UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

Prepared by:
UMPQUA COMMUNITY COLLEGE
Accounting and Finance

Natalya Brown
Interim CFO

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

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Introductory Section

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December 21, 2017

The Board of Education
Umpqua Community College
Roseburg, OR 97470

The Annual Financial Report of Umpqua Community College for the fiscal year ended June 30, 2017 is submitted in accordance with Oregon Revised Statues (ORS) 297.405 to 297.555 and 297.990, known as Municipal Audit Law. This report was prepared by the College's finance office. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rest with the management of Umpqua Community College. We believe the report and its data are accurate and complete in all material aspects in disclosing the financial position and results of operations of Umpqua Community College as of June 30, 2017 and for the year then ended.

The Annual Financial Report is organized in the following sections:

1. The Introductory Section contains the letter of transmittal with an overview of the College that includes factors affecting the financial condition and requires supplementary information, the organization chart, and a listing of principal officials.
2. The Financial Section includes Management's Discussion and Analysis, the basic financial statements and accompanying notes as well as the independent auditor's report. A narrative introduction, overview and analysis are included in the Management's Discussion and Analysis in this section.
3. The Statistical section presents detailed and historical information as a context for understanding what the College financial statements, note disclosures, and required supplementary information say about its overall financial status.
4. The College is required to have an annual single audit in conformity with the provisions of the Single Audit Act and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the single audit, and Governmental Auditing Standards, Including the Schedule of Expenditures of Federal Awards and various independent auditors' reports, are included in the Compliance section of this financial report. The Compliance section also includes the auditor's comments required by the Minimum Standards for Audits of Oregon Municipal Corporations.

COLLEGE INFORMATION

Umpqua Community College is a comprehensive public community college located in Douglas County in southwestern Oregon. The College District was established in 1964 by a vote of its residents. The college offers transfer programs, career and technical training, community education, adult basic education, workforce development, and serves as a cultural and recreational center.

The College District comprises 107,164 residents within the 5,071 square mile area of Douglas County. Douglas County is classified as isolated, rural and economically distressed. The largest population center is

Roseburg (pop. 21,884); the majority of residents live in towns with populations of less than 4,000 or in the rural, unincorporated areas between these small towns.

The college serves more than 14,000 unique students each year of which approximately 2,200 are credit students. The main campus is located six miles north of Roseburg on 100 acres of donated land overlooking the North Umpqua River. The main campus is comprised of 17 buildings located on park-like grounds with several additional campus locations: The H. Woolley Adult Basic Education Center located at 1634 W. Harvard, Roseburg, Community and Workforce Training Center located at 2555 N. E. Diamond Lake Blvd., Roseburg, Small Business Development Center located at 522 SE Washington Ave., Roseburg, the Commercial Truck Driving Center located at 6482 Dole Rd., Myrtle Creek and the South County site at 558 Chadwick Lane, Myrtle Creek.

COLLEGE MISSION

Umpqua Community College transforms lives and enriches communities.

PROGRAMS

Umpqua Community College provides five major areas of study:

1. Career and Technical Education (CTE) programs provide knowledge and skills needed to find employment in a wide variety of occupations.
2. College Transfer courses are designed to meet the first two years of academic work at a college or university.
3. Developmental skill-building classes for people who want to earn their GED or learn basic reading, writing, math and study skills for success in academic programs.
4. Lifelong learning opportunities through both credit and non-credit courses and workshops.
5. Workforce training and small business development: In cooperation with district businesses and agencies, Umpqua offers job-related training customized to the organization's needs. In addition, Umpqua offers training and support for the areas small businesses.

ECONOMY

Douglas County extends from sea level at the Pacific Ocean to Mt. Thielsen in the Cascade Range. Slightly over half of the County's land is owned by the federal government and is managed by the federal Bureau of Land Management and the Forest Service. For years, Douglas County's economic base relied heavily on the lumber and wood products industry. With the decline of the wood products industry, Douglas County has made a concerted effort to bring industry to the area to diversify the local economy. The county levies the fourth lowest property tax rate in Oregon, which limits its ability to generate local revenues. The population of the County has grown slowly. It increased 6% since 2007 and was estimated to be 107,667 in 2016. For the most part, the growth has been from the migration of retirement age people from other areas of the country. Douglas County's unemployment rates have consistently been among the highest in the state: 4.7% for the month of June 2017 comparing to the state rate of 3.7% and the national rate of 4.4%.

GOVERNING BODIES

The members of the Board of Education of Umpqua Community College are duly elected representatives of the people, pursuant to the statutes of Oregon and consistent with the rules of the Oregon State Board of Education. The Umpqua Community College Board of Education has statutory charge and control of all activities, operations and programs of the college including its property, personnel, and finances. The College is not a component unit of any other entity. The College has one discretely presented component unit, Umpqua Community College Foundation, for which the College is considered to be financially accountable. The Board of Education comprises seven qualified members elected for four-year terms. Members are elected from established zones within the community college district.

HIGHER EDUCATION COORDINATING COMMISSION

The Higher Education Coordinating Commission is the agency that provides state-level regulations of Oregon's community college system. The Office of Community Colleges and Workforce Development serves as an administrative office for community college matters. The Commission establishes state standards for educational programs and facilities and approves courses of study.

COLLEGE MANAGEMENT

The President, appointed by the local Board of Education, is the Clerk of the Board. The President and senior leadership team of the college administer policies set by the Umpqua Community College Board of Education.

ACCREDITATION

Umpqua Community College is accredited by the Northwest Association of Schools and Colleges (NWCCU-http://www.nwccu.org). The College's last full-scale accreditation visit occurred in March 2016. The College's programs, certificates and courses are approved by the Oregon Office of Community Colleges and Workforce Development and the State Board of Education.

INDEPENDENT AUDIT

State statues require an annual audit by independent certified public accountants. Umpqua Community College selected the accounting firm of Moss Adams LLP, as its auditors. In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of the federal Single Audit Amendment of 1996 and related Uniform Guidance.

LONG-TERM FINANCIAL PLANNING

Umpqua Community College conducts financial planning with the goal of maintaining financial sustainability. Some of the significant challenges that will impact UCC include a decline in enrollment, state funding and legislative mandates.

The college continues to experience a decline in enrollment since the peak of 2010-11. Enrollment is expected to stabilize as the regional economy stabilizes. The college's tuition and fees remain at statewide average levels. Umpqua Community College recently completed construction of the Bonnie J Ford Health Nursing and Science building, a state-of-the-art facility. A $4.25 million Snyder building construction project, funded through a state grant, is expected to complete by June 2018. The College is pursuing funding for the construction of the Industrial Arts building as well as researching possibilities for student housing.

For the 2017-19 biennium, the growth in State revenues for Umpqua Community College is forecasted to increase by 3% compared to the 2015-2017 biennium. The relatively flat state funding doesn't absorb the increasing mandated costs that UCC will continue to experience in the future.

The major cost drivers that UCC faces are required increases in PERS contributions, the recently enacted state minimum wage law, and increasing healthcare costs.

INTERNAL CONTROLS AND FINANCIAL POLICIES

Umpqua Community College management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure adequate accounting information is available for the preparation of the financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The college maintains a comprehensive set of financial policies, procedures and guidelines. They direct the development of the annual budget, and describe general financial planning and practices of the college. The college met the requirements set by the administrative procedures on Fiscal Responsibility Asset Protection by maintaining current ratio, cash reserves and ending fund balance not to drop below established limits.

ACKNOWLEDGEMENTS

We wish to express our appreciation to the entire finance office staff for their efforts and contributions to our Comprehensive Annual Financial Report. We further extend our thanks to the staff of Moss Adams LLP for their efforts during the audit. We also thank the members of the Umpqua Community College Board of Education for their support and dedication to the financial operations of the college.

Sincerely,

Debra Thatcher   N Brown

Dr. Debra Thatcher	Natalya Brown
President	Interim CFO

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

OFFICIALS AS OF JUNE 30, 2017

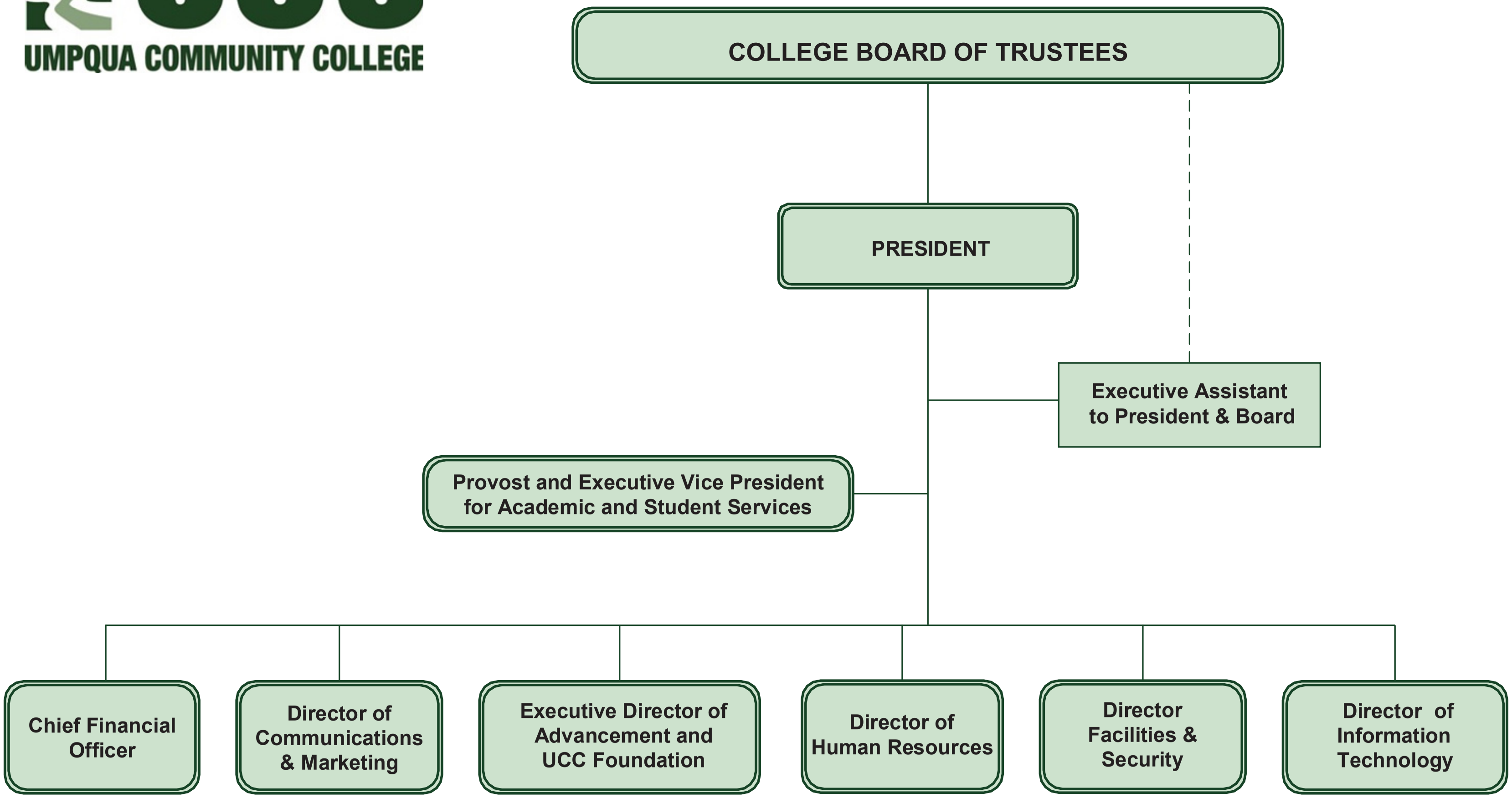
BOARD OF EDUCATION

Official	Term Expires June 30
Betty Tamm	2019
Doris Lathrop	2019
Wendy Weikum	2019
David Littlejohn	2021
Guy N. Kennerly	2021
Joelle McGrorty	2019
Steve Loosley (Board Chair)	2021

ADMINISTRATION

Dr. Debra Thatcher	President
Rebecca Redell	CFO

MAILING ADDRESS
Umpqua Community College
1140 Umpqua College Rd
Roseburg, Oregon 97470-0226
Phone (541) 440-4632 – Fax (541) 440-7707



Effective
July, 2017

Financial Section

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MOSSADAMS

Report of Independent Auditors

Board of Education
Umpqua Community College
Roseburg, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Umpqua Community College (the College), and its discretely presented component unit, the Umpqua Community College Foundation (the Foundation), as of and for the year ended *June 30, 2017*, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of *June 30, 2017*, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19, and the schedules of proportionate share of net pension liability – PERS, pension contributions – PERS, and funding status - OPEB on page 52 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 required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The budgetary information on pages 53 through 54, schedules of revenues, expenditures, and changes in fund balance – budget to actual on pages 55 through 64, schedule of property tax transactions on page 65, and the schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards, on pages 88 through 89, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have 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 of Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the College's internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2017, on our consideration of the College's 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.

Scott Simpson

Portland, Oregon
December 21, 2017

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2017

This section of Umpqua Community College's ("College") Annual Financial Report presents an analysis of the financial activities of the College for the fiscal year ended June 30, 2017. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities, resulting changes, and current known facts.

Financial information for the College is presented in this annual report two very different ways, as follows.

Information	Measurement Focus	Basis of Accounting	Location in Report
Basic financial statements	Economic resources	Full accrual	Financial Section
Schedules of budget and actual	Current financial resources	Modified accrual	Supplementary Information

The financial statements for the Umpqua Community College Foundation, a component unit, are discretely presented as separate statements within the annual financial report, and included in Notes 1 and 16. Unless otherwise noted, the information and financial data included in management's discussion and analysis relate solely to the College.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Umpqua Community College's basic financial statements, which consists of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. The entity-wide financial statements consist of the following:

The *Statement of Net Position* presents information on all of the College's assets, deferred outflows, liabilities and deferred inflows, with the difference between the categories reported as net position. Over time, increases or decreases in net position are an indicator of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when the cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation which amortizes the cost of the capital assets over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations and property taxes are classified as non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss, although overall net position remains positive.

The *Statement of Cash Flows* presents information on cash flows from operating activities, non-capital financing activities, capital and related 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.

Overview of the Schedules of Budget and Actual

The *Fund Financial Statements* are included in a latter section entitled "Supplementary Information". 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 adoption of GASB Statement No. 68 has no impact on the College's fund financial statements, which continue to report PERS expenditures paid during the year. In the basic financial statements, expenditures are adjusted for the effect of recording assets, liabilities, deferred outflows and deferred inflows related to PERS.

Financial Highlights

Government wide Financial Analysis

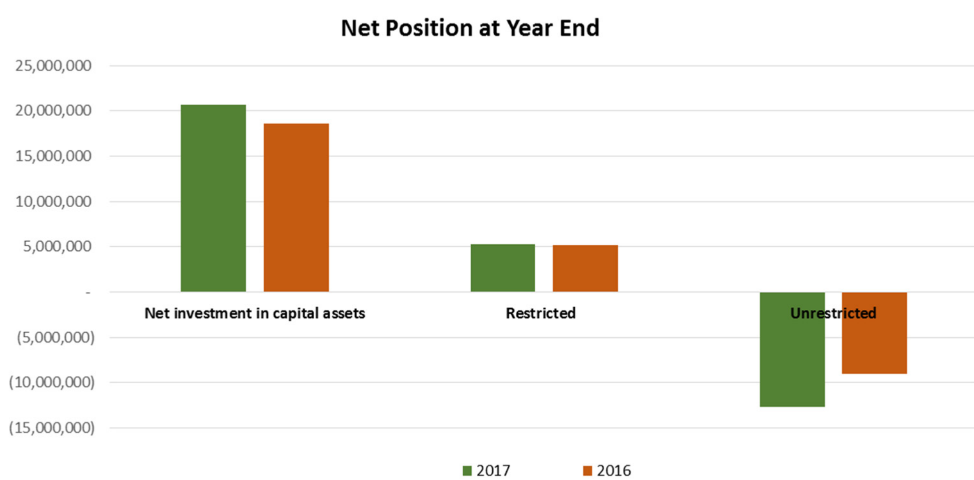
The College's financial position continues to be affected by the implementation of GASB Statement No. 68 and 71, related to financial reporting for pensions. Due to variable annual investment returns, the actuarially determined pension asset or liability can change enough to greatly influence net position on a year to year basis. The College booked a pension liability this year of $16.5 million, a $10.4 million increase. The accounting for the net pension liability resulted in the decrease of the unrestricted net position of $3.6 million.

The assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $13,246,492 (See Analysis of the Statement of Net Position below).

- $20,648,163 is the College's investment in capital assets, which represent its land, buildings, equipment, net of accumulated depreciation and related debt. The College uses these capital assets to provide educational services to students; consequently, these assets are not available for future spending.
- $5,299,344 is available for the College's ongoing obligations related to programs with external restrictions.
- -$12,701,015 is primarily the result of the College's unfunded pension due to GASB Statement No. 68 and 71 implementations. Unrestricted net position will fluctuate greatly from year to year based on the PERS system-wide investment returns and the associated changes in actuarial unfunded liability.

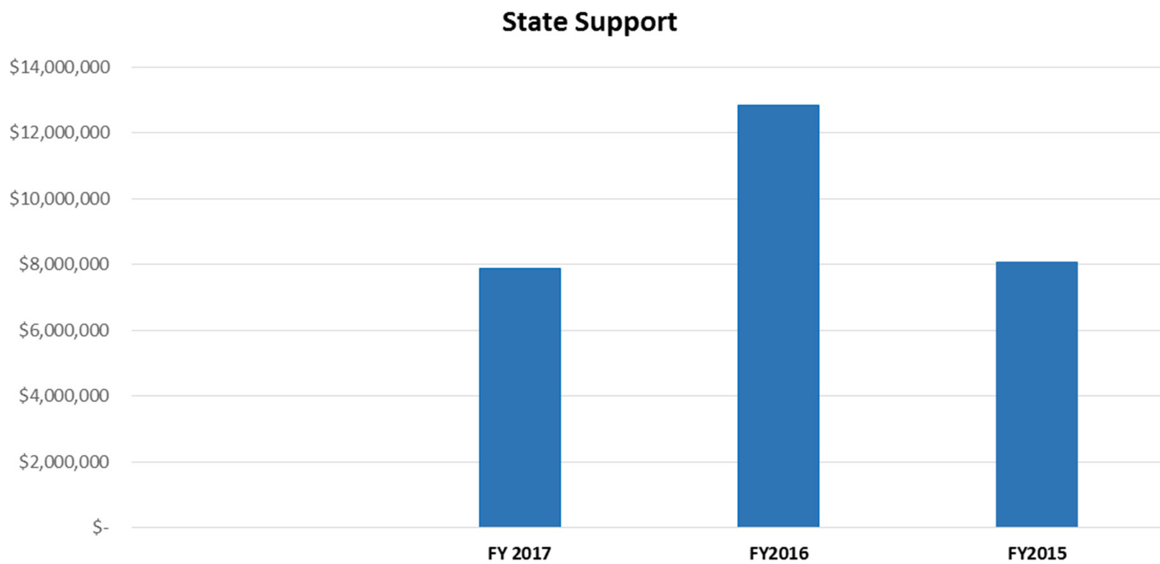
The College's total net position decreased by $1,461,488 over the prior year:

- The $2,046,147 increase in net investment in capital assets, represents the change in capital expenditures less depreciation, and the retirement of related long-term debt.
- The $112,450 increase in restricted net position represents the change in resources that are subject to external restrictions in their use.
- The $3,620,085 decrease in unrestricted net position is the change in resources available to meet the college's ongoing obligations.



State Support

State support, a non-operating revenue, decreased by $4.9 million from fiscal year 2015-2016. This fluctuation is due to the timing of the fourth payment received from the state, which on alternating years is not received until July 15th of the next year. The delayed payment strategy for state funds produces 3 of the 8 biennial payments in the second year of the biennium making year to year comparisons very difficult.



Actual budgetary basis state resources, which report four quarterly payments every year, were $10,498,947, $10,475,420, $10,421,217, and $11,077,003 for the fiscal years 16/17, 15/16, 14/15, and 13/14 respectively as presented by the data below.

	FY 2017	FY2016	FY 2015	FY2014
State Support (Budget Basis)	$10,498,947	$10,475,420	$10,421,217	$11,077,003
Change from Previous Year	0%	1%	-6%	

Analysis of the Statement of Net Position as of June 30, 2017

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College using the accrual basis of accounting, which is similar to the accounting presentation used by most private colleges. "Net Position" is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, and is one measure of the financial condition of the College.

Comparative information about the College's net position is as follows:

	2017	2016	Total Dollar Change	Total Percent Change
Assets:				
Current assets	$ 18,571,939	$ 19,032,186	$ (460,247)	-2%
Noncurrent Assets				
Capital assets, net of depreciation	32,403,098	30,491,781	1,911,317	6%
Total assets	50,975,037	49,523,967	1,451,070	3%
Deferred Outflows of Resources	8,570,178	1,367,111	7,203,067	527%
Liabilities:				
Current liabilities	8,779,113	7,013,941	1,765,172	25%
Long-term liabilities	37,164,041	27,649,670	9,514,371	34%
Total liabilities	45,943,154	34,663,611	11,279,543	33%
Total Deferred Inflows of Resources	355,569	1,519,487	(1,163,918)	-77%
Net position:				
Net investment in capital assets	20,648,163	18,602,016	2,046,147	11%
Restricted	5,299,344	5,186,894	112,450	2%
Unrestricted	(12,701,015)	(9,080,930)	(3,620,085)	40%
Total net position	13,246,492	14,707,980	(1,461,488)	-10%

The Statement of Net Position was impacted by the pension liability accounting per GASB 68 and 71, and construction projects taking place on campus.

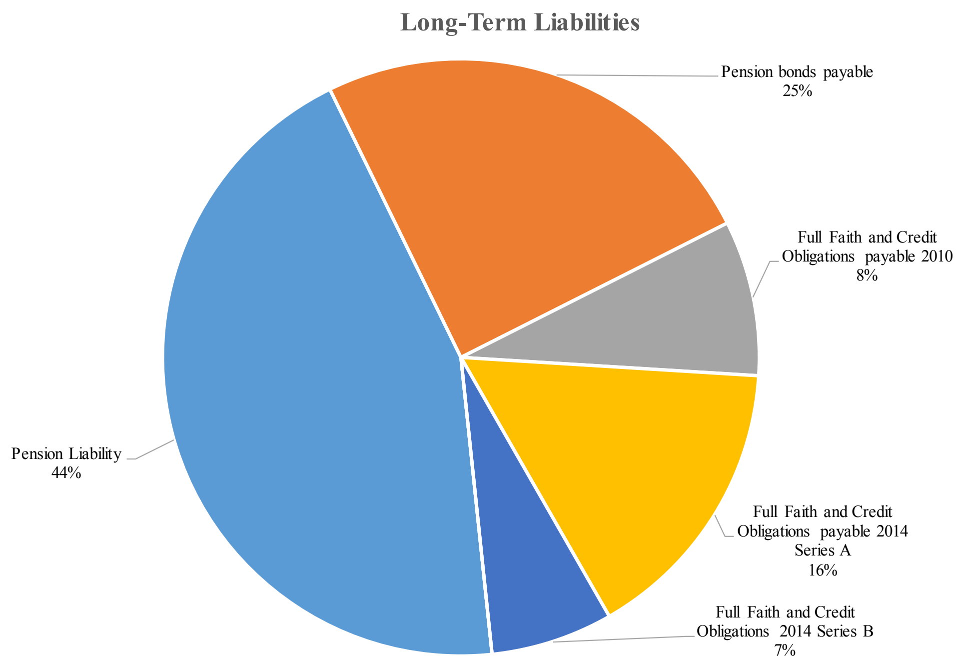
Current Assets
Current assets consist of cash and investments, receivables, inventories and prepaid expenses. The College's current assets of $18.6 million were sufficient to cover current liabilities of $8.8 million. This represents a current ratio of 2.1. Receivables consist of property taxes, student accounts, grants and contracts, accounts receivable - due from the Foundation and various operating receivables. There were some changes in the composition of current assets.

The most significant change is represented by an increase in cash and investments by 72% compared to last year. The increase was due to funding provided by the state of Oregon for reconstruction of Snyder Hall building and receipt of additional grants and contracts.
Accounts receivable decreased by $4.6 million in FY17 as state and federal reimbursement was received for the construction and campus safety and recovery projects.

Current Liabilities
The College's current liabilities consist primarily of payroll, various payables for operations, unearned revenue, and the current portion of long-term debt. Current liabilities increased by 25% compared to last year with main increases attributed to unearned revenue for the Snyder Hall construction project that will continue next year.

Noncurrent Assets
The College's noncurrent assets consist of other postemployment benefits and investments in capital assets net of accumulated depreciation. Capital assets valued at $32.3 million. Noncurrent assets increased 6% in fiscal year 2017. During the year, the College spent state funds to finish construction of the Bonnie J Ford Health, Nursing and Science building and started construction of the Snyder Hall building. Equipment and vehicle purchases, as well as the annual depreciation, also contributed to change in value.

Long-term Liabilities
Long-term liabilities consist of pension liability and long-term debt from the issuance of the pension bonds, Full Faith & Credit Obligations 2010 and 2014. The College booked its proportionate share of the State of Oregon Public Employee Retirees liability in the amount of $16.5 million as determined by an actuarial analysis. In the prior years the College used to recognize pension asset created when the College issued pension bonds with the proceeds being managed by PERS for the purpose of meeting the College's unfunded actuarial liability ("UAL"). The new standard of GASB 68 introduced a method of accounting and financial reporting for pensions that depleted the prior created pension asset.



Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows and inflows of resources are related to the implementation of GASB Statement No.68 and GASB Statement No. 71 for pension liability reporting. Deferred outflows of resources represent a consumption of net position that applies to a future period. Deferred outflows of resources increased by 527% compared to last year. Deferred inflows of resources represent an acquisition of net position that applies to a future period. Deferred inflows decreased by 77% compared to last year. Both deferred outflows and inflows related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes, changes due to actuarial assumptions, and differences between expected and actual experience.

Analysis of the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2017

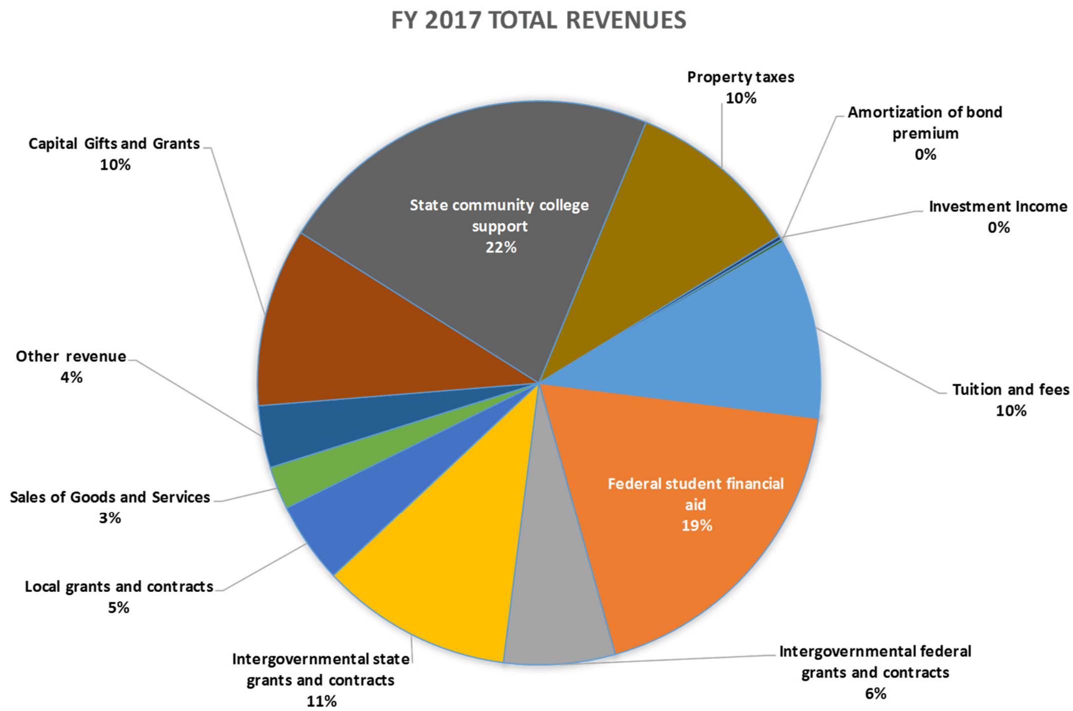
The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the College, as well as the non-operating revenues and expenses. Annual state reimbursements and property taxes, while budgeted for operations, are considered non-operating revenues according to Generally Accepted Accounting Principles ("GAAP") in the United States.

The following shows a two-year comparison of the College's revenues, expenses and changes in net position.

			Total	
Operating Revenues:	**2017**	**2016**	**Dollar Change**	**Percent Change**
Tuition and fees	$3,654,238	$3,777,276	$ (123,038)	-3%
Federal student financial aid	6,605,012	7,114,195	(509,183)	-7%
Intergovernmental federal grants and contracts	2,260,259	1,836,885	423,374	23%
Intergovernmental state grants and contracts	3,898,445	2,101,096	1,797,349	86%
Local grants and contracts	1,651,502	1,510,603	140,899	9%
Bookstore sales	625,534	705,203	(79,669)	-11%
Food services sales	202,241	142,878	59,363	42%
Incubator Program	48,200	26,579	21,621	81%
Other operating revenue	1,257,960	713,292	544,668	76%
Total operating revenue	$20,203,392	$17,928,007	2,275,385	13%
Operating Expenses:				
Instruction	10,713,067	12,175,334	(1,462,267)	-12%
Instructional support	2,824,309	2,799,416	24,893	1%
Student services	5,996,114	6,705,058	(708,944)	-11%
College support services	9,137,904	9,398,533	(260,629)	-3%
Community services	169,090	165,217	3,873	2%
Student financial aid	4,391,631	4,552,489	(160,858)	-4%
Facilities acquisition / construction	914,180	429,924	484,256	113%
Depreciation	1,610,052	1,325,298	284,754	21%
Total operating expenses	35,756,347	37,551,270	(1,794,923)	-5%
Operating Loss	(15,552,955)	(19,623,263)	4,070,308	-21%
Nonoperating Revenues (Expenses)				
State community college support	7,882,956	12,823,475	(4,940,519)	-39%
Property taxes	3,564,231	3,479,236	84,995	2%
Investment Income	78,704	61,825	16,879	27%
Amortization of bond premium	58,940	58,940	-	0%
Interest expense	(1,043,576)	(1,067,013)	23,437	-2%
Gain (Loss) on disposition of captial assets	(75,018)	(3,803)	(71,215)	1873%
Total nonoperating revenues (expenses)	10,466,238	15,352,659	(4,886,421)	-32%
Loss before capital contributions	(5,086,717)	(4,270,604)	(816,113)	19%
Capital State Grant	3,600,229	5,384,607	(1,784,378)	
Capital Gifts and Grants	25,000	47,070	(22,070)	-47%
Change in net position	(1,461,488)	1,161,073	(2,622,561)	-226%
Net position, beginning of year	14,707,980	13,546,907	1,161,073	9%
Net position, end of year	$ 13,246,492	$ 14,707,980	$ (1,461,488)	-10%

Revenues

Total revenues received in FY2017 were $35,413,452 and are depicted below without distinction as to whether they are classified as operating or non-operating on the Statement of Revenues, Expenses and Changes in Net Position.



Operating Revenues
The most significant sources of operating revenue for the College are federal, state and local grants and contracts, including student financial aid, student tuition and fees, and bookstore operations. Tuition and fees include all amounts paid for education purposes. Operating revenues increased by 13% from 2015-16 due to the changes described below.

Tuition and fees decreased by 3% from last year due to a decline in student enrollment. Federal student financial aid totaled approximately $6.6 million, a decrease of 7% from the prior year. Federal and state grants increased due to additional funding toward the safety and recovery efforts on campus as well as introduction of the Oregon Promise state financial aid. Tuition and fees, as well as bookstore sales, were reported net of scholarship discounts and allowances (approx. $5M). The same reduction was recorded in financial aid expenses. Food services sales increased from last year due to the return of the cafeteria services back on campus.

UMPQUA COMMUNITY COLLEGE

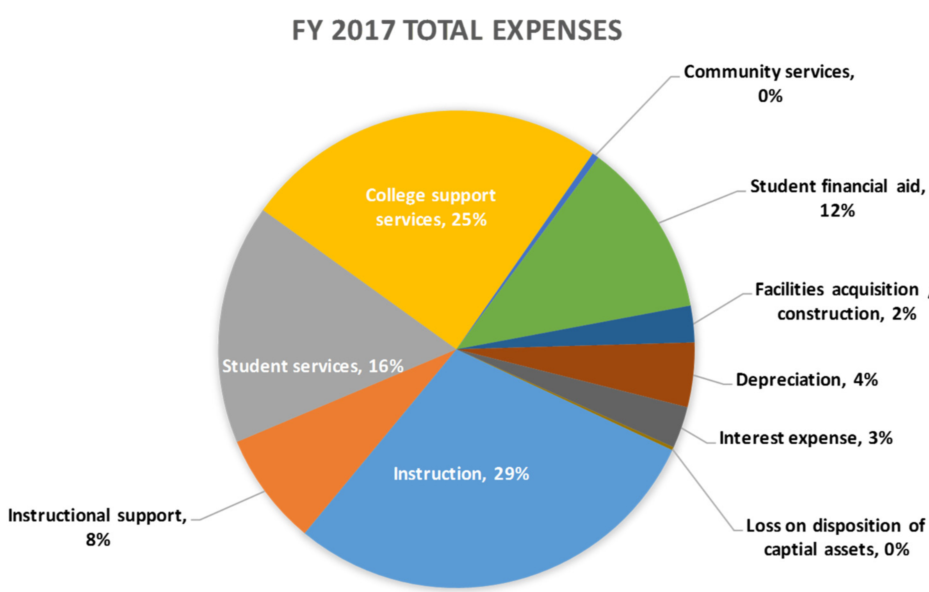
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2017

Non-operating revenues
There were significant changes in non-operating revenues during the fiscal year. The largest non-operating revenue source is from the State of Oregon. The Oregon State Legislature defers the fourth quarter FTE reimbursement owed to the College at the end of each biennium. The College's fourth quarter state allocation was deferred from April 15, 2017 to July 15, 2017. In accordance with accounting standards, the College recognized the deferred payment when it was received. As a result of this deferral, current year revenues reflect three support payments and the previous year reflected five. The decrease of $4.9 million in state allocation is the result of this timing difference in the recognition of revenue. As a result, non-operating revenues decreased in the amount of $4.8 million or 30% compared to last year.

Capital Gifts and Grants
Capital Gifts and Grants represent the value of capital items donated to the College as well as grant resources and contributions restricted for capital purposes.

Expenses

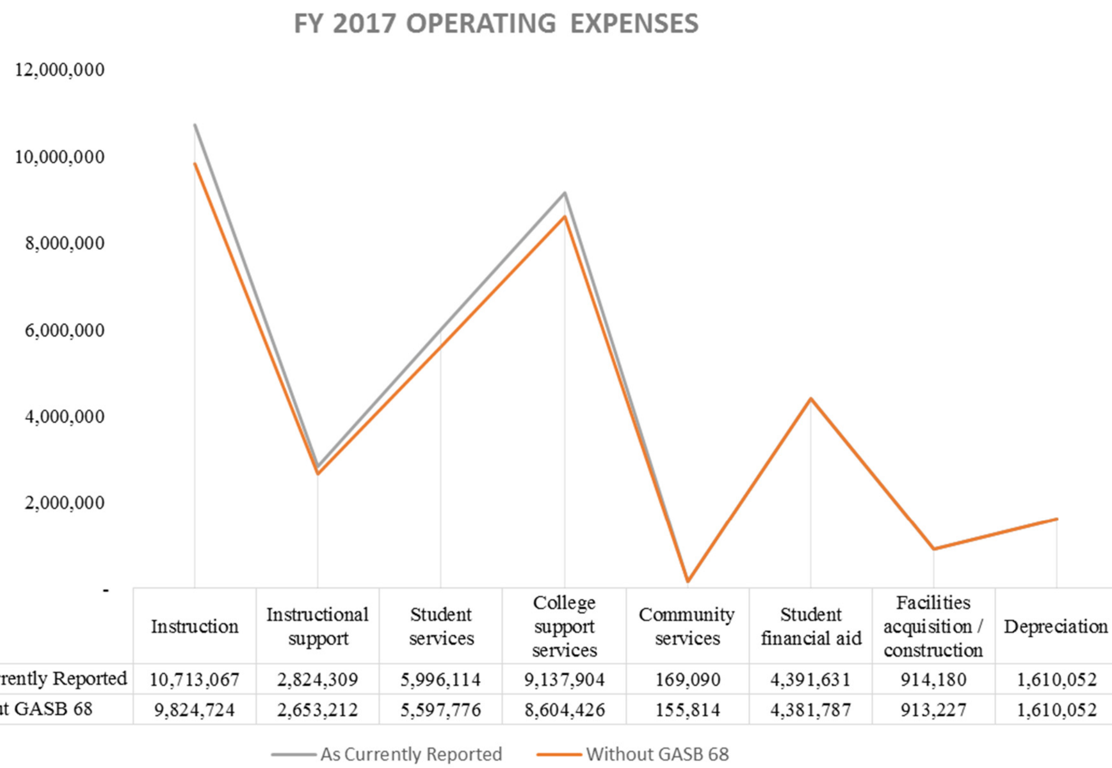
Total expenses for FY 2017 were $36,874,941 and are illustrated in the chart below without distinction as to whether they are classified as operating or non-operating on the Statement of Revenues, Expenses and Changes in Net Position.



Operating expenses
Operating expenses for fiscal year 2016-17 totaling $35,756,347 include salaries and benefits, materials and services, utilities, grants and scholarships, and depreciation. Instruction, Student Services and College Support Services represent majority of entity-wide expenses.

Total reported expenses increased by approximately $2 million due to the net effect of the GASB Statements No. 68 and 71 adjustments required when recording the pension related liabilities (asset) and deferred amounts.

The following graph shows the expense categories at June 30, 2017 with and without the pension reporting adjustments:



	Instruction	Instructional support	Student services	College support services	Community services	Student financial aid	Facilities acquisition / construction	Depreciation
As Currently Reported	10,713,067	2,824,309	5,996,114	9,137,904	169,090	4,391,631	914,180	1,610,052
Without GASB 68	9,824,724	2,653,212	5,597,776	8,604,426	155,814	4,381,787	913,227	1,610,052

Non-operating expenses
Non-operating expenses consist of interest expense incurred for debt service and a loss on deconstruction of Snyder Hall.

Analysis of the Statement of Cash Flows for the Year Ended June 30, 2017

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 period. The Statement of Cash Flows also helps users assess the ability to meet obligations as they come due, and the need for external financing. The following shows a two-year comparison of the College's cash flow:

			Total	
	2017	2016	Dollar Change	Percent Change
Cash Provided by (Used in):				
Operating activities	$ (13,023,244)	$ (10,895,022)	$ (2,128,222)	20%
Noncapital financing activities	10,453,295	15,350,020	(4,896,725)	-32%
Capital financing activities	6,611,127	(11,755,719)	18,366,846	-156%
Investing activities	78,704	61,825	16,879	27%
Net increase (decrease) in cash and cash equivalents	4,119,882 #	(7,238,896)	11,358,778	-157%
Cash and cash equivalents - beginning of year	5,750,460	12,989,356	(7,238,896)	-56%
Cash and cash equivalents - end of year	$ 9,870,342	$ 5,750,460	$ 4,119,882	72%

Operating activities
The major sources of cash in operating activities include student tuition and fees, federal financial aid, grants and contracts, and auxiliary enterprises (Bookstore and Cafeteria). Major uses of cash were payments made to employees, vendors and student financial aid.

Non-capital financing activities
State reimbursements and property taxes are the primary sources of non-capital financing. The property taxes are assessed to property owners within the College's tax base. The current accounting standards require that we reflect these sources of revenue as non-operating even though the College's budget depends on these revenues for operations. The non-capital financing activities had significant changes due in large part to the effect of the State's fourth quarter payments being delayed between years as explained earlier.

Capital financing activities
The other significant change is reflected in cash provided for capital and related financing activities. It increased significantly due to the state funding for the construction project of Bonnie J Ford Health, Nursing and Science building and reconstruction of Snyder Hall.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2017 amounts to $32,338,988 net of accumulated depreciation of $20.1 million. Investment in capital assets includes land, art collection, musical instrument collection, construction in process, buildings and improvements, land improvements, infrastructure, equipment, vineyard development and intangible assets. Details of these assets are shown below.

Capital Assets, Net, at Year-End

Capital Asset	June 30, 2017	June 30, 2016
Land and Collections	$286,053	$286,053
Construction in progress	503,973	14,469,238
Depreciable Capital Assets, Net	31,548,962	15,736,490
Total	**$32,338,988**	**$30,491,781**

Major capital changes during the fiscal year included completion of the Bonnie J Ford Health, Nursing and Science Building, the start of the Snyder Building construction, and upgrades or replacements of machinery and equipment. More detailed information about the College's capital assets is included in Note 5 to the financial statements.

Long-term Debt

At June 30, 2017 and 2016, the College had approximately $21 million and $21.5 million, in long-term debt outstanding, respectively. The table below summarized debt over the past two fiscal years.

Debt	***June 30, 2017***	***June 30, 2016***
Pension Bonds	$9,715,000	$10,150,000
2010 Full Faith & Credit Obligations	3,275,000	3,415,000
2014 Full Faith & Credit Obligations Series A	5,500,000	5,500,000
2014 Full Faith & Credit Obligations Series B	2,405,000	2,405,000
Total	**$20,895,000**	**$21,470,000**

At the end of the current fiscal year, the college had total debt outstanding of $20,895,000 as follows:

Debt	Amount	Repayment Source
Pension Bonds	$9,715,000	General College Operations
2010 Full Faith and Credit Obligations	3,275,000	General College Operations
2014 Full Faith and Credit Obligations Series A	5,500,000	Foundation capital campaign
2014 Full Faith and Credit Obligations Series B	2,405,000	General College Operations (Legacy Fee)

Note 14 of the financial statements presents UCC's long-term debt structure.

Budgetary Highlights

The College adopts an annual budget at each fund's major expenditure function level on a non-GAAP budgetary basis of accounting for governmental funds. Transfers of appropriations between existing budget categories can be authorized by Board resolution. The most significant changes between the Adopted Budget and the Adjusted Budget included adjustments for unanticipated specific purpose grants. The College adopted a supplemental budget in the Enterprise Fund in order to adjust transfers and ending fund balance.

For more information, please refer to the budgetary statements beginning with page 55; Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual; General Fund.

Economic Factors and Next Year's Budget

The financial position of the college is primarily dependent on several factors: Douglas County's economy, the economic and financial condition of the State and its appropriation for community colleges, and enrollment levels.

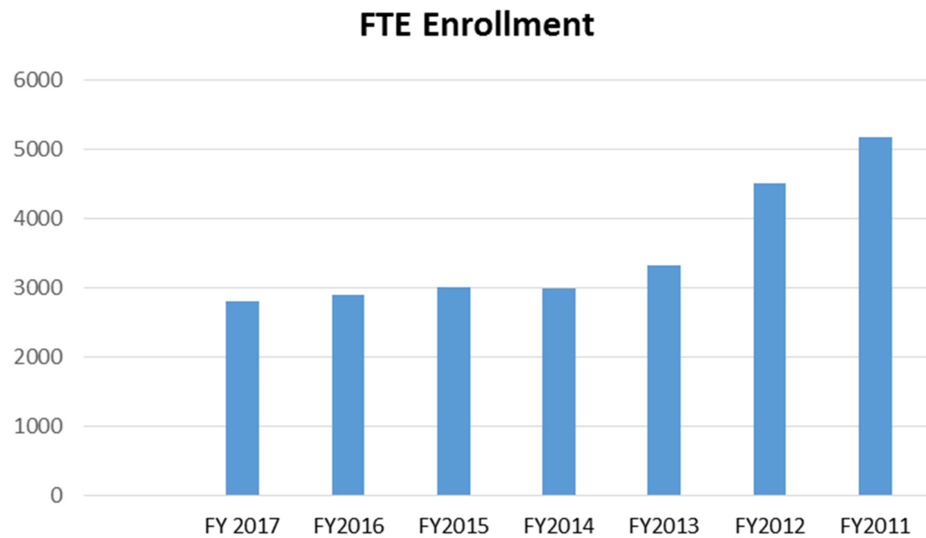
Economy

Douglas County's economy is recovering slower than the rest of the State from a severe recession that ended in late 2009. The county levies the fourth lowest property tax rate in Oregon, which limits its ability to generate local revenues. Douglas is the most dependent among counties on federal timber payments, and has the third lowest labor participation rate. The unemployment rate has been declining from peaking at 16.9% in April of 2009 to dropping to 5.6% in the month of July 2017. While this compares unfavorably to the state average unemployment rate, it is an indication that the local economy is improving.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2017

Enrollment
The college experienced a large drop in enrollment during the 10-11 through 12-13 fiscal years as the enrollment bubble that occurred due the recession moved on. In 2014-15 enrollment stabilized to pre-recession levels, but continued to decline slightly in FY16 and FY17.



As enrollment experiences fluctuations, the budget for 17-18 was developed with an assumption that enrollment would decline slightly. In an effort to grow enrollment, the College continues to establish new programs for jobs that are in demand, focuses on strengthening retention and ensuring student success. Tuition in 17-18 fiscal year will increase from $88 to $93 per credit in an effort to cover rising costs. Legacy Fee will increase from $7 to $8 per credit to maintain the College's capital assets and infrastructure. Enrollment sustainability and the trend of declining state resources continue to be a concern.

State Resources
The mix of core funding for community colleges between state support, property taxes and tuition has changed over the past 20 or more years. Community colleges started to depend less on local property tax revenues while relying more on state support and tuition. The 2017-19 funding level for community colleges as a whole for the biennium is $570M, a 4% increase over the 2015 session appropriation. However, as state resources are based on an average of the prior three years of enrollment and Umpqua Community College has experienced several years of enrollment decline, the college's portion of state allocation may be negatively impacted.

PERS
The retirement system continues to put stress on the College's economy. Unfunded actuarial liability (UAL) was funded through a bond issue. By funding the UAL, the College intended to lessen the cost over the long run. Note 14 of the financial statements reflects the pension bond payment schedule. The College, as well as other agencies participating in the Oregon Public Employee's Retirement system, face future increases in employer rates due to PERS investments, stock market fluctuations, and changes in actuarial assumptions. The State Legislature passed PERS reform during the 2013 session that intended to lower the PERS costs. Recently the Oregon Supreme Court's Moro decision overturned the most financially significant portions of the 2013 legislative changes. The College adjusted PERS employer contribution rates for 2017-18 fiscal year to the rates provided by the PERS Board based on 12/31/2015 valuation date. The rates increased by 3.52% for Tier 1 and 2 and by 2.49% for OPSRP members. It is expected that employer contribution rates will continue to increase over the next two to three biennia. In prior years, the College had built up a reserve of roughly $1 million against possible future rate increases.

The Budget
Highlights of the 2017-2018 Budget:
While preparing for the College's upcoming budget, revenue and expenditure forecasts are prepared within the context of current economic conditions. The College thoroughly assessed costs and approved reduction in force to help balance the budget. Labor costs were reduced by $500,000 from FY17. The 2017-18 budget included one step increase for all full-time employees with 1% cost of living increase.

The following is a list of some of the main drivers and requirements of the budget:
- Increase the reserve to 9% of the operational budget for emergency needs only
- Continue establishment of PERS Unfunded Actuarial Liability Reserve, so that the bond payments remain at a level amount throughout the repayment period
- Maintain current service levels as much as possible

Requests for Information

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

Umpqua Community College
Director of Accounting & Finance
PO Box 967
Roseburg, OR 97470

The College's Comprehensive Annual Financial Report publications can also be found on the College's website at: http://www.umpqua.edu/financial-audit.

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Basic Financial Statements

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Statement of Net Position
JUNE 30, 2017

Assets		
Current assets:		
Cash and investments	$	9,870,342
Receivables, net of allowance for uncollectibles		7,926,686
Inventories		198,143
Prepaid expenses		576,768
Total current assets		18,571,939
Noncurrent assets:		
Net OPEB asset		64,110
Capital assets not being depreciated		790,026
Capital assets being depreciated		31,548,962
Total noncurrent assets		32,403,098
Total assets		50,975,037
Deferred Outflows of Resources - pension amounts		8,570,178
Liabilities		
Current liabilities		
Accounts payable		1,224,735
Payroll liabilities		1,355,885
Compensated absences		288,352
Unearned revenue		5,155,141
Current maturities of long-term obligations		755,000
Total current liabilities		8,779,113
Long-term liabilities-long-term obligations		
Bonds payable		20,650,825
Net pension liability		16,513,216
Total long-term liabilities		37,164,041
Total liabilities		45,943,154
Deferred Inflows of Resources - pension amounts		355,569
Net Position		
Net investment in capital assets		20,648,163
Restricted for:		
Debt service		5,274,816
Grants and contracts		24,528
Unrestricted		(12,701,015)
Total net position	$	13,246,492

The accompanying notes are an integral part of the financial statements.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Statement of Revenues, Expenses, and Changes in Net Position
YEAR END JUNE 30, 2017

Operating revenues:	
Tuition and fees	$ 3,654,238
Federal student financial aid grants	6,605,012
Intergovernmental federal grants and contracts	2,260,259
Intergovernmental state grants and contracts	3,898,445
Local grants and contracts	1,651,502
Bookstore sales	625,534
Food service sales	202,241
Incubator program	48,200
Other operating revenue	1,257,961
Total operating revenue	20,203,392
Operating expenses:	
Instruction	10,713,067
Instructional support	2,824,309
Student services	5,996,114
College support services	9,137,904
Community services	169,090
Student financial aid	4,391,631
Facilities acquisition /construction	914,180
Depreciation	1,610,052
Total operating expenses	35,756,347
Operating loss	(15,552,955)
Nonoperating Revenues-(expenses)	
State community college support	7,882,955
Property taxes	3,564,231
Investment income	78,704
Amortization of bond premium	58,940
Interest expense	(1,043,576)
Gain (loss) on disposition of capital assets	(75,018)
Total nonoperating revenues-(expenses)	10,466,238
Loss before capital contributions	(5,086,717)
Capital Contributions	
Capital state grants	3,600,229
Capital gifts and grants	25,000
Total capital contributions	3,625,229
Change in net position	(1,461,488)
Net position - beginning of year	14,707,980
Net position -end of year	$ 13,246,492

The accompanying notes are an integral part of the financial statements.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Statement of Cash Flows
YEAR END JUNE 30, 2017

Cash flows from operating activities:		
Tuition and fees	$	3,835,089
Federal student financial aid grants		6,611,640
Intergovernmental grants and contracts		6,386,859
Nongovernmental grants and contracts		1,698,956
Bookstore sales		706,129
Food service sales		210,348
Incubator Program Sale		48,200
Other cash receipts		1,442,528
Payments to employees for services		(20,733,534)
Payments to suppliers for goods and services		(8,328,362)
Payments for student financial aid grants		(4,901,097)
Net cash used in operating activities		(13,023,244)
Cash flows from noncapital financing activities:		
Cash received from State community college support		7,882,956
Cash received from property taxes		3,561,479
Principal paid on pension bonds		(435,000)
Interest paid on pension bonds		(556,140)
Net cash provided by noncapital financing activities		10,453,295
Cash flows from capital and related financing activities:		
Purchase of capital assets		(3,511,368)
Proceeds from sale of capital assets		4,090
Proceeds from capital gifts and grants		10,745,840
Principal paid on full faith and credit obligations 2010		(140,000)
Interest paid on full faith and credit obligations		(487,435)
Net cash provided in capital and related financing activities		6,611,127
Cash flows from investing activities:		
Investment income		78,704
Net increase in cash and cash equivalents		4,119,882
Cash and cash equivalents-beginning of year		5,750,460
Cash and cash equivalents-end of year	$	9,870,342

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows (Continued)
YEAR END JUNE 30, 2017

Reconciliation of operating loss to net cash used in operating activities:		
Operating Loss	$	(15,552,955)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		1,610,052
Change in net pension asset/liability		10,382,314
Decrease-(increase) in:		
Accounts/grants receivable		899,578
Due from others		276,692
Inventories		16,634
Prepaid expenses		8,423
Deferred outflows of resources		(7,203,067)
Increase-(decrease) in:		
Accounts payable		(1,164,343)
Payroll liabilities		(485,104)
Compensated absences		(88,005)
Other postemployment benefits		(118,113)
Deferred inflows of resources		(1,163,918)
Due to others		(1,520)
Unearned Revenue		(439,913)
Total adjustments		2,529,711
Net cash used in operating activities	$	(13,023,244)

The accompanying notes are an integral part of the financial statements.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	June 30, 2017
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 1,056,411
Cash Held in Investment Accounts	289,081
Total Cash and Cash Equivalents	1,345,492
Contributions Receivable, Current Portion	162,424
Other Receivables	262
Treasury Bonds - HNS Investments	4,067,958
Total Current Assets	5,576,136
OTHER ASSETS	
Contributions Receivable, net of Current Portion and Discount	45,899
Note Receivable, Hundred Valleys Mgmt. Services Corp.	28,678
Note Receivable, UCC Foundation Holding Co., Inc.	20,646
Investments, at Fair Value	9,915,695
Investment in UCC Foundation Holding Co., Inc.	887,091
Inventory - Donated Autos	3,600
Permanent Art Collection	6,350
Total Other Assets	10,907,959
TOTAL ASSETS	$ 16,484,095
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 5,106
Accounts Payable - Due to UCC	15,921
Scholarships Payable	128,786
Current Portion - Due to UCC - HNS Pledges Payable	4,285,499
Current Portion - Due to UCC - DLC Pledges Payable	105,257
Total Current Liabilities	4,540,569
LONG-TERM LIABILITIES	
Share of Deficiency in Assets of Hundred Valleys Mgmt. Services Corp.	8,330
Due to UCC - HNS Pledges Payable, net of Current Portion	468,209
Total Long-Term Liabilities	476,539
TOTAL LIABILITIES	5,017,108
NET ASSETS	
Unrestricted	41,887
Unrestricted - Board Designated	21,611
Total Unrestricted	63,498
Temporarily Restricted	3,457,360
Permanently Restricted	7,946,129
TOTAL NET ASSETS	11,466,987
TOTAL LIABILITIES AND NET ASSETS	$ 16,484,095

The accompanying notes are an integral part of the financial statements.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

STATEMENT OF ACTIVITIES
YEAR END JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Totals
SUPPORT AND REVENUE:				
Donations & Pledges	$ 81,215	$ 426,398	$ 186,800	$ 694,413
Investment Income, net of Investment Expense	-	239,630	-	239,630
Other Income	40,393	570	-	40,963
Fundraising Income	133,870	1,100	-	134,970
In-Kind Support from Umpqua Community College	251,978	-	-	251,978
Net Realized Gains on Investments	-	258,253	-	258,253
Net Unrealized Gains on Investments	-	630,928	-	630,928
Equity in Net Income of Affiliates	(189,064)	34,694	-	(154,370)
	318,392	1,591,573	186,800	2,096,765
Net Assets Released from Restrictions	692,304	(701,543)	9,239	-
Total Support and Revenue	1,010,696	890,030	196,039	2,096,765
EXPENSES AND OTHER LOSSES:				
Scholarships & Student Support	376,205	-	-	376,205
Program Support	270,720	-	-	270,720
Management & General	188,724	-	-	188,724
Fundraising & Special Events	160,292	-	-	160,292
Total Expenses	995,941	-	-	995,941
Total Expenses and Other Losses	995,941	-	-	995,941
CHANGE IN NET ASSETS	14,755	890,030	196,039	1,100,824
NET ASSETS, beginning of year	48,743	2,567,330	7,750,090	10,366,163
NET ASSETS, end of year	$ 63,498	$ 3,457,360	$ 7,946,129	$ 11,466,987

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Umpqua Community College (the College) was established in 1964 under ORS Chapter 341. The College is governed by a seven-member Board of Education whose members are elected independently.

The financial statements of the College present the College and its component unit, Umpqua Community College Foundation. The Foundation is a discretely presented component unit and is reported in separate statements in the basic financial statements.

The Foundation is a legally separate, tax-exempt entity and acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation is governed by a board of directors composed of up to 40 volunteers selected by the Foundation board from communities served by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation reports as a not-for-profit organization under Financial Accounting Standards Board (FASB) standards. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Significant accounting policies used in the preparation of the basic financial statements are described below:

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 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. Business-type activities are financed in whole or in part by fees charged to external parties.

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. With this measurement focus, all assets, deferred inflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increase (e.g. revenues) and decreases (e.g. expenses) in total net position.

The College maintains ten individual funds for state legal compliance that are combined and reported as a unitary enterprise similar to a commercial entity organized for profit for financial reporting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating revenues and expenses

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's ongoing operations. The principal operating revenues of the College are charges to students for tuition and fees, grants and contracts for specific operating activities of the College and bookstore sales. Operating expenses include the cost of faculty, administration and support expenses, bookstore operations, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Contributions represent capital gifts and grants contributions by governments and donors.

Cash and investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Oregon Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The College maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool which is exempt from statutes requiring such insurance.

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash and investments held by the College, since it has the general characteristics of a demand deposit (i.e. deposits of additional cash may be made at any time and cash may be withdrawn at any time without prior notice or penalty).

Receivables

All receivables are shown net of an allowance for uncollectable accounts.

Property taxes - Uncollected real and personal property taxes are reflected on the statement of net position as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the County. Property taxes are recognized as nonopearating revenue in the years for which they are levied.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Inventories

Inventories, primarily books and supplies, are valued at the lower of cost (first-in/first-out method) or market, and are charged to expense as sold or used.

Capital assets

Capital assets include land, art, building and improvements, and equipment. The capitalization threshold is $5,000 for all capital assets. Donated assets are recorded at their acquisition value on the date donated. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. The cost of normal maintenance and repairs that do not significantly extend the useful life of an asset are not capitalized, but are expensed as incurred.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	10-15 years
Equipment	5-20 years
Land Improvements	50 years
Infrastructure	50 years
Vineyard Development	7 years
Intangible Assets	3 years

Intangible assets include purchased and internally developed software and easements of a stipulated life (non-permanent). These assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method over the life.

Capitalized interest

Interest costs are capitalized as part of the costs of capital assets during the period of construction based on the related weighted average net borrowing costs incurred. Interest earned on temporary investments, acquired with the proceeds of such borrowed funds from the date of the borrowing until the assets are ready for their intended use, is used to reduce the interest costs capitalized on the constructed assets. Interest is not capitalized for acquisitions funded by capital grants or other outside parties, which are externally restricted for the acquisition of specified assets.

Compensated absences

Employees of the College are permitted to accumulate earned but unused compensated absences: unused vacation and sick leave. Unused vacation pay is recorded as a liability and an expense when earned. A liability does not exist for unpaid accumulated sick leave since College policy does not allow payment upon separation of service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bonds

During the 1996-1997 fiscal year, the State legislature passed HB 2610 that allows community colleges to incur bonded indebtedness. Bond premiums and discounts are amortized over the life of the associated bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized fully and expensed in the period which they were incurred.

Leases

Leases which meet certain criteria in GAAP are classified as capital leases. Leases which do not meet criteria of a capital lease are classified as operating leases.

Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of financial position reports a separate section for deferred outflows and inflows of resources. As a separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College's deferred outflows of resources relate to current year pension contributions, changes of assumptions, net difference between projected and actual earnings, and changes in proportionate share.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College's deferred inflows of resources relate to changes in differences between employer contributions and employer's proportionate share of system contributions.

Retirement plan

Substantially all of the College's employees are participants in the Oregon Public Employees Retirement Fund ("OPERF"), a statewide cost sharing defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

Other post-employment benefits ("OPEB") obligations

The College's net OPEB obligation is recognized as an asset and annual required contribution ("ARC") is expensed, as determined by the College's actuary.

Net position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses and contributions of capital. Net position is classified in the following four components:

> 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. Debt related to unspent proceeds or other restricted cash and investment is excluded from the determination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The College's policy is to consider restricted net position to be depleted before using any components of unrestricted net position.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources and deferred inflows of resources, and disclosure of contingent assets and liabilities, deferred outflows of resources and deferred inflows of resources 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.

Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2017, the College implemented the following GASB pronouncements:

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Issued June 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Issued June 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*, Issued August 2015. The provisions of this Statement are not material to the College.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, Issued December 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Issued December 2015.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, Issued January 2016.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73,* Issued March 2016.

The College has applied all applicable GASB pronouncements in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future adoption of new GASB pronouncements

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Issued June 2015

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, Issued March 2016

GASB Statement No. 83, *Certain Asset Retirement Obligations*, Issued November 2016

GASB Statement No. 84, *Fiduciary Activities*, Issued January 2017

GASB Statement No. 85, *Omnibus 2017*, Issued March 2017

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, Issued May 2017

GASB Statement No. 87, *Leases*, Issued June 2017

The College will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The College is currently evaluating if the above listed new GASB pronouncements will have a significant financial impact to the College or in issuing its financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, deprecation on capital assets is not an expenditure of the funds, amortization of long-term assets is not an expenditure of the funds, inventory is not capitalized in the funds, and principal on debt services is an expenditure of the funds.

The budget process begins 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 of Education 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	Instructional Support
Community Services	Student Services
College Support Services	Other Uses – Debt Service and Interfund Transfers
Facilities Acquisition & Construction	Operating Contingency

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts and final budgeted amounts including any changes that occurred during the year. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2017. Expenditures cannot legally exceed the above appropriation levels. 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.

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 consisted of the following:

Deposits with financial institutions :		
Demand deposits	$	2,837,761
Petty cash		8,025
Investments with LGIP		7,024,556
	$	9,870,342

The College is restricted by State of Oregon statutes in the types of investments in which it may invest. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, certain corporate indebtedness, bank repurchase agreements, and the State Treasurer's Local Government Investment Pool. As of June 30, 2017, and for the year then ended, the College was in compliance with the aforementioned State of Oregon statutes.

Deposits

At year end, the carrying amount of the College's deposits with financial institutions was $2,837,760 and the bank balance was $3,144,700. As required by ORS, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the office of the State Treasurer.

Investments

State statues authorize the College to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper, and the Oregon Local Government Pool, among others. The College has no investment policy that would further limit its investment choices.

3. CASH AND INVESTMENTS CONTINUED)

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2017. The LGIP seeks to exchange shares at $1.00 per share; and investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments of $1.00 per share, it is possible to lose money by investing in the pool. The College intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis.

Fair value hierarchy

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

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

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

3. CASH AND INVESTMENTS (CONTINUED)

The College has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using			Cost Measurement Using
Investment Type	Totals as of 06/30/2017	Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not measured at Fair Value
LGIP	$ 7,024,556	$ -	$ -	$ -	$ 7,024,556
Total Investments	$ 7,024,556	$ -	$ -	$ -	$ 7,024,556

Interest Rate Risk

ORS 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 does not have an interest rate risk policy. With all College investments held with Oregon LGIP as of June 30, 2017, the College is in compliance with these ORS statutes.

Credit Risk

ORS limit the types of investments the College may have to limit exposure to credit risk. The College does not have credit risk policy. With all College investments held with Oregon LGIP as of June 30, 2017, the College is in compliance with these ORS statutes.

Custodial Credit Risk

Custodial credit risk on deposits is the risk that in the event of a bank failure, the College's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds be member of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created and administered by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposit in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits. The required pledge percentage is based in part on an individual bank's net worth and level of capitalization.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The College does not have an investment policy for custodial credit risk. As of June 30, 2017, all of the College deposits are insured or collateralized or covered under the Oregon collateral program as mentioned above, and therefore, are not subject to custodial credit risk.

3. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have an investment policy for concentration of credit risk. As of June 30, 2017, all College investments were held with Oregon LGIP.

4. RECEIVABLES

Receivable balances are presented net of estimated allowance for doubtful accounts in the accompanying Statement of Net Position. Receivable balances are comprised of student accounts receivable from student tuition and fees, property taxes, claims for reimbursement of costs under various federal, state and local grant programs, and amounts outstanding from the Foundation for pledges raised to fund the Bonnie J. Ford Health, Nursing, and Science Building. Management has estimated an allowance for uncollectible accounts receivable from students in the amount of $892,942. Management expects to collect all grants receivable.

Receivables consisted of the following as of June 30, 2017:

Due from Foundation	$ 5,003,673
Grant receivables	2,107,641
Tuition and fees	1,351,101
Property tax receivable	357,213
	8,819,628
Allowance for uncollectible receivables	(892,942)
	$ 7,926,686

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Disposals	Transfers	Balance June 30, 2017
Capital assets not being depreciated					
Land	$ 156,353	$ -	$ -	$ -	$ 156,353
Construction in progress	14,469,238	2,685,344	(45,886)	(16,604,723)	503,973
Musical intrument collection	49,200	-	-	-	49,200
Art	80,500	-	-	-	80,500
Total capital assets not being depreciated	14,755,291	2,685,344	(45,886)	(16,604,723)	790,026
Capital assets being depreciated					
Land improvement	761,080	-	-	-	761,080
Infrastructure	1,893,548	-	-	-	1,893,548
Vineyard development	18,424	-	-	-	18,424
Buildings and improvements	27,233,749	226,890	(415,422)	16,604,723	43,649,940
Intangible assets	387,881	-	-	-	387,881
Equipment	5,793,856	626,607	(1,522,909)	-	4,897,554
Total capital assets being depreciated	36,088,538	853,497	(1,938,331)	16,604,723	51,608,427
Less accumulated depreciation					
Land improvement	100,407	15,221	-	-	115,628
Infrastructure	265,097	37,871	-	-	302,968
Vineyard development	6,579	2,193	-	-	8,772
Buildings and improvements	15,086,190	1,004,321	(382,199)	-	15,708,312
Intangible assets	339,981	20,028	-	-	360,009
Equipment	4,553,794	530,418	(1,520,436)	-	3,563,776
Total accumulated depreciation	20,352,048	1,610,052	(1,902,635)	-	20,059,465
Total capital assets being depreciated, net	15,736,490	(756,555)	(35,696)	16,604,723	31,548,962
Total capital assets, net	$30,491,781	$ 1,928,789	$ (81,582)	$ -	$ 32,338,988

Depreciation expense for the year ended June 30, 2017 was $1,610,052.

6. UNEARNED REVENUE

Unearned revenue consisted of the following as of June 30, 2017:

Grants received in advance of meeting eligibility requirements	$ 4,509,201
Tuition and fees received in advance of providing instruction	645,940
	$ 5,155,141

7. RETIREMENT PLAN

A. DEFINED BENEFIT PENSION PLAN

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003 and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College Employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The individual Account Program (IAP), the defined contribution portion of the plan. Beginning January1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, Chapter 238A, and Internal Revenue Code Section 401 (a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board as a governing body of PERS. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/pages/index.aspx.

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

Benefits provided

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

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

   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance of he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a particular employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 year of service. Tier Two members are eligible for full benefits at age 60.

7. RETIREMENT PLAN (CONTINUED)

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.

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:

   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.

iv. **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.

v. **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. and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

7. RETIREMENT PLAN (CONTINUED)

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

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

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, 2014 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were $1,057,418, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 12.03 percent for Tier One/Tier Two General Service Members and 6.48 percent for OPSRP Pension Program General Service Members. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Pension plan CAFR – Both the PERS and OPSRP plans are administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

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

7. RETIREMENT PLAN (CONTINUED)

Actuarial methods and assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization basis over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent (reduced from 2.75%)
Investment rate of return	7.50 percent (reduced from 7.75%)
Projected salary increase	3.50 percent (reduced from 3.75%)
Mortality	RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct,generational per Scale BB, disabled table.

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

Discount rate – The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

7. RETIREMENT PLAN (CONTINUED)

The College's proportionate share of the collective net pension liability (asset) of the plan is as follows:

	(6.50%)	(7.50%)	(8.5%)
College's proportionate share of the net pension liability (asset)	$ 26,663,338	$ 16,513,216	$ 8,029,490

Determination of the College's proportionate share –The College's proportion of the net pension liability was based on the College's projected long-term contribution effort as compared to the total projected net pension long-term contribution effort of all employees. At June 30, 2016, the College's proportion of the PERS net pension liability was 0.110 percent.

Determination of the College's proportionate share – The College's actuarially determined proportionate share of the plan amounts was 0.10999775 percent for the fiscal year ended June 30, 2016 (measurement date). The College's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2014) to the measurement date of June 30, 2016 and subtracting the plan's net position as of June 30, 2015.

The basis for College's proportion is actuarially determined by comparing College's projected long-term contribution effort to the plan with the total projected long-term contribution effort for all employers. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The preparation of these amounts in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Pension plan's fiduciary net position – Detailed information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the separately issued CAFR for the plan which is available as noted above.

Payables to the pension plan – At June 30, 2017, the College reported a payable of $93,868 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2017.

7. RETIREMENT PLAN (CONTINUED)

Pension Expense, Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2017, the College recognized a net pension liability of $16,513,216 and a pension expense of approximately $2,958,956. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pension form the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Difference between expected and actual experience	$ 546,329	$ -
Changes in assumptions	3,521,872	-
Net difference between projected and actual earnings on pension plan investments	3,262,319	-
Net changes in proportionate share and differences between College contributions and proportionate share of contributions	182,240	- 355,569
	7,512,760	355,569
School contributions subsequent to measurement date	1,057,418	-
Net deferred outflow (inflow) of resources	$ 8,570,178	$ 355,569

Pension related amounts will be recognized in future periods as follows: deferred outflows of resources will be recognized as a component of net pension liability and deferred inflows of resources will be recognized in pension expense:

Year Ending June 30,	
2018	$ 1,267,225
2019	1,267,225
2020	2,472,054
2021	1,885,386
2022	265,301
Thereafter	-
	$ 7,157,191

7. RETIREMENT PLAN (CONTINUED)

B. DEFINED CONTRIBUTION PENSION PLAN

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

Plan Description
The College administers a single-employer defined benefit health care plan. The plan provides post-employment health care benefits for eligible retirees (until age 65) and their spouses through the health care plan, which covers both active and retired participants. Benefit provisions are established through College policy. The criteria to determine eligibility includes employee age and years of service. The post-employment health care plan does not issue a publicly available financial report.

Funding Policy
Contribution requirements are established through College policy. In general, the College contributes towards insurance premiums for retirees and their spouses the same amount contributed towards insurance premiums for active employees with the retirees paying the balance of the premiums. Funding is on a pay-as-you-go basis. During 2017-18, the College contributed $296,225 to the plan. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

8. OTHER POST-EMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a 30-year period. The following table shows the components of the annual OPEB cost for the year, amounts actually contributed to the plan, and changes in the net OPEB obligation:

	2016-17	2015-16	2014-15
Annual required contribution	$ 185,160	$ 223,458	$ 170,206
Interest on net OPEB obligation	1,620	2,936	1,761
Adjustment to annual required contribution	(8,668)	(15,707)	(8,117)
Annual OPEB cost	178,112	210,687	163,850
Contributions made	(296,225)	(254,541)	(124,683)
Increase-(decrease) in net OPEB obligation	(118,113)	(43,854)	39,167
Net OPEB obligation - beginning of year	54,003	97,857	58,691
Net OPEB obligation (asset) - end of year	$ (64,110)	$ 54,003	$ 97,857

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016-17 were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	$ 163,850	76.1%	$ 97,857
June 30, 2016	$ 210,687	120.8%	$ 54,003
June 30, 2017	$ 178,112	166.3%	$ (64,110)

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $1,273,010 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,273,010. The anticipated covered payroll (annual payroll of active employees covered by the plan) was $3,190,747, and the ratio of the UAAL to the anticipated covered payroll was 39.9%.

8. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation conducted as of June 30, 2016, the entry age normal cost method was used. The unfunded actuarial accrued liability is being amortized using the level-dollar method over a 30-year period. Actuarial assumptions included a discount rate of 3% and an annual healthcare cost trend rate of 8% initially, reduced gradually to an ultimate rate of 5% over six years.

9. OPERATING LEASES

There are three operating lease arrangements for the use of facilities for classrooms and operations. The first lease for the Diamond Lake Avenue building consists of a monthly payment of $3,900 and expires on February 15, 2018. The second lease for the Umpqua Business Center consists of a monthly payment of $1,931 and expires on June 20, 2017. The renewal lease term beginning June 1, 2017 consists of a monthly payment of $1,606 through May 31, 2022. The final lease for South Umpqua School District consists of a monthly payment of $2,500 through July 1, 2018.

The lease obligations payable are not recorded in the Statement of Net Position. The lease expense for the year ended June 30, 2017 was $96,486.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2017:

9. OPERATING LEASES (CONTINUED)

Fiscal Year Ending June 30,		
2018	$	49,275
2019		55,808
2020		55,808
2021		55,808
Total Minimum Future Rentals	$	216,699

On September 1, 2013, the College entered into a lease with the South Umpqua School District which calls for monthly payments increasing by the Portland-Salem CPI at five-year intervals for the next 99 years. Discounted, the value of the future lease payments beyond 2021, or what is shown above, is $4,001,729.

10. 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 Colleges and education service Colleges. 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 Colleges 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 school Colleges. 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.

11. RISK MANAGEMENT

There is exposure 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 is covered through PACE and Umpqua Insurance Agency. The Commercial insurance is also carried for other risks of loss including workers' compensation coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

12. 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 management expects such amounts, if any, to be immaterial.

Management is not aware of any contingent liabilities that would require disclosure under Statements of Financial Accounting Standards Number 5, which include among other things: notes or accounts receivable which have been discounted; pending suits, proceedings, hearings, or negotiations possibly involving retroactive judgments or claims; taxes in dispute; endorsements or guarantees; and options given.

The College, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

13. INTERFUND BALANCES AND TRANSFERS

The composition of interfund transfers as of June 30, 2017 is as follows:

Fund	Transfer In	Transfer Out
General Fund	$ -	$ 2,116,783
Administratively Restricted Fund	239,512	2,850
Insurance Fund	355,334	-
Debt Service Fund	1,243,196	-
Capital Projects Fund	250,000	-
Agency Fund	31,591	-
	$ 2,119,633	$ 2,119,633

Transfers are used to fund operations between funds.

14. LONG TERM DEBT

Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Interest Rates	Original Amount	Outstanding July 1, 2016	Additions	Deletions	Outstanding June 30, 2017
Limited Tax Pension Bonds 2004	3.35% - 5.53%	$ 11,910,000	$ 10,150,000	$ -	$ 435,000	$ 9,715,000
Full Faith and Credit Obligations 2010	1.02% - 5.80%	4,250,000	3,415,000	-	140,000	3,275,000
Full Faith and Credit Obligations 2014, Series A	4%	5,500,000	5,500,000	-	-	5,500,000
Full Faith and Credit Obligations 2014, Series B	2% - 4%	2,405,000	2,405,000	-	-	2,405,000
		$ 24,065,000	$ 21,470,000	$ -	$ 575,000	$ 20,895,000
Premium - FFCO 2014, Series A			392,920	-	49,115	343,805
Premium - FFCO 2014, Series B			176,845	-	9,825	167,020
Total Outstaning June 30, 2017			22,039,765	-	633,940	21,405,825
Due Within One Year						755,000
Total Long-term Obligations						$ 20,650,825

Pension Obligation Bonds

In February 2004, $11,910,000 of limited Tax Pension Obligation Bonds were issued and transferred to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. The resulting pension asset is being used to pay a portion of the annual required contribution. Principal payments are due annually in June through June 30, 2028 and interest payable in December and June of each year with rates ranging from 3.35% to 5.53%.

Future bonded debt requirements for the pension bond issue are as follows:

June 30,	Principal	Interest	Total
2018	$ 500,000	$ 532,258	$ 1,032,258
2019	570,000	506,273	1,076,273
2020	650,000	475,265	1,125,265
2021	730,000	439,905	1,169,905
2022	820,000	400,193	1,220,193
2023-2027	4,325,000	1,097,435	5,422,435
2028-2032	2,120,000	157,882	2,277,882
	$ 9,715,000	$ 3,609,211	$ 13,324,211

14. LONG TERM DEBT (CONTINUED)

Full Faith and Credit Obligations 2010

In September 2010, $4,250,000 of Full Faith and Credit Obligations, Series 2010 were issued to finance a real and personal property project. Principal payments are due annually in June through June 1, 2035 and interest payable in December and June of each year with rates ranging from 1.02% to 5.80%.

The Full Faith and Credit Obligations 2010 were issued though the United States Department of Treasury Recovery Zone Economic Development Bonds program. The College received debt service subsidies of $77,048 during the fiscal year ended June 30, 2017. Future subsidies expected to be received from the Department of Treasury total $836,825. The IRS announced that effective October 1, 2017 the amount of refundable credit received will be reduced by 6.6%.

Future maturities for the Full Faith and Credit Obligations, Series 2010 are as follows:

	Principal	Interest	Total
2018	$ 145,000	$ 176,570	$ 321,570
2019	145,000	170,941	315,941
2020	150,000	164,949	314,949
2021	155,000	158,601	313,601
2022	155,000	150,569	305,569
2023-2027	850,000	626,269	1,476,269
2028-2032	995,000	372,893	1,367,893
2033-2037	680,000	79,805	759,805
	$ 3,275,000	$ 1,900,597	$ 5,175,597

Full Faith and Credit Obligations 2014

In December 2014, $5,500,000 of Full Faith and Credit Obligations, Series 2014A and $2,405,000 of Full Faith and Credit Obligations, Series 2014B were issued to finance real and personal property including the construction, equipping and furnishing of Bonnie J Ford Health, Nursing and Science Building. Single principal payment of $5,500,000 is due on June 1st, 2024. Interest payments are due in December and June of each year through June of 2024 with the interest rate set at 4%. Series 2014A have a five year call option.

Principal payments for Series 2014B are due annually in June starting with June of 2018 through June 1, 2034 and interest payable in December and June of each year with rates ranging from 2% to 4%. Series 2014B have a ten year call option.

14. LONG TERM DEBT (CONTINUED)

Future maturities for the Full Faith and Credit Obligations, Series 2014 are as follows:

	Principal	Interest	Total
2018	$ 110,000	$ 304,750	$ 414,750
2019	110,000	302,550	412,550
2020	115,000	300,350	415,350
2021	115,000	298,050	413,050
2022	120,000	295,750	415,750
2023-2027	6,160,000	754,950	6,914,950
2028-2032	805,000	173,000	978,000
2033-2037	370,000	22,400	392,400
	$ 7,905,000	$ 2,451,800	$ 10,356,800

15. RECONCILIATION OF BUDGETARY FUND BALANCES TO NET POSITION

Total Budgetary Fund Balances as of June 30, 2017

General	$	3,257,871
Financial Aid		-
Administratively Restricted		1,005,616
Special Projects - Grants and Contracts		24,528
Insurance		144,177
Debt Service		7,726,781
Capital Projects		235,529
Internal Service		534,674
Enterprise		141,285
Agency		24,495
	$	13,094,955

Reconciliation of Budgetary Fund Balances to Net Position

Budgetary Fund Balance	$	13,094,955
Noncurrent Assets, net		32,403,098
Deferred Outflows		8,570,178
Long-term Liabilities, net		(37,919,041)
Deferred Revenue of Property Taxes		357,214
Compensated Absences		(288,352)
Deferred Inflows		(355,569)
State Revenue Accrual		(2,615,991)
	$	13,246,492

16. COLLEGE FOUNDATION

The Foundation was formed to encourage, receive and administer gifts and bequests for the support of the College and its students. The Foundation is a legally separate, tax-exempt entity with an independent governing board. The majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the College by donors and not controlled directly by the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the financial statements.

The financial activity of the Foundation is reported for the year ended June 30, 2017. During the fiscal year 2017, gifts of $372,903 was transferred from the Foundation to the College. The Foundation raised pledges to fund the College’s Bonnie J. Ford Health, Nursing, and Science Building, and $4,753,708 of pledges are due to the College as of June 30, 2017. Other Foundation obligations due the College amount to $249,965 as of June 30, 2017. the Foundation is audited annually and received an unmodified audit opinion for fiscal year ending 2017. Please see the financial statements of the Foundation on pages 24 and 25 of this report. Complete financial statements of the Foundation may be obtained by writing the following: Umpqua Community College, 1140 Umpqua College Road, Roseburg, Oregon 97470-0226.

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Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
YEAR END JUNE 30, 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERS

Year Ended June 30,	(a) Employer's proportion of the net pension liability	(b) Employer's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) Net pension liability (asset) as percentage a of covered payroll	Plan fiduciary net position as a percentage of the total net pension liability
2017	0.11 %	$ 16,513,216	$ 13,440,067	122.87 %	80.50 %
2016	0.11	6,130,902	14,584,958	42.04	91.90
2015	0.11	(2,404,791)	13,918,358	(17.28)	103.60

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

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

SCHEDULE OF PENSION CONTRIBUTIONS - PERS

Year Ended June 30,	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
2017	$ 1,057,418	$ 1,057,418	$ -	$ 14,073,898	7.50 %
2016	1,024,630	1,024,630	-	13,440,067	7.60
2015	1,213,382	1,213,382	-	14,584,958	8.30

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

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

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percentage	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2016	$ -	$ 1,273,010	$ 1,273,010	- %	$ 3,190,747	39.90 %
June 30, 2014	-	1,015,085	1,015,085	-	4,371,556	23.22
June 30, 2012	-	1,297,634	1,297,634	-	4,518,654	28.72

Supplementary Information

BUDGETARY INFORMATION
YEAR END JUNE 30, 2017

Oregon Administrative Rules require an individual Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, be prepared for each fund which the College is legally required to budget.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The College focuses on changes in current financial resources in the preparation, adoption and execution of annual budgets for the College's funds. The modified accrual basis of accounting is used to account for transactions or events that have increased or decreased the resources available for spending in the near future. The budget schedules include all transactions or events that affect the fund's current financial resources, even though these transactions may not affect net position. Such transactions include the issuance of debt, the payment of debt service principal payments, and the payment of capital outlay expenditures.

Revenues are recognized when they are susceptible to accrual. To be susceptible to accrual, the revenue must be both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The College deems revenues received within 60 days of the end of the fiscal year to be available and subject to accrual. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recorded only when expected to be liquidated with available expendable financial resources. State support is recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grant revenue is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts, including property taxes, become measurable and available when cash is received by the College and recognized as revenue at that time.

DESCRIPTION OF FUNDS

The College has the following funds:

The *General Fund* accounts for the financial operations of the College not accounted for in any other fund. Principal sources of revenue are state support, tuition and fees, and property taxes. Expenditures are made for instruction, academic support, student services, pubic services, institutional support, debt service, operation and maintenance of plant facilities and financial aid.

The *Financial Aid Fund* accounts for revenues and expenditures for various programs providing grants, loans, or wages for students from federal, state or private funds.

The *Administratively Restricted Special Revenue Fund* is a special revenue fund used to account for specific programs where monies are administratively restricted. Activities recorded in this fund generate revenue primarily through specifically assessed tuition and fees, or through other revenue-generating activities.

The *Grants & Contracts Special Revenue Fund* is for financial operations of the various programs of the College funded primarily by federal, state, and local agencies. Funds are restricted to the purpose designated by grantee.

The *Insurance Fund* accounts for payments to the Oregon Employment Division for unemployment benefits paid to terminated employees. Payments are also made to early retirees for medical insurance premiums from this fund. Principal revenues are transfers from the General Fund and investment earnings.

DESCRIPTION OF FUNDS (Continued)

The *Debt Service Fund* provides for the payment of principal and interest on limited tax pension obligation bonds and full faith and credit obligation bonds. Principal revenue sources are charges to other funds.

The *Capital Projects Fund* accounts for resources from state appropriations and debt proceeds used for the acquisition of land, new construction, major remodeling projects, and major equipment purchases.

The *Internal Service Fund* includes functions that exist primarily to provide goods or services to other instructional or administrative units of the college, and resources come from internal College charges.

The *Enterprise Fund* includes activities that furnish goods or services to students, staff, or the public, for which charges or fees are assessed that are directly related to the cost of the good or service provided.

The *Agency Fund* is used to budget and account for the activities of the Associated Students of Umpqua Community College (ASUCC) student government, student clubs and outside agencies for which the College is acting as a fiscal agent. Each of the funds is accounted for separately.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
GENERAL FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Property taxes	$ 3,478,792	$ 3,478,792		$ 3,561,479	$ 82,687
Tuition and fees	6,079,039	6,079,039		5,782,873	(296,166)
State appropriation	10,468,821	10,468,821		10,498,947	30,126
Intergovernmental-state	2,700	2,700		-	(2,700)
Interest income	30,000	30,000		37,511	7,511
Other	200,000	200,000		296,777	96,777
Total revenues	20,259,352	20,259,352		20,177,587	(81,765)
Expenditures:					
Instruction	8,894,544	8,894,544	(1)	8,166,927	727,617
Instructional Support	1,586,796	1,586,796	(1)	1,532,844	53,952
Student Services	1,824,603	1,824,603	(1)	1,737,138	87,465
College Support Services	7,002,659	7,002,659	(1)	6,389,284	613,375
Financial Aid	750,000	750,000	(1)	586,761	163,239
Contingency	1,775,042	1,775,042	(1)	-	1,775,042
Total expenditures	21,833,642	21,833,642		18,412,955	3,420,689
Revenues over-(under) expenditures	(1,574,290)	(1,574,290)		1,764,632	3,338,922
Other financing sources-(uses)					
Transfers in	350,000	233,200		-	(233,200)
Transfer out	(2,129,418)	(2,129,418)	(1)	(2,116,783)	12,635
Total other financing sources-(uses)	(1,779,418)	(1,896,218)		(2,116,783)	(220,565)
Net change in fund balance	(3,353,708)	(3,470,508)		(352,151)	3,118,357
Fund Balance - July 1, 2016	3,353,708	3,470,508		3,610,022	139,514
Fund Balance - June 30, 2017	$ -	$ -		$ 3,257,871	$ 3,257,871

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
FINANCIAL AID FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Intergovernmental - federal	$ 17,185,233	$ 17,185,233		$ 6,605,012	$ (10,580,221)
Intergovernmental - state	3,410,000	3,410,000		1,512,401	(1,897,599)
Local & Private Grants	2,035,985	2,035,985		684,463	(1,351,522)
Total revenues	22,631,218	22,631,218		8,801,876	(13,829,342)
Expenditures:					
Student Loans and Financial Aid	22,631,218	22,631,218	(1)	8,801,876	13,829,342
Revenues over-(under) expenditures	-	-		-	-
Fund Balance - July 1, 2016	-	-		-	-
Fund Balance - June 30, 2017	$ -	$ -		$ -	$ -

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
ADMINISTRATIVELY RESTRICTED FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final		Actual Amounts	Variance With Final Budget
Revenue:					
Tuition and fees	$ 2,062,215	$ 2,079,101		$ 2,002,837	$ (76,264)
Intergovernmental - state and federal	1,800	1,800		1,158	(642)
Local/Private Grants & Contracts	109,188	109,188		101,838	(7,350)
Interest income	-	-		12,979	12,979
Other	1,099,085	1,068,177		613,928	(454,249)
Total revenues	3,272,288	3,258,266		2,732,740	(525,526)
Expenditures:					
Instruction	2,058,784	2,058,784	(1)	1,214,591	844,193
Instruction Support	807,552	807,552	(1)	503,871	303,681
Community Services	81,669	176,426	(1)	157,573	18,853
Student Services	1,150,278	1,055,521	(1)	615,721	439,800
College Support Services	300,315	300,315	(1)	270,212	30,103
Contingency	20,000	20,000	(1)	-	20,000
Total expenditures	4,418,598	4,418,598		2,761,968	1,656,630
Revenues over-(under) expenditures	(1,146,310)	(1,160,332)		(29,228)	1,131,104
Other financing sources-(uses)					
Transfers in	245,888	245,888		239,512	(6,376)
Transfers out	(6,500)	(6,500)	(1)	(2,850)	-
Total other financing sources-(uses)	239,388	239,388		236,662	(2,726)
Net change in fund balance	(906,922)	(920,944)		207,434	1,128,378
Fund Balance - July 1, 2016	906,922	920,944		798,181	(122,763)
Fund Balance - June 30, 2017	$ -	$ -		$ 1,005,616	$ 1,005,616

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
SPECIAL PROJECTS FUND – GRANTS & CONTRACTS
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Intergovernmental-federal	$ 2,612,211	$ 3,113,303		$ 2,183,365	$ (929,938)
Intergovernmental-state	2,517,482	3,250,450		2,384,886	(865,564)
Nongovernmental grants and contracts	898,394	1,045,022		748,297	(296,725)
Other	-	-		6	6
Total revenues	6,028,087	7,408,775		5,316,553	(2,092,222)
Expenditures:					
Instruction	1,084,969	1,112,969	(1)	711,382	401,587
Instructional Support	1,140,933	1,242,442	(1)	757,219	485,223
Student Services	2,958,520	3,260,327	(1)	2,000,585	1,259,742
College Support Services	960,337	1,909,710	(1)	1,847,395	62,315
Total expenditures	6,144,760	7,525,448		5,316,581	2,208,867
Revenues over-(under) expenditures	(116,673)	(116,673)		(28)	116,645
Fund Balance - July 1, 2016	116,673	116,673		24,556	(92,117)
Fund Balance - June 30, 2017	$ -	$ -		$ 24,528	$ 24,528

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
INSURANCE FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget
Revenue:				
Interest	$ -	$ -	$ 1,836	$ 1,836
Expenditures:				
College Support Services	560,000	560,000 (1)	404,372	155,628
Revenues over-(under) expenditures	(560,000)	(560,000)	(402,536)	157,464
Other financing sources-(uses)				
Transfers in	355,334	355,334	355,334	-
Net change in fund balance	(204,666)	(204,666)	(47,202)	157,464
Fund Balance - July 1, 2016	204,666	204,666	191,379	(13,287)
Fund Balance - June 30, 2017	$ -	$ -	$ 144,177	$ 144,177

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
DEBT SERVICE FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Intergovernmental-federal	$77,068	$77,068		$76,894	$ (174)
Tuition and Fees	452,531	452,531		417,229	(35,302)
Interest income	10,000	10,000		6,219	(3,781)
	539,599	539,599		500,342	(39,257)
Expenditures:					
Debt service:					
Principal	575,000	575,000		575,000	-
Interest	1,061,605	1,061,605		1,043,576	18,029
Total expenditures	1,636,605	1,636,605	(1)	1,618,576	18,029
Revenues over-(under) expenditures	(1,097,006)	(1,097,006)		(1,118,233)	(21,227)
Other financing sources-(uses)					
Transfers in	1,243,196	1,243,196		1,243,196	-
Net change in fund balance	146,190	146,190		124,963	(21,227)
Fund Balance - July 1, 2016	7,577,501	7,577,501		7,601,818	24,317
Fund Balance - June 30, 2017	$ 7,723,691	$ 7,723,691		$ 7,726,781	3,090

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
CAPITAL PROJECTS FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final		Actual Amounts	Variance With Final Budget
Revenue:					
Intergovernmental-state	$ 9,412,391	$ 9,412,391		$ 3,600,229	$ (5,812,162)
Nongovernmental grants and contracts	-	-		116,905	116,905
Interest	37,609	37,609		15,962	(21,647)
Total revenues	9,450,000	9,450,000		3,733,096	(5,716,904)
Expenditures:					
Facilities acquisition / construction	9,960,000	9,960,000	(1)	3,983,990	5,976,010
Revenues over-(under) expenditures	(510,000)	(510,000)		(250,894)	259,107
Other financing sources-(uses)					
Transfers in	250,000	250,000		250,000	-
Total other financing sources-(uses)	250,000	250,000		250,000	-
Net change in fund balance	(260,000)	(260,000)		(894)	259,107
Fund Balance - July 1, 2016	260,000	260,000		236,422	(23,578)
Fund Balance - June 30, 2017	$ -	$ -		$ 235,529	$ 235,529

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
INTERNAL SERVICE FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Tuition and Fees	$ -	$ -		$ 130	$ 130
Interest income	-	-		88	88
Other	165,000	165,000		688,428	523,428
Total revenues	165,000	165,000		688,646	523,646
Expenditures:					
College Support Services	190,000	190,000	(1)	162,364	27,636
Revenues over-(under) expenditures	(25,000)	(25,000)		526,281	551,281
Net change in fund balance	(25,000)	(25,000)		526,281	551,281
Fund Balance - July 1, 2016	25,000	25,000		8,392	(16,608)
Fund Balance - June 30, 2017	$ -	$ -		$ 534,674	$ 534,674

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
ENTERPRISE FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With
	Original	Final		Amounts	Final Budget
Revenue:					
Sales	$ 2,259,003	$ 2,296,003		$ 1,409,411	$ (886,592)
Interest income	-	-		4,110	4,110
Total revenues	2,259,003	2,296,003		1,413,521	(882,482)
Expenditures:					
Student Services	2,505,303	2,507,303	(1)	1,392,028	1,115,275
Contingency	100,000	100,000	(1)	-	100,000
Total expenditures	2,605,303	2,607,303		1,392,028	1,215,275
Revenues over-(under) expenditures	(346,300)	(311,300)		21,493	332,793
Other financing sources-(uses)					
Transfer out	(350,000)	(233,200)	(1)	-	233,200
Total other financing sources-(uses)	(350,000)	(233,200)		-	233,200
Net change in fund balance	(696,300)	(544,500)		21,493	565,993
Fund Balance - July 1, 2016	544,500	544,500		119,793	(424,707)
Fund Balance - June 30, 2017	$ (151,800)	$ -		$ 141,285	$ 141,285

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
AGENCY FUND
FOR YEAR ENDING JUNE 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget
Revenue:				
Other	$ 24,850	$ 24,850	$ 13,350	$ (11,500)
Total revenues	24,850	24,850	13,350	(11,500)
Expenditures:				
Student Services	95,779	95,779 (1)	45,022	50,757
Total expenditures	95,779	95,779	45,022	50,757
Revenues over-(under) expenditures	(70,929)	(70,929)	(31,672)	39,257
Other financing sources-(uses)				
Transfers in	41,500	41,500	31,591	(9,909)
Net change in fund balance	(29,429)	(29,429)	(81)	29,348
Fund Balance - July 1, 2016	29,429	29,429	24,576	(4,853)
Fund Balance - June 30, 2017	$ -	$ -	$ 24,495	$ 24,495

(1) Appropriation level

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Other Financial Schedule

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR END JUNE 30, 2017

Tax Year	Uncollected June 30, 2016	Levy as Extended by Assessor	Discounts	Adjustments	Collections	Uncollected June 30, 2017
2016-17	$ -	$ 3,639,440	$ (91,430)	$ (40,415)	$ (3,350,059)	$ 157,536
2015-16	156,903	-	-	(17,677)	(70,267)	68,959
2014-15	75,370	-	-	7,629	(25,730)	57,269
2013-14	56,213	-	-	(964)	(22,393)	32,856
2012-13	34,652		-	(4,126)	(20,772)	9,754
and Prior	31,324	-	-	4,550	(5,034)	30,840
	$ 354,462	$ 3,639,440	$ (91,430)	$ (51,003)	$ (3,494,255)	$ 357,214

Statistical Section

STATISTICAL SECTION

This part of Umpqua Community College's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College's overall financial health.

FINANCIAL TRENDS

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UMPQUA COMMUNITY COLLEGE
NET POSITION

LAST TEN FISCAL YEARS

Fiscal Year	Net Investment in Capital Assets	Restricted - Expendable	Unrestricted	Total
2016-17	$ 20,648,163	$ 5,299,344	$ (12,701,015)	$ 13,246,492
2015-16	18,602,016	5,186,894	(9,080,930)	14,707,980
2014-15	14,267,531	5,025,025	(5,745,650)	13,546,907
2013-14	15,079,003	2,578,730	9,407,600	27,065,333
2012-13	15,045,989	2,174,436	6,693,754	23,914,179
2011-12	15,645,562	1,967,846	9,072,255	26,685,663
2010-11	13,581,888	1,655,258	5,558,653	20,795,799
2009-10	9,706,448	1,479,734	9,118,746	20,304,928
2008-09	8,467,940	2,378,896	2,133,978	12,980,814
2007-08	6,645,289	3,130,363	5,733,029	15,508,681

Source: Umpqua Community College Comprehensive Annual Financial Report

UMPQUA COMMUNITY COLLEGE
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2016-17	2015-16	2014-15
Operating revenues:			
Tuition and fees	$ 3,654,238	$ 3,777,276	$ 3,283,655
Federal student financial aid grants	6,605,012	7,114,195	8,216,554
Federal grants and contracts	2,260,259	1,836,885	2,070,006
State grants and contracts	3,898,445	2,101,096	1,922,419
Local grants and contracts	1,651,502	1,510,603	1,186,228
Bookstore sales	625,534	705,203	673,607
Food service sales	202,242	142,878	300,309
Incubator Program	48,200	26,579	5,184
Other operating revenue	1,257,960	713,292	747,840
Total operating revenue	20,203,392	17,928,007	18,405,802
Operating expenses:			
Instruction	10,713,067	12,175,334	9,431,652
Instructional support	2,824,309	2,799,416	2,369,864
College support services	9,137,904	6,999,158	4,698,504
Student services	5,996,114	6,705,058	5,871,695
Auxilliary	-	-	-
Community services	169,090	165,217	114,784
Student financial aid	4,391,631	4,552,489	5,315,418
Plant Operations and maintenance	-	2,399,375	2,188,924
Facilities acquisition /construction	914,180	429,924	512,951
Depreciation	1,610,052	1,325,298	1,408,349
Total operating expenses	35,756,347	37,551,270	31,912,141
Operating loss	(15,552,955)	(19,623,263)	(13,506,339)
Nonoperating Revenues-(expenses)			
State community college support	7,882,956	12,823,475	8,073,162
Property taxes	3,564,231	3,479,236	3,384,933
Investment Income	78,704	61,825	56,008
Investment gain (loss) on pension asset	-	-	-
Amortization of bond premium	58,940	58,940	58,940
Interest expense	(1,043,576)	(1,067,013)	(944,922)
Bond issue costs	-	-	(89,630)
Gain (loss) on disposition of capital assets	(75,018)	(3,803)	955
Total nonoperating revenues-(expenses)	10,466,238	15,352,659	10,539,446
Gain (Loss) before Other revenues and gains	(5,086,717)	(4,270,604)	(2,966,893)
Capital State grant	3,600,229	5,384,607	
Capital gifts and grants	25,000	47,070	5,150,471
Change in net position	(1,461,488)	1,161,073	2,183,578
Net position - beginning of year	14,707,980	13,546,907	27,065,333
Less restatement	-	-	(15,702,004)
Restated Net Position - beginning of year	-	13,546,907	11,363,329
Net position -end of year	13,246,492	$ 14,707,980	$ 13,546,907

Note: Fiscal Year 2014-15 is the first year GASB68 was implemented.
Tuition and Fees for FY year 2009-10 to 2007-08 were adjusted to reflect tuition discounts.

UMPQUA COMMUNITY COLLEGE
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Continued)

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
$ 3,029,056	$ 3,185,431	$ 3,633,640	$ 3,822,222	$ 3,704,065	$ 3,018,017	$ 3,556,690
10,194,591	12,722,284	22,789,049	27,324,559	25,886,769	13,192,403	7,532,544
2,525,597	1,724,991	2,074,883	2,696,243	2,525,301	2,416,885	1,926,316
1,410,982	1,359,814	987,834	590,317	2,619,197	4,249,446	1,157,139
1,063,498	1,366,900	1,423,090	1,478,418	1,970,609	1,440,027	760,409
634,156	757,287	874,948	1,084,675	1,382,012	1,158,826	1,193,567
253,794	268,815	306,632	268,137	135,982	150,614	194,586
-	-	-	-	-	-	-
949,192	748,506	3,387,858	1,071,643	1,057,456	1,177,049	726,647
20,060,865	22,134,028	35,477,934	38,336,215	39,281,391	26,803,267	17,047,898
10,800,579	11,144,812	11,515,990	11,172,957	11,535,947	10,555,227	9,619,233
2,522,726	2,430,765	2,436,179	2,461,725	2,245,356	2,675,686	2,065,671
5,214,926	5,027,971	5,103,824	4,599,956	4,649,251	4,446,124	4,293,766
5,711,761	5,512,453	3,767,328	4,613,949	4,367,817	6,576,129	5,730,487
-	-	2,389,968	2,554,719	2,551,781	-	-
80,441	63,093	108,606	148,410	217,353	163,958	48,200
6,442,330	8,524,800	16,599,663	20,466,550	19,776,915	10,457,165	5,049,626
2,252,403	2,224,890	2,214,448	2,738,090	3,314,810	1,897,665	2,118,216
520,361	-	-	-	-	-	-
1,274,135	1,289,021	1,245,277	985,167	858,169	608,061	627,939
34,819,663	36,217,805	45,381,283	49,741,522	49,517,400	37,380,015	29,553,138
(14,758,799)	(14,083,777)	(9,903,349)	(11,405,307)	(10,236,009)	(10,576,748)	(12,505,240)
13,753,048	7,575,009	13,349,213	7,527,455	13,561,048	8,195,033	13,911,100
3,253,946	3,224,160	3,126,992	3,026,591	3,001,765	2,928,939	2,787,624
53,067	52,819	62,868	61,847	71,666	198,959	304,178
1,811,950	1,275,370	87,173	2,071,698	1,610,173	(2,555,306)	(454,883)
-	-	-	-	-	-	-
(796,513)	(808,708)	(820,436)	(781,814)	(665,087)	(713,057)	(718,951)
-	(9,598)	(9,598)	(9,598)	(6,198)	(6,189)	(6,189)
-	3,244	(3,000)	-	(13,245)	(29,498)	(46,210)
18,075,498	11,312,296	15,793,212	11,896,178	17,560,123	8,018,881	15,776,669
3,316,699	(2,771,481)	5,889,863	490,871	7,324,114	(2,557,867)	3,271,429
-	-	-	-	-	30,000	276,000
3,316,700	(2,771,481)	5,889,863	490,871	7,324,114	(2,527,867)	3,547,429
23,914,179	26,685,662	20,795,799	20,304,928	12,980,814	15,508,681	11,961,252
(165,546)	-	-	-	-	-	-
23,748,633	26,685,662	20,795,799	20,304,928	12,980,814	15,508,681	11,961,252
$ 27,065,333	$ 23,914,181	$ 26,685,662	$ 20,795,799	$ 20,304,928	$ 12,980,814	$ 15,508,681

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REVENUE CAPACITY

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UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Property Tax Rates, Assessed Value, and Real Market Value
LAST TEN FISCAL YEARS

Fiscal Year	Permanent Rate	Assessed Value	Measure 5 Real Market Value	Ratio of Taxable Assessed Value to Real Market Value
2016-17	$ 0.04551	$ 8,174,378,170	$ 9,795,781,514	83%
2015-16	0.04551	7,864,047,304	9,389,809,781	84%
2014-15	0.04551	7,693,230,203	9,325,455,608	82%
2013-14	0.04551	7,465,190,487	9,132,582,748	82%
2012-13	0.04551	7,266,499,519	9,037,090,627	80%
2011-12	0.04551	7,074,596,298	9,381,751,607	75%
2010-11	0.04551	6,891,082,239	9,820,250,596	70%
2009-10	0.04551	6,772,166,332	10,648,239,504	64%
2008-09	0.04551	6,612,726,597	10,987,062,139	60%
2007-08	0.04551	6,310,979,155	10,654,597,262	59%

Source: Douglas County Department of Assessment and Taxation

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Direct and Overlapping Tax Rates
LAST TEN FISCAL YEARS

Taxing Entity	2016-17	2015-16	2014-15	2013-14	Fisc 2012-13
County Direct Rate					
Douglas County	1.11	1.11	1.11	1.11	1.11
Umpqua Community College	0.46	0.46	0.46	0.46	0.46
Lane Community College	0.84	0.82	0.86	0.86	0.86
SW Oregon Community Colelge	0.70	0.70	0.70	0.70	0.70
Cities					
Canyonville	3.36	3.48	3.49	3.49	3.46
Drain	1.52	1.52	1.52	1.52	1.52
Elkton	2.33	2.33	2.33	2.33	2.33
Glendale	4.71	4.71	5.47	5.83	5.73
Myrtle Creek	6.51	6.51	6.51	6.51	6.51
Oakland	6.41	6.41	6.41	6.41	6.41
Reedsport	6.19	6.19	6.19	6.19	6.19
Riddle	6.49	6.49	6.49	6.49	6.49
Roseburg	25.43	24.58	24.58	23.74	22.89
Sutherlin	5.74	5.75	5.75	5.75	5.78
Winston	4.27	4.27	4.27	4.27	4.27
Yoncalla	1.46	1.46	1.46	1.46	1.46
Schools					
Camas Valley	4.70	4.70	4.70	4.70	4.70
Days Creek	4.84	4.84	4.84	4.84	4.84
Elkton	5.33	5.31	5.28	5.28	5.30
Fern Ridge	6.07	6.07	6.89	7.01	6.92
Glendale	5.22	5.22	5.22	5.27	5.28
Glide	5.46	5.49	5.48	5.48	5.45
North Douglas	5.10	5.09	5.16	5.11	5.11
Oakland	5.01	5.01	5.00	5.00	5.02
Reedsport	5.68	5.83	5.71	5.72	5.70
Riddle	4.66	4.66	4.66	4.66	4.66
Roseburg	4.50	4.62	4.64	4.63	4.65
Siuslaw	5.55	5.53	5.53	5.53	5.54
South Lane	6.89	6.19	6.29	6.50	6.35
South Umpqua	4.71	4.71	4.71	4.71	4.71
Southerlin	4.15	4.74	4.73	4.75	4.73
Winston Dillard	5.83	5.91	6.03	6.03	6.01
Yoncalla	4.69	4.69	4.69	4.69	4.69
Education Service District Rates	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53
Fire District Rates	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65
Water District Rates	-	-	-	-	-
Sanitary District Rates	0.00-1.42	0.00-1.42	0.00-1.42	0.00-2.42	0.00-2.42
Other Special District Rates	0.00-4702	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97

Source: Douglas County Department of Assessment and Taxation

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Direct and Overlapping Tax Rates (Continued)
LAST TEN FISCAL YEARS

Year Taxes are Payable

2011-12	2010-11	2009-10	2008-09	2007-08
1.11	1.11	1.11	1.11	1.11
0.46	0.46	0.46	0.46	0.46
0.88	0.86	0.85	0.87	0.83
0.70	0.70	0.70	0.70	0.70
3.50	3.48	3.53	3.49	3.51
1.52	1.52	1.52	1.52	1.52
2.33	2.33	2.33	2.33	2.33
5.71	5.70	5.71	5.57	5.66
6.51	6.51	6.51	6.51	6.51
6.41	6.41	6.41	6.41	6.41
6.19	6.19	6.19	6.19	6.19
6.49	6.49	6.49	6.49	6.49
22.04	21.19	21.19	20.35	20.79
5.78	5.81	5.81	5.82	5.82
4.27	4.27	4.27	4.27	4.27
1.46	1.46	1.46	1.46	1.46
4.70	4.70	4.70	4.70	4.70
4.84	4.84	4.84	4.84	4.84
5.29	5.30	5.30	4.36	4.36
6.97	6.92	6.84	6.86	6.70
5.27	5.23	5.13	5.27	5.24
5.58	5.60	5.60	5.52	5.54
5.22	5.17	5.20	5.16	5.37
5.06	5.03	5.02	4.64	4.64
5.73	5.78	5.84	5.90	5.38
4.66	4.66	4.66	4.66	4.66
4.65	4.66	4.63	4.64	4.66
5.55	5.76	5.77	5.08	5.05
6.39	6.45	6.40	6.35	6.36
4.71	4.71	4.71	4.71	4.71
4.76	4.75	4.78	4.79	4.79
5.91	5.94	5.79	5.77	5.74
4.69	4.69	4.69	4.69	4.69
0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53	0.22-0.53
0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65
-	-	-	-	-
0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42	0.00-2.42
0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97	0.00-3.97

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Principal Property Taxpayers – Douglas County
CURRENT YEAR END NINE YEARS AGO

Taxpayer	Nature of Business	Total Assessed Value	Percentage Of Total Assessed Value	Taxes
2016-17:				
Pacificorp	Utility	$370,209,000	4.17%	$2,884,145
Roseburg Forest Products Co	Wood Products	133,939,127	1.51%	1,351,604
Weyerhaeuser Company	Wood Products	61,211,684	0.69%	470,386
Roseburg Resources Co	Wood Products	45,913,335	0.52%	339,377
Seneca Jones Timber Company	Wood Products	42,528,458	0.48%	319,873
Avista Corp	Utility	41,766,000	0.47%	490,399
Oxbow Timber I LLC	Wood Products	39,081,153	0.44%	409,448
Charter Communications	Telecommunications	33,046,500	0.37%	432,871
Central Oregon & Pacific RR Co.	Freight Service	26,641,700	0.30%	199,241
Frontier Communications	Telecommunications	26,111,000	0.29%	322,262
Subtotal - ten of the largest taxpayers		820,447,957	9.24%	
All other taxpayers in Douglas County		8,058,224,261	90.76%	
Toal Douglas County Taxpayers		$8,878,672,218	100.00%	
2007-08:				
Pacificorp (PP&L)	Utility	$243,339,000	3.53%	$1,869,920
Roseburg Forest Products Co	Wood Products	110,223,891	1.60%	1,209,012
Roseburg Resources Co	Wood Products	83,834,583	1.22%	701,645
Weyerhaeuser Company	Wood Products	50,660,121	0.74%	383,372
Seneca Jones Timber Company	Wood Products	33,129,881	0.48%	246,755
Qwest Corporation	Telecommunications	30,137,300	0.44%	412,839
RLC Industries Co	Wood Products	29,645,730	0.43%	358,805
Douglas County INC	Wood Products	24,526,395	0.36%	248,566
Alcan Cable	Manufacturing	21,726,040	0.32%	232,630
Avista Corp	Utility	20,371,300	0.30%	245,116
Subtotal - ten of the largest taxpayers		647,594,241	9.40%	
All other taxpayers in Douglas County		6,238,128,973	90.60%	
Toal Douglas County Taxpayers		$6,885,723,214	100.00%	

Notes: Umpqua Community College encompasses majority of Douglas County. These statistics are for Douglas County.

Source: Douglas County Department of Assessment and Taxation

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Property Tax Levies and Collections
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Tax Collections In First Year	Percent of Levy Collected In First Year	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2016-17	$ 3,639,440	$ 3,350,059	92.05%	$ -	3,350,059	92.05%
2015-16	3,503,678	3,254,852	92.90	70,267	3,325,119	94.90
2014-15	3,436,000	3,176,370	92.44	98,342	3,274,712	95.31
2013-14	3,336,412	3,077,856	92.25	128,447	3,206,303	96.10
2012-13	3,264,197	2,995,633	91.77	154,672	3,150,305	96.51
2011-12	3,176,997	2,895,357	91.14	178,971	3,074,328	96.77
2010-11	3,106,804	2,821,099	90.80	189,495	3,010,594	96.90
2009-10	3,055,689	2,780,893	91.01	162,678	2,943,571	96.33
2008-09	2,983,024	2,737,749	91.78	175,834	2,913,583	97.67
2007-08	2,850,862	2,632,994	92.36	136,916	2,769,910	97.16

Source: Umpqua Community College Comprehensive Annual Financial Reports

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DEBT CAPACITY

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Ratio of General Bonded Debt and Legal Debt Margin
LAST TEN FISCAL YEARS

	2016-17	2015-16	2014-15	2013-14
Total Real Market Value of Taxable Property[1]	$ 9,795,781,514	$ 9,389,809,781	$ 9,325,455,608	$ 9,132,582,748
Debt Limitation (1.5% of Real Market Value)	146,936,723	140,847,147	139,881,834	136,988,741
Debt Subject to Limitation[2]	-	-	-	-
Legal Debt Margin	146,936,723	140,847,147	139,881,834	136,988,741

Note: [2]Umpqua Community College has not issued General Obligation Bonds

Source: [1]Douglas County Tax Rate and Valuation Summary

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Ratio of General Bonded Debt and Legal Debt Margin (Continued)
LAST TEN FISCAL YEARS

2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
$ 9,037,090,627	$ 9,381,751,607	$ 9,820,250,596	$ 10,648,239,504	$ 10,987,062,139	$ 10,654,597,262
135,556,359	140,726,274	147,303,759	159,723,593	164,805,932	159,818,959
-	-	-	-	-	-
135,556,359	140,726,274	147,303,759	159,723,593	164,805,932	159,818,959

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Ratio of Outstanding Debt by Types
LAST TEN FISCAL YEARS

	Other Governmental Non Tax Bonded Debt[1]							
Fiscal Year	Full Faith & Credit Obligations Series 2014	Full Faith & Credit Obligations Series 2010	Full Faith & Credit Obligations Series 1999	Pension Bonds Payable	Certificates of Participation	Total Outstanding Debt	Total Outstanding Debt os a % of Personal Income[2]	Total Outstanding Debt per Capita[3]
2016-17	$ 7,905,000	$ 3,275,000	$ -	$ 9,715,000	$ -	$ 20,895,000	not available	$ 189
2015-16	7,905,000	3,415,000	-	10,150,000	-	21,470,000	not available	195
2014-15	7,905,000	3,555,000	-	10,525,000	-	21,985,000	not available	201
2013-14	-	3,690,000	-	10,850,000	-	14,540,000	0.40%	134
2012-13	-	3,825,000	-	11,125,000	-	14,950,000	0.42%	138
2011-12	-	3,960,000	-	11,350,000	-	15,310,000	0.45%	142
2010-11	-	4,090,000	-	11,535,000	-	15,625,000	0.48%	145
2009-10	-	-	-	11,680,000	-	11,680,000	0.36%	111
2008-09	-	-	1,180,000	11,790,000	235,000	13,205,000	0.41%	125
2007-08	-	-	1,270,000	11,865,000	285,000	13,420,000	0.42%	128

Source :
[1]Umpqua Community College Annual Financial Report-Note 14. Long Term Debt
[2]Bureau of Economic Analysis, U. S. Department of Commerce
[3]Portland State University Population Research Center.

DEMOGRAPHIC AND ECONOMIC INFORMATION

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Demographic and Economic Statistics
LAST TEN FISCAL YEARS

Fiscal Year	Population[1]	Personal Income[2]	Per Capita Personal Income[3]	Unemployment Rate[4]
2016-17	110,395	not available	not available	5.00%
2015-16	109,910	not available	not available	6.70%
2014-15	109,385	$ 3,874,175	$ 35,977	7.50%
2013-14	108,850	3,673,780	34,335	8.90%
2012-13	108,195	3,478,193	32,541	10.50%
2011-12	107,795	3,471,856	32,409	12.10%
2010-11	107,690	3,379,239	31,501	12.70%
2009-10	105,395	3,295,279	30,608	13.90%
2008-09	105,240	3,226,401	30,047	15.70%
2007-08	104,675	3,236,668	30,160	8.70%

Source:

[1]Portland State University Population Research Center. Estimates are for July 1 of the fiscal year.
These statistics are for Douglas County.

[2]Bureau of Economic Analysis, U. S. Department of Commerce
Data is for Douglas County, in thousands of dollars.

[3]Bureau of Economic Analysis, U. S. Department of Commerce
Data is for Douglas County

[4]Bureau of Labor Statistics, U. S. Department of Labor
Rates are as of June , not seasonally adjusted

Note: The College district includes majority of Douglas County.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Principal Employers for Douglas County
June 30, 2017 and Nine Years Ago

	2017			2008		
Employer[1]	Number of Employees	Rank	Percentage of County Employment[2]	Employees	Rank	Percentage of County Employment
Roseburg Forest Products Co	1861	1	4.98%	n/a	n/a	n/a
Mercy Healthcare, Inc	1114	2	2.98%	n/a	n/a	n/a
Seven Feathers Hotel, Gaming Center	902	3	2.41%	n/a	n/a	n/a
First Call Resolution	537	4	1.44%	n/a	n/a	n/a
Swanson Group, Inc	533	5	1.43%	n/a	n/a	n/a
TMS Call Center	403	6	1.08%	n/a	n/a	n/a
Orenco Systems	288	7	0.77%	n/a	n/a	n/a
Umpqua Bank	242	8	0.65%	n/a	n/a	n/a
A& M Transport, Inc	210	9	0.56%	n/a	n/a	n/a
Umpqua Dairy	151	10	0.40%	n/a	n/a	n/a
	6241		16.70%			

Source:

[1]The Partneship for Economic Development in Douglas County, private sector

[2]State of Oregon Employment Department, 1st quarter information

n/a -not available

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OPERATING INFORMATION

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

EMPLOYEE HEADCOUNT
LAST TEN FISCAL YEARS

	Employee Headcount[1]					
Fiscal Year	Administrative Full-time	Administrative Part-time	Faculty Full-time	Faculty Part-time	Classified Full-time	Classified Part-time
2016-17	39	2	60	158	116	59
2015-16	42	3	59	159	113	52
2014-15	48	2	61	162	118	83
2013-14	42	0	64	170	114	67
2012-13	43	0	68	185	113	58
2011-12	41	0	66	202	108	73
2010-11	47	1	67	211	118	71
2009-10	45	0	68	206	112	76
2008-09	49	0	68	186	115	70
2007-08	44	0	66	158	104	74

[1] Umpqua Community College Human Resources
Counts are provided as of March 31st for each year

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

BUILDING CONSTRUCTION AND ACQUISITION

Year	Building Name	Square Footage	Cumulative Square Footage
1967	Del Blanchard Welcome Center & Administration	8,060	8,060
1967	Library	18,394	26,454
1967	Snyder Hall	11,882	38,336
1967	Science	14,838	53,174
1969	Life Sciences Laboratory	1,740	54,914
1969	Wayne Crooch Hall	19,824	74,738
1970	Warehouse	6,360	81,098
1970	LaVerne Murphy Student Center	31,975	113,073
1970	Jackson Hall	11,750	124,823
1970	PE Complex & Tom Keel Fitness Center	50,697	175,520
1969	Lockwood Hall and Finance Office	20,468	195,988
1970	Jacoby Auditorium	29,360	225,348
1979	Whipple Fine Arts Center	23,322	248,670
1982	Educational Skills Building	13,415	262,085
1984	Wooley Center	4,200	266,285
1996	Ford Family Enrichment Center	6,395	272,680
2001	Technology Center	10,432	283,112
2008	Swanson Amphitheatre	2,086	285,198
2011	Tower Building	2,453	287,651
2011	699 Cummins Building	2,494	290,145
2012	Danny Lang Teaching, Learning and Event Center	21,889	312,034
2016	Bonnie J Ford Health Nursing and Science Building	34,842	346,876

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Tuition Rates and Enrollment Statistics
LAST TEN FISCAL YEARS

Fiscal Year	Tuition Rate Per Credit Hour	Total FTE[1]	Unduplicated Headcount[1]
2016-17	$ 88.00	2894	13,701
2015-16	87.00	3021	14,556
2014-15	85.00	3030	14,555
2013-14	85.00	3042	13,604
2012-13	75.00	3339	14,757
2011-12	72.00	4460	16,516
2010-11	66.00	4796	16,383
2009-10	65.00	4691	16,457
2008-09	63.00	3777	15,939
2007-08	62.00	3422	15,894

Source:
[1] Umpqua Community College Institutional Research and Planning

Compliance Section

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MOSSADAMS

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

Board of Education of
Umpqua Community College
Roseburg, Oregon

We have audited the basic financial statements of Umpqua Community College (the College), and the discretely presented component unit, as of and for the year ended June 30, 2017, and have issued our report thereon dated December 21, 2017. We conducted our audit 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 of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Umpqua Community College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards* or provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Compliance

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal year 2017 and 2018.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements relating to insurance and fidelity bond coverage.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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. Except as discussed below, the results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State.

Noncompliance with a Federally Funded Program

We found an instance of noncompliance with requirements of, and which are required to be reported in accordance with, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This finding is presented in the schedule of findings and questioned costs.

Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

Scott Simpson

for Moss Adams LLP
Portland, Oregon
December 21, 2017

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*

Board of Education
Umpqua Community College
Roseburg, Oregon

We have audited the financial statements of Umpqua Community College (the College) and Umpqua Community College Foundation (the Foundation), its discretely presented component unit, as of and for the year ended *June 30, 2017*, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 21, 2017. 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss Adams LLP

Portland, Oregon
December 21, 2017

MOSSADAMS

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Umpqua Community College
Roseburg, Oregon

Report on Compliance for Each Major Federal Program

We have audited Umpqua Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The College’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as item 2017-001, that we consider to be a significant deficiency.

The College’s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Moss Adams LLP

Portland, Oregon
December 21, 2017

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Schedule of Expenditures of Federal Awards
June 30, 2017

	Grant Period	Federal CFDA Number	Program or Award Amount	2016-17 Revenue	2016-17 Expenditures	Pass through Agency Identifying Number	2016-17 Expenditures to Subrecipients
Student Financial Aid Cluster							
U.S. Department of Education:							
Student Financial Aid Programs:							
Federal Pell Grant Program	2016-2017	84.063	4,024,872	4,024,872	4,024,872	N/A	-
Federal Direct Loan Program	2016-2017	84.268	2,395,817	2,395,817	2,395,817	N/A	-
Federal Work-Study Program	2016-2017	84.033	107,047	107,047	107,047	N/A	-
Federal Supplemental Educational							-
Opportunity Grant	2016-2017	84.007	77,276	77,276	77,276	N/A	-
Total SFA Cluster U.S. Department of Education			6,605,012	6,605,012	6,605,012		-
Total Student Financial Aid Cluster			6,605,012	6,605,012	6,605,012		-
U.S. Department of Education:							
TRIO - Student Support Services	2015-2016	84.042	269,486	37,353	37,353	N/A	-
TRIO - Student Support Services	2016-2017	84.042	269,486	224,788	224,788	N/A	-
TRIO - Talent Search	2015-2016	84.044	230,000	25,010	25,010	N/A	-
TRIO - Talent Search	2016-2017	84.044	284,160	233,061	233,061	N/A	-
TRIO - Upward Bound	2015-2016	84.047	262,500	57,037	57,037	N/A	-
TRIO - Upward Bound	2016-2017	84-047	270,375	222,641	222,641	N/A	-
Total TRIO Cluster			1,586,007	799,891	799,891		
Child Care Access Means Parents in School	2015-2016	84.335	87,624	48,390	48,390	N/A	-
Child Care Access Means Parents in School	2016-2017	84.335	87,624	60,723	60,723	N/A	-
Higher Education -Institutional Aid	2015-2016	84.031	447,647	97,779	97,779	N/A	-
Higher Education -Institutional Aid	2016-2017	84.031	448,955	269,030	269,030	N/A	-
School Safety National Activities	2016-2017	84.184	529,623	327,408	327,408	N/A	-
Passed through Oregon Department of Community Colleges & Workforce Development:							
Adult Education - Basic Grants to States	2016-2017	84.002	167,975	159,299	159,299	N/A	-
Passed through Oregon Department of Education							
Regional STEM Hub	2016-2017	84.U01	305,090	200,383	200,383	N/A	80,982
Career and Technical Education - Basic Grants to States	2016-2017	84.048	5,000	0	0		
Career and Technical Education - Basic Grants to States	2015-2016	84.048	148,478	19,928	19,928	N/A	-
Career and Technical Education - Basic Grants to States	2016-2017	84.048	133,467	128,610	128,610	N/A	-
Total Non SFA Cluster U.S. Department of Education			3,947,490	2,111,441	2,111,441		80,982.00
U.S. Department of Agriculture:							
Passed through State of Oregon, Department of Education:							
Child and Adult Care Food Program	2015-2016	10.558	1,556	1,556	1,556	N/A	-
Child and Adult Care Food Program	2016-2017	10.558	18,448	16,892	16,892	N/A	-
Total U.S. Department of Agriculture			20,004	18,448	18,448		-
U. S. Department of Justice:							
Passed through State of Oregon,							
Antiterrorism Emergency Reserve	2016-2017	16.321	209,001	10,601	10,601	N/A	-
Total U.S Department of Justice			209,001	10,601	10,601		-
Small Business Administration:							
Passed through Lane Community College:							
Small Business Development Center	2016-2017	59.037	39,201	29,006	29,006	N/A	-
Total Small Business Administration			39,201	29,006	29,006		-
U. S. Department of Treasury							
Recovery Zone Economic Development Bonds Subsidy							
Full Faith and Credit Obligations	2016-2017	21.U01	76,894	76,894	76,894	N/A	-
Total U.S. Department of Treasury			76,894	76,894	76,894		-
U.S. Department of Health and Human Services							
Open World Program Global Connections	2016-2017	93.U01	12,315	13,869	13,869	N/A	-
FHI Development 360							
Total U.S. Department of Health and Human Services			12,315	13,869	13,869		-
TOTAL			10,700,916	8,865,272	8,865,272		80,982

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Notes to Schedule of Expenditures of Federal Awards
June 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where applicable.

3. Election of De Minimis Indirect Rate

During the current year end, June 30, 2017, the College did not elect to use the 10 percent de minimis indirect cost rate.

4. Pass-Through Award

Umpqua Community College passed through to subrecipients:

Federal Grantor / Program Title / Subrecipient and Contract Number	Payments
Oregon Department of Education / Regional STEM Hub / Douglas Education Service District	$80,982

UMPQUA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☐ Yes ☒ None reported
Noncompliance material to financial statements noted?	☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☒ Yes ☐ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ Yes ☐ No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	*Unmodified*
Various	TRIO Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	☐ Yes ☒ No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001 Reporting (Significant Deficiency in Internal Controls over Compliance, Non-Compliance)

Federal Program: Student Financial Aid Cluster (various CFDA numbers)

Criteria: The College is required to reconcile institutional records monthly with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.

Condition: The College is not in compliance with the federal requirement requiring monthly reconciliation. During our testing of this compliance requirement we found the reconciliations were performed on a quarterly basis, rather than the required monthly basis.

Questioned costs: None.

Context: Of the total 12 reconciliations required during the period under audit, four reconciliations occurred.

Effect: The College did not perform the appropriate frequency of Direct Loan reconciliations.

Cause: An internal control was not designed effectively to ensure monthly reconciliations occurred.

Repeat finding: No.

Recommendation: We recommend the College design and implement an internal control to ensure the Direct Loan reconciliation occurs on a monthly basis.

Views of responsible officials and planned corrective actions: UCC failed to reconcile Direct Loan records on a monthly basis as required. Instead, UCC informed reviewers that it performed this reconciliation on a quarterly basis. In response to this finding, UCC has revised its fiscal policies and procedures to perform reconciliation on a monthly basis. The importance of reconciling on a monthly basis is understood and the staff member responsible for this process will incorporate the process into her monthly duties. She is also working with the IT department to create a report that will help with the accuracy of this reporting.

UMPQUA COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017

FINDING 2017-001 Reporting (Significant Deficiency in Internal Controls over Compliance, Non-Compliance)

Name of contact person responsible for correction action: Natalya Brown, Interim CFO

Corrective action planned: UCC failed to reconcile Direct Loan records on a monthly basis as required. Instead, UCC informed reviewers that it performed this reconciliation on a quarterly basis. In response to this finding, UCC has revised its fiscal policies and procedures to perform reconciliation on a monthly basis. The importance of reconciling on a monthly basis is understood and the staff member responsible for this process will incorporate the process into her monthly duties. She is also working with the IT department to create a report that will help with the accuracy of this reporting.

Anticipated date of corrective action: Completed

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Summary Schedule of Prior Year Audit Findings
June 30, 2017

No prior year audit findings.