OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED June 30, 2015

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, 2015

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

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

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PAGE NUMBER

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BOARD OF DIRECTORS

Name and Address	Position	Term Expires
Jeff Ouderkirk P.O. Box 1167 Newport, OR 97365	Director-Zone 3	June 30, 2019
Alison Nelson-Robertson P.O. Box 448 Lincoln City, OR 97367	Director-Zone 2	June 30, 2017
Chris Chandler P.O. Box 578 Newport, OR 97365	Chair Director-Zone 5	June 30, 2017
Clifford Ryer 9580 Egret Street Seal Rock, OR 97376	Vice-Chair Director-Zone 6	June 30, 2019
James Nelson P.O. Box 815 Gleneden Beach, OR 97388	Director-Zone 1	June 30, 2017
Nancy Osterlund 1922 SE Alder Lane Drive Toledo, OR 97391	Director-Zone 4	June 30, 2019
Debbie Kilduff P.O. Box 1203 Waldport, OR 97394	Director-Zone 7	June 30, 2019

ADMINISTRATION

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

MAILING ADDRESS

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

PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
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March 2, 2016

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, 2015, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Oregon Coast Community College at June 30, 2015, changes in financial position, and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The College adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as well as the provisions of GASB Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments*, *and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated Mach 2, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 2, 2016, 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.

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, 2015. 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, 2015 the College's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by $12,126,079 (*Net Position*). Of this amount, ($411,472) is classified as unrestricted net position. The largest component, of net position, $12,537,551, 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 previously held Prepaid Pension Asset of $1,691,421 with the booking, instead, of amounts for the College's Proportionate Share of the Net PERS Pension Liability along with a Deferred Net Outflow. This changed the beginning-of-the-fiscal-year Net Position from $13,428,721 to $11,262,337.

- In response to continued state funding uncertainties due to lower enrollments, the College was deliberate and thoughtful in the execution of the fiscal year 2015-16 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.

	2015	2014	% Change
Assets			
Current assets	$ 2,398,829	$ 1,925,466	24.6%
Other noncurrent assets	339,403	1,691,421	-79.9%
Capital assets, net of depreciation	28,562,531	29,682,173	-3.8%
Total assets	31,300,763	33,299,060	-6.0%
Deferred Outflows of Resources			
Deferred Loss on Bond Refunding	1,338,459	1,472,293	-9.1%
Liabilities			
Current Liabilities	2,107,613	1,974,193	6.8%
Long-term debt, non-current portion	17,944,595	19,368,439	-7.4%
Total liabilities	20,052,208	21,342,632	-6.0%
Deferred Inflows of Resources			
Net Pension Deferrals	460,935	-	100.0%
Net Position			
Net Investment in Capital Assets	12,537,551	12,517,173	0.2%
Restricted	-	69,179	-100.0%
Unrestricted	(411,472)	842,369	-148.8%
Total net position	$ 12,126,079	$ 13,428,721	-9.7%

At June 30, 2015 the College's current assets of $2,398,829 were sufficient to cover the College's current liabilities of $2,107,613. This represents a current ratio of 1.14. Current assets consist primarily of cash and cash equivalents, receivables from student accounts, property taxes and grants. The College's noncurrent asset of $339,403 is the proportionate share of the State's net pension liability for PERS. Also included in noncurrent assets are capital assets net of accumulated depreciation used to provide services to students.

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

Within Net Position, the "invested in capital assets" amount of $12,537,551 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).

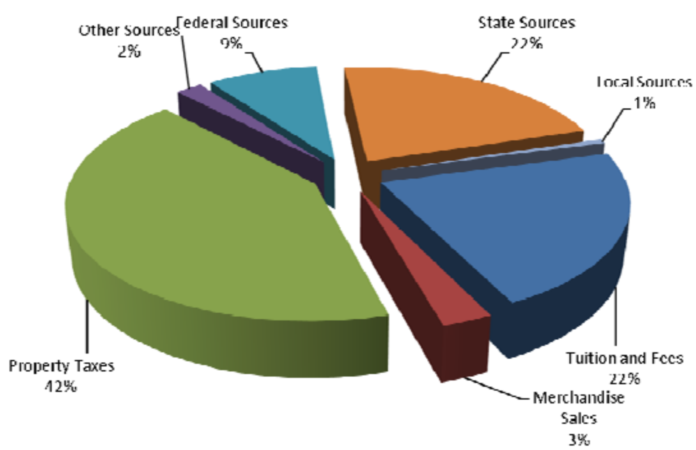
	2015	2014	% Change
Total operating revenues	$ 1,805,161	$ 1,940,532	-7.0%
Total operating expenses	5,768,057	6,304,219	-8.5%
Operating loss	$ (3,962,896)	$ (4,363,687)	-9.2%
Non-operating revenues, net	4,826,638	3,914,649	23.3%
Total decrease in net assets	863,742	(449,038)	-292.4%
Net position, beginning of year, as restated	11,262,337	13,877,759	-18.8%
Net position, end of year	$ 12,126,079	$ 13,428,721	-9.7%

Revenues:
The most significant sources of operating revenue for the college are State funding, student tuition and fees, federal, state and local grants and contracts and bookstore operations. Tuition and fees totaled $1,598,365 which was a decline from last year's amount due to lower enrollments primarily in the Expanded Options program through Lincoln County School District.

Appropriations from the State of Oregon constituted 22% of non-operating revenue. The College received $1,585,334 in State funding in this fiscal year, which represented a 2% increase over the prior year. The largest source of non-operating of revenue was property taxes of $3,076,807 received from the local college district taxpayers of Lincoln County.

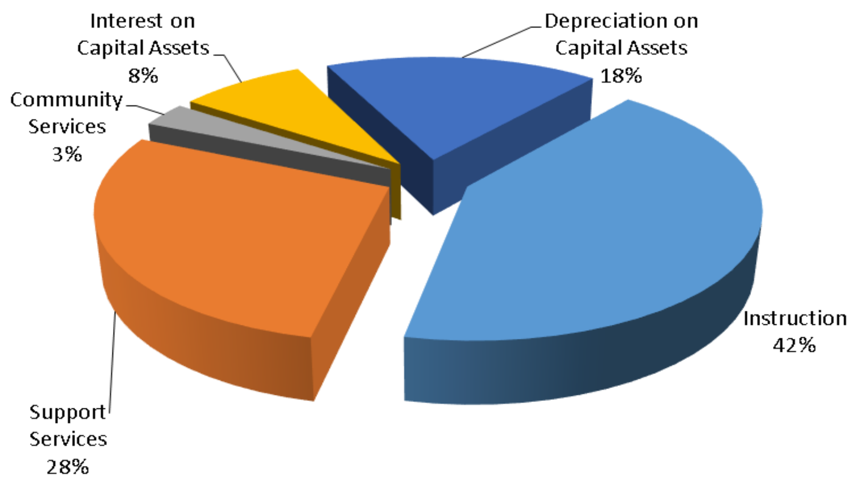
Of the $3,076,807 property tax resources, $1,905,602 was received as a result of the general obligation bond levy approved by the voters in May 2004 and may be used solely for the purpose of servicing the long-term debt obligation. The amount of property taxes levied to fund general operations of the College was $1,145,840.

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



Expenses:
Operating expenses totaling $5,768,057 include salaries and benefits, materials and supplies, utilities, grant expenses and depreciation of capital assets. Operating expenses show a decrease of 9% over FY 2013-2014.

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



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

In summary from the cash flows for the year were:

	2015	2014	% Change
Cash Provided by (Used In):			
Operating Activities	$ (3,532,403)	$ (2,475,527)	42.7%
Noncapital Financing Activities	5,479,458	4,369,077	25.4%
Capital Financing Activities	(1,894,741)	(1,862,750)	1.7%
Investing Activities	5,024	12,291	-59.1%
Net change in cash	57,338	43,091	33.1%
Cash - Beginning of year	1,253,800	1,210,709	3.6%
Cash - End of year	$ 1,311,138	$ 1,253,800	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. The new accounting standards require that the College reflect these sources of revenue as non-operating even though the College's budget depends on these revenues for ongoing operations. Property taxes are assessed to property owners within the College's tax base of Lincoln County, Oregon. Beginning July 2004, the College levied additional property taxes required to service the resulting long-term obligation.

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

Capital Assets and Debt Administration

At June 30, 2015 the College had $28,562,531, 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, 2015 the College had total long-term obligations outstanding of $19,368,439. Additional information pertaining to the College's long-term obligations is located in note 10 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, 2015

ASSETS:		
Cash and Cash Equivalents	$	1,311,138
Receivables, net		1,031,234
Inventory		29,298
Prepaid Expenses		27,159
Net Pension Asset		339,403
Capital Assets, net		28,562,531
Total Assets		31,300,763
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Loss on Bond Refunding		1,338,459
Total Assets and Deferred Outflows	$	32,639,222
LIABILITIES:		
Accounts Payable	$	114,859
Payroll Liabilities		500,929
Accrued Vacation		37,352
Unearned Revenue		18,875
Due to Other Groups		11,754
Current Portion of Long Term Debt		1,423,844
Total Current Liabilities		2,107,613
Long Term Liabilities:		
Bonds Payable		17,944,595
Total Liabilities		20,052,208
DEFERRED INFLOWS:		
Net Pension Deferrals		460,935
NET POSITION:		
Net Investment in Capital Assets		12,537,551
Unrestricted		(411,472)
Total Net Position		12,126,079
Total Liabilities, Deferred Inflows and Net Position	$	32,639,222

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, 2015

OPERATING REVENUES		
Tuition and Fees	$	1,598,365
Merchandise Sales		206,796
Total Operating Revenues		1,805,161
OPERATING EXPENSES		
Instruction		2,652,936
Support Services		1,774,085
Community Services		194,507
Depreciation		1,146,529
Total Operating Expenses		5,768,057
Operating Income (Loss)		(3,962,896)
NONOPERATING REVENUES (EXPENSES)		
Property Taxes		3,076,807
Interest Income		5,024
Miscellaneous		146,593
Interest Expense		(524,010)
Federal Sources		625,647
State Sources		1,585,334
Local Sources		45,077
Amortization of Deferred Loss on Bond Refunding		(133,834)
Net Nonoperating Revenues (Expenses)		4,826,638
Increase (Decrease) in Net Position		863,742
Net Position, Beginning of the Year, Restated		11,262,337
Net Position, End of the Year	$	12,126,079

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Cash Flows From Operating Activities:		
Cash Received from Customers	$	1,391,861
Cash Paid to Suppliers		(1,027,017)
Cash Paid to Employees		(3,897,247)
Net cash provided (used) by Operating activities		(3,532,403)
Cash flows from investing activities		
Interest on Investments		5,024
Net cash provided (used) by Investing activities		5,024
Cash flows from Noncapital financing activities		
Cash Received from Property Taxes		3,076,807
Cash Received from State		1,585,334
Cash Received from Federal Sources		625,647
Cash Received from Local Sources		191,670
Tax Anticipation Note Principal Paid		
Net cash provided (used) by Noncapital financing activities		5,479,458
Cash flows from Capital Financing activities		
Purchase of Capital Assets		(26,887)
Cash Received from State Lottery - Designated for Capital Projects		
Debt Principal Paid		(1,220,000)
Debt Interest Paid		(647,854)
Net cash provided (used) by Capital financing activities		(1,894,741)
Net increase (decrease) in cash and investments		57,338
Cash and investments, beginning of year		1,253,800
Cash and investments, end of year	$	1,311,138
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(3,962,896)
Depreciation Expense		1,146,529
Pension Adjustments		(353,431)
(Increase) Decrease in Inventory		(3,415)
(Increase) Decrease in Receivables		(412,007)
(Increase) Decrease in Prepaid Expenses		(603)
Increase (Decrease) in Payables		66,630
Increase (Decrease) in Unearned Revenue		2,725
Increase (Decrease) in Due to Other Groups		(1,992)
Increase (Decrease) in Payroll Liabilities		(13,943)
Net Cash Provided by Operating Activities	$	(3,532,403)
Non-Cash Investing, Capital and Financing Activities:		
Amortization of Premium on Bond Issue	$	123,844
Amortization of Deferred Loss on Bond Refunding		(133,834)

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for state and local governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities, issued in June and November of 1999. The College now follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities.

BASIS OF ACCOUNTING

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenue in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. Under terms of grant agreements, the College funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted portions of net position available to finance the program. It is the College's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. The College's basic financial statements have elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING REVENUES AND EXPENSES

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

BUDGETS

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

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

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

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

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. The College did not adopt any supplemental budgets during 2014-2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts no changes in year. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2015, except for Materials and Services in the General Fund, Debt Service for PERS bonds in the Debt Service Fund and Materials and Services in the Internal Service Fund which were overspent by $47,348, $8 and $7,815 respectively.

CASH AND CASH EQUIVALENTS

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

PROPERTY TAXES RECEIVABLE

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

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

GRANTS

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

INVENTORIES

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

CAPITAL ASSETS

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

Buildings and improvements	50 years
Vehicles and Equipment	5 years

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

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

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

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.

2. CASH AND INVESTMENTS

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

DEPOSITS

Cash and Investments at June 30, 2015 (recorded at fair value) consisted of:

Deposits with Financial Institutions:		
Petty Cash	$	1,300
Demand Deposits		146,165
Investments		1,163,673
Total Cash and Investments	$	1,311,138

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

INVESTMENTS

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

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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

As of June 30, 2015, the College had the following investments and maturities.

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-17	18-59
State Treasurer's Investment Pool	$ 1,163,673	$ 1,163,673	$ -	$ -
Total	$ 1,163,673	$ 1,163,673	$ -	$ -

As of June 30, 2015 the fair value of the College's position in the LGIP is equal to 100.71% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. The State Investment Pool is not rated.

Interest Rate Risk

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

The College limits investment maturities as follows:

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

Deposit Risk

At year-end, the College's net carrying amount of deposits was $146,165 and the bank balance was $224,656, all of which was covered by federal depository insurance. If there were uninsured balances, they would be collateralized by the State of Oregon.

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the College's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2015 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 $1,031,234 at June 30, 2015. Tuition receivable is recorded when earned. At June 30, 2015 total tuition receivable was $210,635, which was equal to the gross amount of $311,581 less an allowance for doubtful accounts of $100,946. The college reports about 85% of the balances that are delinquent over 90 days in the allowance account. The remaining receivables are composed of Property Taxes, Grants and other miscellaneous items as reported on page 24 and 24a.

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2015 are as follows:

	7/1/2014	Additions	Deletions	6/30/2015
Land (non depreciable)	$ 1,949,699	$ -	$ -	$ 1,949,699
Buildings	32,919,743	-	-	32,919,743
Furniture and Equipment	1,865,025	26,887	-	1,891,912
Total	36,734,467	26,887	-	36,761,354
Accumulated Depreciation				
Building	(5,301,324)	(1,097,325)	-	(6,398,649)
Equipment	(1,750,970)	(49,204)	-	(1,800,174)
Total	(7,052,294)	$ (1,146,529)	$ -	(8,198,823)
Totals	$ 29,682,173			$ 28,562,531

5. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

   ii. **Death Benefits**. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
      - member was employed by PERS employer at the time of death,
      - member died within 120 days after termination of PERS covered employment,
      - member died as a result of injury sustained while employed in a PERS-covered job, or
      - member was on an official leave of absence from a PERS-covered job at the time of death.

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

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

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit.

To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

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

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. 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, 2015 were $155,530, excluding amounts to fund employer specific liabilities. In addition, the College picked up $122,153 of employee contributions.

At June 30, 2015, the College reported a net pension asset of $339,403 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the Commission's proportion was .01 percent.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	654,911
Changes in proportion and differences between College contributions and proportionate share of contributions	38,446	-
College contributions subsequent to measurment date	155,530	-
Net deferred outflow (inflow) of resources		$ (460,935)

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
2016	$ (155,370)
2017	(155,370)
2018	(155,370)
2019	(155,370)
2020	5,015
Total	$ (616,465)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuations – The employer contribution rates effective July 1, 2013 through June 30, 2015, 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 necessar4y to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
	Healthy retirees and beneficiaries:
Mortality	RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
College's proportionate share of the net pension liability	$ 718,734	$ (339,403)	$ (1,234,339)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest $10 million.

	June 30, 2014 Measurement Date	
Net pension liability	Before Moro Decision	Estimate After Moro Decision
Total pension liability	$ 63,135	$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	-2,267	2,650

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

6. PROPERTY TAX LIMITATIONS

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

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

7. RISK MANAGEMENT

The College sets aside funds to pay worker unemployment claims and insurance deductible expenses and other related costs. This activity is accounted for in the Internal Service Funds. The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College purchases commercial insurance to minimize its exposure to these risks. Settled claims did not exceed this commercial coverage for the past three years.

8. COMMITMENTS AND CONTINGENCIES

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

9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund transfers as of June 30, 2015 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$ 150,000	$ -
Debt Service Fund	-	150,000
Total	$ 150,000	$ 150,000

9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The composition of interfund balances as of June 30, 2015 is as follows:

Fund	Due From	Due To
General	$ 252,921	$ -
Debt Service	-	294,435
Special Revenue Grant	-	160,934
Reserve	160,802	-
Campus Project	-	42,440
Enterprise	-	25,156
Internal Service	109,242	-
Total	$ 522,965	$ 522,965

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

10. LONG TERM DEBT

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

GO Bonds

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

10. LONG TERM DEBT (CONTINUED)

Pension Obligation Bonds

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

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

	Outstanding 7/1/2014	Issued	Matured and Redeemed	Outstanding 6/30/2015	Due in 1 Year
2005 Pension Bonds	$ 2,075,000	$ -	$ 70,000	$ 2,005,000	$ 80,000
2012 GO Refunding Bonds	17,275,000	-	1,150,000	16,125,000	1,220,000
Unamortized Premium on 2012 GO Refunding Bonds	1,362,283	-	123,844	1,238,439	123,844
Total Bonds Payable	$ 20,712,283	$ -	$ 1,343,844	$ 19,368,439	$ 1,423,844

Amounts Payable in Fiscal Year:	2005 Pension Bonds		2012 GO Refunding Bonds	
2015-2016	$ 80,000	$ 95,893	$ 1,220,000	$ 525,576
2016-2017	90,000	92,179	1,290,000	501,176
2017-2018	100,000	88,000	1,365,000	477,874
2018-2019	115,000	83,357	1,445,000	446,576
2019-2020	130,000	78,198	1,545,000	403,224
2020-2025	875,000	283,581	9,260,000	1,225,548
2025-2028	615,000	54,831	-	-
Total	$ 2,005,000	$ 776,039	$ 16,125,000	$ 3,579,974

11. DEFERRED OUTFLOWS/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. The College reports deferred outflows of $1,338,459 on the Statement of Net Position which represents the deferred loss that occurred on the refunding of GO Bonds in 2012.

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. The College reports a Net Deferred Inflow of $460,935 related to its pension obligations.

12. DEFICIT FUND BALANCE

The Campus Project Fund had a deficit fund balance of $480 as of June 30, 2015. The College plans to increase future revenues in that fund to eliminate the deficit balance.

13. RESTATEMENT OF BEGINNING NET POSITION

Net Position as of July 1, 2014 has been restated due to the College's adoption of GASB 68, *Accounting and Financial Reporting for Pensions*. The details of the restatement are as follows:

Net Position as Previously Reported	$ 13,428,721
Write Off of Prepaid Pension Asset	(1,691,421.00)
Proportionate Share of Net Pension Liability	(764,112.00)
Net Deferred Outflow/(Inflow)	289,149
Restated Net Position	$ 11,262,337

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2015

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

The amounts presented for each fiscal year were actuarial determinted at 12/31 and rolled forward to the measurment 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
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 actuarial determinted at 12/31 and rolled forward to the measurment 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

SUPPLEMENTARY INFORMATION

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS
June 30, 2015

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	DEBT SERVICE FUND	CAMPUS PROJECT FUND
ASSETS:				
Cash and Investments	$ 946,721	$ -	$ 305,214	$ 59,203
Receivables:				
Property Taxes	97,356	-	144,393	-
Accounts, net	592,853	-	21,180	-
Grants and Reimbursements	-	175,452	-	-
Due From Other Funds	252,921	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	27,159	-	-	-
Total Assets	$ 1,917,010	$ 175,452	$ 470,787	$ 59,203
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 84,390	$ 14,518	$ -	$ 17,243
Payroll Liabilities	500,929	-	-	-
Due to Other Groups	11,754	-	-	-
Due To Other Funds	-	160,934	294,435	42,440
Unearned Revenue	18,875	-	-	-
Total Liabilities	615,948	175,452	294,435	59,683
Deferred Inflows:				
Unavailable Revenue - Property Taxes	97,356	-	144,393	-
Fund Balances:				
Unrestricted	1,203,706	-	31,959	(480)
Total Fund Balances	1,203,706	-	31,959	(480)
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,917,010	$ 175,452	$ 470,787	$ 59,203

ENTERPRISE FUND	INTERNAL SERVICE FUND	RESERVE FUND	TOTAL COLLEGE
$	$ -	$ -	$ 1,311,138
-	-	-	241,749
-	-	-	614,033
-	-	-	175,452
-	109,242	160,802	522,965
29,298		-	29,298
-	-	-	27,159
$ 29,298	$ 109,242	$ 160,802	$ 2,921,794
$ (15,653)	$ 14,361	$ -	$ 114,859
-	-	-	500,929
-	-	-	11,754
25,156	-	-	522,965
-	-	-	18,875
9,503	14,361	-	1,169,382
-	-	-	241,749
19,795	94,881	160,802	1,510,663
19,795	94,881	160,802	1,510,663
$ 29,298	$ 109,242	$ 160,802	$ 2,921,794

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

Reconciliation of the Modified Accrual
Combining Balance Sheet to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds	$	1,510,663
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		28,562,531
The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.		
Prepaid pension costs		339,403
The unamortized portion of the deferred loss on the refunding of GO Bonds is not available to pay for current period expenditures, and therefore is not reported in the governmental funds		
Deferred loss on refunding bonds		1,338,459
The cost of accrued vacation is expended in the governmental funds, but is capitalized on the Statement of Net Position.		(37,352)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.		
Long term Liabilities		
General obligation bonds payable		(19,368,439)
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.		(460,935)
Unavailable Revenue - Property Taxes		241,749
Net Position	$	12,126,079

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

Reconciliation of the Change in Total Fund Balances - Modified Accrual Basis to the Statement of Activities
June 30, 2015

Total Net Changes in Fund Balances - Governmental Funds			$ 389,984
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.			1,343,844
Amortization of the deferred loss on bond refunding is not recognized in the governmental funds, but is expensed to reduce the balance of the deferred amount on the Statement of Net Position.			(133,834)
Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.			
	Capitalized Expenditures	$ 26,887	
	Depreciation Expense	(1,146,529)	
			(1,119,642)
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			353,431
Accrued Vacation is an expenditure when used in the governmental funds, but is expensed as earned in the Statement of Activities			4,594
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.			25,365
Change in Net Position of Governmental Activities			$ 863,742

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2015

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:					
Revenue From Local Sources:					
Property Taxes	$ 1,151,437	$ 1,151,437		$ 1,145,840	$ (5,597)
Tuition and Fees	1,621,792	1,621,792		1,598,365	(23,427)
Miscellaneous	166,755	166,755		155,784	(10,971)
Total Local Revenue	2,939,984	2,939,984		2,899,989	(39,995)
Revenue From State Sources:					
Total State Revenue	1,503,361	1,503,361		1,519,704	16,343
Total Revenues	4,443,345	4,443,345		4,419,693	(23,652)
EXPENDITURES:					
Personnel Services	3,302,980	3,302,980	(1)	2,926,153	376,827
Materials and Services	1,209,745	1,209,745	(1)	1,257,093	(47,348)
Contingency	668,000	668,000	(1)	-	668,000
Total Expenses	5,180,725	5,180,725		4,183,246	997,479
Excess of Revenues Over, (Under) Expenditure	(737,380)	(737,380)		236,447	
OTHER FINANCING SOURCES, (USES)					
Transfers In	174,000	174,000		150,000	(24,000)
Transfers Out	(81,783)	(81,783)	(1)	-	81,783
Total Other Financing Sources, (Uses)	92,217	92,217		150,000	57,783
Net Change in Fund Balance	(645,163)	(645,163)		386,447	1,031,610
Beginning Fund Balance	645,163	645,163		817,259	172,096
Ending Fund Balance	$ -	$ -		$ 1,203,706	$ 1,203,706

(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, 2015

SPECIAL REVENUE GRANT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
State Sources	$ 80,000	$ 80,000	$ 65,630	$ (14,370)
Federal Sources	1,120,000	1,120,000	625,647	(494,353)
Local Sources	300,000	300,000	45,077	(254,923)
Total Revenues	1,500,000	1,500,000	736,354	(763,646)
EXPENDITURES:				
Instruction:				
Personnel Services	723,783	723,783 (2)	577,812	145,971
Materials and Services	578,000	578,000 (2)	168,764	409,236
Capital Outlay	280,000	280,000 (2)	-	280,000
Total Expenditures	1,581,783	1,581,783	746,576	835,207
Excess of Revenues Over (Under) Expenditures	(81,783)	(81,783)	(10,222)	71,561
OTHER FINANCING SOURCES (USES):				
Transfers In	81,783	81,783	-	(81,783)
Net Change in Fund Balance	-	-	(10,222)	(10,222)
Beginning Fund Balance	-	-	10,222	10,222
Ending Fund Balance	$ -	$ -	$ -	$ -

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

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property Taxes	$ 1,938,340	$ 1,938,340	$ 1,905,602	$ (32,738)
Other Taxes	-	-	24,203	24,203
Interest	4,741	4,741	4,706	(35)
Internal Charges	165,000	165,000	164,330	(670)
Total Revenues	2,108,081	2,108,081	2,098,841	(9,240)
EXPENDITURES:				
Debt Service - GO Bonds	1,698,731	1,698,731 (1)	1,698,703	28
Debt Service - PERS Bonds	169,143	169,143 (1)	169,151	(8)
Total Debt Expenditures	1,867,874	1,867,874	1,867,854	20
Contingency	98,112	98,112 (1)	-	98,112
Total Expenditures	1,965,986	1,965,986	1,867,854	20
Excess of Revenues Over (Under) Expenditures	142,095	142,095	230,987	88,892
OTHER FINANCING SOURCES (USES):				
Transfers Out	(150,000)	(150,000) (1)	(150,000)	-
Total Other Financing Sources, (Uses)	(150,000)	(150,000)	(150,000)	-
Net Change in Fund Balance	(7,905)	(7,905)	80,987	88,892
Beginning Fund Balance	7,905	7,905	(49,028)	(56,933)
Ending Fund Balance	$ -	$ -	$ 31,959	$ 31,959

(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, 2015

CAMPUS PROJECT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Interest	$ -	$ -	$ 318	$ 318
Total Revenues	-	-	318	318
EXPENDITURES:				
Facilities:				
Materials and Services	47,516	47,516 (2)	32,868	14,648
Capital Outlay	45,000	45,000 (2)	26,887	18,113
Total Expenditures	92,516	92,516	59,755	32,761
Net Change in Fund Balance	(92,516)	(92,516)	(59,437)	33,079
Beginning Fund Balance	92,516	92,516	58,957	(33,559)
Ending Fund Balance	$ -	$ -	$ (480)	$ (480)

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

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

ENTERPRISE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:					
Merchandise Sales	$ 220,000	$ 220,000		$ 206,532	$ (13,468)
Total Revenues	220,000	220,000		206,532	(13,468)
EXPENDITURES:					
Enterprise and Community Services:					
Personal Services	16,215	16,215	(1)	16,215	-
Materials and Services	188,700	188,700	(1)	180,696	8,004
Total Enterprise and Community Services	204,915	204,915		196,911	8,004
Contingency	28,604	28,604	(1)	-	28,604
Total Expenditures	233,519	233,519		196,911	36,608
Excess of Revenue Over/(Under) Expenditures	(13,519)	(13,519)		9,621	23,140
OTHER FINANCING SOURCES (USES):					
Transfer out	(10,725)	(10,725)	(1)	-	10,725
Net Change in Fund Balance	(24,244)	(24,244)		9,621	33,865
Beginning Fund Balance	24,244	24,244		10,174	(14,070)
Ending Fund Balance	$ -	$ -		$ 19,795	$ 19,795

(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, 2015

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Internal Charges	$ 32,000	$ 32,000	$ 35,039	$ 3,039
Sales	575	575	264	(311)
Total Revenues	32,575	32,575	35,303	2,728
EXPENDITURES:				
Materials and Services	44,900	44,900 (1)	52,715	(7,815)
Contingency	98,325	98,325 (1)	-	98,325
Total Expenditures	143,225	143,225	52,715	90,510
Net Change in Fund Balance	(110,650)	(110,650)	(17,412)	93,238
Beginning Fund Balance	110,650	110,650	112,293	1,643
Ending Fund Balance	$ -	$ -	$ 94,881	$ 94,881

(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, 2015

RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Materials and Services	180,000	180,000 (1)	-	180,000
Total Expenditures	180,000	180,000	-	180,000
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Net Change in Fund Balance	(180,000)	(180,000)	-	180,000
Beginning Fund Balance	180,000	180,000	160,802	(19,198)
Ending Fund Balance	$ -	$ -	$ 160,802	$ 160,802

(1) Appropriation Level

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

BALANCE SHEET - FIDUCIARY FUNDS
June 30, 2015

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS
ASSETS:			
Due From other Funds	$ 122	$ 1,096	$ 3,637
Total Assets	$ 122	$ 1,096	$ 3,637
LIABILITIES , DEFERRED INFLOWS AND FIDUCIARY NET POSITION:			
Liabilities:			
Accounts Payable	$	$ 125	$ -
Total Liabilities	-	125	-
Fiduciary Net Position:	122	971	3,637
DUE TO OTHER GROUPS	$ 122	$ 1,096	$ 3,637

LITERACY	SBM ALUMNI	STUDENT NURSES ORGANIZATION	TRIANGLE CLUB	TOTAL
$ 1,251	$ 285	$ 5,113	$ 250	$ 11,754
$ 1,251	$ 285	$ 5,113	$ 250	$ 11,754
$ -	$ 193	$ 62	$ -	$ 380
-	193	62	-	380
1,251	92	5,051	250	11,374
$ 1,251	$ 285	$ 5,113	$ 250	$ 11,754

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

STATEMENT OF ADDITIONS AND REDUCTIONS - FIDUCIARY FUNDS
For the Year Ended June 30, 2015

	STUDENT GOVERNMENT	PHI THETA KAPPA	AQUANAUTS	LITERACY	SBM ALUMNI
ADDITIONS:					
Miscellaneous	$	$ 500	$ -	$ -	$ -
Total Additions	-	500	-	-	-
REDUCTIONS:					
Materials and services	843	418	1,146	-	856
Total Reductions	843	418	1,146	-	856
OTHER FINANCING SOURCES:					
Transfers In		-	-	-	-
Transfers out	(300)	-	-	-	
Additions Over/(Under) Reductions	(1,143)	82	(1,146)	-	(856)
Due to Other Groups - Beginning	1,265	889	4,783	1,251	948
Due to Other Groups - Ending	$ 122	$ 971	$ 3,637	$ 1,251	$ 92

STUDENT NURSES ORGANIZATION	TRIANGLE CLUB	TOTAL
$ 2,310	$ -	$ 2,810
2,310	-	2,810
1,919	-	5,182
1,919	-	5,182
300	-	300
-		(300)
691	-	(2,372)
4,360	250	13,746
$ 5,051	$ 250	$ 11,374

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2014	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2015
Current:						
2014-2015	$ 3,111,410	$ 77,899	$ (5,466)	$ 1,786	$ 2,916,475	$ 113,356
Prior Years:						
2013-2014	96,811	(8)	(4,284)	3,577	46,094	50,018
2012-2013	65,153	-	(5,218)	4,312	22,030	42,217
2011-2012	44,851	-	(8,620)	8,345	26,454	18,122
2010-2011	18,187	-	(3,585)	3,298	8,722	9,178
Prior	11,994	-	(2,424)	1,179	1,891	8,858
Total Prior	236,996	(8)	(24,131)	20,711	105,191	128,393
Total	$ 3,348,406	$ 77,891	$ (29,597)	$ 22,497	$ 3,021,666	$ 241,749

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	$ 3,021,666
Interest Above	22,497
Other Taxes	7,279
Total Revenue	$ 3,051,442

FUND DISTRIBUTION:

General Fund	$ 1,145,840
Debt Service Fund	1,905,602
	$ 3,051,442

RECEIVABLE ON BALANCE SHEET:

General Fund	$ 97,356
Debt Service Fund	144,393
	$ 241,749

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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March 2, 2016

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, 2015, and have issued our report thereon dated November 17, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

1. Actual expenditures exceeded appropriations on three occasions which are 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 matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in the schedule of findings and questioned costs on page 45.

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

OREGON COAST COMMUNITY COLLEGE
LINCOLN COUNTY, OREGON

GRANT COMPLIANCE REVIEW

OREGON COAST COMMUNITY COLLEGE
NEWPORT, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	EXPENDITURES	
US DEPARTMENT OF EDUCATION				
Passed through Oregon Department of Community				
Colleges and Workforce Development				
Adult Education and Family Literacy	84.002	7/1/14-6/30/15	$ 138,091	
Carl Perkins Vocational and Technical Eduation	84.048	10/1/2013-6/30/2015	52,206	
Total U.S. Department of Education			190,297	
US SMALL BUSINESS ADMINISTRATION				
Passed through Lane Community College				
Small Business Development Center	59.037	1/1/14 - 12/31/15	41,720	
Passed Through Oregon Microenterprise Network				
Small Business Development Center	59.037	1/1/14 - 12/31/15	12,885	
Total U.S. Small Business Administration			54,605	
US DEPARTMENT OF LABOR				
Passed through Clackamas Community College				
Trade Adjustment Assistance Community				
College and Career Training Program	17.282	10/1/11 - 9/30/15	380,745	(1)
TOTAL FEDERAL FINANCIAL AWARDS			$ 625,647	

(1) Major Program

PAULY, ROGERS AND CO., P.C.
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March 2, 2016

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Oregon Coast Community College as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control Over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

Compliance and Other Matters

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

Purpose of this Report

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

Ken Allen

Kenneth Allen, CPA
Municipal Auditor
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March 2, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited Oregon Coast Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Oregon Coast Community College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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

OREGON COAST COMMUNITY COLELGE
LINCOLN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section I: Summary of Auditors' Results –

Financial Statements

Type of Auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	X Yes	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	X No
Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?	_____ Yes	X No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ Yes	X None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ Yes	X No

Identification of major programs

CFDA Number(s):	Name of Federal Program:
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee?	X Yes	_____ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section II: Financial Statement Findings

2015-FS-1

Condition:	The College's detailed Accounts Receivable aging report does not agree to the general ledger balance. The total balance per the aging report is about $87,000 lower than the general ledger. The difference between the two reports has not been reconciled.
Criteria:	The detailed aging report, which indicates the outstanding receivable balance for each individual customer, should match the general ledger.
Effect:	Unreconciled differences between the general ledger and supporting reports increase the likelihood that the general ledger amount is not reported correctly.
Cause:	Technical issues with the Shark Net software have led to discrepancies. IT staff at Rogue Community College provide support for Shark Net, and the College has been working with them to try and solve the problem. Unfortunately, the IT employee that had been helping previously no longer works for Rogue. Therefore the College has been forced to start the process over with new support staff.
Recommendations:	We recommend that the College continue working with IT support to figure out what has caused the discrepancies and how to fix them. Once the problem is fixed, the College should implement a process to ensure the balances of the two reports always agree.
Management's Response:	The College continues to work with the programmers at Rogue to determine the source of the problem as it is related to the transfer of financial aid information from our contracting college's student information system into our accounts receivable module. As part of the troubleshooting effort, the College has created new clearing accounts for those payments to flow through so that we can determine whether there is an ongoing reconciliation problem between the Accounts Receivable module and the General Ledger, or if it was a one-time programming glitch between modules. The College is also investigating other software options for accounting and financial management.

Section III: Federal Award Findings and Questioned Costs

None

Notes to the Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

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