

**OREGON COAST COMMUNITY COLLEGE  
LINCOLN COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

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

**FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2014**

This Page Intentionally Left Blank

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**TABLE OF CONTENTS**

\*\*\*\*\*

	<u>PAGE NUMBER</u>
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	I-V
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Government- wide Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Basic Financial Statements	7
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Modified Accrual Basis	19
Reconciliation of the Combining Balance Sheet -	
Modified Accrual Basis to the Statement of Net Position	20
Reconciliation of the Change in Total Fund Balances –	
Modified Accrual Basis to the Statement of Activities	21
Individual Fund and Other Financial Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget (Budgetary Basis):	
General Fund	22
Special Revenue Grant Fund	23
Debt Service Fund	24
Campus Project Fund	25
Enterprise Fund	26
Internal Service Fund	27
Reserve Fund	28
Combining Balance Sheet – Fiduciary Funds	29
Combining Statement of Additions and Reductions – Fiduciary Funds	30
Other Financial Schedules:	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	31

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**T A B L E   O F   C O N T E N T S (CONTINUED)**

\*\*\*\*\*

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	32
GRANT COMPLIANCE REVIEW	
Schedule of Expenditures of Federal Awards (Supplementary Information)	34
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	35
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	37
Schedule of Audit Findings and Questioned Costs	39

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**BOARD OF DIRECTORS**

<u>Name and Address</u>	<u>Position</u>	<u>Term Expires</u>
Jeff Ouderkirk P.O. Box 1167 Newport, OR 97365	Director-Zone 3	June 30, 2015
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, 2015
James Nelson P.O. Box 815 Gleneden Beach, OR 97388	Director-Zone 1	June 30, 2017
Rex Krabbe 8423 Yaquina Bay Road Newport, OR 97365	Director-Zone 4	June 30, 2015
Debbie Kilduff P.O. Box 1203 Waldport, OR 97394	Director-Zone 7	June 30, 2015

**ADMINISTRATION**

Bruce Koike  
Interim President  
Date Appointed: November 30, 2011

**MAILING ADDRESS**

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

This Page Intentionally Left Blank



**PAULY, ROGERS AND Co., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

November 17, 2014

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, 2014, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2014, 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.



## 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.

### *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 schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2014, 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.

A handwritten signature in dark ink, appearing to read "K Allen, CPA".

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

This Page Intentionally Left Blank

## 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, 2014. 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, 2014 the College's assets and deferred outflows of resources exceeded its liabilities by \$13,428,721 (*Net Position*). Of this amount, \$842,369 is classified as unrestricted net position. Unrestricted net position may be used to meet the College's ongoing obligations. The largest component (\$12,517,173) of net position 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.
- The College's net position decreased \$449,038 from prior year. As net position decreased, unrestricted net position increased by \$151,153 which is a 22% increase.
- In response to continued state funding uncertainties, the College was deliberate and thoughtful in the execution of the fiscal year 2013-14 operating budget which mitigated reductions per FTE in our state reimbursements for operating.

### 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.

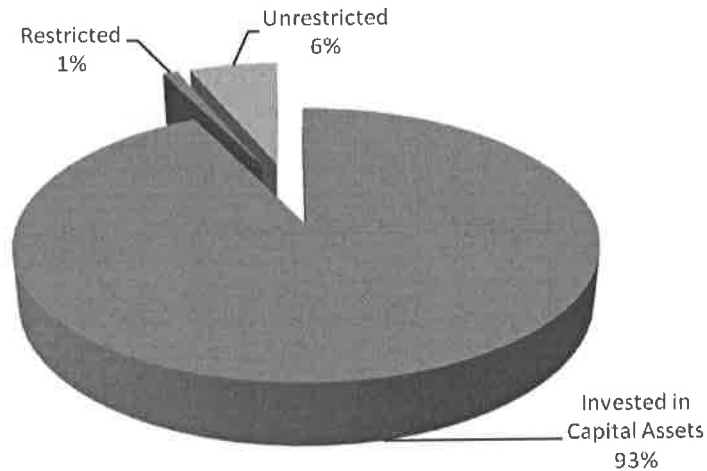
	2014	2013	% Change
<b>Assets</b>			
Current assets	\$ 1,925,466	\$ 2,585,875	-25.5%
Other noncurrent assets	1,691,421	1,757,671	-3.8%
Capital assets, net of depreciation	29,682,173	30,817,185	-3.7%
Total assets	<u>\$ 33,299,060</u>	<u>\$ 35,160,731</u>	-5.3%
<b>Deferred Outflows of Resources</b>			
Deferred Loss on Bond Refunding	\$ 1,472,293	\$ 1,606,127	-8.3%
<b>Liabilities</b>			
Current Liabilities	\$ 1,974,193	\$ 2,176,816	-9.3%
Long-term debt, non-current portion	19,368,439	20,712,283	-6.5%
Total liabilities	<u>\$ 21,342,632</u>	<u>\$ 22,889,099</u>	-6.8%
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 12,517,173	\$ 12,602,185	-0.7%
Restricted	69,179	584,358	-88.2%
Unrestricted	842,369	691,216	21.9%
Total net assets	<u>\$ 13,428,721</u>	<u>\$ 13,877,759</u>	-3.2%

At June 30, 2014 the College's current assets of \$1,925,466 was insufficient to cover the College's current liabilities of \$1,974,193. This represents a current ratio of .98. Current assets consist primarily of cash and cash equivalents, receivables from student accounts, property taxes and grants. The College's noncurrent asset of \$1,691,421 is its pension asset created when the College paid into PERS investment account used to cover a portion of the College's unfunded actuarial liability. Also 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. Non-current liabilities consist of long-term debt relating to general obligation bonds and pension bond.

Within Net Position, the "invested in capital assets" amount of \$12,517,173 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. Restricted net assets consist of amounts legally restricted for debt service and grants and contracts.

The following graph shows the allocation of net position.



#### 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).

	2014	2013	% Change
Total operating revenues	\$ 1,940,532	\$ 1,782,346	8.9%
Total operating expenses	6,304,219	6,238,826	1.0%
Operating loss	\$ (4,363,687)	\$ (4,456,480)	-2.1%
Non-operating revenues, net	3,914,649	4,321,749	-9.4%
Total decrease in net assets	(449,038)	(134,731)	233.3%
Net assets, beginning of year, as restated	13,877,759	14,012,490	-1.0%
Net assets, end of year	\$ 13,428,721	\$ 13,877,759	-3.2%

#### **Revenues:**

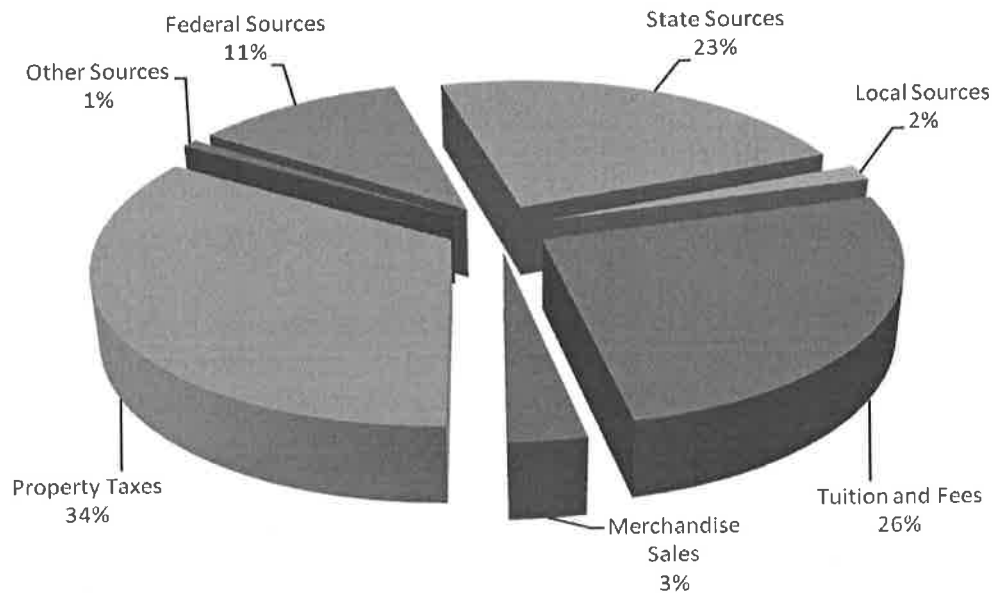
The most significant sources of operating revenue for the college are federal, state and local grants and contracts, student tuition and fees, and bookstore operations. Tuition and fees totaled \$1,738,183 which was up 12% over last year's amount.

Appropriations from the State of Oregon constitute 33% of non-operating revenue. The college received \$1,552,878 in State aid in this fiscal year, which represented a 7% increase over last year. The largest source of

non-operating of revenue was property taxes of \$2,262,083 received from the local college district taxpayers of Lincoln County.

Of the \$2,262,083 property tax resources, \$1,199,180 was received as a result of the general obligation bond levy approved by the voters in May 2004 and may be 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 \$1,117,287.

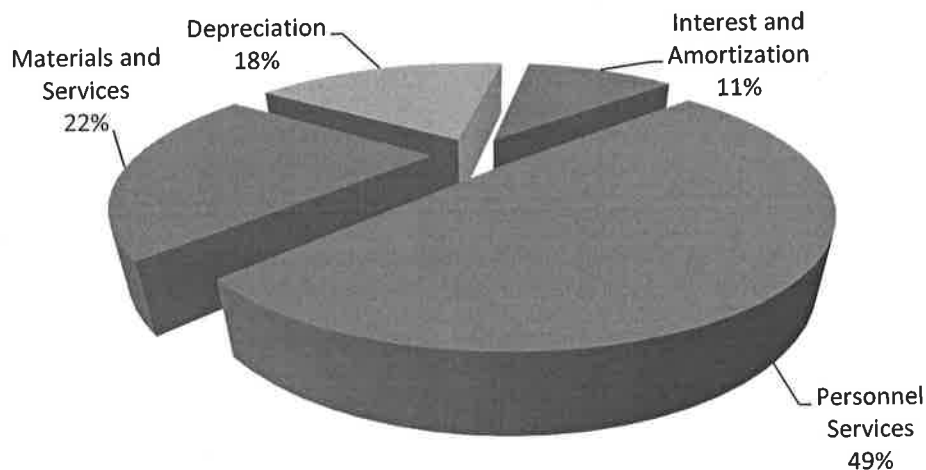
The following graph shows the allocation of total revenues for the College:



**Expenses:**

Operating expenses totaling \$6,304,219 include salaries and benefits, materials and supplies, utilities, grant expenses and depreciation of capital assets. Operating expenses show an increase of 1% over 2013.

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 from the cash flows for the year were:

	2014	2013	% Change
Cash Provided by (Used In):			
Operating Activities	\$ (2,475,527)	\$ (3,686,364)	-32.8%
Noncapital Financing Activities	4,369,077	5,191,839	-15.8%
Capital Financing Activities	(1,862,750)	(1,951,588)	-4.6%
Investing Activities	12,291	11,185	9.9%
Net change in cash	43,091	(434,928)	-109.9%
Cash - Beginning of year	1,210,709	1,645,637	-26.4%
Cash - End of year	\$ 1,253,800	\$ 1,210,709	3.6%

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. The new 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, 2014 the College had \$29,682,173, 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, 2014 the College had total long-term obligations outstanding of \$20,712,283. Additional information pertaining to the College's long-term obligations is located in note 11 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:

Director of Finance  
Oregon Coast Community College  
400 SE College Way  
Newport, Oregon 97366



This Page Intentionally Left Blank

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**BASIC FINANCIAL STATEMENTS**

This Page Intentionally Left Blank

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2014**

---

**ASSETS:**

Cash and Cash Equivalents	\$ 1,253,800
Receivables, net	619,227
Inventory	25,883
Prepaid Expenses	26,556
Prepaid Pension Costs	1,691,421
Capital Assets, net	<u>29,682,173</u>
Total Assets	<u>33,299,060</u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred Loss on Bond Refunding	<u>1,472,293</u>
Total Assets and Deferred Outflows	<u>\$ 34,771,353</u>

**LIABILITIES:**

Accounts Payable	\$ 48,229
Payroll Liabilities	510,278
Accrued Vacation	41,946
Tuition Due - Other Community Colleges	16,150
Due to Other Groups	13,746
Current Portion of Long Term Debt	<u>1,343,844</u>
Total Current Liabilities	<u>1,974,193</u>
Long Term Liabilities:	
Bonds Payable	<u>19,368,439</u>
Total Liabilities	<u>21,342,632</u>

**NET POSITION:**

Invested in Capital Assets, net of Related Debt	12,517,173
Restricted for:	
Capital Projects	58,957
Grant Purpose Requirements	10,222
Unrestricted	<u>842,369</u>
Total Net Position	<u>\$ 13,428,721</u>

The accompanying notes are an integral part of this statement.

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2014**

---

OPERATING REVENUES	
Tuition and Fees	\$ 1,738,183
Merchandise Sales	<u>202,349</u>
Total Operating Revenues	<u>1,940,532</u>
OPERATING EXPENSES	
Cost of Education	5,016,936
Depreciation	<u>1,287,283</u>
Total Operating Expenses	<u>6,304,219</u>
Operating Income (Loss)	<u>(4,363,687)</u>
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	2,262,083
Interest Income	12,291
Donations	1,000
Miscellaneous	(2,351)
Interest Expense	(566,549)
Federal Sources	747,223
State Sources	1,552,878
Local Sources	108,158
Amortization of Deferred Loss on Bond Refunding	(133,834)
Amortization of Prepaid Pension Costs	<u>(66,250)</u>
Net Nonoperating Revenues (Expenses)	<u>3,914,649</u>
Increase (Decrease) in Net Position	(449,038)
Net Position, Beginning of the Year	<u>13,877,759</u>
Net Position, End of the Year	<u><u>\$ 13,428,721</u></u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2014**

**Cash Flows From Operating Activities:**

Cash Received from Customers	\$ 2,452,816
Cash Paid to Suppliers	(1,548,828)
Cash Paid to Employees	(3,379,515)
Net cash provided (used) by Operating activities	<u>(2,475,527)</u>

**Cash flows from investing activities**

Interest on Investments	<u>12,291</u>
Net cash provided (used) by Investing activities	<u>12,291</u>

**Cash flows from Noncapital financing activities**

Cash Received from Property Taxes	2,262,083
Cash Received from State	1,452,964
Cash Received from Federal Sources	747,223
Cash Received from Local Sources	106,807
Tax Anticipation Note Principal Paid	(200,000)
Net cash provided (used) by Noncapital financing activities	<u>4,369,077</u>

**Cash flows from Capital Financing activities**

Purchase of Capital Assets	(152,271)
Cash Received from State Lottery - Designated for Capital Projects	99,914
Debt Principal Paid	(1,120,000)
Debt Interest Paid	(690,393)
Net cash provided (used) by Capital financing activities	<u>(1,862,750)</u>

Net increase (decrease) in cash and investments

43,091

Cash and investments, beginning of year

1,210,709

Cash and investments, end of year

\$ 1,253,800

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities:**

Operating Income (Loss)	\$ (4,363,687)
Depreciation Expense	1,287,283
(Increase) Decrease in Inventory	3,772
(Increase) Decrease in Receivables	723,293
(Increase) Decrease in Prepaid Expenses	(23,565)
Increase (Decrease) in Payables	3,737
Increase (Decrease) in Tuition Received in Advance	(194,631)
Increase (Decrease) in Tuition Due - Other Community Colleges	3,415
Increase (Decrease) in Due to Other Groups	(130)
Increase (Decrease) in Payroll Liabilities	84,986
Net Cash Provided by Operating Activities	<u><u>\$ (2,475,527)</u></u>

**Non-Cash Investing, Capital and Financing Activities:**

Amortization of Premium on Bond Issue	\$ 123,844
Amortization of Deferred Loss on Bond Refunding	(133,834)
Amortization of Prepaid Pension Costs	(66,250)

This Page Intentionally Left Blank

**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, as well as Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict 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 adopted one supplemental budget for the 2013-2014 fiscal year.

**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, 2014, except for Debt Service Fund GO Bond Payments and Enterprise Fund Personnel Services and Materials and Services, which were over-expended by \$17, \$2,574, and \$1,150 respectively.

**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

**OREGON COAST COMMUNITY COLLEGE  
NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**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.

**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, as well as issuance costs, 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 reported as deferred charges and amortized over the life of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

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.

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**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:

Invested in capital assets, net of related debt – 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.

**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.

**DEPOSITS**

Cash and Investments at June 30, 2014 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$ 1,300
Demand Deposits	141,613
Investments	<u>1,110,887</u>
 Total Cash and Investments	 <u>\$ 1,253,800</u>

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**

Policies officially adopted by the College's Board allows the entity to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, time certificates of deposit, corporate bonds, repurchase agreements, money market investments, bankers' acceptances, commercial paper, obligations of the States of Oregon, California, Idaho, and Washington, and the State Treasurer's investment pool. The State Treasurer's investment policies are government by Oregon Revised Statutes and the Oregon Short-Term Fund Board (OSTFB).

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

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

As of June 30, 2014, the College had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 1,110,887	\$ 1,110,887	\$ -	\$ -
Total	\$ 1,110,887	\$ 1,110,887	\$ -	\$ -

As of June 30, 2014 the fair value of the College's position in the LGIP is equal to 100.8% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. The State Investment Pool is not rated.

**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 \$141,613 and the bank balance was \$198,249, all of which 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, 2014 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**

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal state and local grant programs. Tuition receivable is recorded when earned. At June 30, 2014 total tuition receivable was \$166,421, which was equal to the gross amount of \$267,367 less an allowance for doubtful accounts of \$100,946. The college reports about 85% of the balances that are delinquent over 90 days in the allowance account.

**4. CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2014 are as follows:

	7/1/2013	Additions	Deletions	6/30/2014
Land (non depreciable)	\$ 1,949,699	\$ -	\$ -	\$ 1,949,699
Buildings	32,725,682	194,061	-	32,919,743
Furniture and Equipment	1,844,135	20,890	-	1,865,025
Construction in Progress (non depreciable)	62,680	-	(62,680)	-
Total	36,582,196	214,951	(62,680)	36,734,467
Accumulated Depreciation				
Building	(4,219,710)	(1,081,614)	-	(5,301,324)
Equipment	(1,545,301)	(205,669)	-	(1,750,970)
Total	(5,765,011)	(1,287,283)	-	(7,052,294)
Totals	<u>\$ 30,817,185</u>			<u>\$ 29,682,173</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**5. RETIREMENT PLAN**

**Plan Description:**

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

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

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, P.O. Box 73, Portland, Oregon 97207-0073 or by calling 503-598-7377.

**Description of Funding Policy:**

Covered employees are required by State statute to contribute 6% of their salary to the plan, the college pays the employee 6% contribution. The College is required to contribute at actuarially determined rates, as adopted by the PERS Board. The College's employer contribution rate effective January 1, 2013 was 10.26% for Tier I/II employees and 8.36% for OPSRP employees. The College's contribution to the plan for the years ending June 30, 2014, 2013, and 2012 were \$413,230, \$289,130, and \$315,578, respectively, and were equal to the required contributions for each year.

**6. 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.



**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**6. PROPERTY TAX LIMITATIONS (CONTINUED)**

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.

**7. 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.

**8. 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.

**9. PREPAID PENSION COSTS**

As a result of the issuance of the 2005 Limited Tax Pension Obligation Bonds, as described in Note 11, the College has reported a Prepaid PERS Liability in the Statement of Net Position. The prepaid liability is equal to the initial payment made to PERS from the bond proceeds, less accumulated amortization at June 30, 2014 for a net total of \$1,691,421. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds.

**10. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund transfers as of June 30, 2014 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (55,802)
Reserve Fund	55,802	-
Total	<u>\$ 55,802</u>	<u>\$ (55,802)</u>



**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**10. INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

The composition of interfund balances as of June 30, 2014 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 68,491	\$ -
Debt Service	-	139,629
Special Revenue Grant	-	139,080
Reserve	160,802	-
Campus Project	-	38,936
Enterprise	-	24,149
Internal Service	112,501	-
Total	<u>\$ 341,794</u>	<u>\$ 341,794</u>

Transfers and interfund balances are used to fund operations between funds.

**11. 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 on 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.

**OREGON COAST COMMUNITY COLLEGE  
NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG TERM DEBT (CONTINUED)**

**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.

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

	Outstanding 7/1/2013	Issued	Matured and Redeemed	Outstanding 6/30/2014	Due in 1 Year
2005 Pension Bonds	\$ 2,135,000	\$ -	\$ 60,000	\$ 2,075,000	\$ 70,000
2004 GO Bonds	910,000	-	910,000	-	-
2012 GO Refunding Bonds	17,425,000	-	150,000	17,275,000	1,150,000
Unamortized Premium on 2012 GO Refunding Bonds	<u>1,486,127</u>	<u>-</u>	<u>123,844</u>	<u>1,362,283</u>	<u>123,844</u>
Total Bonds Payable	<u>\$ 21,956,127</u>	<u>\$ -</u>	<u>\$ 1,243,844</u>	<u>\$ 20,712,283</u>	<u>\$ 1,343,844</u>
Amounts Payable in Fiscal Year:	2005 Pension Bonds		2012 GO Refunding Bonds		
2014-2015	70,000	99,143	1,150,000	548,576	
2015-2016	80,000	95,893	1,220,000	525,576	
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	
2019-2024	795,000	321,923	8,705,000	1,523,772	
2024-2028	<u>825,000</u>	<u>94,688</u>	<u>2,100,000</u>	<u>105,000</u>	
Total	<u>\$ 2,075,000</u>	<u>\$ 875,183</u>	<u>\$ 17,275,000</u>	<u>\$ 4,128,550</u>	

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**12. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. As a separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent 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. At June 30, 2014, the College had Deferred Outflows in the amount of \$1,472,293 which represent the unamortized portion of the deferred loss on the refunding of bonds.

**13. DEFICIT FUND BALANCE**

The Debt Service Fund had a deficit fund balance of \$49,028 as of June 30, 2014. The College plans to increase future revenues in that fund to eliminate the deficit balance.

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SUPPLEMENTARY INFORMATION**

**OREGON COAST COMMUNITY COLLEGE  
NEWPORT, OREGON**

**COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS  
June 30, 2014**

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	DEBT SERVICE FUND	CAMPUS PROJECT FUND
<b>ASSETS:</b>				
Cash and Investments	\$ 1,092,146	\$ -	\$ 63,761	\$ 97,893
Receivables:				
Property Taxes	102,436	-	134,560	-
Accounts, net	216,326	-	15,249	-
Grants and Reimbursements	-	150,656	-	-
Due From Other Funds	68,491	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	26,556	-	-	-
Total Assets	<u>\$ 1,505,955</u>	<u>\$ 150,656</u>	<u>\$ 213,570</u>	<u>\$ 97,893</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 55,107	\$ 1,354	\$ -	\$ -
Payroll Liabilities	510,278	-	-	-
Due to Other Groups	13,746	-	-	-
Due To Other Funds	-	139,080	139,629	38,936
Unearned Revenue	16,150	-	-	-
Total Liabilities	<u>595,281</u>	<u>140,434</u>	<u>139,629</u>	<u>38,936</u>
<b>Deferred Inflows:</b>				
Unavailable Revenue - Property Taxes	<u>93,415</u>		<u>122,969</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	-	10,222	-	58,957
Unrestricted	<u>817,259</u>	<u>-</u>	<u>(49,028)</u>	<u>-</u>
Total Fund Balances	<u>817,259</u>	<u>10,222</u>	<u>(49,028)</u>	<u>58,957</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,505,955</u>	<u>\$ 150,656</u>	<u>\$ 213,570</u>	<u>\$ 97,893</u>

ENTERPRISE FUND	INTERNAL SERVICE FUND	RESERVE FUND	TOTAL COLLEGE
\$	\$ -	\$ -	\$ 1,253,800
-	-	-	236,996
-	-	-	231,575
-	-	-	150,656
-	112,501	160,802	341,794
25,883	-	-	25,883
-	-	-	26,556
<u>\$ 25,883</u>	<u>\$ 112,501</u>	<u>\$ 160,802</u>	<u>\$ 2,267,260</u>
\$ (8,440)	\$ 208	\$ -	\$ 48,229
-	-	-	510,278
-	-	-	13,746
24,149	-	-	341,794
-	-	-	16,150
<u>15,709</u>	<u>208</u>	<u>-</u>	<u>930,197</u>
-	-	-	216,384
-	-	-	69,179
<u>10,174</u>	<u>112,293</u>	<u>160,802</u>	<u>1,051,500</u>
<u>10,174</u>	<u>112,293</u>	<u>160,802</u>	<u>1,120,679</u>
<u>\$ 25,883</u>	<u>\$ 112,501</u>	<u>\$ 160,802</u>	<u>\$ 2,267,260</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**Reconciliation of the Modified Accrual**  
**Combining Balance Sheet to the Statement of Net Position**  
**June 30, 2014**

---

Total Fund Balances - Governmental Funds	\$ 1,120,679
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	29,682,173
The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.	
Prepaid pension costs	1,691,421
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	1,472,293
The cost of accrued vacation is expended in the governmental funds, but is capitalized on the Statement of Net Position.	
	(41,946)
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	(20,712,283)
Unavailable Revenue - Property Taxes	<u>216,384</u>
Net Position	<u>\$ 13,428,721</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**Reconciliation of the Change in Total Fund Balances - Modified Accrual Basis  
to the Statement of Activities  
For the Year Ended June 30, 2014**

---

Total Net Changes in Fund Balances - Governmental Funds	\$	(329,487)
---	----	-----------

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.

		1,243,844
--	--	-----------

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	\$	152,271	
Depreciation Expense		<u>(1,287,283)</u>	<u>(1,135,012)</u>

In the governmental funds, the current year payment to PERS to advance fund the District's UAL is charged as expenditures. In the Statement of Activities it is reported as an asset and amortized over the life of the pension bonds issued to fund the payment. This is the net effect of these transactions.

		(66,250)
--	--	----------

Accrued Vacation is an expenditure when used in the governmental funds, but is expensed as earned in the Statement of Activities

		(1,107)
--	--	---------

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.

		<u>(27,192)</u>
--	--	-----------------

Change in Net Position of Governmental Activities	\$	<u><u>(449,038)</u></u>
---	----	-------------------------



**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2014**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Revenue From Local Sources:				
Property Taxes	\$ 1,130,725	\$ 1,130,725	\$ 1,090,095	\$ (40,630)
Tuition and Fees	1,536,480	1,536,480	1,726,671	190,191
Interest	2,225	2,225	6,466	4,241
Donations	20,000	20,000	1,000	(19,000)
Miscellaneous	59,241	59,241	39,319	(19,922)
Total Local Revenue	<u>2,748,671</u>	<u>2,748,671</u>	<u>2,863,551</u>	<u>114,880</u>
Revenue From State Sources:				
Total State Revenue	<u>1,307,100</u>	<u>1,307,100</u>	<u>1,386,131</u>	<u>79,031</u>
Total Revenues	<u>4,055,771</u>	<u>4,055,771</u>	<u>4,249,682</u>	<u>193,911</u>
<b>EXPENDITURES:</b>				
Personnel Services	2,963,997	2,963,997 (1)	2,899,970	64,027
Materials and Services	1,153,436	1,153,436 (1)	1,107,961	45,475
Contingency	382,000	326,198 (1)	-	326,198
Total Expenses	<u>4,499,433</u>	<u>4,443,631</u>	<u>4,007,931</u>	<u>435,700</u>
Excess of Revenues Over, (Under) Expenditures	(443,662)	(387,860)	241,751	
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	40,000	40,000	-	(40,000)
Transfers Out	-	(55,802) (1)	(55,802)	-
Total Other Financing Sources, (Uses)	<u>40,000</u>	<u>(15,802)</u>	<u>(55,802)</u>	<u>(40,000)</u>
Net Change in Fund Balance	(403,662)	(403,662)	185,949	589,611
Beginning Fund Balance	<u>403,662</u>	<u>403,662</u>	<u>631,310</u>	<u>227,648</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,259</u>	<u>\$ 817,259</u>

(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, 2014**

SPECIAL REVENUE GRANT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
State Sources	\$ 50,000	\$ 147,500	\$ 166,747	\$ 19,247
Federal Sources	725,000	725,000	747,223	22,223
Local Sources	200,000	200,000	108,158	(91,842)
Total Revenues	975,000	1,072,500	1,022,128	(50,372)
<b>EXPENDITURES:</b>				
Instruction:				
Personnel Services	650,000	705,500 (2)	695,782	9,718
Materials and Services	300,000	342,000 (2)	339,797	2,203
Capital Outlay	25,000	25,000 (2)	-	25,000
Total Expenditures	975,000	1,072,500	1,035,579	36,921
Net Change in Fund Balance	-	-	(13,451)	(13,451)
Beginning Fund Balance	-	-	23,673	23,673
Ending Fund Balance	\$ -	\$ -	\$ 10,222	\$ 10,222

(2) The College combined the Special Revenue Fund and Campus Project Fund for appropriations purposes.

**OREGON COAST COMMUNITY COLLEGE  
NEWPORT, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2014**

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Property Taxes	\$ 1,275,645	\$ 1,275,645	\$ 1,199,180	\$ (76,465)
Other Taxes	10,000	10,000	1,510	(8,490)
Interest	5,000	5,000	4,985	(15)
Internal Charges	166,188	166,188	166,508	320
Total Revenues	1,456,833	1,456,833	1,372,183	(84,650)
<b>EXPENDITURES:</b>				
Debt Service - GO Bonds	1,648,125	1,648,125 (1)	1,648,142	(17)
Debt Service - PERS Bonds	161,929	161,929 (1)	161,929	-
Debt Service - TAN	200,322	200,322 (1)	200,322	-
Total Debt Expenditures	2,010,376	2,010,376	2,010,393	(17)
Contingency	7,803	7,803 (1)	-	7,803
Total Expenditures	2,018,179	2,018,179	2,010,393	(17)
Net Change in Fund Balance	(561,346)	(561,346)	(638,210)	(76,864)
Beginning Fund Balance	561,346	561,346	589,182	27,836
Ending Fund Balance	\$ -	\$ -	\$ (49,028)	\$ (49,028)

(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, 2014**

CAMPUS PROJECT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
State Construction Matching Funds	\$ 273,235	\$ 273,235	\$ -	\$ (273,235)
Interest	200	200	840	640
Miscellaneous	-	-	-	-
Total Revenues	<u>273,435</u>	<u>273,435</u>	<u>840</u>	<u>(272,595)</u>
<b>EXPENDITURES:</b>				
Facilities:				
Personal Services	16,000	16,000 (2)	16,000	-
Materials and Services	-	100,000 (2)	89,331	10,669
Capital Outlay	<u>497,067</u>	<u>397,067 (2)</u>	<u>14,168</u>	<u>382,899</u>
Total Expenditures	<u>513,067</u>	<u>513,067</u>	<u>119,499</u>	<u>393,568</u>
Net Change in Fund Balance	(239,632)	(239,632)	(118,659)	120,973
Beginning Fund Balance	<u>239,632</u>	<u>239,632</u>	<u>177,616</u>	<u>(62,016)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,957</u>	<u>\$ 58,957</u>

(2) The College combined the Special Revenue Fund and Campus Project Fund for appropriations purposes.

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2014**

ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Merchandise Sales	\$ 230,000	\$ 230,000	\$ 202,025	\$ (27,975)
Tuition and Fees	12,000	-	11,512	11,512
Total Revenues	242,000	230,000	213,537	(16,463)
<b>EXPENDITURES:</b>				
Enterprise and Community Services:				
Personal Services	15,576	15,576 (1)	18,150	(2,574)
Materials and Services	195,868	195,868 (1)	197,018	(1,150)
Total Enterprise and Community Services	211,444	211,444	215,168	(3,724)
Contingency	14,097	14,097 (1)	-	14,097
Total Expenditures	225,541	225,541	215,168	10,373
Excess of Revenue Over/(Under) Expenditures	16,459	4,459	(1,631)	(6,090)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer out	(30,000)	(30,000) (1)	-	30,000
Net Change in Fund Balance	(13,541)	(13,541)	(1,631)	11,910
Beginning Fund Balance	13,541	13,541	11,805	(1,736)
Ending Fund Balance	\$ -	\$ -	\$ 10,174	\$ 10,174

(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, 2014**

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Internal Charges	\$ 31,578	\$ 31,578	\$ 21,544	\$ (10,034)
Sales	670	670	324	(346)
Total Revenues	32,248	32,248	21,868	(10,380)
<b>EXPENDITURES:</b>				
Materials and Services	44,500	44,500 (1)	21,155	23,345
Contingency	128,400	128,400 (1)	-	128,400
Total Expenditures	172,900	172,900	21,155	151,745
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(10,000)	(10,000) (1)	-	10,000
Net Change in Fund Balance	(150,652)	(150,652)	713	151,365
Beginning Fund Balance	150,652	150,652	111,580	(39,072)
Ending Fund Balance	\$ -	\$ -	\$ 112,293	\$ 112,293

(1) Appropriation Level

This Page Intentionally Left Blank

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2014**

RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Materials and Services	105,000	105,000 (1)	-	105,000
Total Expenditures	105,000	105,000	-	105,000
OTHER FINANCING SOURCES (USES):				
Transfers In	-	55,802	55,802	-
Net Change in Fund Balance	(105,000)	(49,198)	55,802	105,000
Beginning Fund Balance	105,000	105,000	105,000	-
Ending Fund Balance	\$ -	\$ 55,802	\$ 160,802	\$ 105,000

(1) Appropriation Level



OREGON COAST COMMUNITY COLLEGE  
NEWPORT, OREGON

BALANCE SHEET - FIDUCIARY FUNDS  
June 30, 2014

	<u>STUDENT GOVERNMENT</u>	<u>PHI THETA KAPPA</u>	<u>AQUANAUTS</u>
ASSETS:			
Due From other Funds	<u>\$ 1,265</u>	<u>\$ 889</u>	<u>\$ 4,783</u>
Total Assets	<u><u>\$ 1,265</u></u>	<u><u>\$ 889</u></u>	<u><u>\$ 4,783</u></u>
DUE TO OTHER GROUPS	<u><u>\$ 1,265</u></u>	<u><u>\$ 889</u></u>	<u><u>\$ 4,783</u></u>

---

<u>LITERACY</u>	<u>SBM ALUMNI</u>	<u>STUDENT NURSES ORGANIZATION</u>	<u>TRIANGLE CLUB</u>	<u>TOTAL</u>
\$ 1,251	\$ 948	\$ 4,360	\$ 250	\$ 13,746
<u>\$ 1,251</u>	<u>\$ 948</u>	<u>\$ 4,360</u>	<u>\$ 250</u>	<u>\$ 13,746</u>
<u>\$ 1,251</u>	<u>\$ 948</u>	<u>\$ 4,360</u>	<u>\$ 250</u>	<u>\$ 13,746</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**STATEMENT OF ADDITIONS AND REDUCTIONS - FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2014**

	<u>STUDENT GOVERNMENT</u>	<u>PHI THETA KAPPA</u>	<u>AQUANAUTS</u>	<u>LITERACY</u>	<u>SBM ALUMNI</u>
<b>ADDITIONS:</b>					
Membership Fees	\$ -	\$ 320	\$ -	\$ -	\$ -
Cash Donations	540	-	-	-	-
Miscellaneous	227	11	-	-	-
	<u>767</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Additions	<u>767</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REDUCTIONS:</b>					
Materials and services	<u>483</u>	<u>213</u>	<u>1,000</u>	<u>-</u>	<u>59</u>
Total Reductions	<u>483</u>	<u>213</u>	<u>1,000</u>	<u>-</u>	<u>59</u>
Additions Over/(Under) Reductions	284	118	(1,000)	-	(59)
Due to Other Groups - Beginning	<u>981</u>	<u>771</u>	<u>5,783</u>	<u>1,251</u>	<u>1,007</u>
Due to Other Groups - Ending	<u>\$ 1,265</u>	<u>\$ 889</u>	<u>\$ 4,783</u>	<u>\$ 1,251</u>	<u>\$ 948</u>

---

<u>STUDENT NURSES ORGANIZATION</u>	<u>TRIANGLE CLUB</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 320
-	-	540
<u>1,593</u>	<u>-</u>	<u>1,831</u>
<u>1,593</u>	<u>-</u>	<u>2,691</u>
 <u>1,066</u>	 <u>-</u>	 <u>2,821</u>
<u>1,066</u>	<u>-</u>	<u>2,821</u>
527	-	(130)
<u>3,833</u>	<u>250</u>	<u>13,876</u>
<u>\$ 4,360</u>	<u>\$ 250</u>	<u>\$ 13,746</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED**  
**For the Year Ended June 30, 2014**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2013</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2014</u>
Current:						
2013-2014	\$ 2,295,812	\$ 57,064	\$ (4,721)	\$ 1,555	\$ 2,138,771	\$ 96,811
Prior Years:						
2012-2013	125,959	-	(4,800)	4,462	60,468	65,153
2011-2012	72,846	-	(5,575)	5,378	27,798	44,851
2010-2011	46,489	-	(8,893)	8,740	28,149	18,187
2009-2010	16,409	-	(3,597)	3,456	9,169	7,099
Prior	6,032	-	(929)	723	931	4,895
Total Prior	267,735	-	(23,794)	22,759	126,515	140,185
Total	<u>\$ 2,563,547</u>	<u>\$ 57,064</u>	<u>\$ (28,515)</u>	<u>\$ 24,314</u>	<u>\$ 2,265,286</u>	<u>\$ 236,996</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 2,265,286
Interest Above	24,314
Other Taxes	3,222
Accrual of Receivables:	
June 30, 2014	20,612
June 30, 2013	(24,159)
Total Revenue	<u>\$ 2,289,275</u>

FUND DISTRIBUTION:

General Fund	\$ 1,090,095
Debt Service Fund	1,199,180
	<u>\$ 2,289,275</u>

RECEIVABLE ON BALANCE SHEET:

General Fund	\$ 102,436
Debt Service Fund	134,560
	<u>\$ 236,996</u>

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

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

This Page Intentionally Left Blank



**PAULY, ROGERS AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 17, 2014

**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, 2014, and have issued our report thereon dated November 17, 2014. 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 Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the 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, except for the following:

1. Actual expenditures exceeded appropriations on three occasions which are noted on page 9.
2. A resolution was approved during the year which increased total budget appropriations. The College did not publish a public notice prior to the meeting for the supplemental budget however.

**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.



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.

A handwritten signature in black ink, appearing to read "K Allen, CPA".

Kenneth Allen, CPA

Municipal Auditor

**PAULY, ROGERS AND CO., P.C**

**OREGON COAST COMMUNITY COLLEGE**  
**LINCOLN COUNTY, OREGON**  
**GRANT COMPLIANCE REVIEW**

This Page Intentionally Left Blank

**OREGON COAST COMMUNITY COLLEGE**  
**NEWPORT, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	EXPENDITURES
<b>US DEPARTMENT OF EDUCATION</b>			
Passed through Oregon Department of Community Colleges and Workforce Development Adult Education and Family Literacy	84.002	7/1/12 - 6/30/13	\$ 148,100
Passed through Chemeketa Community College Carl Perkins Vocational and Technical Education	84.048	7/1/12 - 6/30/13	2,835
Passed through Portland Community College Workforce Investment Act of 1998, Title I, Subtitle D, Section 1	17.269	7/1/10 - 6/30/13	<u>4,396</u>
Total U.S. Department of Education			<u>155,331</u>
<b>US SMALL BUSINESS ADMINISTRATION</b>			
Passed through Lane Community College Small Business Development Center	59.037	1/1/12 - 12/31/12	27,179
Passed Through Oregon Microenterprise Network Small Business Development Center	59.037	1/1/12 - 12/31/13	<u>34,997</u>
Total U.S. Small Business Administration			<u>62,176</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Aquarium Technology and Marine Interpretation Education Program	47.076	7/1/11 - 6/30/13	<u>6,908</u>
<b>US DEPARTMENT OF LABOR</b>			
Passed through Clackamas Community College Trade Adjustment Assistance Community College and Career Training Program	17.282	10/1/11 - 9/30/14	<u>515,808</u> (1)
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Southwestern Oregon Community College Health Resources and Services	93.503	7/1/10 - 6/30/14	<u>7,000</u>
TOTAL FEDERAL FINANCIAL AWARDS			<u>\$ 747,223</u>

(1) Major Program

This Page Intentionally Left Blank



**PAULY, ROGERS AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 17, 2014

To the Board of Directors  
Oregon Coast Community College  
Lincoln County, Oregon

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Oregon Coast Community College as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 17, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

## **Purpose of this Report**

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



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



**PAULY, ROGERS AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

November 17, 2014

To the Board of Directors  
Oregon Coast Community College  
Lincoln County, Oregon

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

We have audited Oregon Coast Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Oregon Coast Community College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Kenneth Allen, CPA  
Municipal Auditor

**PAULY, ROGERS AND CO., P.C.**

OREGON COAST COMMUNITY COLLEGE  
LINCOLN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2014

---

**Section I: Summary of Auditors' Results –**

***Financial Statements***

Type of Auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

\_\_\_\_\_ Yes      X   No

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?

\_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

\_\_\_\_\_ Yes      X   No

\_\_\_\_\_ Yes      X   None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

\_\_\_\_\_ Yes      X   No

Identification of major programs

CFDA Number(s):

17.282

Name of Federal Program:

Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants

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

\$ 300,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OREGON COAST COMMUNITY COLLEGE  
LINCOLN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2014

---

**Section II: Financial Statement Findings**

None

**Section III: Federal Award Findings and Questioned Costs**

None

**Notes to the Schedule of Expenditures of Federal Awards**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oregon Coast Community College and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.