
Bend, Oregon

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Unmodified Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

PRICE FRONK & CO.

Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 11, 2018

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Central Oregon Community College (the College).
2. No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
3. No instances of noncompliance required to be reported under *Government Auditing Standards* were identified during the audit of the financial statements.
4. No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the College expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the College are reported in this Schedule.
7. The programs tested as major programs were:
 - U.S. Department of Education, Student Financial Assistance Cluster:
 - CFDA # 84.007 – Supplemental Educational Opportunity Grants (SEOG)
 - CFDA # 84.033 – College Work Study Program (CWS)
 - CFDA # 84.063 – Pell Grant Program (PELL)
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The College was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CENTRAL OREGON COMMUNITY COLLEGE

STATUS OF PRIOR YEAR (2017) FINDINGS
YEAR ENDED JUNE 30, 2018

No prior year findings

CENTRAL OREGON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Education			
Student financial assistance direct programs:			
Supplemental Educational Opportunity Grants	84.007	N/A	\$ 201,400
College Work Study Program	84.033	N/A	150,554
Pell Grant Programs	84.063	N/A	<u>7,637,415</u>
Subtotal student financial assistance cluster			<u>7,989,369</u>
Higher Education Institutional Aid	84.031	N/A	383,956
Passed through the Oregon Department of Education:			
Adult Education - State Grant Program	84.002	16-366B	<u>167,662</u>
Total Department of Education			<u>8,540,987</u>
National Science Foundation			
Direct program:			
Education and Human Resources	47.076	N/A	129,562
Small Business Administration			
Passed through Lane Community College:			
Small Business Development Centers	59.037	SBA-2016-141	<u>60,655</u>
Total federal assistance			<u>\$ 8,731,204</u>

CENTRAL OREGON COMMUNITY COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

Note A - Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of Central Oregon Community College (the College) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 United States 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 of the College it is not intended to and does not present the financial position, change in net assets or cash flows of the College.

Note B - Summary of Significant Accounting Policies

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.

Note C - Indirect Cost Rate

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Federal Loan Programs

In addition to direct financial assistance, federal guaranteed loans in the amount of \$10,096,779 were administered during the year ended June 30, 2018.