

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

Prepared by:
UMPQUA COMMUNITY COLLEGE
Accounting and Finance

Natalya Brown
CFO

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

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ROSEBURG, OREGON

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Introductory Section

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December 6, 2018

The Board of Education
Umpqua Community College
Roseburg, OR 97470

The Comprehensive Annual Financial Report of Umpqua Community College for the fiscal year ended June 30, 2018 is submitted in accordance with Oregon Revised Statutes (ORS) 297.405 to 297.555 and 297.990, known as Municipal Audit Law. This report was prepared by the College's accounting and finance department. 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, 2018 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 report of independent auditors. 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 related 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 19 buildings located on park-like grounds with several additional campus locations: The H. Woolley Adult Basic Education Center located at 1634 W. Harvard, 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.

Although the economic recovery from recession has been lagging behind when compared to the US and Oregon economies, unemployment rates have been slowly improving. Local unemployment rates for the month of June 2018 was 5.1% compared to the state rate of 4% and the national rate of 4.2%.

The state's revenue forecast remains strong with the expectation of continued economic growth expansion for the next couple of years. Due to the uniqueness of Oregon's kicker law, less revenue is expected to be available during the 2019-21 budget period even though more revenue is expected to be collected during the current biennium.

Major industries in the region include trade, transportation, utilities, local government, education, health services, manufacturing, professional and business services, leisure and hospitality.

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 Commission on Colleges and Universities (NWCCU-<http://www.nwccu.org>), and our accredited status was reaffirmed in July 2016. Additionally, UCC's programs, certificates and courses are approved by the Oregon Office of Community Colleges and Workforce Development (CCWD) and the Oregon Higher Education Coordinating Commission (HCEE).

INDEPENDENT AUDIT

State statutes 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 Tapahøyt Hall, a \$4.25 million

construction project, funded through a state grant. The College is pursuing funding for the construction of the Industrial Arts building as well as researching possibilities for student housing.

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.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Umpqua Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We wish to express our appreciation to the entire accounting and finance department 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,



Dr. Debra Thatcher
President



Natalya Brown
CFO

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

OFFICIALS AS OF JUNE 30, 2018

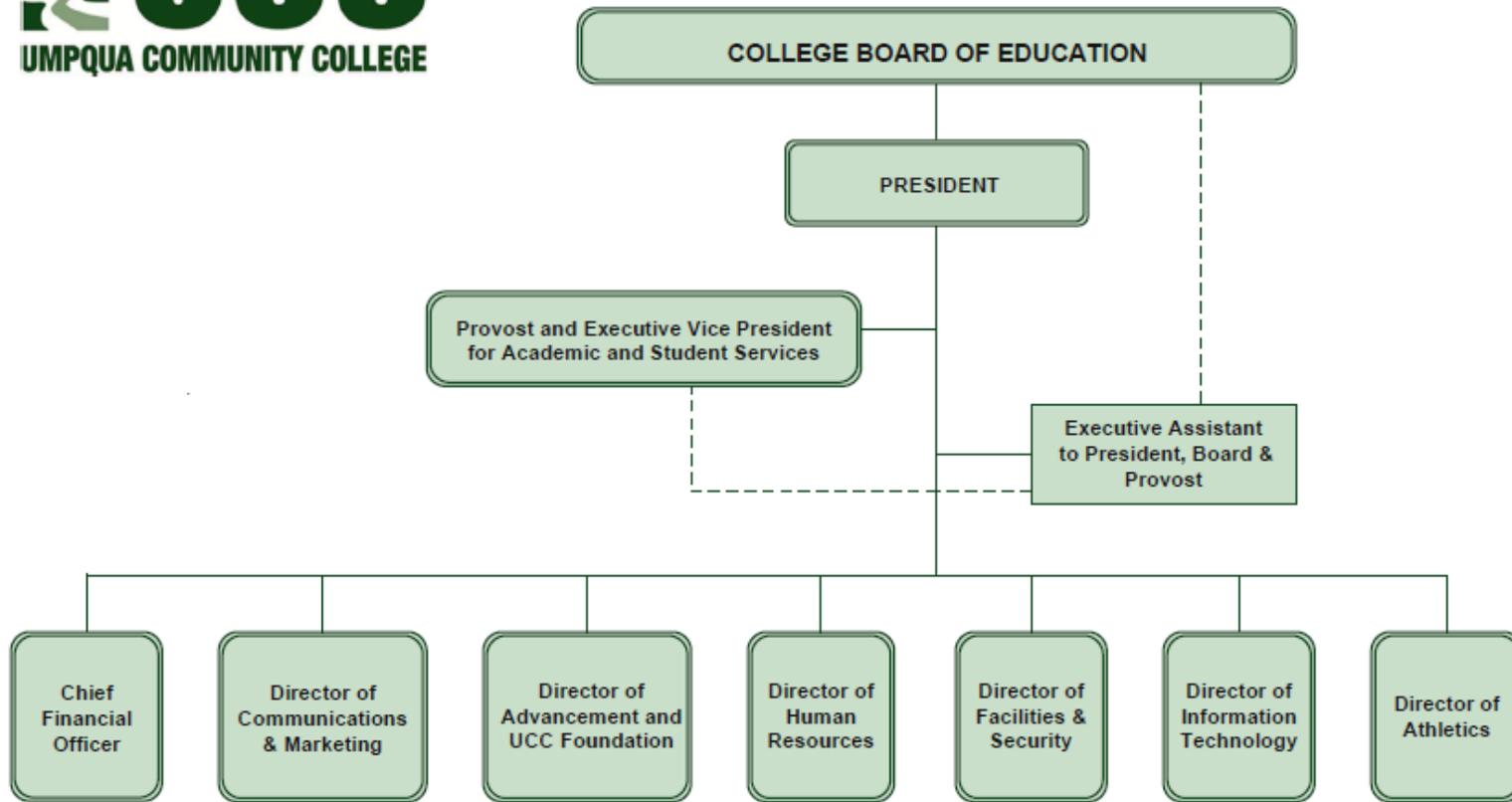
BOARD OF EDUCATION

<u>Official</u>	<u>Term Expires June 30</u>
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
Natalya Brown	CFO

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



Effective
Sept. 1, 2018



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Umpqua Community College
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section



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

Management's Responsibility 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 units, as of June 30, 2018, 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.

Emphasis of a Matter

In the year ended June 30, 2018, the College adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which modified the presentation of the financial statements by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, GASB Statement 75 requires disclosure of information related to OPEB. As discussed in Note 16 to the financial statements, the adoption of GASB Statement 75 resulted in the restatement of beginning net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, and the schedules of proportionate share of net pension liability – PERS, pension contributions – PERS, total OPEB liability, proportionate share of the net OPEB liability - RHIA, and OPEB contributions – RHIA on pages 55 through 57 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 58 through 59, schedules of revenues, expenditures, and changes in fund balance – budget to actual on pages 60 through 69, schedule of property tax transactions on page 70, and the schedule of expenditures of federal awards and notes to schedule of expenditures of federal awards, on pages 93 through 94, 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 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 6, 2018 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 6, 2018, 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.



Portland, Oregon
December 6, 2018

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

This section of Umpqua Community College's ("College") Comprehensive Annual Financial Report presents an analysis of the financial activities of the College for the fiscal year ended June 30, 2018. 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.

<u>Information</u>	<u>Measurement Focus</u>	<u>Basis of Accounting</u>	<u>Location in Report</u>
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 comprehensive annual financial report, and included in Notes 1 and 17. 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.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

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 Revenues, Expenditures and Changes in Fund Balance

The *Schedules of Revenues, Expenditures and Changes in Fund Balance* are included in a latter section entitled "Supplementary Information". These schedules focus 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, 71 and No.75 has no impact on the College's fund financial statements.

Financial Highlights

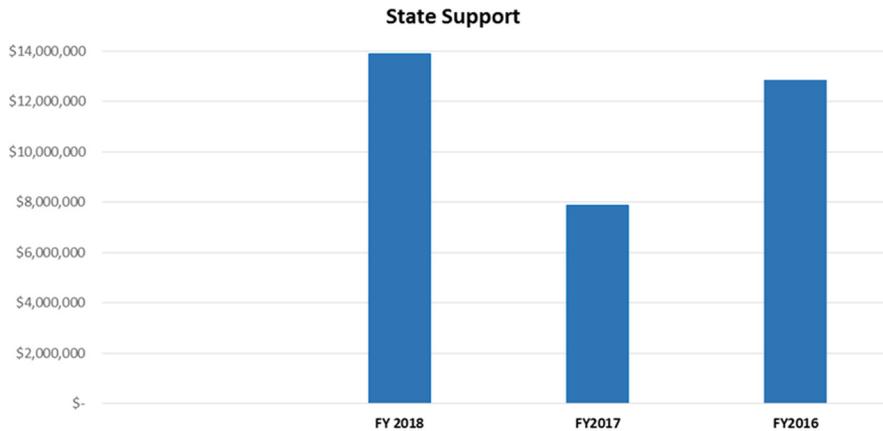
Government wide Financial Analysis

The significant events of the fiscal year ended June 30, 2018 that impacted the College's financial statements are as follows:

- State support, a non-operating revenue, increased by \$6 million from fiscal year 2016-17. 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 5 of the 8 biennial payments in the first year of the biennium making year to year comparisons very difficult.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018



- The College restated net position – beginning of year in the amount of \$1.8 million due to a change in accounting principle. The Governmental Accounting Standards Board (GASB) issued statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The College implemented GASB Statement No. 75 in the year ending June 30, 2018. Additional information can be found in Note 8 – Other Postemployment Healthcare Benefits and Note 16- Prior Period Restatement.
- 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 \$14.2 million, a \$2.4 million decrease. More information can be found in Note 7 – Retirement Plan.

Analysis of the Statement of Net Position as of June 30, 2018

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. "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.

As a result of new standard GASB Statement No.75, the Statement of Net Position now includes the following:

- Net OPEB asset - Retiree Health Insurance Account (RHIA): the College's proportionate share of RHIA based on the employer's contributions to the RHIA program.
- Deferred Outflows of Resources – OPEB and RHIA: the subsequent contributions from the College to Other Postemployment benefits after the measurement date of June 30, 2018. These amounts will be a future reduction of the net OPEB liability.
- Total OPEB liability: the College's liability associated with the payments of the life insurance and a portion of the early retiree's health care premiums based on the College contribution for active employees for a closed group of employees and the plan provisions for early retirees for a direct employer benefit.
- Deferred Inflows of Resources – RHIA: the College's proportionate share of (1) system-wide differences between employer contributions, and (2) changes in the proportionate share.

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

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>Total</u>	
			<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 18,297,544	\$ 18,571,939	\$ (274,395)	-1%
Noncurrent Assets				
Other assets	47,446	64,110	(16,664)	-26%
Capital assets, net of depreciation	34,480,490	32,338,988	2,141,502	7%
Total Noncurrent Assets	34,527,936	32,403,098	2,124,838	7%
Total assets	<u>52,825,480</u>	<u>50,975,037</u>	<u>1,850,443</u>	<u>4%</u>
Deferred Outflows of Resources	<u>4,906,646</u>	<u>8,570,178</u>	<u>(3,663,532)</u>	<u>-43%</u>
Liabilities:				
Current liabilities	4,751,583	8,779,113	(4,027,530)	-46%
Noncurrent liabilities	35,564,905	37,164,041	(1,599,136)	-4%
Total liabilities	<u>40,316,488</u>	<u>45,943,154</u>	<u>(5,626,666)</u>	<u>-12%</u>
Total Deferred Inflows of Resources	<u>743,627</u>	<u>355,569</u>	<u>388,058</u>	<u>109%</u>
Net position:				
Net investment in capital assets	23,103,605	20,648,163	2,455,442	12%
Restricted	5,376,903	5,299,344	77,559	1%
Unrestricted	(11,808,497)	(12,701,015)	892,518	-7%
Total net position	<u>\$ 16,672,011</u>	<u>\$ 13,246,492</u>	<u>\$ 3,425,519</u>	<u>26%</u>

Current Assets

Current assets consist of cash and investments, receivables, inventories and prepaid expenses. The College's current assets of \$18.3 million were sufficient to cover current liabilities of \$4.8 million. This represents a current ratio of 3.9. 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 due to an increase in prepaid expenses by 30% compared to last year. The increase was related to prepayment of the liability insurance. Accounts receivable decreased by \$ 649,138 in FY18 as the College received payments from accounts receivable – due from Foundation and other operating receivables.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)

June 30, 2018

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 decreased by 46% compared to last year with main decrease attributed to unearned revenue for the Tap^hòy^th^a Hall construction project that completed this year.

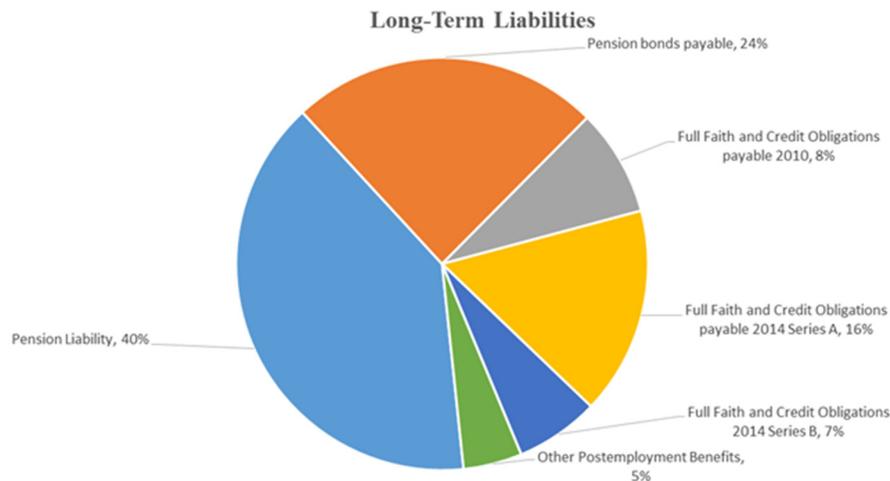
Noncurrent Assets

The College's noncurrent assets consist of other postemployment benefits and investments in capital assets net of accumulated depreciation. Capital assets valued at \$34.5 million. Noncurrent assets increased 7% in fiscal year 2018. During the year, the College spent state funds to finish construction of the Tap^hòy^th^a Hall. Equipment purchases and disposals, as well as the annual depreciation, also contributed to change in value.

Long-term Liabilities

Long-term liabilities consist of other postemployment benefits, 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 \$14.2 million as determined by an actuarial analysis, a decrease of \$2.4 million compared to last year. New standard of GASB 75 introduced a method of accounting and financial reporting of other postemployment benefits that recorded OPEB liability of \$1.6 million as determined by an actuarial analysis.

The following graph below illustrates types of long-term liabilities.



Deferred Outflows of Resources and Deferred Inflows of Resources

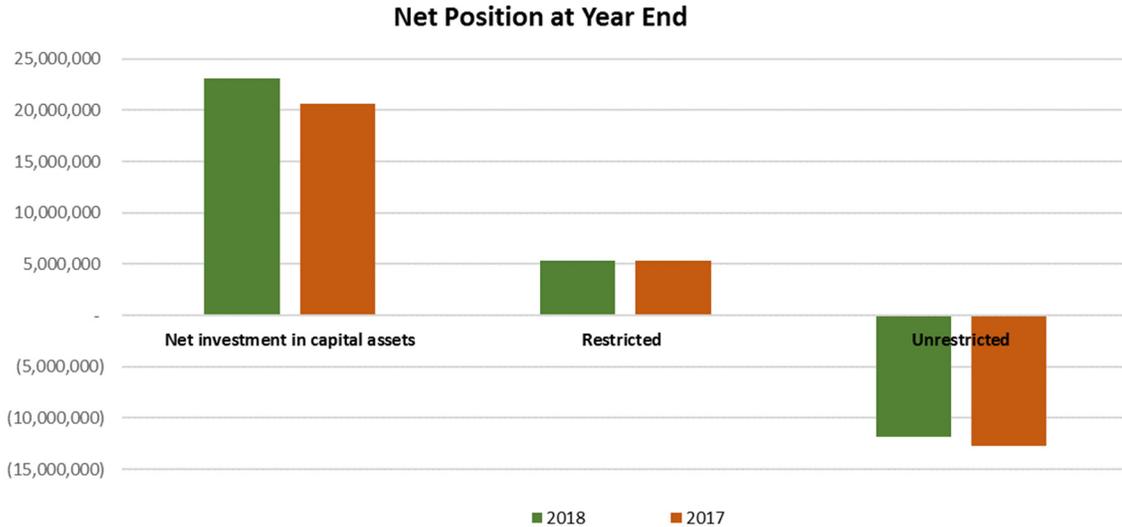
Deferred outflows and inflows of resources are related to the implementation of GASB Statement No.68, No. 71 for pension liability reporting, and GASB Statement No.75 for accounting and financial reporting for postemployment benefits. Deferred outflows of resources represent a consumption of net position that applies to a future period. Deferred inflows of resources represent an acquisition of net position that applies to a future period. Both deferred outflows and inflows related to pensions and other postemployment benefits represent a net amount attributable to the various components that impact pension changes, OPEB changes and can include investment changes, changes due to actuarial assumptions, and differences between expected and actual experience.

UMPQUA COMMUNITY COLLEGE

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2018**

Net Position

- \$23,103,605 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.
- \$5,376,903 is available for the College’s ongoing obligations related to programs with external restrictions.
- -\$11,808,497 is primarily the result of the College’s unfunded pension due to GASB Statement No. 68, 71 and 75 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 and OPEB actuarial valuation.



Analysis of the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2018

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.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

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

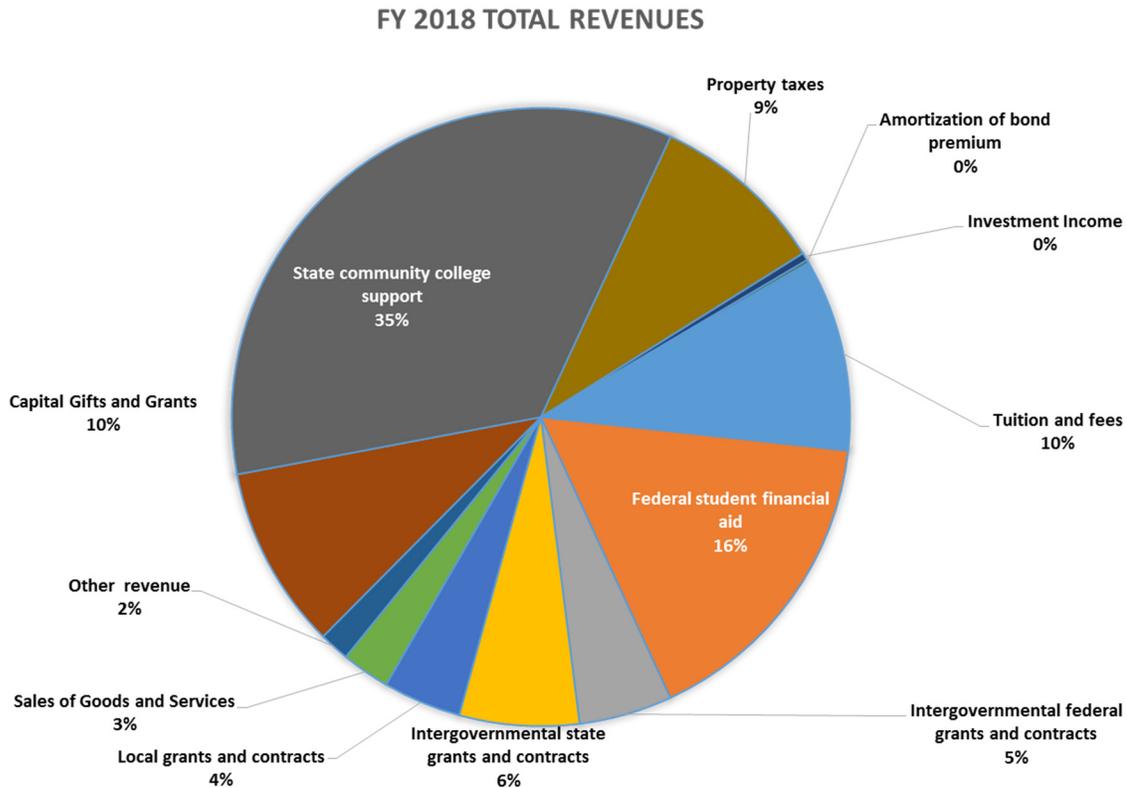
	2018	2017	Total	
			Dollar Change	Percent Change
Operating Revenues:				
Tuition and fees	\$4,012,308	\$3,654,238	\$ 358,070	10%
Federal student financial aid	6,530,677	6,605,012	(74,335)	-1%
Intergovernmental federal grants and contracts	1,943,363	2,260,259	(316,896)	-14%
Intergovernmental state grants and contracts	2,496,218	3,898,445	(1,402,227)	-36%
Local grants and contracts	1,628,169	1,651,502	(23,333)	-1%
Bookstore sales	604,038	625,534	(21,496)	-3%
Food services sales	298,053	202,241	95,812	47%
Special Events/Incubator Program	106,162	48,200	57,962	120%
Other operating revenue	624,617	1,257,961	(633,344)	-50%
Total operating revenue	\$18,243,605	\$20,203,392	(1,959,787)	-10%
Operating Expenses:				
Instruction	10,765,057	10,713,067	51,990	0%
Instructional support	2,578,936	2,824,309	(245,373)	-9%
Student services	5,581,338	5,996,114	(414,776)	-7%
College support services	7,670,881	9,137,904	(1,467,023)	-16%
Community services	605,705	169,090	436,615	258%
Student financial aid	4,411,914	4,391,631	20,283	0%
Facilities acquisition / construction	330,337	914,180	(583,843)	-64%
Depreciation	1,671,396	1,610,052	61,344	4%
Total operating expenses	33,615,564	35,756,347	(2,140,783)	-6%
Operating Loss	(15,371,959)	(15,552,955)	180,996	-1%
Nonoperating Revenues (Expenses)				
State community college support	13,898,327	7,882,955	6,015,372	76%
Property taxes	3,671,295	3,564,231	107,064	3%
Investment Income	161,723	78,704	83,019	105%
Amortization of bond premium	58,940	58,940	-	0%
Interest expense	(1,019,351)	(1,043,576)	24,225	-2%
Gain (Loss) on disposition of captial assets	(11,690)	(75,018)	63,328	-84%
Total nonoperating revenues (expenses)	16,759,244	10,466,238	6,293,006	60%
Gain (Loss) before capital contributions	1,387,287	(5,086,717)	6,474,004	-127%
Capital State Grant	3,765,164	3,600,229	164,935	
Capital Gifts and Grants	55,677	25,000	30,677	123%
Change in net position	5,208,126	(1,461,488)	6,669,614	-456%
Net position, beginning of year	13,246,492	14,707,980	(1,461,488)	-10%
Less restatement	(1,782,608)	-	(1,782,608)	
Net position, end of year	\$ 16,672,011	\$ 13,246,492	\$ 3,425,519	26%

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

Revenues

Total revenues received in FY2018 were \$39,854,731 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 sales of goods and services. Tuition and fees include all amounts paid for education purposes. The loss of one time state grant funding dedicated to safety and recovery projects impacted operating revenues with an overall decrease of 10%.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

Non-operating revenues

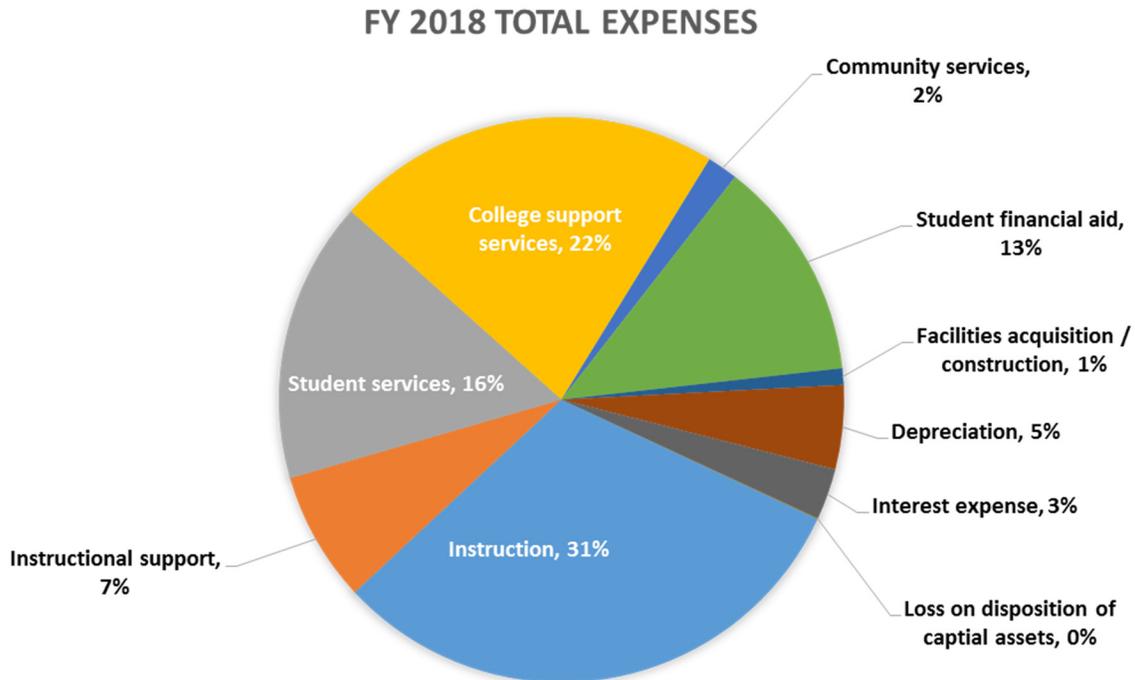
Non-operating revenues increased by \$6.3 million during the fiscal year. The largest non-operating revenue source is from the State of Oregon. As a result of this deferral explained above, current year revenues reflect five support payments and the previous year reflected three. The increase of \$6 million or 76% in state allocation is the result of this timing difference in the recognition of revenue.

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 the construction of Tap^hòytha Hall building.

Expenses

Total expenses for FY 2018 were \$34,646,605 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.



UMPQUA COMMUNITY COLLEGE

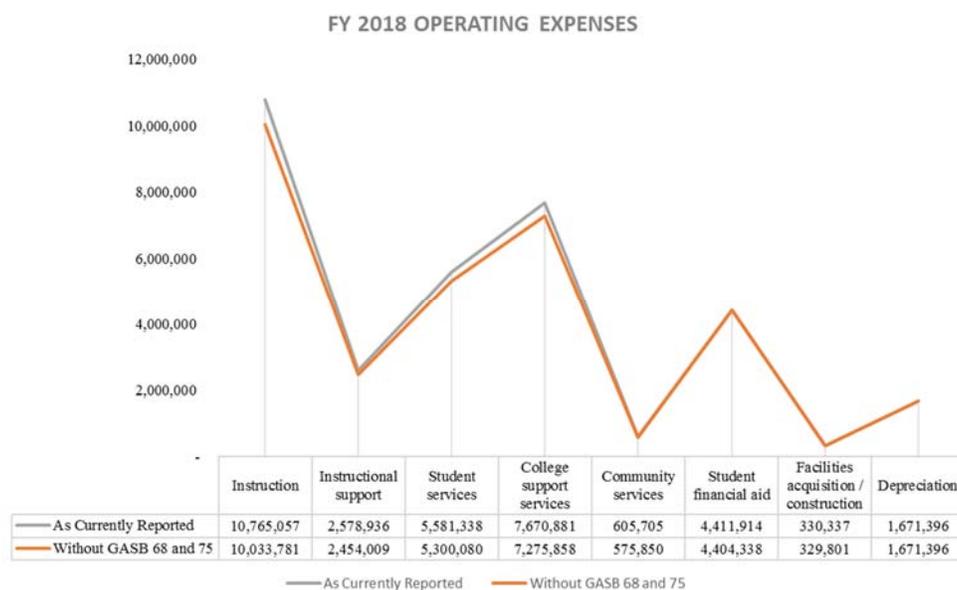
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

Operating expenses

Operating expenses for fiscal year 2017-18 totaling \$33,615,564 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 decreased by approximately \$2.1 million due to a decrease of one time safety and recovery grant funding, capital maintenance projects, and net effect of the GASB Statements No. 68, 71 and 75 adjustments required when recording the pension or OPEB related liabilities (asset) and deferred amounts.

The following graph shows the expense categories at June 30, 2018 with and without the pension and OPEB reporting adjustments:



The following show a two-year comparison of expenses without the pension and OPEB reporting adjustments required by GASB 68, 71 and 75.

	2018	2017	Total	
			Dollar Change	Percent Change
Operating Expenses				
Instruction	\$ 10,033,781	\$ 9,824,724	\$ 209,057	2%
Instructional support	2,454,009	2,653,212	(199,203)	-8%
Student services	5,300,080	5,597,776	(297,696)	-5%
College support services	7,275,858	8,604,426	(1,328,568)	-15%
Community services	575,850	155,814	420,036	270%
Student financial aid	4,404,338	4,381,787	22,551	1%
Facilities acquisition / construction	329,801	913,227	(583,426)	-64%
Depreciation	1,671,396	1,610,052	61,344	4%
Total Operating Expenses	\$ 32,045,113	\$ 33,741,018	\$ (1,695,905)	-5%

Non-operating expenses

Non-operating expenses consist of interest expense incurred for debt service and a loss on disposition of capital assets.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued) June 30, 2018

Analysis of the Statement of Cash Flows for the Year Ended June 30, 2018

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:

	2018	2017	Total	
			Dollar Change	Percent Change
Cash Provided by (Used in):				
Operating activities	(12,287,469)	(13,023,244)	735,775	-6%
Noncapital financing activities	16,558,679	10,453,295	6,105,384	58%
Capital financing activities	(4,231,962)	6,611,127	(10,843,089)	-164%
Investing activities	161,723	78,704	83,019	105%
Net increase in cash and cash equivalents	200,971	4,119,882	(3,918,911)	-95%
Cash and cash equivalents - beginning of year	<u>9,870,342</u>	<u>5,750,460</u>	<u>4,119,882</u>	72%
Cash and cash equivalents - end of year	<u>\$ 10,071,313</u>	<u>\$ 9,870,342</u>	<u>\$ 200,971</u>	2%

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. Cash from operating activities decreased due to loss of state funding associated with safety and recovery projects.

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 increased number of state community college support payments received in the first year of the biennium as explained earlier.

Capital financing activities

The other significant change is reflected in cash provided for capital and related financing activities. It decreased significantly due to receipt of final amounts from capital grants in the prior fiscal year.

Investing activities

The primary source of investing activities is interest income. The cash provided by investing income increased due to increase in interest rates and increased number of state community college support payments.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2018

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2018 amounts to \$34,480,490 net of accumulated depreciation of \$21.6 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, 2018	June 30, 2017
Land and Collections	\$291,053	\$286,053
Construction in progress	-	503,973
Depreciable Capital Assets, Net	34,189,437	31,548,962
Total	\$34,480,490	\$32,338,988

Major capital changes during the fiscal year included completion of the Taphòytha Hall 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, 2018 and 2017, the College had approximately \$20.6 million and \$21.4 million, in long-term debt outstanding, respectively. The table below summarized debt over the past two fiscal years.

Debt	June 30, 2018	June 30, 2017
Pension Bonds	\$9,215,000	\$9,715,000
2010 Full Faith & Credit Obligations	3,130,000	3,275,000
2014 Full Faith & Credit Obligations Series A	5,794,690	5,843,805
2014 Full Faith & Credit Obligations Series B	2,452,195	2,572,020
Total	\$20,591,885	\$21,405,825

UMPQUA COMMUNITY COLLEGE

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Continued)

June 30, 2018

At the end of the current fiscal year, the college had total debt outstanding of \$20,591,885 as follows:

<u>Debt</u>	<u>Amount</u>	<u>Repayment Source</u>
Pension Bonds	\$9,215,000	General College Operations
2010 Full Faith and Credit Obligations	3,130,000	General College Operations
2014 Full Faith and Credit Obligations Series A	5,794,690	Foundation capital campaign
2014 Full Faith and Credit Obligations Series B	2,452,195	General College Operations (Legacy Fee)

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

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.

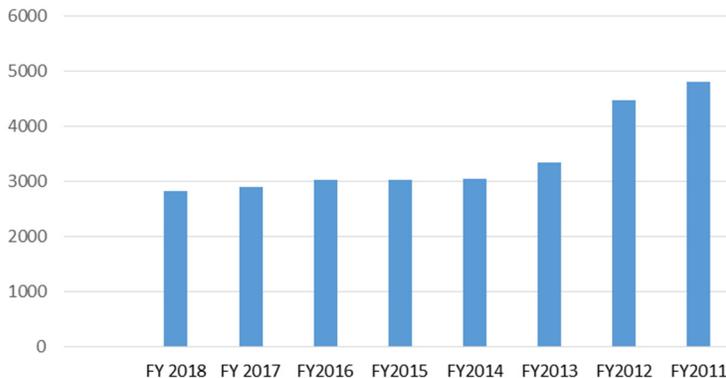
Economy

Douglas County’s economy slowly continues to strengthen, even though businesses have yet to return to pre-recession employment levels. The unemployment rate has been declining from 16.9% peak in April of 2009 to dropping to 5.0% in the month of August 2018 while compared to the state average unemployment rate of 3.8%. With the saturated labor market, the county is also at the top of the list of not being able to fill vacancies due to lack of applicants or qualified applicants in the field.

Enrollment

As the local economy and employment improved, the college experienced a corresponding decline in enrollment. After a large drop in enrollment during the 10-11 through 12-13 fiscal years the trend started to stabilize to pre-recession levels, but the slight decline continues.

FTE Enrollment



UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)

June 30, 2018

As enrollment experiences fluctuations, the College is making a strategic effort in investing into recruitment and retention. Fiscal year 18-19 budget includes investment into a new Office of Enrollment Management dedicated to providing a new approach to recruiting, onboarding, and advising students. In an effort to grow enrollment, the College expanded athletic programs by introducing baseball, and track and field. Efforts continues to establish new programs for jobs that are in demand, and focus on student success. Tuition in 18-19 fiscal year will increase from \$93 to \$97 per credit in an effort to cover rising costs. Global fee will increase from \$11.50 to \$12.50 to support increasing Enterprise resource planning (ERP) software costs. Additionally, a new Instructional fee of \$3.00 per credit was introduced to cover the cost of instruction associated with more expensive teaching formats like labs.

State Resources

The 2017-19 funding level for community colleges as a whole for the biennium is \$570M, a 4% increase over the 2015 session appropriation. The next biennium appropriation is uncertain. 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 2018-19 fiscal year to the rates provided by the PERS Board based on 12/31/2015 valuation date. The rates are expected to increase for the next biennium (FY20-21) by 1.6% for Tier 1 and 2 and by 2.09% for OPSRP members. Employer contribution rates will continue to increase over the next two biennia. In prior years, the College had built up a reserve of roughly \$1 million against possible future rate increases.

As the College assesses the future, expenditures are expected to outpace revenues. As such, the College anticipates a need for strong contingency planning and thorough assessment during each budget year to position the College to meet changing needs and contain costs to match the revenue sources.

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
Accounting & Finance
PO Box 967
Roseburg, OR 97470

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Continued)
June 30, 2018

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

Basic Financial Statements

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Statement of Net Position
JUNE 30, 2018**

Assets

Current assets:

Cash and investments	\$ 10,071,313
Receivables, net of allowance for uncollectibles	7,277,548
Inventories	201,076
Prepaid expenses	747,607
Total current assets	18,297,544

Noncurrent assets:

Net OPEB asset - RHIA	47,446
Capital assets not being depreciated	291,053
Capital assets being depreciated	34,189,437
Total noncurrent assets	34,527,936
Total assets	52,825,480

Deferred Outflows of Resources:

Deferred Outflows of Resources - pension amounts	4,737,891
Deferred Outflows of Resources - OPEB	116,599
Deferred Outflows of Resources OPEB RHIA	52,156
Total deferred outflows of resources	4,906,646

Liabilities

Current liabilities

Accounts payable	743,776
Payroll liabilities	1,366,903
Compensated absences	312,221
Unearned revenue	1,503,684
Current maturities of long-term obligations	825,000
Total current liabilities	4,751,583

Long-term liabilities-long-term obligations

Bonds payable	19,766,885
Total OPEB liability - single employer plan	1,639,417
Net pension liability	14,158,603
Total long-term liabilities	35,564,905
Total liabilities	40,316,488

Deferred Inflows of Resources:

Deferred Inflows of Resources - pension amounts	720,959
Deferred Inflows of Resources - RHIA amounts	22,668
Total deferred inflows of resources	743,627

Net Position

Net investment in capital assets	23,103,605
Restricted for:	
Debt service	5,348,964
Grants and contracts	27,939
Unrestricted	(11,808,497)
Total net position	\$ 16,672,011

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, 2018**

Operating revenues:	
Tuition and fees	\$ 4,012,308
Federal student financial aid grants	6,530,677
Intergovernmental federal grants and contracts	1,943,363
Intergovernmental state grants and contracts	2,496,218
Local grants and contracts	1,628,169
Bookstore sales	604,038
Food service sales	298,053
Special Events/Incubator program	106,162
Other operating revenue	624,617
	<hr/>
Total operating revenue	18,243,605
Operating expenses:	
Instruction	10,765,057
Instructional support	2,578,936
Student services	5,581,338
College support services	7,670,881
Community services	605,705
Student financial aid	4,411,914
Facilities acquisition /construction	330,337
Depreciation	1,671,396
	<hr/>
Total operating expenses	33,615,564
Operating loss	<hr/> (15,371,959)
Nonoperating Revenues-(expenses)	
State community college support	13,898,327
Property taxes	3,671,295
Investment income	161,723
Amortization of bond premium	58,940
Interest expense	(1,019,351)
Gain (loss) on disposition of capital assets	(11,690)
	<hr/>
Total nonoperating revenues-(expenses)	16,759,244
	<hr/>
Income before capital contributions	1,387,285
Capital Contributions	
Capital state grants	3,765,164
Capital gifts and grants	55,677
	<hr/>
Total capital contributions	3,820,841
	<hr/>
Change in net position	5,208,126
Net position - beginning of year	
	13,246,492
Less restatement	(1,782,608)
	<hr/>
Restated net position - beginning of year	11,463,884
	<hr/>
Net position -end of year	\$ 16,672,011

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

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Statement of Cash Flows
YEAR END JUNE 30, 2018

Cash flows from operating activities:	
Tuition and fees	\$ 3,767,168
Federal student financial aid grants	6,614,377
Intergovernmental grants and contracts	4,453,447
Nongovernmental grants and contracts	1,946,431
Bookstore sales	609,102
Food service sales	297,257
Special Events /Incubator Program	109,112
Other cash receipts	909,199
Payments to employees for services	(19,570,643)
Payments to suppliers for goods and services	(8,484,248)
Payments for student financial aid grants	<u>(2,938,670)</u>
Net cash used in operating activities	<u>(12,287,469)</u>
Cash flows from noncapital financing activities:	
Cash received from State community college support	13,898,327
Cash received from property taxes	3,694,099
Principal paid on pension bonds	(500,000)
Interest paid on pension bonds	<u>(533,747)</u>
Net cash provided by noncapital financing activities	<u>16,558,679</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(3,768,912)
Proceeds from capital gifts and grants	277,553
Principal paid on full faith and credit obligations 2010	(145,000)
Principal paid on full faith and credit obligations 2014	(110,000)
Interest paid on full faith and credit obligations	<u>(485,604)</u>
Net cash provided in capital and related financing activities	<u>(4,231,962)</u>
Cash flows from investing activities:	
Investment income	<u>161,723</u>
Net increase in cash and cash equivalents	200,971
Cash and cash equivalents-beginning of year	<u>9,870,342</u>
Cash and cash equivalents-end of year	<u><u>\$ 10,071,313</u></u>

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Statement of Cash Flows (Continued)
YEAR END JUNE 30, 2018**

Reconciliation of operating loss to net cash
used in operating activities:

Operating Loss \$ (15,371,959)

Adjustments to reconcile operating loss to net cash
used in operating activities:

Depreciation	1,671,396
Change in net pension asset/liability	(2,354,613)
Change in net OPEB	(1,782,608)
Decrease-(increase) in:	
Accounts/grants receivable	44,546
Due from others	301,289
Inventories	(2,933)
Prepaid expenses	(170,839)
Other postemployment benefits	16,664
Deferred outflows of resources	3,663,532

Increase-(decrease) in:

Accounts payable	(480,959)
Payroll liabilities	11,018
Compensated absences	23,869
Deferred inflows of resources	388,058
Total OPEB liability	1,639,417
Unearned Revenue	<u>116,654</u>

Total adjustments 3,084,490

Net cash used in operating activities \$ (12,287,469)

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

**UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS		June 30, 2018
CURRENT ASSETS		
Cash and cash equivalents	\$	250
Cash held in investment accounts		131,133
Total Cash and Cash Equivalents		131,383
Contributions receivable, current portion		42,418
Other receivables – related parties		50
Other receivables		-
Note receivable – Hundred Valleys Mgmt Services Corp.		28,678
Treasury Bonds – HNS Investments		4,073,045
		4,275,574
Total current assets		4,275,574
OTHER ASSETS		
Contributions receivable, net of current portion and discount		2,892
Note receivable – Hundred Valleys Mgmt Services Corp.		-
Note receivable – UCC Foundation Holding Co., Inc.		-
Investments, at fair value		11,664,712
Investment in UCC Foundation Holding Co., Inc.		884,807
Inventory – donated autos		3,700
Permanent art collection		6,350
		12,562,461
Total other assets		12,562,461
TOTAL ASSETS	\$	16,838,035
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank overdraft	\$	95,475
Accounts payable		13,619
Accounts payable – due to UCC		26,135
Scholarships payable		130,382
Current portion – due to UCC – HNS pledges payable		4,239,164
Current portion – due to UCC – DLC pledges payable		-
		4,504,775
Total current liabilities		4,504,775
LONG-TERM LIABILITIES		
Share of deficiency in assets of Hundred Valleys Mgmt. Services Corp.		9,498
Due to UCC – HNS pledges payable, net of current portion		305,703
		315,201
Total long-term liabilities		315,201
TOTAL LIABILITIES		4,819,976
NET ASSETS		
Unrestricted		44,116
Unrestricted – Board designated		118,638
		162,754
Total unrestricted		162,754
Temporarily restricted		3,586,005
Permanently restricted		8,269,300
		8,855,305
TOTAL NET ASSETS		12,018,059
TOTAL LIABILITIES AND NET ASSETS	\$	16,838,035

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

**UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON**

**STATEMENT OF ACTIVITIES
YEAR END JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Donations and pledges	\$ 90,957	\$ 246,697	\$ 283,349	\$ 621,003
Investment income	-	345,829	-	345,829
Investment income from affiliate	-	20,000	-	20,000
Other income	813	175	-	988
Fundraising income	15,293	-	-	15,293
Sponsorships	62,500	-	-	62,500
In-kind support from Umpqua Community College	242,219	-	-	242,219
Net realized gains on investments	-	347,094	-	347,094
Net unrealized gains on investments	-	89,418	-	89,418
Equity in net income of affiliates	(18,442)	14,990	-	(3,452)
	<u>393,340</u>	<u>1,064,203</u>	<u>283,349</u>	<u>1,740,892</u>
Net assets released from restrictions	<u>895,736</u>	<u>(935,558)</u>	<u>39,822</u>	<u>-</u>
Total support and revenue	<u>1,289,076</u>	<u>128,645</u>	<u>323,171</u>	<u>1,740,892</u>
EXPENSES AND OTHER LOSSES:				
Scholarships and student support	465,057	-	-	465,057
Program support	335,847	-	-	335,847
Management and general	218,751	-	-	218,751
Fundraising and special events	170,165	-	-	170,165
Total expenses	<u>1,189,820</u>	<u>-</u>	<u>-</u>	<u>1,189,820</u>
Total expenses and other losses	<u>1,189,820</u>	<u>-</u>	<u>-</u>	<u>1,189,820</u>
CHANGE IN NET ASSETS	99,256	128,645	323,171	551,072
NET ASSETS, beginning of year	<u>63,498</u>	<u>3,457,360</u>	<u>7,946,129</u>	<u>11,466,987</u>
NET ASSETS, end of year	<u>\$ 162,754</u>	<u>\$ 3,586,005</u>	<u>\$ 8,269,300</u>	<u>\$ 12,018,059</u>

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR END JUNE 30, 2018**

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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 nonoperating 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 held for resale, 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. Inventories of supplies are reported at cost.

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.

Compensated absences

Employees of the College are permitted to accumulate earned but unused compensated absences: up to two years of 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 the College policy does not allow payment upon separation of service.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 and OPEB 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")

The College offers a voluntary early retirement health care and life insurance program to employees who were hired prior to July 1, 2007 and meet certain service criteria. The College pays the employee's and their spouse's premium amount equal to that of active members under the current benefit plan. Such premium payments for the retiree continues for the life of the retiree or until the retiree becomes Medicare eligible, whichever comes first. Such benefits/premium payments for the retiree's spouse/domestic partner continues for six months beyond the life of the retiree or until the spouse/domestic partner becomes Medicare eligible, whichever comes first. The College's total OPEB liability is recognized as a long-term liability in the financial statements, the amount of which is actuarially determined.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 three 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.

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, 2018, the College implemented the following GASB pronouncements:

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. 85, *Omnibus 2017*, Issued March 2017

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Issued June 2018

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2018:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, Issued November 2016, and effective fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities*, Issued January 2017, and effective fiscal year 2020

GASB Statement No. 87, *Leases*, Issued June 2017, and effective fiscal year 2021

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, Issued March 2018, and effective fiscal year 2019

GASB Statement No. 90, *Majority Equity Interests*, Issued August 2018, and effective fiscal year 2020

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, depreciation 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	Financial Aid
Other Uses – Debt Service and Interfund Transfers	Facilities Acquisition & Construction
Debt Service	Operating Contingency

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2018. 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, 2018 consisted of the following:

Deposits with financial institutions :	
Demand deposits	\$ 2,589,069
Petty cash	7,875
Investments with LGIP	<u>7,474,369</u>
	<u>\$ 10,071,313</u>

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, 2018, 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 \$2,589,069 and the bank balance was \$2,962,940. 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 statutes 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations. 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, 2018. 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

3. CASH AND INVESTMENTS (CONTINUED)

The College has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals as of 06/30/2018	Fair Value Measurements Using			Cost Measurement Using
		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	\$ 7,474,369	\$ -	\$ -	\$ -	\$ 7,474,369
Total Investments	\$ 7,474,369	\$ -	\$ -	\$ -	\$ 7,474,369

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, 2018, 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, 2018, 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, 2018, 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2018, 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 \$896,390. Management expects to collect all grants receivable.

Receivables consisted of the following as of June 30, 2018:

Due from Foundation	\$ 4,702,384
Grant receivables	927,678
Tuition and fees	2,209,467
Property tax receivable	334,410
	<hr/>
	8,173,938
Allowance for uncollectible receivables	<hr/> (896,390)
	<hr/>
	\$ 7,277,548
	<hr/>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance				Balance
	June 30, 2017	Additions	Disposals	Transfers	June 30, 2018
Capital assets not being depreciated					
Land	\$ 156,353	\$ -	\$ -	\$ -	\$ 156,353
Construction in progress	503,973	3,609,259	(15,640)	(4,097,592)	-
Musical instrument collection	49,200	-	-	-	49,200
Art	80,500	5,000	-	-	85,500
Total capital assets not being depreciated	<u>790,026</u>	<u>3,614,259</u>	<u>(15,640)</u>	<u>(4,097,592)</u>	<u>291,053</u>
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	43,649,940	62,650	-	4,097,592	47,810,182
Intangible assets	387,881	-	-	-	387,881
Equipment	4,897,554	151,629	(102,822)	-	4,946,361
Total capital assets being depreciated	<u>51,608,427</u>	<u>214,279</u>	<u>(102,822)</u>	<u>4,097,592</u>	<u>55,817,476</u>
Less accumulated depreciation					
Land improvement	115,628	15,221	-	-	130,849
Infrastructure	302,968	37,871	-	-	340,839
Vineyard development	8,772	2,193	-	-	10,965
Buildings and improvements	15,708,312	1,071,578	-	-	16,779,890
Intangible assets	360,009	19,985	-	-	379,994
Equipment	3,563,776	524,548	(102,822)	-	3,985,502
Total accumulated depreciation	<u>20,059,465</u>	<u>1,671,396</u>	<u>(102,822)</u>	<u>-</u>	<u>21,628,039</u>
Total capital assets being depreciated, net	31,548,962	(1,457,117)	-	4,097,592	34,189,437
Total capital assets, net	<u>\$ 32,338,988</u>	<u>\$ 2,157,142</u>	<u>\$ (15,640)</u>	<u>\$ -</u>	<u>\$ 34,480,490</u>

Depreciation expense for the year ended June 30, 2018 was \$1,671,396.

6. UNEARNED REVENUE

Unearned revenue consisted of the following as of June 30, 2018:

Grants received in advance of meeting eligibility requirements	\$ 852,462
Tuition and fees received in advance of providing instruction	<u>651,222</u>
	<u>\$ 1,503,684</u>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 January 1, 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.

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 one or more of the following conditions 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.

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2016 actuarial valuation. The rates based on percentage of payroll first became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$1,187,153, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 15.55 percent for Tier One/Tier Two General Service Members and 8.97 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 <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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

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

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

7. RETIREMENT PLAN (CONTINUED)

Actuarial methods and assumptions:

Valuation date	12/31/2015
Measurement date	06/30/2017
Experience Study Report	2014, Published September 23, 2015
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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.

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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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)	\$ 24,128,844	\$ 14,158,603	\$ 5,821,634

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, 2017, the College's proportion of the PERS net pension liability was 0.105 percent.

Determination of the College's proportionate share – The College's actuarially determined proportionate share of the plan amounts was 0.10503385 percent for the fiscal year ended June 30, 2017 (measurement date). The College's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2015) to the measurement date of June 30, 2017 and subtracting the plan's net position as of June 30, 2016.

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, 2018, the College reported a payable of \$98,128 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2018.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2018, the College recognized a net pension liability of \$14,158,603 and a pension expense of approximately \$3,052,511. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Difference between expected and actual experience	\$ 684,716	\$ -
Changes in assumptions	2,580,861	-
Net difference between projected and actual earnings on pension plan investments	145,867	-
Net changes in proportionate share and differences between College contributions and proportionate share of contributions	139,294	720,959
	3,550,738	720,959
School contributions subsequent to measurement date	1,187,153	-
Net deferred outflow (inflow) of resources	\$ 4,737,891	\$ 720,959

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,		
2019	\$	513,262
2020		1,663,813
2021		1,105,014
2022		(441,107)
2023		(11,203)
Thereafter		-
	\$	2,829,779

B. DEFINED CONTRIBUTION PENSION PLAN

OPSRP Individual Account Program (OPSRP IAP)

The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6 percent of their annual covered salary to the IAP plan effective January 1, 2004. The College has elected to pay all of the employees' required IAP contributions. Although PERS members retain their existing PERS accounts, all current member contributions are deposited into the member's IAP. The College contributed \$696,480 to the IAP on behalf of employees in fiscal year 2018.

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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8. OTHER POST-EMPLOYMENT BENEFITS

The other postemployment benefits (OPEB) for the College combines two separate plans. The College provides an implicit rate subsidy for retiree medical insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is aggregated in the Statement of Net Position.

Financial Statement Presentation - The College's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Single Employer Plan	RHIA Cost Sharing Plan	Total Reported
OPEB Asset/(Liability)	\$ (1,639,417)	\$ 47,446	\$ (1,591,971)
Deferred Outflows of Resources			
Differences between expected and actual experience	41,428	-	41,428
Changes in assumptions	75,171	-	75,171
Contributions after the measurement date	-	52,156	52,156
Deferred Inflows of Resources			
Difference in earnings	-	(21,974)	(21,974)
Change in proportionate share	-	(694)	(694)
OPEB expense	116,181	(56,602)	59,579

COLLEGE RETIREE HEALTHCARE PLAN

Plan description - The College maintains a single-employer defined benefit postemployment health care benefits plan. The plan provides group health care and life insurance benefits for retired employees and their spouse/domestic partner. Eligibility for plan benefits require the employee to have been hired prior to July 1, 2007 and either be 58 years of age and have completed a minimum of fifteen years of full-time equivalent service for the College, or the employee have completed a minimum of thirty years of full-time equivalent service for the College. The College contributes the premium amount equal to that of active members under the current benefit plan. Such premium payments for the retiree will continue for the life of the retiree or until the retiree becomes Medicare eligible, whichever comes first. For eligible classified employees, benefits/premium payments for the retiree's spouse/domestic partner will continue for six months beyond the life of the retiree or until the spouse/domestic partner becomes Medicare eligible, whichever comes first. For eligible faculty, benefits/premiums for the retired faculty member's spouse will continue for the life of the faculty member's spouse or until the retired faculty member's spouse becomes Medicare eligible. For eligible administrative staff, benefit/premium payments for spouse/domestic partner will continue for the life of employee or until the retiree reaches Medicare eligibility, whichever comes first. The plan was established under collective bargaining agreements with the faculty and classified staff and contract negotiations with management. The College Board of Education authorizes the plan and may change benefits, in conjunction with collective bargaining. The College doesn't issue a stand-alone report for this plan.

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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

8. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The Plan also allows early retirees not eligible for a direct employer benefit to continue their health care coverage on a 100% self-pay basis in accordance with ORS 243.303.

Benefits provided - Under the Plan, retirees eligible for a direct College subsidy pay the same amount for coverage as an active employee with the same coverage. This amount is the difference between the composite monthly premium and the College's monthly contribution. The College pays for the excess, if any, of the tiered premium for selected coverages over the retiree's payment. College contributions towards health care continue until the retiree is eligible for Medicare or deceased, whichever is earlier. The College also pays the life insurance premium for eligible retirees until the retiree is eligible for Medicare.

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

Contributions - Benefits for retirees are determined in part by the College's monthly contribution for an active employee's health insurance. For 2017-18 the College's monthly contribution is \$1,230. This contribution is negotiated as part of the Collective Bargaining Agreement.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, The College reported a total OPEB liability of \$1,639,417. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. For the year ended June 30, 2018, the College recognized OPEB expense of \$116,181. At June 30, 2018, the College reported deferred outflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow or Resources
Difference between expected and actual experience	\$ 41,428	\$ -
Changes in assumptions	75,171	-
	116,599	-

These amounts are reported as deferred outflows of resources related to OPEB will be expensed as follows:

Year Ending June 30,		
2019	\$	14,911
2020		14,911
2021		14,911
2022		14,911
2023		14,911
2024		14,911
Thereafter		27,133
	\$	116,599

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

8. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Interest discount The 3.78% discount rate assumption is the June 6,2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This is the most recent rate published by Bond Buyer when the calculations were performed. This rate was increased from 3% in the 2016 valuation to reflect the requirements of GASB 75.
- Inflation Rate An assumed general infation rate of 2.5% is used for all future years.
- Salary Scale Annual salary increases for employees are assumed to be 3% in all future years.
- Health Care Premiums Future health premiums for current employees are based on blended rates for current plans with the assumption that their election paterns will follow those of current retirees. Future premiums are projected assuming annual increases due to health care benefit cost inflation at the medical trend rates described later in this section

Year	Medical	Dental	Vision
2019	5.00%	3.50%	3.00%
2020+	5.00%	3.00%	3.00%

The Entry Age Normal Level Percent of Pay Cost Method is used to determine the Total OPEB Liability and the Service Cost.

Sensitivity of the College's proportionate share of the total OPEB liability to changes in the discount rate - The following presents the College's total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower (2.78 percent) or 1-percentage-point higher (4.78 percent) than the current rate:

	1% Decrease (2.78%)	Current Discount Rate (3.78%)	1% Increase (4.78%)
Total OPEB Liability	\$ 1,717,883	\$ 1,639,417	\$ 1,564,863

Sensitivity of the College's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the College's total OPEB liability if it were calculated using healthcare cost trend rates that are 1-ercentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 1,634,770	\$ 1,639,417	\$ 1,645,646

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEMS' (PERS) RETIREE HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description - The College contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Public Employees Retirement Board (PERB). The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the PERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (888) 320- 7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy and Contributions - Participating employers are contractually required to contribute at a rate assessed bi-annually by the PERB, currently 0.53 percent of annual covered payroll for PERS Plan members, and 0.45 percent for OPSRP Plan members. The PERB sets the employer contribution rate based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any actuarial liabilities of the plan over a period not to exceed five years.

The College's contributions to PERS' RHIA for the past three years were as follows:

Fiscal Year Ended	Contribution
June 30, 2016	\$ 57,080
June 30, 2017	62,672
June 30, 2018	52,156

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the employer cost-sharing plan, the OPEB liability was based on the employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the College's proportion was 0.11%, which was a decrease from its proportion of 0.12% at the prior measurement date.

For the year ended June 30, 2018, the College recognized deferred outflows of resources and deferred inflows of resources in the amount of \$52,156 and \$22,668. For the year ended June 30, 2017, the College recognized a negative OPEB expense of \$108,758 for this plan.

	Deferred Outflow of Resources	Deferred Inflow or Resources
Net difference between projected and actual earnings	\$ -	\$ 21,974
Changes in proportionate share	-	694
	-	22,668
Contributions subsequent to measurement date	52,156	-
Net deferred outflow (inflow) of resources	\$ 52,156	\$ 22,668

Other amounts reported as deferred inflows related to the Oregon's PERS cost-sharing plan will be recognized in OPEB expense as follows:

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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

Year Ending June 30,

2019	\$	(5,750)
2020		(5,750)
2021		(5,674)
2022		(5,494)
2023		-
Thereafter		-
	<u>\$</u>	<u>(22,668)</u>

Change in Net OPEB Liability

Oregon PERS Employees Retirement System Cost-sharing Plan	<u>2018</u>
Net OPEB Liability:	
Difference between expected and actual experience	\$ (21,974)
Change in proportionate share	(694)
OPEB expense	2
Benefit payments	101,936
Net changes in OPEB liability	<u>79,270</u>
Net OPEB liability (asset) - beginning	31,824
Net OPEB liability (asset) - ending	<u>\$ (47,446)</u>
College's proportionate share at measurement date	0.11%
College's covered payroll	\$ 14,073,898
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.34%

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentagepoint higher (8.50%) than the current rate:

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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.5%)
Net OPEB Liability (Asset)	\$ 31,824	\$ (47,446)	\$ (93,427)

Actuarial Methods and Assumptions - The net OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Valuation December 31, 2015
 Effective July 2017 - June 2019
 Actuarial cost method Entry Age Normal
 Actuarial valuation method Market Value
 Actuarial assumption:
 Inflation rate 2.50 percent
 Projected salary increases 3.50 percent
 Investment rate of return 7.50 percent
 Healthcare cost inflation Ranging from 6.3% in 2016 to 4.4% in 2094

All actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan.

9. OPERATING LEASES

There are four operating lease arrangements for the use of copier equipment, and facilities for classrooms and operations. The first lease for the Umpqua Business Center consists of a monthly payment of \$1,606 and expires on May 31, 2022. The second lease for Aviation Drive Building consists of monthly payment of \$3,000 and expires on May 31, 2021. The third lease for South Umpqua School District consists of a monthly payment of \$2,500 through June 30, 2018. The renewal lease term beginning July 1, 2018 consists of monthly payment of \$825 through June 30, 2023. The Final lease for Ricoh copier equipment consists of monthly payment of \$9,292 and expires on August 5, 2020.

The lease obligations payable are not recorded in the Statement of Net Position. The lease expense for the year ended June 30, 2018 was \$191,465.

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, 2018:

**UMPQUA COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

9. OPERATING LEASES (CONTINUED)

Fiscal Year Ending June 30,

2019	\$	176,881
2020		176,675
2021		62,175
2022		<u>27,569</u>
Total Minimum Future Rentals	\$	<u><u>443,300</u></u>

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 \$1,341,899.

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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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, 2018 is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 2,220,628
Administratively Restricted Fund	241,061	60,285
Insurance Fund	387,520	-
Enterprise Fund	55,715	
Debt Service Fund	1,243,196	-
Capital Projects Fund	318,542	-
Agency Fund	34,879	-
	<u>\$ 2,280,913</u>	<u>\$ 2,280,913</u>

Transfers are used to fund operations between funds.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

14. LONG TERM DEBT

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	Interest Rates	Original Amount	Outstanding July 1, 2017	Additions	Deletions	Outstanding June 30, 2018
Limited Tax Pension Bonds 2004	3.35% - 5.53%	\$ 11,910,000	\$ 9,715,000	\$ -	\$ 500,000	\$ 9,215,000
Full Faith and Credit Obligations 2010	1.02% - 5.80%	4,250,000	3,275,000	-	145,000	3,130,000
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	-	110,000	2,295,000
		<u>\$ 24,065,000</u>	<u>\$ 20,895,000</u>	<u>\$ -</u>	<u>\$ 755,000</u>	<u>\$ 20,140,000</u>
Premium - FFCO 2014, Series A			343,805	-	49,115	294,690
Premium - FFCO 2014, Series B			167,020	-	9,825	157,195
			<u>21,405,825</u>	<u>-</u>	<u>813,940</u>	<u>20,591,885</u>
Total Outstanding June 30, 2018						<u>20,591,885</u>
Due Within One Year						<u>825,000</u>
Total Long-term Obligations						<u>\$ 19,766,885</u>

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
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	915,000	355,585	1,270,585
2024-2028	<u>5,530,000</u>	<u>899,731</u>	<u>6,429,731</u>
	<u>\$ 9,215,000</u>	<u>\$ 3,076,952</u>	<u>\$ 12,291,952</u>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

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 through the United States Department of Treasury Recovery Zone Economic Development Bonds program. The College received debt service subsidies of \$75,475 during the fiscal year ended June 30, 2018. Future subsidies expected to be received from the Department of Treasury total \$727,712. The IRS announced that effective October 1, 2018 the amount of refundable credit received will be reduced by 6.2%.

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

	Principal	Interest	Total
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	160,000	142,537	302,537
2024-2028	875,000	580,369	1,455,369
2029-2033	1,030,000	315,723	1,345,723
2034-2038	460,000	40,338	500,338
	\$ 3,130,000	\$ 1,724,028	\$ 4,854,028

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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

14. LONG TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	125,000	292,150	417,150
2024-2028	6,185,000	509,800	6,694,800
2029-2033	835,000	140,800	975,800
2034-2038	190,000	7,600	197,600
	<u>\$ 7,795,000</u>	<u>\$ 2,147,050</u>	<u>\$ 9,942,050</u>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

15. RECONCILIATION OF BUDGETARY FUND BALANCES TO NET POSITION

Total Budgetary Fund Balances as of June 30, 2018

General	\$ 4,028,956
Administratively Restricted	1,347,545
Special Projects - Grants and Contracts	27,939
Insurance	93,938
Debt Service	7,773,773
Capital Projects	344,056
Internal Service	539,579
Enterprise	165,763
Agency	27,223
	<u>\$ 14,348,771</u>

Reconciliation of Budgetary Fund Balances to Net Position

Budgetary Fund Balance	\$ 14,348,771
Noncurrent Assets, net	34,527,936
Deferred Outflows	4,906,646
Long-term Liabilities, net	(36,389,905)
Deferred Revenue of Property Taxes	334,410
Compensated Absences	(312,221)
Deferred Inflows	(743,627)
	<u>\$ 16,672,011</u>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR END JUNE 30, 2018**

16. RESTATEMENT

Based on implementation of GASB No. 75, The College had a restatement to the beginning net position. The cumulative effect of this restatement is as follows:

	June 30, 2017 (Previously Reported)	Cumulative Effect of GASB 75 Implementation	June 30, 2017 (Restated)
<i>Assets</i>			
Net OPEB Asset	\$ 64,110	\$ (64,110)	\$ -
<i>Liabilities</i>			
Net OPEB Liability - RHIA	\$ -	\$ 31,824	\$ 31,824
Total OPEB Liability - Single Employer Plan	\$ -	\$ 1,686,674	\$ 1,686,674
<i>Net Position</i>			
Net Investment in Capital Assets	\$ 20,648,163	\$ -	\$ 20,648,163
Restricted	5,299,344	-	5,299,344
Unrestricted	(12,701,015)	(1,782,608)	(14,483,623)
Total Net Position	\$ 13,246,492	\$ (1,782,608)	\$ 11,463,884

17. 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, 2018. During the fiscal year 2018, gifts of \$465,057 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 \$4,544,867 of pledges are due to the College as of June 30, 2018. Other Foundation obligations due the College amount to \$160,517 as of June 30, 2018. The Foundation is audited annually and received an unmodified audit opinion for fiscal year ending 2018. Please see the financial statements of the Foundation on pages 23 and 24 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.

Required Supplementary Information

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
YEAR END JUNE 30, 2018**

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
2018	0.11 %	\$ 14,158,603	\$ 14,073,898	100.60 %	83.12 %
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
2018	\$ 1,187,153	\$ 1,187,153	\$ -	\$ 13,448,904	8.83 %
2017	1,057,418	1,057,418	-	14,073,898	7.51
2016	1,024,630	1,024,630	-	13,440,067	7.62
2015	1,213,382	1,213,382	-	14,584,958	8.32

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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
YEAR END JUNE 30, 2018**

Schedule of Total OPEB Liability
Last Two Fiscal Years*
For the Fiscal Year Ended June 30, 2018

Single Employer Plan	2018	2017
Total OPEB Liability:		
Benefit payments	\$ (280,037)	\$ -
Service cost	42,806	-
Interest on total OPEB liability	58,464	-
Change in assumptions	84,784	-
Experience (Gain)/Loss	46,726	-
Net changes in OPEB liability	(47,257)	-
Net OPEB liability - beginning	1,686,674	-
Net OPEB liability - ending	\$ 1,639,417	\$ 1,686,674
College's covered payroll	\$ 9,282,892	\$ 9,012,517
College's proportionate share of the total OPEB liability as a percentage of its covered payroll	17.66%	18.71%

**The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.*

** Amounts presented are for the measurement period reported during the fiscal year, which covers July 1, 2016 - June 30, 2017.*

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
YEAR END JUNE 30, 2018**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - RHIA

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
2018	0.11 %	\$ (47,446)	\$ 14,073,898	(0.34) %	108.90 %
2017	0.11	31,824	13,440,067	0.24	94.20

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 OPEB CONTRIBUTIONS - RHIA

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
2018	\$ 52,156	\$ 52,156	\$ -	\$ 13,448,904	0.39 %
2017	62,672	62,672	-	14,073,898	0.45

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.

Supplementary Information

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**BUDGETARY INFORMATION
YEAR END JUNE 30, 2018**

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, instructional support, student services, community services, college support services, 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**BUDGETARY INFORMATION (Continued)
YEAR END JUNE 30, 2018**

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Property taxes	\$ 3,640,111	\$ 3,640,111	\$ 3,694,099	\$ 53,988
Tuition and fees	6,147,871	6,147,871	6,175,708	27,837
State appropriation	10,671,246	10,671,246	11,159,522	488,276
Interest income	30,000	30,000	110,045	80,045
Other	225,000	225,000	241,485	16,485
Total revenues	20,714,228	20,714,228	21,380,859	666,631
Expenditures:				
Instruction	8,629,021	8,629,021 (1)	8,279,927	349,094
Instructional Support	1,571,984	1,571,984 (1)	1,403,412	168,572
Student Services	1,809,122	1,869,257 (1)	1,700,762	168,495
College Support Services	6,879,423	6,879,423 (1)	6,357,820	521,603
Financial Aid	864,998	864,998 (1)	647,224	217,774
Contingency	1,907,508	1,847,373 (1)	-	1,847,373
Total expenditures	21,662,056	21,662,056	18,389,146	3,272,910
Revenues over-(under) expenditures	(947,828)	(947,828)	2,991,713	3,939,541
Other financing sources-(uses)				
Transfer out	(2,227,214)	(2,227,214) (1)	(2,220,628)	6,586
Total other financing sources-(uses)	(2,227,214)	(2,227,214)	(2,220,628)	6,586
Net change in fund balance	(3,175,042)	(3,175,042)	771,085	3,946,127
Fund Balance - July 1, 2017	3,175,042	3,175,042	3,257,871	82,829
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 4,028,956	\$ 4,028,956

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Intergovernmental - federal	\$ 17,184,323	\$ 17,184,323	\$ 6,530,677	\$ (10,653,646)
Intergovernmental - state	3,410,000	3,410,000	1,621,731	(1,788,269)
Local & Private Grants	2,000,000	2,000,000	812,304	(1,187,696)
Total revenues	22,594,323	22,594,323	8,964,712	(13,629,611)
Expenditures:				
Student Loans and Financial Aid	22,594,323	22,594,323 (1)	8,964,712	13,629,611
Revenues over-(under) expenditures	-	-	-	-
Fund Balance - July 1, 2017	-	-	-	-
Fund Balance - June 30, 2018	\$ -	\$ -	\$ -	\$ -

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Tuition and fees	\$ 2,222,095	\$ 2,249,245	\$ 2,159,295	\$ (89,950)
Intergovernmental - state and federal	1,800	1,800	124,037	122,237
Local/Private Grants & Contracts	92,976	92,976	98,023	5,047
Other	1,041,879	998,293	560,761	(437,532)
Total revenues	3,358,750	3,342,314	2,942,115	(400,199)
Expenditures:				
Instruction	2,062,203	2,062,203 (1)	1,369,466	692,737
Instruction Support	858,145	858,145 (1)	499,190	358,955
Community Services	65,000	70,000 (1)	64,451	5,549
Student Services	1,028,598	984,692 (1)	589,212	395,480
College Support Services	333,405	372,311 (1)	258,643	113,668
Contingency	20,000	20,000 (1)	-	20,000
Total expenditures	4,367,351	4,367,351	2,780,962	1,586,389
Revenues over-(under) expenditures	(1,008,601)	(1,025,037)	161,153	1,186,190
Other financing sources-(uses)				
Transfers in	241,498	241,498	241,061	(437)
Transfers out	(64,055)	(64,055) (1)	(60,285)	-
Total other financing sources-(uses)	177,443	177,443	180,776	3,333
Net change in fund balance	(831,158)	(847,594)	341,929	1,189,523
Fund Balance - July 1, 2017	831,157	847,593	1,005,616	158,023
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 1,347,545	\$ 1,347,545

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Intergovernmental-federal	\$ 3,094,076	\$ 3,982,317	\$ 2,057,449	\$ (1,924,868)
Intergovernmental-state	1,918,866	1,920,867	685,845	(1,235,022)
Nongovernmental grants and contracts	935,279	1,353,797	704,024	(649,773)
Other	-	-	338	338
Total revenues	5,948,221	7,256,981	3,447,656	(3,809,325)
Expenditures:				
Instruction	872,139	872,139 (1)	608,767	263,372
Instructional Support	1,146,627	1,609,277 (1)	635,491	973,786
Student Services	3,249,257	3,249,257 (1)	1,937,974	1,311,283
Community Services	-	846,110 (1)	186,073	
College Support Services	683,698	683,698 (1)	75,941	607,757
Total expenditures	5,951,721	7,260,481	3,444,246	3,816,235
Revenues over-(under) expenditures	(3,500)	(3,500)	3,411	6,911
Fund Balance - July 1, 2017	3,500	3,500	24,528	21,028
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 27,939	\$ 27,939

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Expenditures:				
College Support Services	504,916	504,916 (1)	437,759	67,157
Contingency	12,806	12,806 (1)	-	12,806
Total expenditures	517,722	517,722	437,759	79,963
Revenues over-(under) expenditures	(517,722)	(517,722)	(437,759)	79,963
Other financing sources-(uses)				
Transfers in	387,520	387,520	387,520	-
Net change in fund balance	(130,202)	(130,202)	(50,239)	79,963
Fund Balance - July 1, 2017	130,202	130,202	144,177	13,975
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 93,938	\$ 93,938

(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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Intergovernmental-federal	\$74,991	\$74,991	\$75,332	\$ 341
Tuition and Fees	520,000	520,000	488,236	(31,764)
Interest income	3,760	3,760	14,578	10,818
	<u>598,751</u>	<u>598,751</u>	<u>578,147</u>	<u>(20,604)</u>
Expenditures:				
Debt service:				
Principal	755,000	755,000	755,000	-
Interest	1,033,578	1,033,578	1,019,351	14,227
	<u>1,788,578</u>	<u>1,788,578</u>	<u>1,774,351</u>	<u>14,227</u>
Total expenditures	<u>1,788,578</u>	<u>1,788,578</u>	<u>1,774,351</u>	<u>14,227</u>
Revenues over-(under) expenditures	<u>(1,189,827)</u>	<u>(1,189,827)</u>	<u>(1,196,204)</u>	<u>(6,377)</u>
Other financing sources-(uses)				
Transfers in	1,243,196	1,243,196	1,243,196	-
	<u>1,243,196</u>	<u>1,243,196</u>	<u>1,243,196</u>	<u>-</u>
Net change in fund balance	53,369	53,369	46,992	(6,377)
Fund Balance - July 1, 2017	<u>7,765,958</u>	<u>7,765,958</u>	<u>7,726,781</u>	<u>(39,177)</u>
Fund Balance - June 30, 2018	<u>\$ 7,819,327</u>	<u>\$ 7,819,327</u>	<u>\$ 7,773,773</u>	<u>(45,554)</u>

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Intergovernmental-state	\$ 750,000	\$ 750,000	\$ 3,765,164	\$ 3,015,164
Local & Private Grants	-	-	11,819	11,819
Interest	-	-	33,779	33,779
Other	25,000	25,000	448	(24,552)
Total revenues	<u>775,000</u>	<u>775,000</u>	<u>3,811,209</u>	<u>3,036,209</u>
Expenditures:				
Facilities acquisition / construction	<u>5,570,000</u>	<u>5,570,000</u> (1)	<u>4,021,224</u>	<u>1,548,776</u>
Revenues over-(under) expenditures	<u>(4,795,000)</u>	<u>(4,795,000)</u>	<u>(210,015)</u>	<u>4,584,985</u>
Other financing sources-(uses)				
Transfers in	<u>320,000</u>	<u>320,000</u>	<u>318,542</u>	<u>(1,458)</u>
Total other financing sources-(uses)	<u>320,000</u>	<u>320,000</u>	<u>318,542</u>	<u>(1,458)</u>
Net change in fund balance	(4,475,000)	(4,475,000)	108,527	4,583,527
Fund Balance - July 1, 2017	<u>4,475,000</u>	<u>4,475,000</u>	<u>235,529</u>	<u>(4,239,471)</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,056</u>	<u>\$ 344,056</u>

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenue:				
Tuition and Fees	\$ -	\$ -	\$ 284	\$ 284
Interest income	-	-	3,322	3,322
Other	185,000	185,000	170,291	(14,709)
Total revenues	<u>185,000</u>	<u>185,000</u>	<u>173,896</u>	<u>(11,104)</u>
Expenditures:				
College Support Services	-	190,000 (1)	168,991	21,009
Revenues over-(under) expenditures	<u>185,000</u>	<u>(5,000)</u>	<u>4,906</u>	<u>9,906</u>
Other financing sources-(uses)				
Transfers out	<u>(190,000)</u>	- (1)	-	-
Total other financing sources-(uses)	<u>(190,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,000)	(5,000)	4,906	9,906
Fund Balance - July 1, 2017	<u>5,000</u>	<u>5,000</u>	<u>534,674</u>	<u>529,674</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,579</u>	<u>\$ 539,579</u>

(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, 2018**

	Budgeted Amounts			Actual Amounts	Variance With Final Budget
	Original	Final			
Revenue:					
Sales	\$ 2,314,574	\$ 2,314,574		\$ 1,481,316	\$ (833,258)
Total revenues	<u>2,314,574</u>	<u>2,314,574</u>		<u>1,481,316</u>	<u>(833,258)</u>
Expenditures:					
Student Services	1,708,085	1,708,085	(1)	1,170,517	537,568
Community Services	688,037	688,037	(1)	342,037	346,000
Contingency	50,000	50,000	(1)	-	50,000
Total expenditures	<u>2,446,122</u>	<u>2,446,122</u>		<u>1,512,554</u>	<u>933,568</u>
Revenues over-(under) expenditures	<u>(131,548)</u>	<u>(131,548)</u>		<u>(31,238)</u>	<u>100,310</u>
Other financing sources-(uses)					
Transfer in	57,000	57,000	(1)	55,715	(1,285)
Total other financing sources-(uses)	<u>57,000</u>	<u>57,000</u>		<u>55,715</u>	<u>(1,285)</u>
Net change in fund balance	(74,548)	(74,548)		24,477	99,025
Fund Balance - July 1, 2017	<u>74,548</u>	<u>74,548</u>		<u>141,285</u>	<u>66,737</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 165,763</u>	<u>\$ 165,763</u>

(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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Other	\$ 19,550	\$ 19,550	\$ 14,639	\$ (4,911)
Total revenues	<u>19,550</u>	<u>19,550</u>	<u>14,639</u>	<u>(4,911)</u>
Expenditures:				
Student Services	<u>97,869</u>	<u>97,869</u> (1)	<u>46,790</u>	<u>51,079</u>
Total expenditures	<u>97,869</u>	<u>97,869</u>	<u>46,790</u>	<u>51,079</u>
Revenues over-(under) expenditures	<u>(78,319)</u>	<u>(78,319)</u>	<u>(32,151)</u>	<u>46,168</u>
Other financing sources-(uses)				
Transfers in	<u>42,055</u>	<u>42,055</u>	<u>34,879</u>	<u>(7,176)</u>
Net change in fund balance	(36,264)	(36,264)	2,728	38,992
Fund Balance - July 1, 2017	<u>36,264</u>	<u>36,264</u>	<u>24,495</u>	<u>(11,769)</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,223</u>	<u>\$ 27,223</u>

(1) Appropriation level

Other Financial Schedule

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR END JUNE 30, 2018**

Tax Year	Uncollected June 30, 2017	Levy as Extended by Assessor	Discounts	Adjustments	Collections	Uncollected June 30, 2018
2017-18	\$ -	\$ 3,751,195	\$ (95,388)	\$ (8,625)	\$ (3,495,358)	\$ 151,824
2016-17	157,536	-	-	(17,640)	(71,305)	68,591
2015-16	68,959	-	-	(3,611)	(28,650)	36,698
2014-15	57,268	-	-	(3,080)	(23,137)	31,052
2013-14	32,856	-	-	(4,954)	(19,698)	8,205
2012-13 and Prior	40,594	-	-	(284)	(2,269)	38,041
	<u>357,214</u>	<u>3,751,195</u>	<u>(95,388)</u>	<u>(38,194)</u>	<u>(3,640,417)</u>	<u>334,410</u>

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 – These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Net Position – page 71

Changes in Net Position – page 72-73

Revenue Capacity – These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.

Property Tax Rates, Assessed Valuation, and Real Market Value – page 74

Direct and Overlapping Property Tax Rates - page 75-76

Principal Property Taxpayers - page 77

Property Tax Levies and Collection - page 78

Debt Capacity – These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

Ratio of General Bonded Debt and Legal Debt Margin - page 79-80

Ratio of Outstanding Debt by Types - page 81

Demographic and Economic Information – These schedules offer demographic and economic indicator to help the reader understand the environment within which the College's financial activities take place.

Demographic and Economic Statistics - page 82

Principal Employers for Douglas County – page 83

Operating Information – These schedules contain services and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

Employee Headcount – page 84

Building Construction and Acquisition – page 85

Tuition Rates and Enrollment Statistics – page 86

FINANCIAL TRENDS

**UMPQUA COMMUNITY COLLEGE
NET POSITION**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted - Expendable</u>	<u>Unrestricted</u>	<u>Total</u>
2017-18	\$ 23,103,605	\$ 5,376,903	\$ (11,808,497)	\$16,672,011
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

Source: Umpqua Community College Comprehensive Annual Financial Report

**UMPQUA COMMUNITY COLLEGE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2017-18	2016-17	2015-16
Operating revenues:			
Tuition and fees	\$ 4,012,308	\$ 3,654,238	\$ 3,777,276
Federal student financial aid grants	6,530,677	6,605,012	7,114,195
Federal grants and contracts	1,943,363	2,260,259	1,836,885
State grants and contracts	2,496,218	3,898,445	2,101,096
Local grants and contracts	1,628,169	1,651,502	1,510,603
Bookstore sales	604,038	625,534	705,203
Food service sales	298,053	202,242	142,878
Special Events & Incubator Program	106,162	48,200	26,579
Other operating revenue	624,617	1,257,960	713,292
Total operating revenue	<u>18,243,605</u>	<u>20,203,392</u>	<u>17,928,007</u>
Operating expenses:			
Instruction	10,765,057	10,713,067	12,175,334
Instructional support	2,578,936	2,824,309	2,799,416
College support services	7,670,881	9,137,904	9,398,533
Student services	5,581,338	5,996,114	6,705,058
Auxilliary	-	-	-
Community services	605,705	169,090	165,217
Student financial aid	4,411,914	4,391,631	4,552,489
Plant Operations and maintenance	-	-	-
Facilities acquisition /construction	330,337	914,180	429,924
Depreciation	1,671,396	1,610,052	1,325,298
Total operating expenses	<u>33,615,564</u>	<u>35,756,347</u>	<u>37,551,270</u>
Operating loss	<u>(15,371,959)</u>	<u>(15,552,955)</u>	<u>(19,623,263)</u>
Nonoperating Revenues-(expenses)			
State community college support	13,898,327	7,882,956	12,823,475
Property taxes	3,671,295	3,564,231	3,479,236
Investment Income	161,723	78,704	61,825
Investment gain (loss) on pension asset	-	-	-
Amortization of bond premium	58,940	58,940	58,940
Interest expense	(1,019,351)	(1,043,576)	(1,067,013)
Bond issue costs	-	-	-
Gain (loss) on disposition of capital assets	(11,690)	(75,018)	(3,803)
Total nonoperating revenues-(expenses)	<u>16,759,244</u>	<u>10,466,238</u>	<u>15,352,659</u>
Gain (Loss) before Other revenues and gains	<u>1,387,285</u>	<u>(5,086,717)</u>	<u>(4,270,604)</u>
Capital state grant	3,765,164	3,600,229	5,384,607
Capital gifts and grants	55,677	25,000	47,070
Change in net position	5,208,126	(1,461,488)	1,161,073
Net position - beginning of year	13,246,492	14,707,980	13,546,907
Less restatement	(1,782,608)	-	-
Restated Net Position - beginning of year	<u>11,463,884</u>	<u>-</u>	<u>13,546,907</u>
Net position -end of year	<u>16,672,011</u>	<u>13,246,492</u>	<u>\$ 14,707,980</u>

Note: Fiscal Year 2014-15 is the first year GASB68 was implemented.
Fiscal year 2017-18 is the first year GASB75 was implemented.
Tuition and Fees for FY year 2009-10 to 2008-09 were adjusted to reflect tuition discounts.

Source: Umpqua Community College Comprehensive Annual Financial Report

**UMPQUA COMMUNITY COLLEGE
CHANGES IN NET POSITION**

LAST TEN FISCAL YEARS (Continued)

2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 3,283,655	\$ 3,029,056	\$ 3,185,431	\$ 3,633,640	\$ 3,822,222	\$ 3,704,065	\$ 3,018,017
8,216,554	10,194,591	12,722,284	22,789,049	27,324,559	25,886,769	13,192,403
2,070,006	2,525,597	1,724,991	2,074,883	2,696,243	2,525,301	2,416,885
1,922,419	1,410,982	1,359,814	987,834	590,317	2,619,197	4,249,446
1,186,228	1,063,498	1,366,900	1,423,090	1,478,418	1,970,609	1,440,027
673,607	634,156	757,287	874,948	1,084,675	1,382,012	1,158,826
300,309	253,794	268,815	306,632	268,137	135,982	150,614
5,184	-	-	-	-	-	-
747,840	949,192	748,506	3,387,858	1,071,643	1,057,456	1,177,049
<u>18,405,802</u>	<u>20,060,865</u>	<u>22,134,028</u>	<u>35,477,934</u>	<u>38,336,215</u>	<u>39,281,391</u>	<u>26,803,267</u>
9,431,652	10,800,579	11,144,812	11,515,990	11,172,957	11,535,947	10,555,227
2,369,864	2,522,726	2,430,765	2,436,179	2,461,725	2,245,356	2,675,686
6,887,428	7,467,329	5,027,971	5,103,824	4,599,956	4,649,251	4,446,124
5,871,695	5,711,761	5,512,453	3,767,328	4,613,949	4,367,817	6,576,129
-	-	-	2,389,968	2,554,719	2,551,781	-
114,784	80,441	63,093	108,606	148,410	217,353	163,958
5,315,418	6,442,330	8,524,800	16,599,663	20,466,550	19,776,915	10,457,165
-	-	2,224,890	2,214,448	2,738,090	3,314,810	1,897,665
512,951	520,361	-	-	-	-	-
1,408,349	1,274,135	1,289,021	1,245,277	985,167	858,169	608,061
<u>31,912,141</u>	<u>34,819,663</u>	<u>36,217,805</u>	<u>45,381,283</u>	<u>49,741,522</u>	<u>49,517,400</u>	<u>37,380,015</u>
<u>(13,506,339)</u>	<u>(14,758,799)</u>	<u>(14,083,777)</u>	<u>(9,903,349)</u>	<u>(11,405,307)</u>	<u>(10,236,009)</u>	<u>(10,576,748)</u>
8,073,162	13,753,048	7,575,009	13,349,213	7,527,455	13,561,048	8,195,033
3,384,933	3,253,946	3,224,160	3,126,992	3,026,591	3,001,765	2,928,939
56,008	53,067	52,819	62,868	61,847	71,666	198,959
-	1,811,950	1,275,370	87,173	2,071,698	1,610,173	(2,555,306)
58,940	-	-	-	-	-	-
(944,922)	(796,513)	(808,708)	(820,436)	(781,814)	(665,087)	(713,057)
(89,630)	-	(9,598)	(9,598)	(9,598)	(6,198)	(6,189)
955	-	3,244	(3,000)	-	(13,245)	(29,498)
<u>10,539,446</u>	<u>18,075,498</u>	<u>11,312,296</u>	<u>15,793,212</u>	<u>11,896,178</u>	<u>17,560,123</u>	<u>8,018,881</u>
<u>(2,966,893)</u>	<u>3,316,699</u>	<u>(2,771,481)</u>	<u>5,889,863</u>	<u>490,871</u>	<u>7,324,114</u>	<u>(2,557,867)</u>
-	-	-	-	-	-	-
5,150,471	-	-	-	-	-	30,000
2,183,578	3,316,700	(2,771,481)	5,889,863	490,871	7,324,114	(2,527,867)
27,065,333	23,914,179	26,685,662	20,795,799	20,304,928	12,980,814	15,508,681
(15,702,004)	(165,546)	-	-	-	-	-
11,363,329	23,748,633	26,685,662	20,795,799	20,304,928	12,980,814	15,508,681
<u>\$ 13,546,907</u>	<u>\$ 27,065,333</u>	<u>\$ 23,914,181</u>	<u>\$ 26,685,662</u>	<u>\$ 20,795,799</u>	<u>\$ 20,304,928</u>	<u>\$ 12,980,814</u>

REVENUE CAPACITY

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

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

<u>Fiscal Year</u>	<u>Permanent Rate</u>	<u>Assessed Value</u>	<u>Measure 5 Real Market Value</u>	<u>Ratio of Taxable Assessed Value to Real Market Value</u>
2017-18	\$ 0.04551	\$ 8,395,179,267	\$ 10,190,024,441	82%
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%

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Direct and Overlapping Tax Rates
LAST TEN FISCAL YEARS**

Taxing Entity	Fiscal Year Taxes are Payable		
	2017-18	2016-17	2015-16
<u>County Direct Rate</u>			
Douglas County	1.11	1.11	1.11
Umpqua Community College	0.46	0.46	0.46
Lane Community College	0.85	0.84	0.82
SW Oregon Community College	0.70	0.70	0.70
<u>Cities</u>			
Canyonville	3.23	3.36	3.48
Drain	1.52	1.52	1.52
Elkton	2.33	2.33	2.33
Glendale	4.71	4.71	4.71
Myrtle Creek	6.51	6.51	6.51
Oakland	6.41	6.41	6.41
Reedsport	6.19	6.19	6.19
Riddle	6.49	6.49	6.49
Roseburg	25.43	25.43	24.58
Sutherlin	5.75	5.74	5.75
Winston	4.27	4.27	4.27
Yoncalla	1.46	1.46	1.46
<u>Schools</u>			
Camas Valley	4.70	4.70	4.70
Days Creek	4.84	4.84	4.84
Elkton	5.33	5.33	5.31
Fern Ridge	4.82	6.07	6.07
Glendale	5.22	5.22	5.22
Glide	5.46	5.46	5.49
North Douglas	5.11	5.10	5.09
Oakland	5.02	5.01	5.01
Reedsport	5.66	5.68	5.83
Riddle	4.66	4.66	4.66
Roseburg	4.57	4.50	4.62
Siuslaw	5.54	5.55	5.53
South Lane	6.61	6.89	6.19
South Umpqua	4.71	4.71	4.71
Southerlin	4.71	4.15	4.74
Winston Dillard	5.79	5.83	5.91
Yoncalla	4.69	4.69	4.69
Education Service District Rates	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
Water District Rates	-	-	-
Sanitary District Rates	0.00-1.42	0.00-1.42	0.00-1.42
Other Special District Rates	0.00-0.97	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**

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
1.11	1.11	1.11	1.11	1.11	1.11	1.11
0.46	0.46	0.46	0.46	0.46	0.46	0.46
0.86	0.86	0.86	0.88	0.86	0.85	0.87
0.70	0.70	0.70	0.70	0.70	0.70	0.70
3.49	3.49	3.46	3.50	3.48	3.53	3.49
1.52	1.52	1.52	1.52	1.52	1.52	1.52
2.33	2.33	2.33	2.33	2.33	2.33	2.33
5.47	5.83	5.73	5.71	5.70	5.71	5.57
6.51	6.51	6.51	6.51	6.51	6.51	6.51
6.41	6.41	6.41	6.41	6.41	6.41	6.41
6.19	6.19	6.19	6.19	6.19	6.19	6.19
6.49	6.49	6.49	6.49	6.49	6.49	6.49
24.58	23.74	22.89	22.04	21.19	21.19	20.35
5.75	5.75	5.78	5.78	5.81	5.81	5.82
4.27	4.27	4.27	4.27	4.27	4.27	4.27
1.46	1.46	1.46	1.46	1.46	1.46	1.46
4.70	4.70	4.70	4.70	4.70	4.70	4.70
4.84	4.84	4.84	4.84	4.84	4.84	4.84
5.28	5.28	5.30	5.29	5.30	5.30	4.36
6.89	7.01	6.92	6.97	6.92	6.84	6.86
5.22	5.27	5.28	5.27	5.23	5.13	5.27
5.48	5.48	5.45	5.58	5.60	5.60	5.52
5.16	5.11	5.11	5.22	5.17	5.20	5.16
5.00	5.00	5.02	5.06	5.03	5.02	4.64
5.71	5.72	5.70	5.73	5.78	5.84	5.90
4.66	4.66	4.66	4.66	4.66	4.66	4.66
4.64	4.63	4.65	4.65	4.66	4.63	4.64
5.53	5.53	5.54	5.55	5.76	5.77	5.08
6.29	6.50	6.35	6.39	6.45	6.40	6.35
4.71	4.71	4.71	4.71	4.71	4.71	4.71
4.73	4.75	4.73	4.76	4.75	4.78	4.79
6.03	6.03	6.01	5.91	5.94	5.79	5.77
4.69	4.69	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	0.22-0.53	0.22-0.53
0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65	0.49-4.65
-	-	-	-	-	-	-
0.00-1.42	0.00-2.42	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	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
2017-18:				
Pacificcorp	Utility	\$366,735,000	4.01%	\$2,857,492
Roseburg Forest Products Co	Wood Products	151,657,659	1.66%	1,488,023
Weyerhaeuser Company	Wood Products	72,045,754	0.79%	554,858
Avista Corp	Utility	48,439,700	0.53%	567,572
Roseburg Resources Co	Wood Products	45,874,967	0.50%	338,523
Charter Communications	Telecommunications	43,555,700	0.48%	570,866
Seneca Jones Timber Co	Wood Products	42,550,130	0.47%	320,026
Oxbow Timber I LLC	Wood Products	39,096,501	0.43%	388,524
Central Oregon & Pacific RR Co.	Freight Service	26,439,500	0.29%	197,982
Frontier Communications	Telecommunications	24,413,000	0.27%	299,116
Subtotal - ten of the largest taxpayers		860,807,911	9.41%	
All other taxpayers in Douglas County		8,285,708,525	90.59%	
Total Douglas County Taxpayers		<u>\$9,146,516,436</u>	<u>100.00%</u>	
2008-09:				
Pacificcorp (PP&L)	Utility	\$266,509,000	3.70%	\$2,077,480
Roseburg Forest Products Co	Wood Products	103,266,450	1.43%	1,128,827
Roseburg Resources Co	Wood Products	86,383,689	1.20%	766,678
Weyerhaeuser Company	Wood Products	52,124,134	0.72%	399,800
Seneca Jones Timber Company	Wood Products	34,104,299	0.47%	255,860
RLC Industries Co	Wood Products	32,704,020	0.45%	398,623
Qwest Corporation	Telecommunications	28,194,000	0.39%	383,646
Avista Corp	Utility	24,085,100	0.33%	289,975
Swanson Group MFG LLC	Manufacturing	22,278,012	0.31%	200,514
Douglas County INC	Wood Products	21,555,362	0.30%	218,603
Subtotal - ten of the largest taxpayers		671,204,066	9.31%	
All other taxpayers in Douglas County		6,541,068,469	90.69%	
Total Douglas County Taxpayers		<u>\$7,212,272,535</u>	<u>100.00%</u>	

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**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Tax Collections In First Year</u>	<u>Percent of Levy Collected In First Year</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2017-18	\$ 3,751,195	\$ 3,495,358	93.18%	\$ -	3,495,358	93.18%
2016-17	3,639,440	3,350,059	92.05	71,305	3,421,364	94.01
2015-16	3,503,678	3,254,852	92.90	98,917	3,353,769	95.72
2014-15	3,436,000	3,176,370	92.44	121,479	3,297,849	95.98
2013-14	3,336,412	3,077,856	92.25	148,145	3,226,001	96.69
2012-13	3,264,197	2,995,633	91.77	155,718	3,151,351	96.54
2011-12	3,176,997	2,895,357	91.14	179,639	3,074,996	96.79
2010-11	3,106,804	2,821,099	90.80	190,088	3,011,187	96.92
2009-10	3,055,689	2,780,893	91.01	162,641	2,943,534	96.33
2008-09	2,983,024	2,737,749	91.78	175,834	2,913,583	97.67

Source: Umpqua Community College Comprehensive Annual Financial Reports

DEBT CAPACITY

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

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

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Total Real Market Value of Taxable Property ¹	\$ 10,190,024,441	\$ 9,795,781,514	\$ 9,389,809,781	\$ 9,325,455,608
Debt Limitation (1.5% of Real Market Value)	152,850,367	146,936,723	140,847,147	139,881,834
Debt Subject to Limitation ²	-	-	-	-
Legal Debt Margin	152,850,367	146,936,723	140,847,147	139,881,834

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

Source:¹Douglas 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**

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 9,132,582,748	\$ 9,037,090,627	\$ 9,381,751,607	\$ 9,820,250,596	\$ 10,648,239,504	\$ 10,987,062,139
136,988,741	135,556,359	140,726,274	147,303,759	159,723,593	164,805,932
-	-	-	-	-	-
136,988,741	135,556,359	140,726,274	147,303,759	159,723,593	164,805,932

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Ratio of Outstanding Debt by Types
LAST TEN FISCAL YEARS**

Fiscal Year	Other Governmental Non Tax Bonded Debt ¹						Total Outstanding Debt	Total Outstanding Debt as a % of Personal Income ³	Total Outstanding Debt per Capita ⁴
	Full Faith & Credit Obligations Series 2014 ²	Full Faith & Credit Obligations Series 2010	Full Faith & Credit Obligations Series 1999	Pension Bonds Payable	Certificates of Participation	Total Outstanding Debt			
	2017-18	\$ 8,246,885	\$ 3,130,000	\$ -	\$ 9,215,000	\$ -			
2016-17	8,415,825	3,275,000	-	9,715,000	-	21,405,825	not available	194	
2015-16	8,474,765	3,415,000	-	10,150,000	-	22,039,765	0.55%	201	
2014-15	8,533,705	3,555,000	-	10,525,000	-	22,613,705	0.58%	207	
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	0.43%	138	
2011-12		3,960,000	-	11,350,000	-	15,310,000	0.44%	142	
2010-11		4,090,000	-	11,535,000	-	15,625,000	0.46%	145	
2009-10			-	11,680,000	-	11,680,000	0.35%	111	
2008-09			1,180,000	11,790,000	235,000	13,205,000	0.41%	125	

Source :

¹Umpqua Community College Annual Financial Report-Note 14. Long Term Debt

²Includes bond premium

³Bureau of Economic Analysis, U. S. Department of Commerce

⁴Portland State University - Center for Population Research and Census

DEMOGRAPHIC AND ECONOMIC INFORMATION

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Demographic and Economic Statistics
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income²</u>	<u>Per Capita Personal Income³</u>	<u>Unemployment Rate⁴</u>
2017-18	111,180	not available	not available	5.1
2016-17	110,395	not available	not available	5.00%
2015-16	109,910	\$ 4,021,216	\$ 37,077	6.70%
2014-15	109,385	3,871,714	36,008	7.50%
2013-14	108,850	3,676,864	34,370	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%

Source:

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

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

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

⁴Bureau 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, 2018 and Nine Years Ago**

Employer ¹	2018			2009 ³		
	Number of Employees ¹	Rank	Percentage of County Employment ²	Number of Employees	Rank	Percentage of County Employment
Roseburg Forest Products Co	1846	1	4.87%	2500	1	6.86%
Mercy Healthcare, Inc	1126	2	2.97%	1100	2	3.02%
VA Medical Center	1233	3	3.25%	788	4	2.16%
Seven Feathers Hotel, Gaming Center	700	4	1.85%	735	6	2.02%
Roseburg School District	621	5	1.64%	775	5	2.13%
First Call Resolution	537	6	1.42%	n/a	n/a	n/a
Douglas County	527	7	1.39%	795	3	2.18%
Swanson Group, Inc	438	8	1.16%	429	7	1.18%
Umpqua Dairy	260	9	0.69%	n/a	n/a	n/a
Orengo Systems	260	9	0.69%	207	10	0.57%
TMS Call Center	234	10	0.62%	n/a	n/a	n/a
Wal-Mart	n/a	n/a	n/a	281	8	0.77%
Ingram Book Company	n/a	n/a	n/a	210	9	0.58%
	<u>7782</u>		<u>20.53%</u>	<u>7820</u>		<u>21.47%</u>

Source:

¹ Roseburg Area Chamber

² State of Oregon Employment Department, 1st quarter information

³ Douglas County CAFR 2009

n/a - not available

OPERATING INFORMATION

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**EMPLOYEE HEADCOUNT
LAST TEN FISCAL YEARS**

Fiscal Year	Employee Headcount ¹					
	Administrative Full-time	Administrative Part-time	Faculty Full-time	Faculty Part-time	Classified Full-time	Classified Part-time
2017-18	39	0	60	158	98	61
2016-17	39	2	60	157	116	63
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

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	Science	14,838	41,292
1969	Life Sciences Laboratory	1,740	43,032
1969	Lockwood Hall and Finance Office	20,468	63,500
1969	Wayne Crooch Hall	19,824	83,324
1970	Warehouse	6,360	89,684
1970	LaVerne Murphy Student Center	31,975	121,659
1970	Jackson Hall	11,750	133,409
1970	PE Complex & Tom Keel Fitness Center	50,697	184,106
1970	Jacoby Auditorium	29,360	213,466
1979	Whipple Fine Arts Center	23,322	236,788
1982	Educational Skills Building	13,415	250,203
1984	Wooley Center	4,200	254,403
1996	Ford Family Enrichment Center	6,395	260,798
2001	Technology Center	10,432	271,230
2008	Swanson Amphitheatre	2,086	273,316
2011	Tower Building	2,453	275,769
2011	699 Cummins Building	2,494	278,263
2012	Danny Lang Teaching, Learning and Event Center	21,889	300,152
2016	Bonnie J Ford Health Nursing and Science Building	34,842	334,994
2018	Tap ^h òyt ^h a Hall	9,476	344,470

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Tuition Rates and Enrollment Statistics
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tuition Rate Per Credit Hour</u>	<u>Total FTE¹</u>	<u>Unduplicated Headcount¹</u>
2017-18	\$ 93.00	2786	13,512
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

Source:

¹ Umpqua Community College Institutional Research and Planning

Compliance Section

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
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, 2018, and have issued our report thereon dated December 6, 2018. 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 2018 and 2019.
- 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. 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.

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.



for Moss Adams LLP
Portland, Oregon
December 6, 2018



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

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 ended June 30, 2018, 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 6, 2018. 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 6, 2018



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

The Board of Education
Umpqua Community College
Roseburg, Oregon

Report on Compliance for the 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 the College's major federal program for the year ended June 30, 2018. The College's major federal program is 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 the College's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Program

In our opinion, Umpqua Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2018.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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, material weaknesses may exist that have not been identified.

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

Moss Adams LLP

Portland, Oregon
December 6, 2018

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Schedule of Expenditures of Federal Awards
June 30, 2018**

	Grant Period	Federal CFDA Number	Program or Award Amount	2017-18 Revenue	2017-18 Expenditures	Pass through Agency Identifying Number	2017-18 Expenditures to Subrecipients
Student Financial Aid Cluster							
<u>U.S. Department of Education:</u>							
Student Financial Aid Programs:							
Federal Pell Grant Program	2017-2018	84.063	4,128,605	4,128,605	4,128,605	N/A	-
Federal Direct Loan Program	2017-2018	84.268	2,218,804	2,218,804	2,218,804	N/A	-
Federal Work-Study Program	2017-2018	84.033	107,047	105,992	105,992	N/A	-
Federal Supplemental Educational Opportunity Grant	2017-2018	84.007	<u>77,276</u>	<u>77,276</u>	<u>77,276</u>	N/A	-
Total SFA Cluster U.S. Department of Education			6,531,732	6,530,677	6,530,677		-
Total Student Financial Aid Cluster			<u>6,531,732</u>	<u>6,530,677</u>	<u>6,530,677</u>		-
<u>U.S. Department of Education:</u>							
TRIO - Student Support Services	2016-2017	84.042	277,571	38,048	38,048	N/A	-
TRIO - Student Support Services	2017-2018	84.042	284,510	199,610	199,610	N/A	-
TRIO - Talent Search	2016-2017	84.044	284,160	50,065	50,065	N/A	-
TRIO - Talent Search	2017-2018	84.044	291,264	191,423	191,423	N/A	-
TRIO - Upward Bound	2016-2017	84.047	270,375	77,384	77,384	N/A	-
TRIO - Upward Bound	2017-2018	84.047	<u>277,134</u>	<u>190,674</u>	<u>190,674</u>	N/A	-
Total TRIO Cluster			1,685,014	747,205	747,205		-
Child Care Access Means Parents in School	2016-2017	84.335	87,624	31,859	31,859	N/A	-
Child Care Access Means Parents in School	2017-2018	84.335	41,466	33,555	33,555	N/A	-
Higher Education -Institutional Aid	2016-2017	84.031	448,955	252,222	252,222	N/A	-
Higher Education -Institutional Aid	2017-2018	84.031	448,752	235,270	235,270	N/A	-
School Safety National Activities	2017-2018	84.184	529,623	11,890	11,890	N/A	-
Passed through Oregon Department of Community Colleges & Workforce Development:							
Adult Education - Basic Grants to States	2017-2018	84.002	157,702	148,479	148,479	16-366R	-
Passed through Oregon Department of Education:							
Career and Technical Education - Basic Grants to States	2016-2017	84.048	133,467	4,649	4,649	40329	-
Career and Technical Education - Basic Grants to States	2017-2018	84.048	<u>148,388</u>	<u>139,849</u>	<u>139,849</u>	44302	-
Total Non SFA Cluster U.S. Department of Education			3,680,991	1,604,977	1,604,977		-
<u>U.S. Department of Agriculture:</u>							
Passed through State of Oregon, Department of Education:							
Child and Adult Care Food Program	2017-2018	10.558	<u>15,538</u>	<u>15,538</u>	<u>15,538</u>	1006001	-
Total U.S. Department of Agriculture			15,538	15,538	15,538		-
<u>U. S. Department of Justice:</u>							
Passed through State of Oregon,							
Antiterrorism Emergency Reserve	2017-2018	16.321	<u>209,001</u>	<u>33,246</u>	<u>33,246</u>	AEAP-2016-UCC-00002	-
Total U.S. Department of Justice			209,001	33,246	33,246		-
<u>U. S. Department of Health and Human Services:</u>							
Passed through State of Oregon, Department of Education:							
Child Care and Development Block Grant	2017-2018	93.575	50,000	47,201	47,201	44875	-
Child Care Mandatory and Matching Fund of the Child Care and Development Fund	2017-2018	93.596	<u>371,400</u>	<u>127,075</u>	<u>127,075</u>	46114	-
Total CCDF Cluster U. S. Department of Health and Human Services:			421,400	174,276	174,276		-
Total of U.S. Department of Health and Human Services			421,400	174,276	174,276		-
<u>Small Business Administration:</u>							
Passed through Lane Community College:							
Small Business Development Center	2016-2017	59.037	33,000	20,572	20,572	SBA-2016-158	-
Small Business Development Center	2017-2018	59.037	<u>33,000</u>	<u>19,421</u>	<u>19,421</u>	SBA-2018-159	-
Total Small Business Administration			66,000	39,994	39,994		-
<u>U. S. Department of Treasury</u>							
Recovery Zone Economic Development Bonds Subsidy Full Faith and Credit Obligations	2017-2018	21.U01	<u>75,332</u>	<u>75,332</u>	<u>75,332</u>	N/A	-
Total U. S. Department of Treasury			75,332	75,332	75,332		-
TOTAL			<u>10,999,995</u>	<u>8,474,040</u>	<u>8,474,040</u>		-

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Notes to Schedule of Expenditures of Federal Awards
June 30, 2018**

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, 2018, the College did not elect to use the 10 percent de minimis indirect cost rate.

**UMPQUA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 program and type of auditor's report issued on compliance for major federal program:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	<i>Unmodified</i>

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

None reported

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

**Summary Schedule of Prior Year Audit Findings
June 30, 2018**

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

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. The College performed the reconciliations on a quarterly basis, rather than the required monthly basis.

Current Status: Cleared.