OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

COMMUNICATION TO THE GOVERNING BODY

FOR THE YEAR ENDED JUNE 30, 2016

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
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January 18, 2017

To the Board of Directors
Oregon Coast Community College

We have audited the accompanying basic financial statements of Oregon Coast Community College for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter – an unmodified opinion on the financial statements has been issued. This means we have given a "clean" opinion with no reservations.

2. State minimum standards – We found no exceptions or issues requiring comment.

3. Management letter – We issued a separate management letter dated January 18, 2017 detailing a significant deficiency in internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016, except for the implementation of GASB 72. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates were the actuarially determined pension liability which was related to the College's portion of statewide PERS obligations. Other significant estimates were the College's estimate of capital asset depreciation and accounts receivable, which are related to the individual assets' estimated useful lives and the collectability of receivables. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. There were no immaterial uncorrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

With respect to the other information accompanying the financial statements, we read the information to identify if any material inconsistencies or misstatement of facts existed with the audited financial statements. Our results noted no material inconsistencies or misstatement of facts.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accounts and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

IMPLICIT RATE SUBSIDY FOR OPEBs

In Oregon, an implicit rate subsidy is required for almost all entities, due to the fact that Oregon law requires that any retiree be allowed to buy-back into their former employer's health insurance plan. In the past, relatively small employers participating in a large, pooled health plan were sometimes exempt from having to account for an implicit rate subsidy due to a "community-rating" exception. In general, this exception applied when the claims experience of an individual employer would have virtually no impact on the premium being charged to that employer. The accounting standards that apply to OPEBs refer to the Actuarial Standards of Practice (ASOPs) in determining whether a community-rated situation applied. However, the newly revised ASOP 6 virtually eliminated the concept of the community-rating exception. As a result, agencies participating in community-rated plans that had previously been exempt from reporting liabilities due to an implicit rate subsidy may now be required to do so. We recommend that Management contact an actuary to determine if an actuarial study is required.

This information is intended solely for the use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

OREGON COAST COMMUNITY COLLEGE
400 SE COLLEGE WAY
NEWPORT, OREGON 97366

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BOARD OF DIRECTORS

Name and Address	Position	Term Expires
Jeff Ouderkirk P.O. Box 1167 Newport, OR 97365	Director-Zone 3	June 30, 2019
Alison Nelson-Robertson P.O. Box 448 Lincoln City, OR 97367	Director-Zone 2	June 30, 2017
Chris Chandler P.O. Box 578 Newport, OR 97365	Chair Director-Zone 5	June 30, 2017
Clifford Ryer 9580 Egret Street Seal Rock, OR 97376	Vice-Chair Director-Zone 6	June 30, 2019
Richard Emery PO Box 454 Neotsu, OR 97364	Director-Zone 1	June 30, 2017
Nancy Osterlund 1922 SE Alder Lane Drive Toledo, OR 97391	Director-Zone 4	June 30, 2019
Debbie Kilduff P.O. Box 1203 Waldport, OR 97394	Director-Zone 7	June 30, 2019

ADMINISTRATION

Dr. Brigitte Ryslinge
President
Date Appointed: July 1, 2014

MAILING ADDRESS

Oregon Coast Community College
400 SE College Way
Newport, Oregon 97366
Phone (541) 265-2283 – Fax (541) 265-3820

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January 18, 2017

To the Board of Directors
Oregon Coast Community College
Newport, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the basic financial statements of the Oregon Coast Community College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Oregon Coast Community College at June 30, 2016, changes in financial position, and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The College adopted the provisions of GASB 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The Schedule of the Proportionate Share of the Net Pension Liability and Contributions, as listed in the table of contents, 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 records used to prepare the financial statements or to 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 in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 18, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Ken Allen

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the College's annual financial performance provides an overview of the financial activities of Oregon Coast Community College (the College) for the fiscal year ended June 30, 2016. This report has been prepared by management and should be read in conjunction with the College's Financial Statements. It is a required component of an annual financial report prepared in accordance with Generally Accepted Accounting Principles. The discussion is designed to assist readers in understanding the accompanying financial statements through an objective and easily readable analysis of the College's financial activities.

Overview of the Financial Statements

The discussion and analysis serves as an introduction to the College's basic entity-wide financial statements. 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 financial statements focus on the College's overall financial condition, its results of operations and its cash flows. The entity-wide statements are comprised of the following:

- The ***Statement of Net Position*** presents the College's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four reported as *net position.* Over time, increases or decreases in net position are indicators of the improvement or erosion of the College's financial condition. 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 method of accounting, which records transactions as soon as they occur, regardless when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of the assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Primary sources of operating revenues include tuition, grants and contracts. State appropriations and property taxes are classified as non-operating revenues.

- The ***Statement of Cash Flows*** presents information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and the College's ability to meet financial obligations as they become due.

- The ***Notes to the Basic Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

The ***Fund Financial Statements*** are included in a latter section of the financial report. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of, and compliance with, annual budgets. Fund financial statements also report the College's operations in more detail than the government-wide financial statements by providing information about the College's most significant fund, the general fund. The remaining statement, the ***Statement of Fiduciary Net Position***, presents financial information about activities for which the College acts solely as an agent for the benefit of students.

Financial Highlights

- As of June 30, 2016 the College's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by $11,393,159 (*Net Position*). Of this amount, ($1,212,073) is classified as unrestricted net position. The largest component, of net position, $12,601,032, is the College's investment in capital assets, which represents its land, buildings, machinery and equipment, net of accumulated depreciation and related debt. The College uses these capital assets to provide educational services to its students consequently, these assets are not available for future spending.

- On June 25, 2012, the Governmental Accounting Standards Board approved a new standard, GASB 68, *Accounting Financial Reporting for Pensions*, which is designed to improve accounting and financial reporting for state and local government pension plans. The standard became effective for fiscal years starting after June 15, 2014 and set new accounting and financial reporting requirements for government employer plans administered through irrevocable trusts. More information can be found in Note 5, *Defined Benefit Pension Plan* of the Notes to the Basic Financial Statement.

- The College's Net Position as of July 1, 2014 was restated due to the College's adoption of GASB 68. The restatement involved the write off of the College's Prepaid Pension Asset of $1,691,421 along with the recording of amounts for the College's Proportionate Share of the Net PERS Pension Liability and Pension Related Deferral. This changed the beginning-of-the-fiscal-year Net Position from $13,428,721 to $11,386,418.

- In response to continued state funding uncertainties due to lower enrollments, the College was deliberate and thoughtful in the execution of the fiscal year operating budget.

Analysis of the Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows of the College using the accrual basis of accounting. Net position is the difference between assets plus deferred outflows, and liabilities plus deferred inflows. It is an important measure of the financial condition of the college.

	2016	2015	% Change
Assets			
Current assets	$ 2,412,464	$ 2,398,829	0.6%
Capital assets, net of depreciation	27,416,002	28,562,531	-4.0%
Total Assets	$ 29,828,466	$ 30,961,360	-3.7%
Deferred Outflows of Resources			
Pension Related Deferrals	$ 325,002	$ 339,403	-4.2%
Deferred Loss on Bond Refunding	$ 1,204,625	$ 1,338,459	-10.0%
Total Deferred Outflows	$ 1,529,627	$ 1,677,862	-8.8%
Liabilities			
Current Liabilities	$ 2,084,017	$ 2,107,613	-1.1%
Long-term debt, non-current portion	17,586,708	17,944,595	-2.0%
Total liabilities	$ 19,670,725	$ 20,052,208	-1.9%
Deferred Inflows of Resources			
Net Pension Deferrals	$ 294,209	$ 460,935	-36.2%
Net Position			
Invested in capital assets, net of related debt	$ 12,601,032	$ 12,537,551	0.5%
Restricted	4,200	-	0.0%
Unrestricted	(1,212,073)	(411,472)	194.6%
Total net position	$ 11,393,159	$ 12,126,079	-6.0%

At June 30, 2016 the College's current assets of $2,412,464 was sufficient to cover the College's current liabilities of $1,960,173. This represents a current ratio of 1.23. Current assets consist primarily of cash and cash equivalents, receivables from student accounts, property taxes and grants. The College's pension related deferred outflows of $325,002 represents actuarial adjustments related to the pension plan that have a positive effect on Net Position. Included in noncurrent assets are capital assets, net of accumulated depreciation, used to provide services to students.

Current liabilities primarily consist of accounts payable, payroll and payroll taxes payable, current maturities of long-term obligations, deferred revenue from property taxes, and compensated absences. Long-term debt represents the non-current portion of debt relating to general obligation bonds and pension bonds. It also includes a net pension deferral amount related to the new reporting requirements under GASB 68.

Within Net Position, the "invested in capital assets" amount of $12,601,032 represents the total original cost of all of the College's land, buildings, machinery and equipment and infrastructure, less total accumulated depreciation on these assets, and also less debt related to their acquisition.

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

The statement of Revenues, Expenses and Changes in Net Position presents the operating results of the College as well as the non-operating revenues and expenses. Annual state reimbursements and property taxes, while budgeted to fund operations, are considered non-operating revenues according to generally accepted accounting principles in the United States of America (GAAP).

		2016		2015	% Change
Total operating revenues	$	1,707,386	$	1,805,161	-5.4%
Total operating expenses		7,072,570		5,768,057	22.6%
Operating loss	$	(5,365,184)	$	(3,962,896)	35.4%
Non-operating revenues, net		4,632,264		4,826,638	-4.0%
Total decrease in net position		(732,920)		863,742	-184.9%
Net position, beginning of year, as restated		12,126,079		11,262,337	7.7%
Net position, end of year	$	11,393,159	$	12,126,079	-6.0%

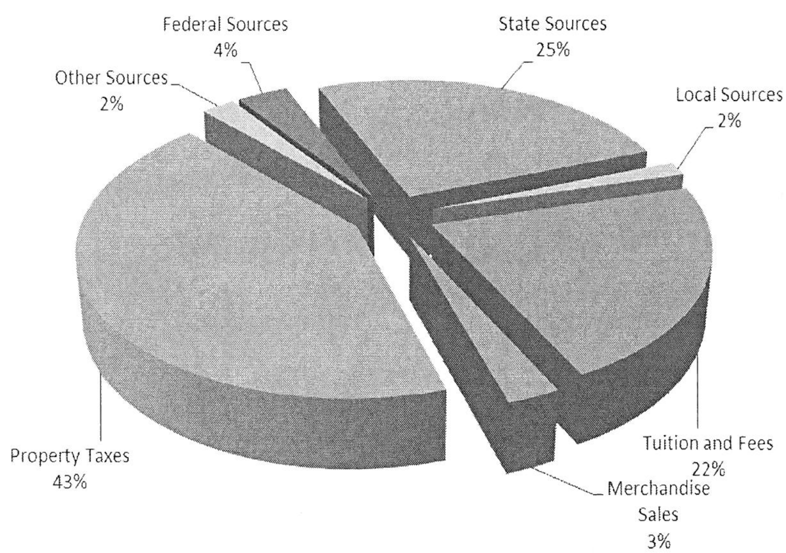
Revenues:

The most significant sources of operating revenue for the college are State funding, student tuition and fees, property taxes and federal, state and local grants and contracts. Tuition and fees totaled $1,522,841 which was a slight decline from last year's amount due to the lower enrollments that community colleges state-wide are experiencing.

Appropriations from the State of Oregon constituted 25% of non-operating revenue. The College received $1,774,349 in State funding in this fiscal year, which represented a 12% increase over the prior year. The largest source of non-operating of revenue was property taxes of $2,973,166 received from the local college district taxpayers of Lincoln County.

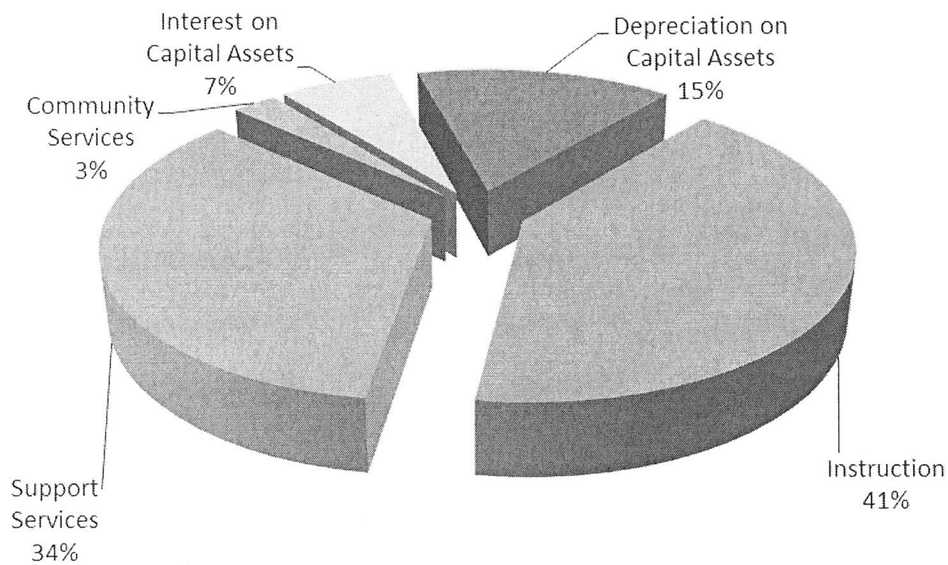
Of the $2,973,166 property tax resources, $1,807,091 was received as a result of the general obligation bond levy approved by the voters in May 2004 and was used solely for the purpose of servicing the long-term debt obligation. The amount of property taxes levied to fund general operations of the College was $1,155,802.

The following graph shows the allocation of total revenues for the College:



Expenses:
Operating expenses totaling $7,072,570 include salaries and benefits, materials and supplies, utilities, grant expenses and depreciation of capital assets. Operating expenses show an increase of 22% over FY 2014-2015 primarily due to increased technology costs, the addition of several support staff positions and an increase in the estimated long term pension obligations.

The following graph shows the allocation of total expenses for the college:



Analysis of the Statement of Cash Flows
This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a stated period. The statement of cash flows also helps users assess the ability of the college to meet obligations as they become due and the need for external financing.

In summary, the cash flows for the year were:

	2016	2015	% Change
Cash Provided by (Used In):			
Operating Activities	$ (2,903,305)	$ (3,532,403)	-17.8%
Noncapital Financing Activities	5,256,324	5,479,458	-4.1%
Capital Financing Activities	(1,921,596)	(1,894,741)	1.4%
Investing Activities	7,526	5,024	49.8%
Net change in cash	438,949	57,338	665.5%
Cash - Beginning of year	1,311,138	1,253,800	4.6%
Cash - End of year	$ 1,750,087	$ 1,311,138	33.5%

The major sources of cash from operating activities include student tuition and fees, grants and contracts and auxiliary enterprises. Major uses were payments made to employees, employee benefit programs and vendors.

State reimbursements and property taxes are the primary source of non-capital financing. Accounting standards require that the College reflect these sources of revenue as non-operating even though the College's budget depends on these revenues for ongoing operations. Property taxes are assessed to property owners within the College's tax base of Lincoln County, Oregon. Beginning July 2004, the College levied additional property taxes required to service the resulting long-term obligation.

Cash payments for the acquisition of capital assets and principal and interest payments on long-term debt are the primary uses of capital financing cash activities.

Capital Assets and Debt Administration

At June 30, 2016 the College had $27,416,002, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, and equipment. Additional information pertaining to the College's capital assets is located in Note 4 to these financial statements.

At June 30, 2016 the College had total long-term obligations outstanding of $19,090,552. Of this amount, $17,944,595 was the balance of the College's outstanding bonds. $1,145,957 was the District's proportionate share of the state-wide net pension liability. Additional information pertaining to the College's long-term obligations is located in Notes 5 and 7 to these financial statements.

Requests for Information

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

Chief of Finance and Operations
Oregon Coast Community College
400 SE College Way
Newport, Oregon 97366

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BASIC FINANCIAL STATEMENTS

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF NET POSITION
June 30, 2016

ASSETS:		
Current:		
Cash and Cash Equivalents	$	1,750,087
Receivables, net		563,883
Inventory		29,015
Prepaid Expenses		69,479
Total Current Assets		2,412,464
Non-current:		
Capital Assets, net		27,416,002
Total Assets		29,828,466
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferrals		325,002
Deferred Loss on Bond Refunding		1,204,625
Total Deferred Outflows		1,529,627
Total Assets and Deferred Outflows	$	31,358,093
LIABILITIES:		
Accounts Payable	$	101,866
Payroll Liabilities		405,960
Accrued Vacation		52,436
Unearned Revenue		10,279
Due to Other Groups		9,632
Current Portion of Long Term Debt		1,503,844
Total Current Liabilities		2,084,017
Long Term Liabilities:		
Proportionate Share of the Net Pension Liability		1,145,957
Bonds Payable		16,440,751
Total Long Term Liabilities		17,586,708
Total Liabilities		19,670,725
DEFERRED INFLOWS:		
Pension Deferrals		294,209
NET POSITION:		
Net Investment in Capital Assets		12,601,032
Restricted for:		
Grant Purpose Requirements		4,200
Unrestricted		(1,212,073)
Total Net Position		11,393,159
Total Liabilities, Deferred Inflows and Net Position	$	31,358,093

The accompanying notes are an integral part of this statement.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

OPERATING REVENUES		
Tuition and Fees	$	1,522,841
Merchandise Sales		184,545
Total Operating Revenues		1,707,386
OPERATING EXPENSES		
Instruction		3,122,404
Support Services		2,605,258
Community Services		198,379
Depreciation		1,146,529
Total Operating Expenses		7,072,570
Operating Income (Loss)		(5,365,184)
NONOPERATING REVENUES (EXPENSES)		
Property Taxes		2,973,166
Interest Income		7,526
Miscellaneous		154,275
Interest Expense		(497,752)
Federal Sources		247,937
State Sources		1,774,349
Local Sources		106,597
Amortization of Deferred Loss on Bond Refunding		(133,834)
Net Nonoperating Revenues (Expenses)		4,632,264
Increase (Decrease) in Net Position		(732,920)
Net Position, Beginning of the Year		12,126,079
Net Position, End of the Year	$	11,393,159

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2016

Cash Flows From Operating Activities:		
Cash Received from Customers	$	2,123,821
Cash Paid to Suppliers		(1,558,448)
Cash Paid to Employees		(3,468,678)
Net cash provided (used) by Operating activities		(2,903,305)
Cash flows from investing activities		
Interest on Investments		7,526
Net cash provided (used) by Investing activities		7,526
Cash flows from Noncapital financing activities		
Cash Received from Property Taxes		2,973,166
Cash Received from State		1,774,349
Cash Received from Federal Sources		247,937
Cash Received from Local Sources		260,872
Net cash provided (used) by Noncapital financing activities		5,256,324
Cash flows from Capital Financing activities		
Debt Principal Paid		(1,300,000)
Debt Interest Paid		(621,596)
Net cash provided (used) by Capital financing activities		(1,921,596)
Net increase (decrease) in cash and investments		438,949
Cash and investments, beginning of year		1,311,138
Cash and investments, end of year	$	1,750,087
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(5,365,184)
Depreciation Expense		1,146,529
Pension Adjustments		993,632
(Increase) Decrease in Inventory		283
(Increase) Decrease in Receivables		467,351
(Increase) Decrease in Prepaid Expenses		(42,320)
Increase (Decrease) in Payables		(12,993)
Increase (Decrease) in Unearned Revenue		(8,596)
Increase (Decrease) in Due to Other Groups		(2,122)
Increase (Decrease) in Payroll Liabilities		(79,885)
Net Cash Provided by Operating Activities	$	(2,903,305)
Non-Cash Investing, Capital and Financing Activities:		
Amortization of Premium on Bond Issue	$	123,844
Amortization of Deferred Loss on Bond Refunding		(133,834)

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies are described below.

REPORTING ENTITY

The Oregon Coast Community College ("College") was formed on May 19, 1987. The College is managed by a seven member Board of Directors whose members are elected independently.

The accompanying financial statements present the College and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The College does not have any component units.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance 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 of 1999. The College now follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities.

BASIS OF ACCOUNTING

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenue in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. Under terms of grant agreements, the College funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted portions of net position available to finance the program. It is the College's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. The College's basic financial statements have elected to apply all applicable GASB pronouncements.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING REVENUES AND EXPENSES

Proprietary funds (enterprise) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is tuition and sale of educational material. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except the property taxes received after year-end are not considered budgetary resources in the funds. A budget is not prepared for the agency funds as allowed by Oregon law.

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

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

- Instruction
- Supporting Services
- Enterprise & Community Services
- Facilities Acquisition and Construction
- Other Uses - Debt Service and Interfund Transfers
- Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. The College did not adopt any supplemental budgets during 2015-2016.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts no changes in year. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2016.

CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, the statement of net position and the balance sheets, monies in the Oregon State Local Government Investment Pool, savings deposits, and demand deposits are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the County.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

INVENTORIES

Inventories are valued at the lower of cost (using the first-in/first-out (FIFO) method) or market. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Vehicles and Equipment	5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the basic financial statements. No expenditure is reported for these amounts until paid. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

RETIREMENT PLANS

Substantially all of the College's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's 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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

During the 1996-1997 fiscal year, the State legislature passed HB 2610 that allows community colleges to incur bonded indebtedness.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is made up of items classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

DEFERRED OUTLOWS/INFLOWS OF RESOURCES

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

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

FAIR VALUE INPUTS, 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 up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)
Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY (CONTINUED)

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

2. CASH AND INVESTMENTS

The College's cash management policies are governed by state statutes. Statutes authorize the College to invest in bankers' acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan.

For financial reporting purposes, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

DEPOSITS

Cash and Investments at June 30, 2016 (recorded at fair value) consisted of:

Deposits with Financial Institutions:		
Petty Cash	$	3,229
Demand Deposits		238,587
Investments		1,508,271
Total Cash and Investments	$	1,750,087

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

INVESTMENTS

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

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

There were no known violations of legal or contractual provisions for deposits.

As of June 30, 2016, the College had the following investments and maturities.

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-17	18-59
State Treasurer's Investment Pool	$ 1,508,271	$ 1,508,271	$ -	$ -
Total	$ 1,508,271	$ 1,508,271	$ -	$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

The College limits investment maturities as follows:

Less than 30 days	10%
Less than 1 year	50%
Less than 18 months	65%
Less than 3 years	100%

Deposit Risk

At year-end, the College's net carrying amount of deposits was $238,587 and the bank balance was $266,668, of which $250,000 was covered by federal depository insurance. If there were uninsured balances, they would be collateralized by the State of Oregon.

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the College's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2016 the College was in compliance with all percentage restrictions.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

No more than the stated percentage of the overall portfolio will be invested in each of the following categories of securities:

U.S. Treasury Obligations	100%
Federal Instrumentality Securities	100%
Commercial Paper and Corporate Indebtedness	35%
Banker's Acceptances	25%
Local Government Investment Pool (up to Statutory limit)	100%
Time Certificates of Deposit	25%
Repurchase Agreements	100%
Obligations of the States of Oregon, California, Idaho, and Washington	25%

3. ACCOUNTS/GRANTS RECEIVABLE

Total Receivables are equal to $563,883 at June 30, 2016. Tuition receivable is recorded when earned. At June 30, 2016 total tuition receivable was $158,040, which was equal to the gross amount of $310,492 less an allowance for doubtful accounts of $152,452. The college reports about 85% of the balances that are delinquent over 90 days in the allowance account. The remaining receivables are composed of Property Taxes, Grants and other miscellaneous items as reported on page 24 and 24a.

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2016 are as follows:

	7/1/2015	Additions	Deletions	6/30/2016
Land (non depreciable)	$ 1,949,699	$ -	$ -	$ 1,949,699
Buildings	32,919,743	-	-	32,919,743
Furniture and Equipment	1,891,912		-	1,891,912
Total	36,761,354	-	-	36,761,354
Accumulated Depreciation				
Building	(6,398,649)	(1,097,325)	-	(7,495,974)
Equipment	(1,800,174)	(49,204)	-	(1,849,378)
Total	(8,198,823)	$ (1,146,529)	$ -	(9,345,352)
Totals	$ 28,562,531			$ 27,416,002

5. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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

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

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

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

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

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

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

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

i. **Pension Benefits**. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

ii. **Death Benefits**. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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

iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2016 were $147,514, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability - At June 30, 2016, the College reported a net pension liability of $1,145,957 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 December 31, 2013, the College's proportion was .02 percent.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 61,796	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	240,219
Changes in proportion and differences between College contributions and proportionate share of contributions	115,692	53,990
College contributions subsequent to measuring date	147,514	-
Deferred outflow (inflow) of resources	$ 325,002	$ 294,209
Net Pension Related Deferral at measurement date		$ 116,721

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	$ (85,028)
2018	(85,028)
2019	(85,028)
2020	129,875
2021	8,488
Total	$ (116,721)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
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	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, 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 (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 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 of the College's proportionate share of the net pension liability to changes in the discount rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-perentage-point higher (8.75 percent) than the current rate.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	(6.75%)	(7.75%)	(8.75%)
College's proportionate share of the net pension liability	$ 2,765,725	$ 1,145,957	$ (219,082)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the College for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the College.

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.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

6. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2016 is as follows:

Fund	Due From	Due To
General	$ 27,456	$ -
Debt Service	-	173,536
Special Revenue Grant	-	74,252
Reserve	160,802	-
Enterprise	-	20,910
Internal Service	80,440	-
Total	$ 268,698	$ 268,698

Interfund balances are used to fund operations between funds.

7. LONG TERM DEBT

All long-term debt obligations of the College are payable from the General and Debt Service funds.

GO Bonds

In July of 2004 the College issued general obligation bonds. The proceeds were used for capital construction projects. The interest rates range from 2.25% to 5.25%. In March of 2012, $17,295,000 of these bonds was defeased through the issuance of $17,425,000 in advance refunding bonds. The proceeds of the refunding bonds have been set aside in an irrevocable escrow account pending the call date or maturity of the defeased bonds. The interest rates on the refunding bonds range from 1.50% to 5.00%. The amount of defeased bonds outstanding (but no longer owed by the College) was $17,295,000. The advance refunding bonds were also issued at a premium of $1,609,971, resulting in a deferred loss on the transaction of $1,739,971. The premium and the deferred loss are amortized over the life of the refunding bonds and the annual amortization will offset interest expense for the year. As a result of the refunding, the College saved $1,832,419 through a reduction of total future debt service payments, and realized an economic gain of roughly $1.6 million.

Pension Obligation Bonds

In June of 2005, the College issued $2,370,000 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the College's UAL and resulted in an estimated present value savings of approximately $729,811 over the life of the bonds. The actual savings realized by the College over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the College's future required contribution rate. The interest rates range from 4.643% to 4.831%, which change over the life of the bonds.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT (CONTINUED)

Current year activity and future maturities for long term debt are as follows:

	Outstanding 7/1/2015	Issued	Matured and Redeemed	Outstanding 6/30/2016	Due in 1 Year
2005 Pension Bonds	$ 2,005,000	$ -	$ 80,000	$ 1,925,000	$ 90,000
2012 GO Refunding Bonds	16,125,000	-	1,220,000	14,905,000	1,290,000
Unamortized Premium on 2012 GO Refunding Bonds	1,238,439	-	123,844	1,114,595	123,844
Total Bonds Payable	$ 19,368,439	$ -	$ 1,423,844	$ 17,944,595	$ 1,503,844

Amounts Payable in Fiscal Year:	2005 Pension Bonds		2012 GO Refunding Bonds	
2016-2017	$ 90,000	$ 92,179	$ 1,290,000	$ 501,176
2017-2018	100,000	88,000	1,365,000	477,874
2018-2019	115,000	83,357	1,445,000	446,576
2019-2020	130,000	78,198	1,545,000	403,224
2020-2021	140,000	71,982	1,635,000	356,874
2021-2026	965,000	241,308	7,625,000	868,674
2026-2028	385,000	25,122	-	-
Total	$ 1,925,000	$ 680,146	$ 14,905,000	$ 3,054,398

8. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November 1990. School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for school operations are limited to $5.00 for each $1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that entities have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The voters of the State of Oregon passed ballot Measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available to the College for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to schools. The State of Oregon, in its 2001 legislative session, provided additional State revenues for the 2002-2003 biennium to help alleviate the impact on school operations. The ultimate impact to the College as a result of this measure is not determinable at this time.

9. RISK MANAGEMENT

The College sets aside funds to pay worker unemployment claims and insurance deductible expenses and other related costs. This activity is accounted for in the Internal Service Funds. 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. The College purchases commercial insurance to minimize its exposure to these risks. Settled claims did not exceed this commercial coverage for the past three years.

10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2016

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) College's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of :he total pensioı liability
2016	0.02 %	$ 1,145,957	$ 2,035,890	56.3 %	91.2 %
2015	0.01	(339,403)	2,068,025	(16.7)	103.6 %
2014	0.01	764,112	2,049,549	36.9	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	$ 147,514	$ 147,514	$ -	$ 1,854,386	8.0 %
2015	155,530	155,530	-	2,035,890	7.6
2014	289,149	289,149	-	2,068,025	14.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SUPPLEMENTARY INFORMATION

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS
June 30, 2016

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	DEBT SERVICE FUND	CAMPUS PROJECT FUND
ASSETS:				
Cash and Investments	$ 1,487,904	$ -	$ 260,253	$ -
Receivables:				
Property Taxes	100,463	-	151,559	-
Accounts, net	189,278	-	16,064	-
Grants and Reimbursements	-	85,926	-	-
Due From Other Funds	27,456	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	69,479	-	-	-
Total Assets	$ 1,874,580	$ 85,926	$ 427,876	$ -
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 92,766	$ 7,474	$ -	$ -
Payroll Liabilities	405,960	-	-	-
Due to Other Groups	9,632	-	-	-
Due To Other Funds	-	74,252	173,536	-
Unearned Revenue	10,279	-	-	-
Total Liabilities	518,637	81,726	173,536	-
Deferred Inflows:				
Unavailable Revenue - Property Taxes	100,463	-	151,559	-
Fund Balances:				
Restricted for Grant Programs	-	4,200	-	-
Unrestricted	1,255,480	-	102,781	-
Total Fund Balances	1,255,480	4,200	102,781	-
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,874,580	$ 85,926	$ 427,876	$ -

ENTERPRISE FUND	INTERNAL SERVICE FUND	RESERVE FUND	TOTAL COLLEGE
$ 1,930	$ -	$ -	$ 1,750,087
-	-	-	252,022
20,593	-	-	225,935
-	-	-	85,926
-	80,440	160,802	268,698
29,015		-	29,015
-	-	-	69,479
$ 51,538	$ 80,440	$ 160,802	$ 2,681,162
$ (3,702)	$ 5,328	$ -	$ 101,866
-	-	-	405,960
-	-	-	9,632
20,910	-	-	268,698
-	-	-	10,279
17,208	5,328	-	796,435
-	-	-	252,022
-	-	-	4,200
34,330	75,112	160,802	1,628,505
34,330	75,112	160,802	1,632,705
$ 51,538	$ 80,440	$ 160,802	$ 2,681,162

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

Reconciliation of the Modified Accrual Combining Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds	$	1,632,705
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Position includes those capital assets among the assets of the District as a whole.		
Net Capital Assets		27,416,002
The net pension liability is not accrued in the governmental funds. In the funds, expenditures are recorded for actual contributions only.		(1,145,957)
The unamortized portion of the deferred loss on the refunding of GO Bonds is not available to pay for current period expenditures, and therefore is not reported in the governmental funds		
Deferred loss on refunding bonds		1,204,625
The cost of accrued vacation is expended in the governmental funds, but is capitalized on the Statement of Net Position.		(52,436)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.		
Long term Liabilities		
General obligation bonds payable		(17,944,595)
The Net Pension Deferrals are recorded on the Statement of Net Position to account for changes in the College's pension obligations. Pension adjustments are not recorded in the governmental funds.		30,793
Unavailable Revenue - Property Taxes		252,022
Net Position	$	11,393,159

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

Reconciliation of the Change in Total Fund Balances - Modified Accrual Basis to the Statement of Revenues, Expenditures and Changes in Net Position For the Year Ended June 30, 2016

Total Net Changes in Fund Balances - Governmental Funds			$	122,042
Repayment of bond principal and premium is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal and premium are expenses for the Statement of Activities but not the governmental funds.				1,423,844
Amortization of the deferred loss on bond refunding is not recognized in the governmental funds, but is expensed to reduce the balance of the deferred amount on the Statement of Net Position.				(133,834)
Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.				
Capitalized Expenditures	$	-		
Depreciation Expense		(1,146,529)		
				(1,146,529)
Changes in net pension related assets, deferred outflows, liabilities and deferred inflows are recognized in expenses on the Statement of Activities. These changes are not reflected in the governmental funds				(993,632)
Accrued Vacation is an expenditure when used in the governmental funds, but is expensed as earned in the Statement of Activities				(15,084)
Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.				10,273
Change in Net Position of Governmental Activities			$	(732,920)

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue From Local Sources:				
Property Taxes	$ 1,199,486	$ 1,199,486	$ 1,155,802	$ (43,684)
Tuition and Fees	1,383,536	1,383,536	1,522,841	139,305
Miscellaneous	185,972	185,972	132,259	(53,713)
Total Local Revenue	2,768,994	2,768,994	2,810,902	41,908
Revenue From State Sources:				
Total State Revenue	1,703,921	1,703,921	1,732,439	28,518
Total Revenues	4,472,915	4,472,915	4,543,341	70,426
EXPENDITURES:				
Personnel Services	3,666,758	3,131,758 (1)	3,054,144	77,614
Materials and Services	1,149,430	1,649,430 (1)	1,437,423	212,007
Contingency	722,429	722,429 (1)	-	722,429
Total Expenses	5,538,617	5,503,617	4,491,567	1,012,050
Excess of Revenues Over, (Under) Expenditur	(1,065,702)	(1,030,702)	51,774	1,082,476
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(16,886)	(51,886) (1)	-	51,886
Total Other Financing Sources, (Uses)	(16,886)	(51,886)	-	51,886
Net Change in Fund Balance	(1,082,588)	(1,082,588)	51,774	1,134,362
Beginning Fund Balance	1,082,588	1,082,588	1,203,706	121,118
Ending Fund Balance	$ -	$ -	$ 1,255,480	$ 1,255,480

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

SPECIAL REVENUE GRANT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
State Sources	$ 128,204	$ 128,204	$ 41,910	$ (86,294)
Federal Sources	297,825	297,825	247,937	(49,888)
Local Sources	149,600	149,600	106,597	(43,003)
Total Revenues	575,629	575,629	396,444	(179,185)
EXPENDITURES:				
Instruction:				
Personnel Services	400,620	400,620 (1)	288,133	112,487
Materials and Services	166,895	166,895 (1)	104,111	62,784
Capital Outlay	25,000	25,000 (1)	-	25,000
Total Expenditures	592,515	592,515	392,244	200,271
Excess of Revenues Over (Under) Expenditures	(16,886)	(16,886)	4,200	21,086
OTHER FINANCING SOURCES (USES):				
Transfers In	16,886	16,886	-	(16,886)
Net Change in Fund Balance	-	-	4,200	4,200
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	$ -	$ -	$ 4,200	$ 4,200

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property Taxes	$ 1,739,437	$ 1,739,437	$ 1,807,091	$ 67,654
Other Taxes	-	-	31,017	31,017
Interest	4,450	4,450	7,526	3,076
Internal Charges	170,000	170,000	146,784	(23,216)
Total Revenues	1,913,887	1,913,887	1,992,418	78,531
EXPENDITURES:				
Debt Service - GO Bonds	1,745,730	1,745,730 (1)	1,745,703	27
Debt Service - PERS Bonds	175,893	175,893 (1)	175,893	-
Total Debt Expenditures	1,921,623	1,921,623	1,921,596	27
Contingency	117,064	117,064 (1)	-	117,064
Total Expenditures	2,038,687	2,038,687	1,921,596	27
Net Change in Fund Balance	(124,800)	(124,800)	70,822	195,622
Beginning Fund Balance	124,800	124,800	31,959	(92,841)
Ending Fund Balance	$ -	$ -	$ 102,781	$ 102,781

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

CAMPUS PROJECT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Interest	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Facilities:				
Materials and Services	-	-	(480)	480
Total Expenditures	-	-	(480)	480
Net Change in Fund Balance	-	-	480	480
Beginning Fund Balance	-	-	(480)	(480)
Ending Fund Balance	$ -	$ -	$ -	$ -

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Merchandise Sales	$ 220,000	$ 220,000	$ 184,282	$ (35,718)
Total Revenues	220,000	220,000	184,282	(35,718)
EXPENDITURES:				
Enterprise and Community Services:				
Personal Services	49,812	49,812 (1)	31,432	18,380
Materials and Services	162,700	162,700 (1)	138,315	24,385
Total Enterprise and Community Services	212,512	212,512	169,747	42,765
Contingency	22,860	22,860 (1)	-	22,860
Total Expenditures	235,372	235,372	169,747	65,625
Net Change in Fund Balance	(15,372)	(15,372)	14,535	29,907
Beginning Fund Balance	15,372	15,372	19,795	4,423
Ending Fund Balance	$ -	$ -	$ 34,330	$ 34,330

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Internal Charges	$ 32,125	$ 32,125	$ 32,661	$ 536
Sales	575	575	263	(312)
Total Revenues	32,700	32,700	32,924	224
EXPENDITURES:				
Materials and Services	33,100	68,100 (1)	52,693	15,407
Contingency	107,127	107,127 (1)	-	107,127
Total Expenditures	140,227	175,227	52,693	122,534
OTHER FINANCING SOURCES (USES):				
Transfers In		35,000	-	(35,000)
Net Change in Fund Balance	(107,527)	(107,527)	(19,769)	87,758
Beginning Fund Balance	107,527	107,527	94,881	(12,646)
Ending Fund Balance	$ -	$ -	$ 75,112	$ 75,112

(1) Appropriation Level

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Materials and Services	160,802	160,802 (1)	-	160,802
Total Expenditures	160,802	160,802	-	160,802
Net Change in Fund Balance	(160,802)	(160,802)	-	160,802
Beginning Fund Balance	160,802	160,802	160,802	-
Ending Fund Balance	$ -	$ -	$ 160,802	$ 160,802

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BALANCE SHEET - FIDUCIARY FUNDS
June 30, 2016

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS
ASSETS:			
Due From other Funds	$ (231)	$ 1,273	$ 2,418
Total Assets	$ (231)	$ 1,273	$ 2,418
LIABILITIES , DEFERRED INFLOWS AND FIDUCIARY NET POSITION:			
Liabilities:			
Accounts Payable	$ -	$ -	$ -
Total Liabilities	-	-	-
Fiduciary Net Position:	(231)	1,273	2,418
DUE TO OTHER GROUPS	$ (231)	$ 1,273	$ 2,418

LITERACY	SBM ALUMNI	STUDENT NURSES ORGANIZATION	TRIANGLE CLUB	TOTAL
$ 1,251	$ 20	$ 4,651	$ 250	$ 9,632
$ 1,251	$ 20	$ 4,651	$ 250	$ 9,632
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
1,251	20	4,651	250	9,632
$ 1,251	$ 20	$ 4,651	$ 250	$ 9,632

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF ADDITIONS AND REDUCTIONS - FIDUCIARY FUNDS
For the Year Ended June 30, 2016

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS	LITERACY	SBM ALUMNI
ADDITIONS:					
Miscellaneous	$ -	$ 951	$ -	$ -	$ -
Total Additions	-	951	-	-	-
REDUCTIONS:					
Materials and services	353	649	1,219	-	72
Total Reductions	353	649	1,219	-	72
Additions Over/(Under) Reductions	(353)	302	(1,219)	-	(72)
Due to Other Groups - Beginning	122	971	3,637	1,251	92
Due to Other Groups - Ending	$ (231)	$ 1,273	$ 2,418	$ 1,251	$ 20

STUDENT NURSES ORGANIZATION	TRIANGLE CLUB	TOTAL
$ 3,398	$ -	$ 4,349
3,398	-	4,349
3,798	-	6,091
3,798	-	6,091
(400)	-	(1,742)
5,051	250	11,374
$ 4,651	$ 250	$ 9,632

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2015	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2016
Current:						
2015-2016	$ 3,032,739	$ 76,490	$ (4,603)	$ 1,612	$ 2,843,205	$ 110,053
Prior Years:						
2014-2015	113,356	(2)	(4,140)	3,556	48,930	63,844
2013-2014	50,018	(1)	(3,352)	3,037	15,697	34,007
2012-2013	42,217	-	(7,160)	6,764	22,028	19,793
2011-2012	18,122	-	(3,474)	3,041	8,301	9,388
Prior	18,036	-	(2,292)	1,433	2,240	14,937
Total Prior	241,749	(3)	(20,418)	17,831	97,196	141,969
Total	$ 3,274,488	$ 76,487	$ (25,021)	$ 19,443	$ 2,940,401	$ 252,022

RECONCILIATION TO REVENUE:	
Cash Collections by County Treasurers Above	$ 2,940,401
Interest Above	19,443
Other Taxes	3,049
Total Revenue	$ 2,962,893
FUND DISTRIBUTION:	
General Fund	$ 1,155,802
Debt Service Fund	1,807,091
	$ 2,962,893
RECEIVABLE ON BALANCE SHEET:	
General Fund	$ 100,463
Debt Service Fund	151,559
	$ 252,022

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

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January 18, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Oregon Coast Community College as of and for the year ended June 30, 2016, and have issued our report thereon dated January 18, 2017. 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 Oregon Coast Community 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 Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the Oregon Coast Community 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 internal controls over financial reporting as a basis for designing our auditing procedures 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

We noted one matter involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants.

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

Ken Allen

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C