OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

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

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

T A B L E O F C O N T E N T S

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OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BOARD OF DIRECTORS

Name and Address	Position	Term Expires
Jeff Ouderkirk P.O. Box 1167 Newport, OR 97365	Director-Zone 3	June 30, 2019
Alison Nelson-Robertson P.O. Box 448 Lincoln City, OR 97367	Director-Zone 2	June 30, 2021
Chris Chandler P.O. Box 578 Newport, OR 97365	Director-Zone 5	June 30, 2021
Clifford Ryer 9580 Egret Street Seal Rock, OR 97376	Director-Zone 6	June 30, 2019
Richard Emery PO Box 454 Neotsu, OR 97364	Director-Zone 1	June 30, 2021
Nancy Osterlund 1922 SE Alder Lane Drive Toledo, OR 97391	Vice-Chair Director-Zone 4	June 30, 2019
Debbie Kilduff P.O. Box 1203 Waldport, OR 97394	Chair Director-Zone 7	June 30, 2019

ADMINISTRATION

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

MAILING ADDRESS

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

PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
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February 12, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

During the year, the College adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The Schedule of the Proportionate Share of the Net Pension Liability and Contributions, and the Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 12, 2019, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Ken Allen

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

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, 2018. 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, 2018 the College's assets and deferred outflows of resources exceeded its liabilities by $11,843,439 (*Net Position*). Of this amount, ($1,340,105) is classified as unrestricted net position. The largest component, of net position, $13,012,709, is the College's investment in capital assets, which represents its land, buildings, machinery and equipment, net of accumulated depreciation and related debt. The College uses these capital assets to provide educational services to its students consequently, these assets are not available for future spending.

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

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

- There was a $52,215 decrease in the Net Position between Fiscal Year 2016-17 and Fiscal Year 2017-18 due to the adoption of GASB 75 which is a health insurance subsidy for early retirees who are not covered by Medicare. This restatement to Net Position represents an additional liability attributable to early retirees who may choose to stay on the College's health plan. Additional information pertaining to this liability is located in Note 8 to these financial statements.

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

Analysis of the Statement of Net Position

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

	2018	2017	% Change
Assets			
Current assets	$ 3,337,977	$ 2,816,304	18.5%
Capital assets, net of depreciation	25,192,659	26,299,539	-4.2%
Total Assets	$ 28,530,636	$ 29,115,843	-2.0%
Deferred Outflows of Resources			
Pension Related Deferrals	$ 721,184	$ 1,434,511	-49.7%
Deferred Loss on Bond Refunding	$ 936,957	$ 1,070,791	-12.5%
Total Deferred Outflows	$ 1,658,141	$ 2,505,302	-33.8%
Liabilities			
Current Liabilities	$ 2,764,899	$ 2,268,035	21.9%
Long-term debt, non-current portion	15,154,523	17,561,532	-13.7%
Total liabilities	$ 17,919,422	$ 19,829,567	-9.6%
Deferred Inflows of Resources			
Net Pension Deferrals	$ 425,916	$ 179,560	137.2%
Net Position			
Invested in capital assets, net of related debt	$ 13,012,709	$ 12,764,579	1.9%
Restricted	170,835	-	0.0%
Unrestricted	(1,340,105)	(1,152,561)	16.3%
Total net position	$ 11,843,439	$ 11,612,018	2.0%

At June 30, 2018 the College's current assets of $3,337,977 was sufficient to cover the College's current liabilities of $2,764,899. This represents a current ratio of 1.21. Current assets consist primarily of cash and cash equivalents, receivables from student accounts, property taxes and grants. The College's pension related deferrals outflow of $721,184 represents actuarial adjustments related to the pension plan that have a positive effect on Net Position. Included in noncurrent assets are capital assets, net of accumulated depreciation, used to provide services to students.

Current liabilities primarily consist of accounts payable, payroll and payroll taxes payable, current maturities of long-term obligations, deferred revenue from property taxes, and compensated absences. Long-term debt represents the non-current portion of debt relating to general obligation bonds and pension bonds. It also includes a net pension deferral amount related to the new reporting requirements under GASB 68 and GASB 75.

Within Net Position, the "invested in capital assets" amount of $13,012,709 represents the total original cost of all of the College's land, buildings, machinery and equipment and infrastructure, less total accumulated depreciation on these assets, and also less debt related to their acquisition.

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

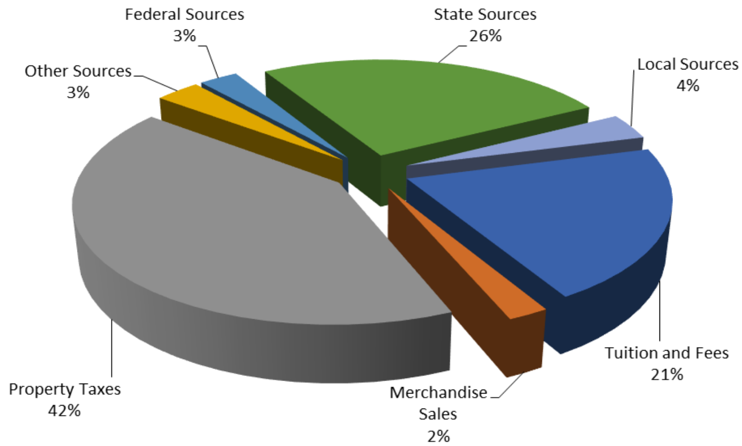
The statement of Revenues, Expenses and Changes in Net Position presents the operating results of the College as well as the non-operating revenues and expenses. Annual state reimbursements and property taxes, while budgeted to fund operations, are considered non-operating revenues according to generally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

	2018	2017	% Change
Total operating revenues	$ 1,739,026	$ 1,758,188	-1.1%
Total operating expenses	6,726,399	6,817,669	-1.3%
Operating loss	$ (4,987,373)	$ (5,059,481)	-1.4%
Non-operating revenues, net	5,271,009	5,278,340	-0.1%
Total decrease in net position	283,636	218,859	29.6%
Net position, beginning of year, as restated	11,559,803	11,393,159	1.5%
Net position, end of year	$ 11,843,439	$ 11,612,018	2.0%

Revenues:
The most significant sources of operating revenue for the College are State funding, student tuition and fees, property taxes and federal, state and local grants and contracts. Tuition and fees totaled $1,574,623 which was a very slight decrease ($5,203) from last year and is reflective of a state-wide decrease in community college enrollments. Community College Support Fund (CCSF) revenue from the State constituted 38% of the College's General Fund revenue. In this fiscal year, the College's General Fund received $1,857,650 in CCSF funding for operations, which represented a 3.8% increase over the prior year. The largest source of revenue to the College was property taxes of $3,156,588 received from the local college district taxpayers of Lincoln County.

Of the $3,156,588 property tax resources, $1,911,892 was received as a result of the general obligation bond levy approved by the voters in May 2004 and was used solely for the purpose of servicing the long-term debt obligation. The amount of property taxes received for the funding of the general operations of the College was $1,246,171.

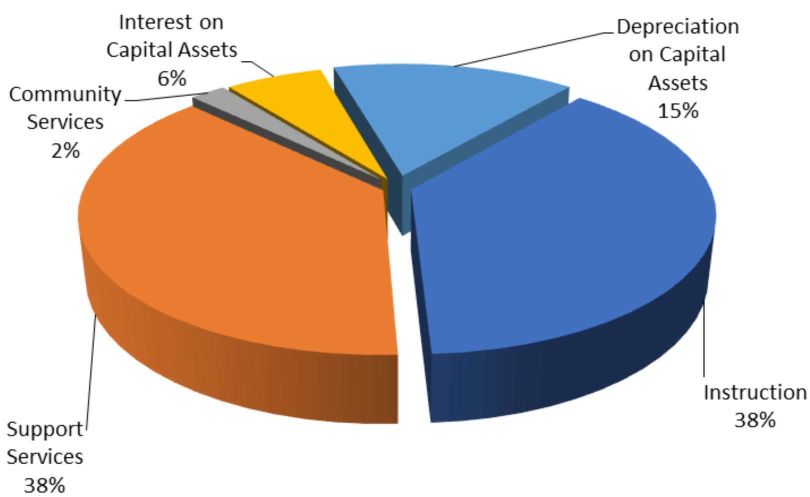
The following graph shows the allocation of total revenues for the College:



Expenses:

Operating expenses totaling $6,726,399 include salaries and benefits, materials and supplies, utilities, grant expenses and depreciation of capital assets. Operating expenses show a decrease of 1.3% over FY 2016-17.

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 any need for external financing.

In summary, the cash flows for the year were:

		2018		2017	% Change
Cash Provided by (Used In):					
Operating Activities	$	(3,242,694)	$	(4,006,958)	-19.1%
Noncapital Financing Activities		5,823,857		5,869,094	-0.8%
Capital Financing Activities		(2,030,897)		(1,973,502)	2.9%
Investing Activities		23,039		12,738	80.9%
Net change in cash		573,305		(98,628)	-681.3%
Cash - Beginning of year		1,651,459		1,750,087	-25.8%
Cash - End of year	$	2,224,764	$	1,651,459	4.6%

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. 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, 2018 the College had $25,192,659, 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, 2018 the College had total long-term obligations outstanding of $15,154,523. Additional information pertaining to the College's long-term obligations is located in Note 7 to these financial statements.

Requests for Information

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

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

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BASIC FINANCIAL STATEMENTS

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF NET POSITION
June 30, 2018

ASSETS:		
Current:		
Cash and Cash Equivalents	$	2,224,764
Receivables, net		968,347
Inventory		65,328
Prepaid Expenses		79,538
Total Current Assets		3,337,977
Non-current:		
Capital Assets:		
Land		1,949,699
Buildings, net		23,229,119
Equipment, net		13,841
Total Capital Assets		25,192,659
Total Assets		28,530,636
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferrals		721,184
Deferred Loss on Bond Refunding		936,957
Total Deferred Outflows		1,658,141
Total Assets and Deferred Outflows	$	30,188,777
LIABILITIES:		
Accounts Payable	$	112,212
Payroll Liabilities		535,737
Accrued Vacation		62,049
Unearned Revenue		359,055
Due to Other Groups		12,002
Current Portion of Long Term Debt		1,683,844
Total Current Liabilities		2,764,899
Long Term Liabilities:		
Proportionate Share of the Net Pension Liability		1,923,104
Other Post Employment Benefits		63,356
Bonds Payable		13,168,063
Total Long Term Liabilities		15,154,523
Total Liabilities		17,919,422
DEFERRED INFLOWS:		
Pension Deferrals		425,916
NET POSITION:		
Net Investment in Capital Assets		13,012,709
Restricted for:		
Grant Purpose Requirements		170,835
Unrestricted		(1,340,105)
Total Net Position		11,843,439
Total Liabilities, Deferred Inflows and Net Position	$	30,188,777

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, 2018

OPERATING REVENUES	
Tuition and Fees	$ 1,574,623
Merchandise Sales	164,403
Total Operating Revenues	1,739,026
OPERATING EXPENSES	
Instruction	2,732,227
Support Services	2,723,679
Community Services	163,613
Depreciation	1,106,880
Total Operating Expenses	6,726,399
Operating Income (Loss)	(4,987,373)
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	3,156,588
Interest Income	23,039
Miscellaneous	223,658
Interest Expense	(442,053)
Federal Sources	213,955
State Sources	1,959,673
Local Sources	269,983
Amortization of Deferred Loss on Bond Refunding	(133,834)
Net Nonoperating Revenues (Expenses)	5,271,009
Increase (Decrease) in Net Position	283,636
Net Position, Beginning of the Year, Restated	11,559,803
Net Position, End of the Year	$ 11,843,439

The accompanying notes are an integral part of this statement.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

Cash Flows From Operating Activities:		
Cash Received from Customers	$	2,181,971
Cash Paid to Suppliers		(1,226,548)
Cash Paid to Employees		(4,198,117)
Net cash provided (used) by Operating activities		(3,242,694)
Cash flows from investing activities		
Interest on Investments		23,039
Net cash provided (used) by Investing activities		23,039
Cash flows from Noncapital financing activities		
Cash Received from Property Taxes		3,156,588
Cash Received from State		1,959,673
Cash Received from Federal Sources		213,955
Cash Received from Local Sources		493,641
Net cash provided (used) by Noncapital financing activities		5,823,857
Cash flows from Capital Financing activities		
Debt Principal Paid		(1,465,000)
Debt Interest Paid		(565,897)
Net cash provided (used) by Capital financing activities		(2,030,897)
Net increase (decrease) in cash and investments		573,305
Cash and investments, beginning of year		1,651,459
Cash and investments, end of year	$	2,224,764
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(4,987,373)
Depreciation Expense		1,106,880
Pension Adjustments		173,162
OPEB Adjustments		11,141
(Increase) Decrease in Inventory		(32,258)
(Increase) Decrease in Receivables		163,428
(Increase) Decrease in Prepaid Expenses		(79,538)
Increase (Decrease) in Payables		53,778
Increase (Decrease) in Unearned Revenue		359,055
Increase (Decrease) in Due to Other Groups		434
Increase (Decrease) in Payroll Liabilities		(11,403)
Net Cash Provided by Operating Activities	$	(3,242,694)
Non-Cash Investing, Capital and Financing Activities:		
Amortization of Premium on Bond Issue	$	123,844
Amortization of Deferred Loss on Bond Refunding		(133,834)

The accompanying notes are an integral part of this statement.

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.

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
- Personnel Services
- Materials and Services
- Capital
- Other Uses - Debt Service and Interfund Transfers
- Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. The College did not adopt any supplemental budgets during 2017-2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2018, except for General Fund Materials and Services, which were overspent by $14,488.

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 longer than a single reporting period. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Vehicles and Equipment	5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

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

RETIREMENT PLANS

Substantially all of the College's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

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

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

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

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

DEFERRED OUTLOWS/INFLOWS OF RESOURCES

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

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

FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY (CONTINUED)

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

2. CASH AND INVESTMENTS

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

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

DEPOSITS

Cash and Investments at June 30, 2018 (recorded at fair value) consisted of:

Deposits with Financial Institutions:		
Petty Cash	$	4,841
Demand Deposits		212,578
Investments		2,007,345
Total Cash and Investments	$	2,224,764

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

INVESTMENTS

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

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2018. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2018, the fair value of the position in the LGIP is 100.13% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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

As of June 30, 2018, the College had the following investments and maturities.

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-17	18-59
State Treasurer's Investment Pool	$ 2,007,345	$ 2,007,345	$ -	$ -
Total	$ 2,007,345	$ 2,007,345	$ -	$ -

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 $212,578 and the bank balance was $249,533, of which the entire amount was covered by federal depository insurance. The remaining balance was 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, 2018 the College was in compliance with all percentage restrictions.

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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

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

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

3. ACCOUNTS/GRANTS RECEIVABLE

Total Receivables are equal to $968,347 at June 30, 2018. Tuition receivable is recorded when earned. At June 30, 2018, General Fund accounts receivable consisted of tuition and fees for $356,245 (equal to the gross amount of $532,568 less an allowance for doubtful accounts of $176,323. The college reports about 85% of the balances that are delinquent over 90 days in the allowance account) and cash held by county treasurer for $10,564. The remaining receivables are composed of Property Taxes, Grants and other miscellaneous items as reported on page 30 and 30a.

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2018 are as follows:

	7/1/2017	Additions	Deletions	6/30/2018
Land (non depreciable)	$ 1,949,699	$ -	$ -	$ 1,949,699
Buildings	32,919,743	-	-	32,919,743
Furniture and Equipment	1,891,912	-	-	1,891,912
Total	36,761,354	-	-	36,761,354
Accumulated Depreciation				
Building	(8,593,299)	(1,097,325)	-	(9,690,624)
Equipment	(1,868,516)	(9,555)	-	(1,878,071)
Total	(10,461,815)	$ (1,106,880)	$ -	(11,568,695)
Totals	$ 26,299,539			$ 25,192,659

5. DEFINED BENEFIT PENSION PLAN

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

http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf

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

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

   i. **Pension Benefits**. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

   ii. **Death Benefits**. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
   - member was employed by PERS employer at the time of death,
   - of PERS covered employment,
   - member died as a result of injury sustained while employed in a PERS-covered job, or
   - member was on an official leave of absence from a PERS-covered job at the time of death.

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

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

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

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were $197,758, excluding amounts to fund employer specific liabilities. At June 30, 2018, the College reported a net pension liability of $1,923,104 for its proportionate share of the net pension liability.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2017, the College's proportion was .01 percent. Pension expense for the year ended June 30, 2018 was $350,663 which included the employer contributions above and contributions made on behalf of employees.

The rates in effect for the year ended June 30, 2018 were:
(1) Tier 1/Tier 2 – 13.25%
(2) OPSRP general services – 6.67%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 93,002	$ -
Changes in assumptions	350,548	-
Net difference between projected and actual earnings on pension plan investments	19,812	-
Net changes in proportionate share	46,692	335,136
Differences between employer contributions and proportionate share of contributions	13,372	90,780
Subtotal - Amortized Deferrals (below)	523,426	425,916
Employer contributions subsequent to measuring date	197,758	-
Deferred outflow (inflow) of resources	$ 721,184	$ 425,916

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

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

Year ending June 30,	Amount
2019	$ 7,213
2020	159,866
2021	70,440
2022	(122,569)
2023	(17,440)
Thereafter	-
Total	$ 97,510

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 20, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordamce with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

(Source: June 30, 2017 PERS CAFR; p. 92)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation - Mean		*2.50%*

(Source: June 30, 2017 PERS CAFR; p. 69)

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-perentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	$ 3,277,320	$ 1,923,104	$ 790,728

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

Deferred Compensation Plan

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

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:
Employees are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:
Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

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

Contributions:
Employees of the District pay six (6) percent of their covered payroll. The College's contributions to member IAP accounts for the year ended June 30, 2018 were $152,905.

Retirement Health Insurance Account

Plan Description:
As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy:
Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to RHIA for the year ended June 30, 2018 were $12,579, which equaled the required contributions for the year.

At June 30, 2018, the College's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

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

http://www.oregon.gov/pers/EMP/Pages/GASB.aspx

6. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2018 is as follows:

Fund	Due From	Due To
General	$ -	$ 189,787
Debt Service	-	139,631
Special Revenue Grant	-	96,413
Reserve	360,802	-
Enterprise	-	56,265
Internal Service	121,294	-
Total	$ 482,096	$ 482,096

Interfund balances are used to fund operations between funds.

7. LONG TERM DEBT

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

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

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

7. LONG TERM DEBT (CONTINUED)

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

	Outstanding 7/1/2017	Issued	Matured and Redeemed	Outstanding 6/30/2018	Due in 1 Year
2005 Pension Bonds	$ 1,835,000	$ -	$ 100,000	$ 1,735,000	$ 115,000
2012 GO Refunding Bonds	13,615,000	-	1,365,000	12,250,000	1,445,000
Unamortized Premium on 2012 GO Refunding Bonds	990,751	-	123,844	866,907	123,844
Total Bonds Payable	$ 16,440,751	$ -	$ 1,588,844	$ 14,851,907	$ 1,683,844

Amounts Payable in Fiscal Year:	2005 Pension Bonds		2012 GO Refunding Bonds	
2018-2019	$ 115,000	$ 83,357	$ 1,445,000	$ 446,576
2019-2020	130,000	78,198	1,545,000	403,224
2020-2021	140,000	71,982	1,635,000	356,874
2021-2022	160,000	65,219	1,735,000	311,274
2022-2023	175,000	57,489	1,840,000	261,426
2023-2028	1,015,000	143,722	4,050,000	295,974
Total	$ 1,735,000	$ 499,967	$ 12,250,000	$ 2,075,348

8. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75)

Plan Description

The College is subject to ORS 243.303, which requires that early retirees (those not covered by Medicare) be allowed to stay on the College's health plan on a self-pay basis. The statutory requirement under ORS 243.303 can result in an "implicit subsidy" (the difference between expected early retiree claim costs and the premium paid for the retiree) requiring additional cost and liability recognition under GASB 75. The College participates in the Oregon Educators Benefit Board (OEBB), a statewide cost-sharing multiple-employer plan, as defined in GASB 75. In OEBB, the individual employer health plans are rated collectively, rather than individually by employer, and the same blended premium rate is charged to all active employees and non-Medicare-eligible retirees.

Funding Policy

The benefits from this program are paid by the College on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the College to fund these benefits in advance.

The College did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

8. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75) – (CONTINUED)

Actuarial Methods and Assumptions

The College engaged an actuary to perform an evaluation as of June 30, 2017 using the entry age normal method. The Single Employer Pension Plan Liability was determined using the following actuarial assumptions:

Discount Rate Per Year		3.75%
General Inflation Rate Per Year		2.50%
Salary Scale Per Year		Merit table plus growth
Annual Medical Premium Increase Rate	2018	6.90%
Decreasing .1% per year until 2037		

Mortality rates derived from the basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational.

Disability rates are the same as developed for the valuation of benefits under Oregon PERS.

Changes in Medical Benefit OPEB Liability:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2017	$ 52,215	$ -	$ 52,215
Changes for the year:			
Service Cost	9,014	-	9,014
Interest	2,127	-	2,127
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other input	-	-	-
Employer Contributions	-	-	-
Benefit payments	-	-	-
Net changes for the year	$ 11,141	$ -	$ 11,141
Total Pension Liability at June 30, 2018	$ 63,356	$ -	$ 63,356

8. OTHER POST EMPLOYMENT BENEFIT PLAN (GASB 75) – (CONTINUED)

Sensitivity of the Net Other Post-Employment Benefit Liability to changes in Discount and Trend Rates:

The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.75%, as well as what the liability would be if it was calculated using a discount rate one percentage point lower (2.75%) or one percentage point higher (4.75%) than the current rate.

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB Liability	$69,869	$63,356	$57,441

The following presents the net other post-employment benefit liability (NOL), calculated using the current health care trend rates, as well as what the liability would be if it was calculated using a trend rate one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Health Care Trend Rates	1% Increase
Net OPEB Liability	$54,124	$63,356	$74,651

9. PROPERTY TAX LIMITATIONS

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

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

10. 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.

11. 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.

12. RESTATEMENT OF BEGINNING NET POSITION

Due to the implementation of GASB Statement No. 75, the College restated its beginning net position to account for the balance of the Other Postemployment Benefits obligation at June 30, 2017, which was $52,215. The College subtracted that amount from the prior year net position of $11,612,018, creating a restated beginning net position of $11,559,803.

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) College's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.01 %	$ 1,923,104	$ 2,255,421	85.3 %	83.1 %
2017	0.02	2,709,625	1,854,386	146.1	80.5
2016	0.02	1,145,957	2,035,890	56.3	91.2
2015	0.01	(339,403)	2,068,025	(16.7)	103.6
2014	0.01	764,112	2,049,549	36.9	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	$ 197,758	$ 197,758	$ -	$ 2,548,423	7.8 %
2017	143,781	143,781	-	2,255,421	6.4
2016	147,514	147,514	-	1,854,386	8.0
2015	155,530	155,530	-	2,035,890	7.6
2014	289,149	289,149	-	2,068,025	14.0

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

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

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2018

Total Other Post Employment Benefits Liability at June 30, 2017	**$**	**52,215**
Changes for the year:		
Service Cost		9,014
Interest		2,127
Changes in Benefit Terms		-
Differences between expected and actual experience		-
Changes in assumptions or other input		-
Employer Contributions		-
Benefit Payments		-
Net changes for the year		11,141
Total Other Post Employment Benefits Liability at June 30, 2018	**$**	**63,356**
Fiduciary Net Position - Beginning	**$**	**-**
Contributions - Employer		316,640
Contributions - Employee		-
Net Investment Income		(316,640)
Benefit Payments		-
Administrative Expense		-
Net changes for the year		-
Fiduciary Net Position - Ending	**$**	**-**
Net Liability for Other Post Employment Benefits - End of Year	**$**	**63,356**
Fiduciary Net Position as a percentage of the total Single Employer Pension Liability		0%
Covered Payroll	$	2,641,944
Net Single Employer Pension Plan as a Percentage of Covered Payroll		2%

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SUPPLEMENTARY INFORMATION

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS
June 30, 2018

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	DEBT SERVICE FUND	ENTERPRISE FUND
ASSETS:				
Cash and Investments	$ 1,722,614	$ -	$ 498,609	$ 3,541
Receivables:				
Property Taxes	97,660	-	149,993	-
Accounts, net	366,809	-	15,649	4,990
Grants and Reimbursements	65,448	267,798	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	65,328
Prepaid Expenses	79,538	-	-	-
Total Assets	$ 2,332,069	$ 267,798	$ 664,251	$ 73,859
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 111,662	$ 550	$ -	$ -
Payroll Liabilities	535,737	-	-	-
Due to Other Groups	12,002	-	-	-
Due To Other Funds	189,787	96,413	139,631	56,265
Unearned Revenue	359,055	-	-	-
Total Liabilities	1,208,243	96,963	139,631	56,265
Deferred Inflows:				
Unavailable Revenue - Property Taxes	97,660	-	149,993	-
Fund Balances:				
Restricted for Grant Programs	-	170,835	-	-
Unrestricted	1,026,166	-	374,627	17,594
Total Fund Balances	1,026,166	170,835	374,627	17,594
Total Liabilities, Deferred Inflows, and Fund Balances	$ 2,332,069	$ 267,798	$ 664,251	$ 73,859

INTERNAL SERVICE FUND	RESERVE FUND	TOTAL COLLEGE
$ -	$ -	$ 2,224,764
-	-	247,653
-	-	387,448
-	-	333,246
121,294	360,802	482,096
-	-	65,328
-	-	79,538
$ 121,294	$ 360,802	$ 3,820,073
$ -	$ -	$ 112,212
-	-	535,737
-	-	12,002
-	-	482,096
-	-	359,055
-	-	1,501,102
-	-	247,653
-	-	170,835
121,294	360,802	1,900,483
121,294	360,802	2,071,318
$ 121,294	$ 360,802	$ 3,820,073

Reconciliation of the Modified Accrual
Combining Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balances - Governmental Funds		$	2,071,318
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			25,192,659
The net pension liability is not accrued in the governmental funds. In the funds, expenditures are recorded for actual contributions only.			(1,923,104)
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			936,957
The cost of accrued vacation is expended in the governmental funds, but is capitalized on the Statement of Net Position.			(62,049)
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			
Bonds payable	(14,851,907)		
Other Postemployment Benefits	(63,356)		(14,915,263)
The Net Pension Deferrals are recorded on the Statement of Net Position to account for changes in the College's pension obligations. Pension adjustments are not recorded in the governmental funds.			295,268
Unavailable Revenue - Property Taxes			247,653
Net Position		$	11,843,439

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

Reconciliation of the Change in Total Fund Balances - Modified Accrual Basis to the Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2018

Total Net Changes in Fund Balances - Governmental Funds		$	121,576
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.			1,588,844
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)
Changes in the estimated balances of Other Postemployment Benefits are not recognized in the fund financial statements, but are recorded as a net (increase)/decrease to expenditures on the Statement of Activities			(11,141)
Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.			
Capitalized Expenditures	$ -		
Depreciation Expense	(1,106,880)		
			(1,106,880)
Changes in net pension related assets, deferred outflows, liabilities and deferred inflows are recognized in expenses on the Statement of Activities. These changes are not reflected in the governmental funds			(173,162)
Accrued Vacation is an expenditure when used in the governmental funds, but is expensed as earned in the Statement of Activities			(292)
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.			(1,475)
Change in Net Position of Governmental Activities		$	283,636

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2018

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:					
Revenue From Local Sources:					
Property Taxes	$ 1,211,824	$ 1,211,824		$ 1,246,171	$ 34,347
Tuition and Fees	1,608,084	1,608,084		1,574,623	(33,461)
Miscellaneous	197,405	197,405		178,404	(19,001)
Total Local Revenue	3,017,313	3,017,313		2,999,198	(18,115)
Revenue From State Sources:					
Total State Revenue	1,800,778	1,800,778		1,857,650	56,872
Total Revenues	4,818,091	4,818,091		4,856,848	38,757
EXPENDITURES:					
Personnel Services	3,826,101	3,826,101	(1)	3,788,058	38,043
Materials and Services	1,313,986	1,313,986	(1)	1,328,474	(14,488)
Capital Outlay	12,000	12,000	(1)	-	12,000
Contingency	772,813	772,813	(1)	-	772,813
Total Expenses	5,924,900	5,924,900		5,116,532	808,368
Excess of Revenues Over, (Under) Expenditures	(1,106,809)	(1,106,809)		(259,684)	847,125
OTHER FINANCING SOURCES, (USES)					
Transfers Out	(10,000)	(10,000)	(1)	-	10,000
Total Other Financing Sources, (Uses)	(10,000)	(10,000)		-	10,000
Net Change in Fund Balance	(1,116,809)	(1,116,809)		(259,684)	857,125
Beginning Fund Balance	1,116,809	1,116,809		1,285,850	169,041
Ending Fund Balance	$ -	$ -		$ 1,026,166	$ 1,026,166

(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, 2018

SPECIAL REVENUE GRANT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:					
State Sources	$ 159,608	$ 159,608		$ 102,023	$ (57,585)
Federal Sources	236,385	236,385		213,955	(22,430)
Local Sources	198,000	198,000		269,983	71,983
Total Revenues	593,993	593,993		585,961	(8,032)
EXPENDITURES:					
Instruction:					
Personnel Services	503,801	503,801	(1)	350,966	152,835
Materials and Services	90,192	90,192	(1)	64,160	26,032
Capital Outlay	-	-	(1)	-	-
Total Expenditures	593,993	593,993		415,126	178,867
Excess of Revenues Over (Under) Expenditures	-	-		170,835	170,835
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-		-	-
Net Change in Fund Balance	-	-		170,835	170,835
Beginning Fund Balance	-	-		-	-
Ending Fund Balance	$ -	$ -		$ 170,835	$ 170,835

(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, 2018

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:					
Property Taxes	$ 1,836,397	$ 1,836,397		$ 1,911,892	$ 75,495
Other Taxes	-	-		45,254	45,254
Interest	7,450	7,450		23,039	15,589
Internal Charges	196,209	196,209		232,474	36,265
Total Revenues	2,040,056	2,040,056		2,212,659	172,603
EXPENDITURES:					
Debt Service - GO Bonds	1,843,041	1,843,041	(1)	1,842,897	144
Debt Service - PERS Bonds	188,000	188,000	(1)	188,000	-
Contingency	189,862	189,862	(1)	-	189,862
Total Debt Expenditures	2,220,903	2,220,903		2,030,897	190,006
Total Expenditures	2,220,903	2,220,903		2,030,897	190,006
Net Change in Fund Balance	(180,847)	(180,847)		181,762	362,609
Beginning Fund Balance	180,847	180,847		192,865	12,018
Ending Fund Balance	$ -	$ -		$ 374,627	$ 374,627

(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, 2018

ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Merchandise Sales	$ 198,500	$ 198,500	$ 164,403	$ (34,097)
Total Revenues	198,500	198,500	164,403	(34,097)
EXPENDITURES:				
Enterprise and Community Services:				
Personal Services	48,252	48,252 (1)	47,690	562
Materials and Services	172,884	172,884 (1)	113,770	59,114
Total Enterprise and Community Services	221,136	221,136	161,460	59,676
Contingency	4,424	4,424 (1)	-	4,424
Total Expenditures	225,560	225,560	161,460	64,100
Excess of Revenue Over/(Under) Expenditures	(27,060)	(27,060)	2,943	30,003
OTHER FINANCING SOURCES (USES):				
Transfer In	10,000	10,000	-	(10,000)
Net Change in Fund Balance	(17,060)	(17,060)	2,943	20,003
Beginning Fund Balance	17,060	17,060	14,651	(2,409)
Ending Fund Balance	$ -	$ -	$ 17,594	$ 17,594

(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, 2018

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Internal Charges	$ 51,750	$ 51,750	$ 48,082	$ (3,668)
Sales	-	-	-	-
Total Revenues	51,750	51,750	48,082	(3,668)
EXPENDITURES:				
Materials and Services	49,500	49,500 (1)	22,362	27,138
Contingency	108,035	108,035 (1)	-	108,035
Total Expenditures	157,535	157,535	22,362	135,173
OTHER FINANCING SOURCES (USES):				
Transfers In		-	-	-
Net Change in Fund Balance	(105,785)	(105,785)	25,720	131,505
Beginning Fund Balance	105,785	105,785	95,574	(10,211)
Ending Fund Balance	$ -	$ -	$ 121,294	$ 121,294

(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, 2018

RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Materials and Services	$ 360,802	$ 360,802 (1)	$ -	$ 360,802
Total Expenditures	360,802	360,802	-	360,802
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Net Change in Fund Balance	(360,802)	(360,802)	-	360,802
Beginning Fund Balance	360,802	360,802	360,802	-
Ending Fund Balance	$ -	$ -	$ 360,802	$ 360,802

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BALANCE SHEET - FIDUCIARY FUNDS
June 30, 2018

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS
ASSETS:			
Due From other Funds	$ 4,720	$ 1,413	$ 1,075
Total Assets	$ 4,720	$ 1,413	$ 1,075
LIABILITIES , DEFERRED INFLOWS AND FIDUCIARY NET POSITION:			
Liabilities:			
Accounts Payable	$ -	$ -	$ -
Total Liabilities	-	-	-
Fiduciary Net Position:	4,720	1,413	1,075
DUE TO OTHER GROUPS	$ 4,720	$ 1,413	$ 1,075

STEM CLUB	LITERACY	SBM ALUMNI	STUDENT NURSES ORGANIZATION	TRIANGLE CLUB	TOTAL
$ 164	$ 1,251	$ -	$ 3,129	$ 250	$ 12,002
$ 164	$ 1,251	$ -	$ 3,129	$ 250	$ 12,002
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
164	1,251	-	3,129	250	12,002
$ 164	$ 1,251	$ -	$ 3,129	$ 250	$ 12,002

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF ADDITIONS AND REDUCTIONS - FIDUCIARY FUNDS
For the Year Ended June 30, 2018

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS	STEM CLUB	LITERACY
ADDITIONS:					
Miscellaneous	$ 2,947	$ 1,227	$ 52	$ 154	$ -
Total Additions	2,947	1,227	52	154	-
REDUCTIONS:					
Materials and services	1,167	513	223	-	-
Total Reductions	1,167	513	223	-	-
Additions Over/(Under) Reductions	1,780	714	(171)	154	-
Due to Other Groups - Beginning	2,940	699	1,246	10	1,251
Due to Other Groups - Ending	$ 4,720	$ 1,413	$ 1,075	$ 164	$ 1,251

SBM ALUMNI		STUDENT NURSES ORGANIZATION		TRIANGLE CLUB		TOTAL	
$	-	$	2,312	$	-	$	6,692
	-		2,312		-		6,692
	20		4,335		-		6,258
	20		4,335		-		6,258
	(20)		(2,023)		-		434
	20		5,152		250		11,568
$	-	$	3,129	$	250	$	12,002

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
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February 12, 2019

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, 2018, and have issued our report thereon dated February 12, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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. There was one instance where actual expenditures exceeded appropriations, as noted on page 9.

OAR 162-10-0230 Internal Control

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

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

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

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