

UMPQUA COMMUNITY COLLEGE

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

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UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

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September 28, 2015

Board of Trustees
Umpqua Community College
Roseburg, OR 97470

The Annual Financial Report of Umpqua Community College for the fiscal year ended June 30, 2015 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 finance office. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rest with the management of Umpqua Community College. We believe the report and its data are accurate and complete in all material aspects in disclosing the financial position and results of operations of Umpqua Community College as of June 30, 2015 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, a listing of principal officials, and the organization chart.
2. The Financial Section includes Management's Discussion and Analysis, the basic financial statements and accompanying notes as well as the independent auditor's report. A narrative introduction, overview and analysis are included in the Management's Discussion and Analysis in this section.
3. The College is required to have an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to the single audit, and Governmental Auditing Standards, including the Schedule of Expenditures of Federal Awards and various independent auditors' reports, are included in the Governmental Auditing Standards and OMB Circular A-133 Disclosures Section.
4. The independent Auditor's Comments Section includes the auditor's comments required by the Minimum Standards for Audits of Oregon Municipal Corporations.
5. 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.

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. Umpqua strives to make quality post-secondary education affordable and accessible to district 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 15,500 unique students each year of which approximately 3,150 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 15 buildings located on park-like grounds with 4 additional campus locations; The H. Woolley Adult Basic Education Center located at 1634 W. Harvard, Roseburg, Community and Workforce Training Center located at 2555 N. E. Diamond Lake Blvd., Roseburg, Small Business Development Center located at 522 SE Washington Ave, Roseburg, and the Commercial Driving License Truck Shop located at 174 Stanford Road, Winston.

COLLEGE MISSION

Umpqua Community College provides high quality college degree programs, workforce development, and community learning opportunities.

PROGRAMS

Umpqua Community College has 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 the half of the County's land is owned by the federal government and is managed by the Bureau of Land Management and the Forest Service. For years, Douglas County's economic base relied heavily on the lumber and wood products industry. With the decline of the wood products industry, Douglas County has made a concerted effort to bring industry to the area to diversify the local economy. The population of the County has grown slowly. It increased 6% since 2004. For the most part, the growth has been from the migration of retirement age people from other areas of the country. Douglas County's unemployment rates have consistently been among the highest in the state (7.6% for the month of June 2015) comparing to the state rate of 5.5% and the national rate of 5.3%. The per capita personal income of Douglas County residents in 2013 ranked 25th among Oregon's 36 counties.

GOVERNING BODIES

The members of the Board of Trustees 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 Trustees. The Umpqua Community College Board of Trustees 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 Trustees 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 Commissioner of the Department of Community Colleges and Workforce Development serves as an administrative officer of community college matters. The Commission establishes state standards for educational programs and facilities and approves courses of study.

COLLEGE MANAGEMENT

The President is appointed by the local Board of Trustees. The President and executive team of the college administer policies set by the Umpqua Board of Trustees.

ACCREDITATION

Umpqua Community College is fully accredited by the Northwest Association of Schools and Colleges (NWCCU-<http://www.nwccu.org>). The College's last full-scale accreditation visit was completed in 2005 and the report was issued in 2006. The Year Three Evaluation Report was issued in 2012. The Year Seven Evaluation Report will be issued in the fall of 2015. The College's programs, certificates and courses are approved by the Oregon Department of Community Colleges and Workforce Development (CCWD – <http://www.oregon.gov/CCWD/ccdirectory.shtml>).

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Umpqua Board of Trustees has selected the accounting firm of Pauly, Rogers and Co., P.C., 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 OMB Circular A-133.

INTERNAL CONTROLS

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.

ACKNOWLEDGEMENTS

We wish to express our appreciation to the entire finance office staff for their efforts and contributions to our Comprehensive Annual Financial Report. We also thank the members of the Umpqua Board of Trustees for their support and dedication to the financial operations of the college.

Sincerely,



Rita Cavin
Interim President



Rebecca Redell
CFO



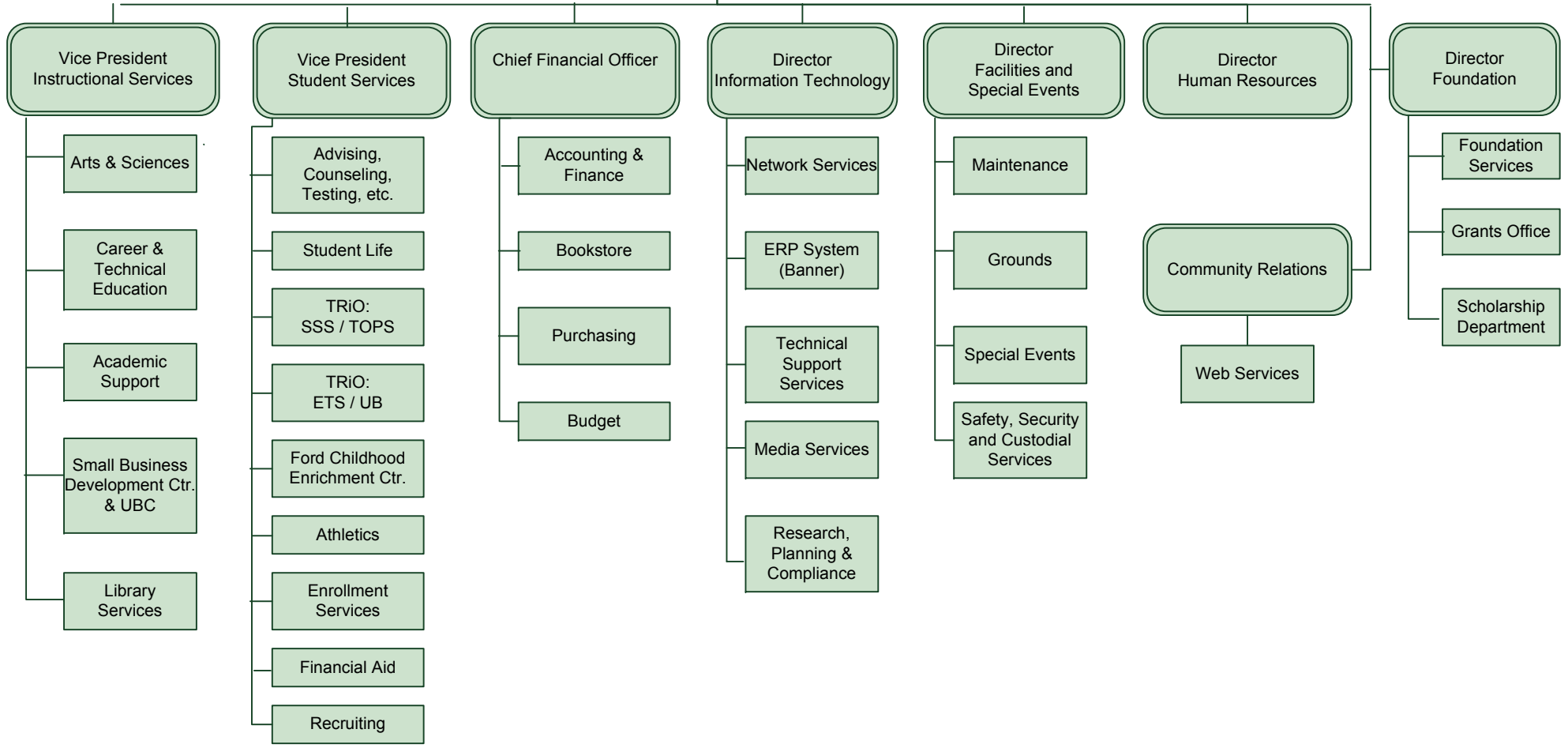
Natalya Brown
Director
Accounting and Finance

UMPQUA COMMUNITY COLLEGE

COLLEGE BOARD OF DIRECTORS

PRESIDENT

Executive Assistant



UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

BOARD OF TRUSTEES

<u>Official</u>	<u>Term Expires</u>
Betty Tamm	2019
Doris Lathrop	2019
Wendy Weikum	2019
Sharon Rice	2017
Bob Bell	2017
Joe Pospisil	2019
Vanessa Becker (Board Chair)	2017
Dr. Joe Olson (through June 30, 2015)	President
Dr. Rita Cavin (As of July 1, 2015)	President
Rebecca Redell	Chief Financial Officer

MAILING ADDRESS

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



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

November 5, 2015

To the Board of Trustees
Umpqua Community College
Roseburg, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the basic financial statements and the discretely presented component unit of the Umpqua Community College, as of and for the year ended June 30, 2015, and the related notes to the basic 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.

Auditors' 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 basic financial statements are free of material misstatement.

The financial statements of the Umpqua Community College Foundation (a component unit) 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Umpqua Community College's basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The listing of board members containing their term expiration dates, located before the table of contents, the introductory section and the other information, as listed in the table of contents, 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 them.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated November 5, 2015, on our consideration of Umpqua Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report and should be considered in assessing the results of our audit.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 5, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

UMPQUA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2015

This section of Umpqua Community College's ("College") Annual Financial Report presents an analysis of the financial activities of the College for the fiscal year ended June 30, 2015. 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	Other supplementary Information

Overview of the Financial Statements

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

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

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

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

The *Statement of Cash Flows* presents information on cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and the College's ability to meet financial obligations as they become due.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Overview of the Schedules of Budget and Actual

The *Fund Financial Statements* are included in a latter section entitled other supplementary information. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of, and compliance with, annual budgets. Fund financial statements also report the College's operations in more detail than the government-wide financial statements by providing information about the College's most significant fund, the general fund.

Financial Highlights

New Significant Accounting Standards Implemented

In fiscal year 2014-15, the College adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity:

- Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27," and
- Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68".

Statement No. 68 (Statement) establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the College's defined benefit pension plan. This Statement replaces the requirement of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the College of implementing Statement No. 68 is the restatement of the beginning net position as of July 1, 2014 to account for the net pension liability and pension related deferred inflows and outflows as of the beginning of the year based on the actuarial data provided by OPERS and Milliman for the prior measurement date on the College's full accrual basis of accounting financial statements. Because the prior measurement date only relates to data for restatement of the beginning of the current fiscal year (2014-15), and no prior measurement data was provided by the actuaries related to the fiscal year ended 6/30/13, there is no way to restate the prior year (2013-14) data for the purposes of the comparison in the MD&A. Therefore, the 2013-14 information has been presented in the same manner as it was in last year's report. Comparative data in future years will be provided in the MD&A.

There are also new note disclosure requirements and supplementary schedules required by the Statement.

The adoption of Statement No. 68 has no impact on the College's fund financial statements, which continue to report PERS expenditures equal to the amount of the College's actuarially determined contribution.

Accounting methods: The financial statements have been prepared in accordance with Governmental Accounting Standards Board Statement No. 35, “Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities. The College implemented Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position for the fiscal year ending June 30, 2013. The College implemented Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27 for the fiscal year ending June 30, 2015. The financial statements also include the College’s independent Foundation in accordance with Governmental Accounting Standards Board Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. Under the standard, state and local governments that have qualifying fundraising foundations are required to include, through discrete presentations, the financial activities of those foundations in their financial statements.

Government-wide Financial Analysis

The assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,546,907 (See Analysis of the Statement of Net Position below).

- \$14,267,531 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.
- \$5,025,025 is available for the College’s ongoing obligations related to programs with external restrictions.
- -\$5,745,650 is primarily the result of the College’s unfunded pension due to GASB68 implementation.

The College’s total net position decreased by \$13,518,426 over the prior year:

- The \$811,472 decrease in net position invested in capital assets, net of related debt, represents the change in capital expenditures less depreciation, and the retirement of related long-term debt.
- The \$2,446,295 increase in restricted net position represents the change in resources that are subject to external restrictions in their use.
- The \$15,153,250 decrease in unrestricted net position is the change in resources available to meet the college’s ongoing obligations.

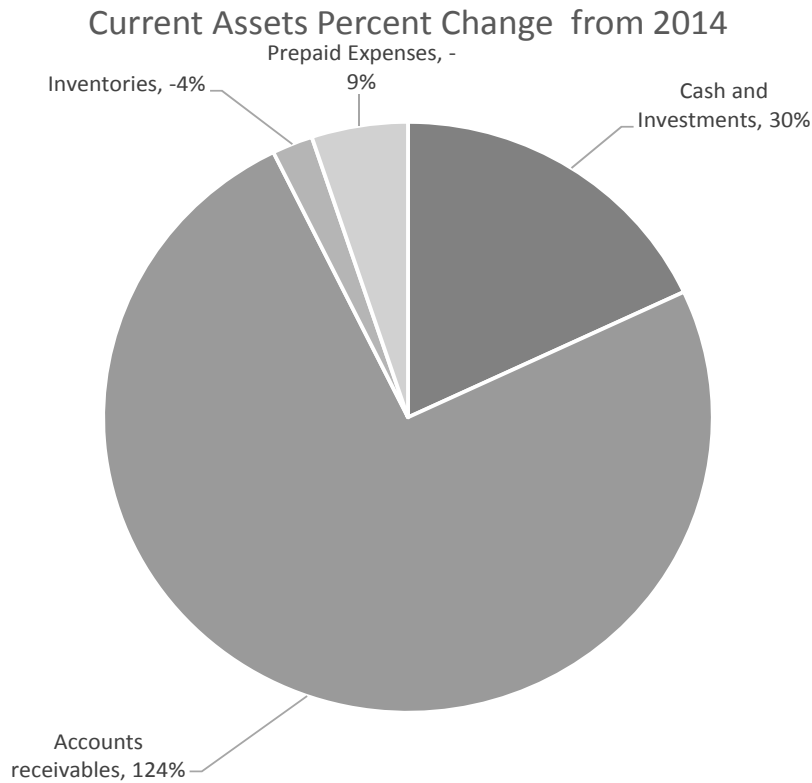
State support, a non-operating revenue, decreased by \$5.7 million from fiscal year 2013-2014. This fluctuation is due to the timing of the fourth payment received from the state, which on alternating years is not received until July 15th of the next year. The delayed payment strategy for state funds produces 3 of the 8 biennial payments in the second year of the biennium making year to year comparisons very difficult. Actual budgetary basis state resources, which report four quarters every year, were \$10,626,202, \$10,251,054, \$11,077,003 and \$10,421,217 for the fiscal years 11/12, 12/13, 13/14 and 14/15 respectively.

Analysis of the Statement of Net Position as of June 30, 2015

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

	2015	2014	Total	
			Dollar Change	Percent Change
Assets:				
Current assets	\$ 22,077,959	\$ 14,596,299	\$ 7,481,660	51%
Noncurrent Assets				
Pension asset	2,404,791	11,410,061	(9,005,270)	-79%
Capital assets, net of depreciation	18,923,611	18,769,003	154,608	1%
Total assets	<u>43,406,361</u>	<u>44,775,363</u>	<u>(1,369,002)</u>	-3%
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	
Liabilities:				
Current liabilities	4,236,002	3,571,339	664,663	19%
Noncurrent liabilities	22,196,562	14,138,691	8,057,871	57%
Total liabilities	<u>26,432,564</u>	<u>17,710,030</u>	<u>8,722,534</u>	49%
Deferred Inflows of Resources:				
Deferred pensions	3,426,891	-	3,426,891	
Total Deferred Inflows of Resources	<u>3,426,891</u>	<u>-</u>	<u>3,426,891</u>	
Net position:				
Net investment in capital assets	14,267,531	15,079,003	(811,472)	-5%
Restricted	5,025,025	2,578,730	2,446,295	95%
Unrestricted	(5,745,650)	9,407,600	(15,153,250)	-161%
Total net position	<u>13,546,907</u>	<u>27,065,333</u>	<u>(13,518,426)</u>	-50%

Current assets consist of cash and investments, receivables, inventories and prepaid expenses. The College's current assets of \$22.08 million were sufficient to cover current liabilities of \$4.2 million. This represents a current ratio of 5.2. Receivables consist of property taxes, student accounts, grants and contracts, accounts receivable - due from the Foundation and various operating receivables. There was a dramatic change in the composition of current assets as presented by the graph below:



The most significant change is represented by an increase in accounts receivable – due from Foundation of \$4,860,860 compared to last year. Current AR-due from Foundation balance of \$5,429,229 consists of outstanding pledges receivable from the Foundation for Danny Lang Teaching, Learning and Event Center in the amount of \$415,536, new \$4,989,259 in pledges designated for the repayment of debt for the construction of the Health, Nursing and Science Building and \$24,434 in other miscellaneous reimbursements.

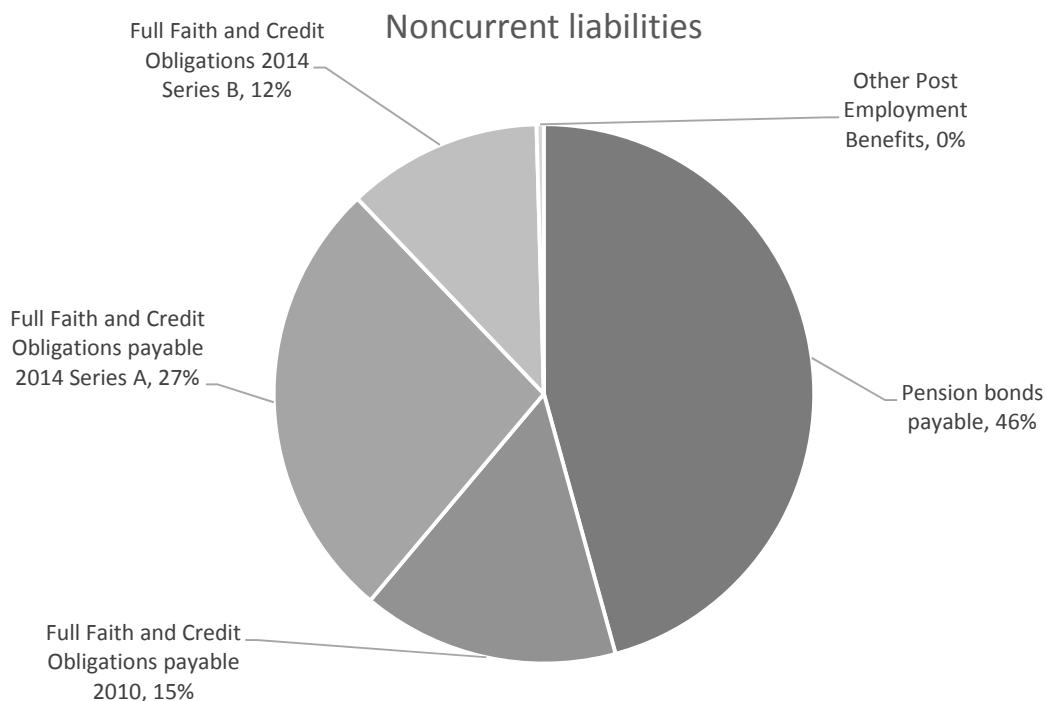
Cash and investments increased by \$2,996,761 from 2013-2014 to the current year. An increase of 30% resulted from the Full Faith and Credit Obligations 2014 proceeds offset by the delayed payment strategy for state funds (\$-5.7M). Usually, the delayed payment of state funding has the effect of decreasing current assets in odd numbered years and increasing them in even numbered years.

The College’s current liabilities consist primarily of payroll, various payables for operations, unearned revenue, and the current portion of long-term debt. Current liabilities increased by 19% compared to last year with main increases split between payroll liabilities as well as current maturities of long term obligations.

The College’s two largest non-current assets are its investments in capital assets and the pension assets from a pension obligation bond financing. The College’s investment in capital assets is \$18.9 million, net of accumulated depreciation. A pension asset decreased from \$11.4M to \$2.4M as a result of GASB 68 implementation this year. In the prior years the College used to recognize pension asset created when the College issued pension bonds with the proceeds being managed by PERS for the purpose of meeting the College’s unfunded actuarial liability (“UAL”). The new standard of GASB68 introduced method of accounting and financial reporting for pensions that adjusted prior created pension asset by an actuarially determined amount.

Noncurrent liabilities consist of long-term debt of \$22,196,562 from the issuance of the pension

bonds, full faith and credit obligations 2010 and new full faith and credit obligations 2014 designated for the construction of the Health, Nursing and Science Building.



Deferred inflows of resources in the amount of \$3,426,891 are new to the College’s Statement of Net Position for this fiscal year. It is related to the implementation of GASB Statement No.68 and GASB Statement No. 71 for pension liability reporting. Deferred inflows of resources are not technically liabilities of the College as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position. Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes, changes due to actuarial assumptions, and differences between expected and actual experience.

The largest portion of the College’s net position is the \$14.3 million invested in capital assets, net of related debt. The College’s restricted net position consists of amounts set aside for debt service and contracted programs. The College’s unrestricted net position was greatly reduced by GASB68 implementation resulting in a \$(-5,745,650) with total net position dropping from \$27,065,333 last year to \$13,546,907 in the current year.

Analysis of the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2015

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.

	2015	2014	Total	
			Dollar Change	Percent Change
Operating Revenues:				
Tuition and fees	\$3,283,655	\$3,029,056	\$254,599	8%
Federal student financial aid	8,216,554	10,194,591	(1,978,037)	-19%
Intergovernmental federal grants and contracts	2,070,006	2,525,597	(455,591)	-18%
Intergovernmental state grants and contracts	1,922,419	1,410,982	511,437	36%
Local grants and contracts	1,186,228	1,063,498	122,730	12%
Bookstore sales	673,607	634,156	39,451	6%
Food services sales	300,309	253,794	46,515	18%
Incubator Program	5,184	-	5,184	
Other operating revenue	747,840	949,192	(201,352)	-21%
Total operating revenue	\$18,405,802	\$20,060,865	(\$1,655,063)	-8%
Operating Expenses:				
Instruction	9,431,652	10,800,579	(1,368,927)	-13%
Instructional support	2,369,864	2,522,726	(152,862)	-6%
Student services	5,871,695	5,711,761	159,934	3%
College support services	6,887,428	7,467,329	(579,901)	-8%
Community services	114,784	80,441	34,343	43%
Student financial aid	5,315,418	6,442,330	(1,126,912)	-17%
Facilities acquisition / construction	512,951	520,361	(7,410)	-1%
Depreciation	1,408,349	1,274,135	134,214	11%
Total operating expenses	31,912,141	34,819,663	(2,907,522)	-8%
Operating Loss	(13,506,339)	(14,758,799)	1,252,460	-8%
Nonoperating Revenues (Expenses)				
State community college support	8,073,162	13,753,048	(5,679,886)	-41%
Property taxes	3,384,933	3,253,946	130,987	4%
Investment Income	56,008	53,067	2,941	6%
Investment gain (loss) on pension asset	-	1,811,950	(1,811,950)	-100%
Amortization of bond premium	58,940	-	58,940	
Interest expense	(944,922)	(796,513)	(148,409)	19%
Bond issue costs	(89,630)	-	(89,630)	
Gain (Loss) on disposition of captial assets	955	-	955	
Total nonoperating revenues (expenses)	10,539,446	18,075,498	(7,536,052)	-42%
Gain (loss) before other revenues and gains	(2,966,893)	3,316,700	(6,283,593)	-189%
Capital Gifts and Grants	5,150,471	-	5,150,471	
Change in net assets	2,183,578	3,316,700	(1,133,122)	-34%
Net position, beginning of year	27,065,333	23,914,179	3,151,154	13%
Prior period adjustment	(15,702,004)	(165,546)	(15,536,458)	9385%
Net position - beginning, as restated	11,363,329	23,748,633	(12,385,304)	-52%
Net position, end of year	\$ 13,546,907	\$ 27,065,333	\$ (13,518,426)	-50%

Revenues

The most significant sources of operating revenue for the College are federal, state and local

grants and contracts, including student financial aid, student tuition and fees, and bookstore operations. Tuition and fees include all amounts paid for education purposes. Operating revenues decreased by 8% from 2013-14 due to the changes described below.

Operating revenues: Tuition and fees increased by 8% from last year. Federal student financial aid totaled approximately \$8.2 million, a decrease of 19% from the prior year. Overall, grants and contracts from all sources have not changed significantly. Tuition and fees as well as bookstore sales were reported net of scholarship discounts and allowances (approx. \$4.9M). The same reduction was recorded in financial aid expenses.

Non-operating revenues: There were significant changes in non-operating revenues during the fiscal year. The largest non-operating revenue source is from the State of Oregon. The Oregon State Legislature defers the fourth quarter FTE reimbursement owed to the College at the end of each biennium. The College's fourth quarter FTE reimbursement was deferred from April 15, 2015 to July 15, 2015. In accordance with accounting standards, the College recognized the deferred payment when it was received. As a result of this deferral, current year revenues reflect three quarters of FTE reimbursement and the previous year reflected five quarters of FTE reimbursement. The decrease of \$5.7 million in FTE reimbursements is the result of this timing difference in the recognition of revenue. In addition, GASB 68 changed the way we are accounting for the pension assets. During this period we have not recognized any investments gains or losses on pension asset. As a result, non-operating revenues decreased in the amount of \$7.5M or 42% compared to last year.

Expenses

Operating expenses: Operating expenses for fiscal year 2014-15 totaled \$31,912,141, a decrease of 8%. Student financial aid (restated per NACUBO advisory report 2000-05) decreased by \$1.1M from last year. It represents 16.7% of total operating expenses compared to 18.5% last year. Instruction represents the largest expense, or 30% of total operating expenses of \$31,912,141 followed by college support services of 21.6%, student services of 18.4% and financial aid of 16.7%.

Non-operating expenses: Non-operating expenses consist of interest expense incurred for debt service and Full Faith and Credit Obligations 2014 bond issue costs.

Capital Gifts and Grants are reflected in the Statement of Revenues, Expenses, and Changes in Net Position this year as the College recorded \$5.2M in capital contributions from the Foundation designated to debt repayment of the Full Faith and Credit Obligations 2014.

In accordance with GASB Statement No.68 and Statement No.71 the College restated beginning net position for the effect of the change in accounting principle required by the new standard. Specifically, Net position – beginning of year was reduced by \$15,702,004 from \$27,065,333 to \$11,636,329.

Analysis of the Statement of Cash Flows for the Year Ended June 30, 2015

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.

	2015	2014	Total	
			Dollar Change	Percent Change
Cash flows from operating activities:				
Tuition and fees	\$4,035,079	\$2,421,230	\$1,613,849	67%
Federal student financial aid	8,176,874	10,739,876	(2,563,002)	-24%
Intergovernmental grant and contracts	4,233,987	3,278,957	955,030	29%
Nongovernmental grants and contracts	1,205,565	1,908,237	(702,672)	-37%
Bookstore sales	745,702	528,129	217,573	41%
Food service sales	292,311	242,663	49,648	20%
Incubator program	5,184	-	5,184	
Other cash receipts	240,639	919,177	(678,538)	-74%
Payments to employees for services	(19,542,266)	(19,733,012)	190,746	-1%
Payments to supplies for goods and services	(8,304,299)	(6,214,353)	(2,089,946)	34%
Payments for student financial aid	(5,315,418)	(6,442,330)	1,126,912	-17%
Net cash used in operating activities	(14,226,642)	(12,351,427)	(1,875,215)	15%
Cash flows from noncapital financing activities				
Cash received from State community college fund	8,073,162	13,753,048	(5,679,886)	-41%
Cash received from property taxes	3,396,930	3,287,738	109,192	3%
Principal paid on pension bonds	(325,000)	(275,000)	(50,000)	18%
Interest paid on pension bonds	(590,807)	(613,087)	22,280	-4%
Net cash provided by noncapital financing activities	10,554,285	16,152,699	(5,598,414)	-35%
Cash flows from capital and related financing activities				
Purchase of capital assets	(1,562,957)	(1,172,149)	(390,808)	33%
Proceeds from sale of capital assets	955	-	955	
Proceeds from capital gifts and grants	161,212	-	161,212	
Proceeds from Full Faith and Credit obligations 2014	8,592,645	-	8,592,645	
Principal paid on full faith and credit obligations 2010	(135,000)	(135,000)	-	0%
Principal paid on full faith and credit obligations 2014	-	-	-	
Interest paid on full faith and credit obligations 2010	(215,284)	(183,426)	(31,858)	17%
Interest paid on full faith and credit obligations 2014	(138,831)	-	(138,831)	
Full Faith and Credit obligations 2014 issue costs	(89,630)	-	(89,630)	
Net cash used in capital & related financing activities	6,613,110	(1,490,575)	8,103,685	-544%
Cash flows from investing activities				
Investment income	56,008	53,067	2,941	6%
Net increase in cash and cash equivalents	2,996,761	2,363,764	632,997	27%
Cash and cash equivalents - beginning of year	9,992,595	7,628,831	2,363,764	31%
Cash and cash equivalents - end of year	\$ 12,989,356	\$ 9,992,595	\$ 2,996,761	30%

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.

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

The other significant change is reflected in cash used for capital and related financing activities. Cash provided by capital and related financing activities increased significantly due to the receipt of the proceeds from Full Faith and Credit Obligations 2014 designated to the construction of the

Health Nursing and Science Building. Cash used in capital and related financing activities consisted of \$1.6M for expenditures related to the capital assets, and debt service payments of \$578,745.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2015 amounts to \$18,923,611 net of accumulated depreciation. 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. Major capital increases during the fiscal year included construction in process of the Health, Nursing and Science Building, equipment purchases for the viticulture and enology program through Economic Development Administration, information technology equipment and pool refurbishment. More detailed information about the College's capital assets is included in Note 4 to the financial statements.

Long-term Debt

The College's total debt increased \$7,905,000 during the current fiscal year due to the issuance of the Full Faith and Credit Obligations 2014 designated for the construction of the Health, Nursing and Science Building. At the end of the current fiscal year, the college had total debt outstanding of \$21,985,000 as follows:

Debt	Amount	Repayment Source
Pension Bonds	\$10,525,000	General College Operations
2010 Full Faith and Credit Obligations	3,555,000	General College Operations
2014 Full Faith and Credit Obligations Series A	5,500,000	Foundation capital campaign
2014 Full Faith and Credit Obligations Series B	2,405,000	General College Operations (Legacy Fee)

Note 12 of the financial statements presents UCC's long-term debt structure.

Budgetary Highlights

The College adopts an annual budget at each fund's major expenditure function level on a non-GAAP budgetary basis of accounting for governmental funds. Differences between the original budget and the final amended budget in the General Fund resulted primarily from spending adjustments between organizational units.

For more information, please refer to the budgetary statements beginning with Schedule 1; Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual; General Fund.

Economic Factors and Next Year's Budget

Douglas County's economy is still recovering from a severe recession that ended in late 2009. Over the year Douglas County added 540 jobs, an increase of 1.6%. The unemployment rate has been declining from peaking at 16.3% in April of 2009 to 7.6% in the month of June 2015. Wages in Douglas County are roughly 79% of statewide wages and 72% of the nation's. The college experienced a large drop in enrollment during the 12-13, and 13-14 fiscal years as the enrollment bubble that occurred due the recession moved on. In 2014-15 enrollment started to stabilize to pre-recession levels. As a result, the budget for 15-16 was developed with an assumption that enrollment would remain flat. The Board increased tuition by \$2.00 for the 15-16 fiscal year. Legacy Fee of \$7.00 per credit was established to maintain the College's capital assets and infrastructure. Enrollment sustainability and the trend of declining state resources continue to be a concern.

State Resources

The mix of core funding for community colleges between state support, property taxes and tuition has changed over the past 20 or more years. Community colleges started to depend less on local property tax revenues while relying more on state support and tuition. The projected funding level for community colleges as a whole for the biennium is \$550M, a 22% increase over the 2013 session appropriation. However, as state resources are based on an average of the prior three years of enrollment and Umpqua Community College has experience several years of enrollment decline, the college's portion of state allocation will be negatively impacted. There has been considerable discussion on the state level to look at new factors other than the current enrollment measure to base the distributions of the state appropriations for community colleges. Options include using measures of student success or completion such as the number of diplomas or certificates awarded by individual community colleges.

PERS

The retirement system continues to put stress on the College's economy. The UAL was funded through a bond issue. By funding the UAL, the College intended to lessen the cost over the long run. Note 12 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 the economic downturn and drop in stock prices during 2008 and 2009. 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. Higher system costs will be reflected in December 31, 2015 rate-setting valuation which determines 2017-2019 employer contribution rates. The College adjusted PERS employer contribution rates for 2015-16 fiscal year to the rates provided by the PERS Board based on 12/31/2013 valuation date. In prior years, the College had built up a reserve of roughly \$1 million against possible future rate increases.

The Budget

Highlights of the 2015-2016 Budget:

UCC continues to maintain one of the lowest tuition rates out of the 17 community colleges in the State of Oregon. We are expecting a decreased state allocation due to the declining enrollment UCC has experienced since the recession ended. Most areas have been subjected to a decrease in materials and services budgets in order to balance the overall budget. The budget included no step increases or administrative adjustments and 5 furlough days for all full-time employees.

The following is a list of some of the main drivers and requirements of the budget:

- Maintain a reserve of 8% of the operational budget for emergency needs only

- Continue establishment of PERS Unfunded Actuarial Liability Reserve, so that the bond payments remain at a level amount throughout the repayment period
- Maintain current service levels as much as possible

Requests for Information

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

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

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

UMPQA COMMUNITY COLLEGE

ROSEBURG, OREGON

Statement of Net Position

As of June 30, 2015

Assets

Current assets:		
Cash and investments	\$	12,989,356
Receivables, net of allowance for uncollectibles:		
Property Taxes		351,659
Accounts/grants		2,421,899
Accounts Receivable - Due from Foundation		5,429,229
Inventories		389,200
Prepaid expenses		496,617
Total current assets		<u>22,077,959</u>
Noncurrent assets:		
Pension asset		2,404,791
Other Post Employment Benefits Asset		-
Unamortized bond issue costs		-
Capital assets:		
Land		156,353
Art Collection		80,500
Musical Instrument Collection		49,200
Construction in process		1,734,060
Buildings and improvement		27,233,749
Land improvements		761,080
Infrastructure		1,893,548
Equipment		5,665,012
Vineyard Development		18,424
Intangible assets		364,132
Less accumulated depreciation		<u>(19,032,447)</u>
Total noncurrent assets		<u>21,328,402</u>
Total assets		<u>43,406,361</u>

Deferred Outflows

-

Liabilities

Current liabilities		
Accounts payable		336,107
Accounts payable - Due To Foundation		-
Payroll liabilities		1,897,300
Compensated absences		311,282
Unearned revenue		1,176,312
Current Maturities of long-term obligations		<u>515,000</u>
Total current liabilities		<u>4,236,002</u>
Noncurrent liabilities-long-term obligations		
Pension bonds payable		10,525,000
Full Faith and Credit Obligations payable 2010		3,555,000
Full Faith and Credit Obligations payable 2014 Series A		5,942,035
Full Faith and Credit Obligations payable 2014 Series B		2,591,670
Other postemployment benefits		97,857
Total long-term obligations		<u>22,711,562</u>
Less current maturities		<u>(515,000)</u>
Total noncurrent liabilities - long-term obligations		<u>22,196,562</u>
Total liabilities		<u>26,432,564</u>

Deferred Inflows

3,426,891

Net Position

Invested in capital assets, net of related debt	<u>14,267,531</u>
Restricted for debt service	4,993,976
Restricted for student financial aid	-
Restricted for grants and contracts	<u>31,050</u>
Total restricted net position	<u>5,025,025</u>
Unrestricted	<u>(5,745,650)</u>
Total net position	<u>\$ 13,546,907</u>

The accompanying notes are an integral part of this statement.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Operating revenues:	
Tuition and fees	\$ 3,283,655
Federal student financial aid grants	8,216,554
Intergovernmental federal grants and contracts	2,070,006
Intergovernmental state grants and contracts	1,922,419
Local grants and contracts	1,186,228
Bookstore sales	673,607
Food service sales	300,309
Incubator Program	5,184
Other operating revenue	747,840
Total operating revenue	18,405,802
Operating expenses:	
Instruction	9,431,652
Instructional support	2,369,864
Student services	5,871,695
College support services	6,887,428
Community services	114,784
Student financial aid	5,315,418
Facilities acquisition /construction	512,951
Depreciation	1,408,349
Total operating expenses	31,912,141
Operating loss	(13,506,339)
Nonoperating Revenues-(expenses)	
State community college support	8,073,162
Property taxes	3,384,933
Investment Income	56,008
Investment gain (loss) on pension asset	-
Amortization of bond premium	58,940
Interest expense	(944,922)
Bond issue costs	(89,630)
Gain on disposition of capital assets	955
Total nonoperating revenues-(expenses)	10,539,446
Loss before Other revenues and gains	(2,966,893)
Capital Gifts and Grants	5,150,471
Change in net assets	2,183,578
Net position - beginning of year	27,065,333
Less restatement	(15,702,004)
Restated Net Position - beginning of year	11,363,329
Net position -end of year	\$ 13,546,907

The accompanying notes are an integral part of this statement.

UMPQUA COMMUNITY COLLEGE

ROSEBURG, OREGON

Statement of Cash Flows

Year Ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	\$ 4,035,079
Federal student financial aid grants	8,176,874
Intergovernmental grants and contracts	4,233,987
Nongovernmental grants and contracts	1,205,565
Bookstore sales	745,702
Food service sales	292,311
Incubator Program Sale	5,184
Other cash receipts	240,639
Payments to employees for services	(19,542,266)
Payments to suppliers for goods and services	(8,304,299)
Payments for student financial aid grants	(5,315,418)
	<hr/>
Net cash used in operating activities	(14,226,642)
Cash flows from noncapital financing activities:	
Cash received from State community college support	8,073,162
Cash received from property taxes	3,396,930
Principal paid on pension bonds	(325,000)
Interest paid on pension bonds	(590,807)
	<hr/>
Net cash provided by noncapital financing activities	10,554,285
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,562,957)
Proceeds from sale of capital assets	955
Proceeds from capital gifts and grants	161,212
Proceeds from Full Faith and Credit Operations 2014	8,592,645
Principal paid on full faith and credit obligations 2010	(135,000)
Principal paid on full faith and credit obligations 2014	-
Interest paid on full faith and credit obligations 2010	(215,284)
Interest paid on full faith and credit obligations 2014	(138,831)
Full Faith and Credit obligations 2014 issue costs	(89,630)
	<hr/>
Net cash used in capital and related financing activities	6,613,110
Cash flows from investing activities:	
Investment income	56,008
	<hr/>
Net increase in cash and cash equivalents	2,996,761
Cash and cash equivalents-beginning of year	<hr/>
	9,992,595
Cash and cash equivalents-end of year	<hr/>
	\$ 12,989,356

The accompanying notes are an integral part of this statement.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Statement of Cash Flows

Year Ended June 30, 2015

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

Operating Loss \$ (13,506,339)

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

Depreciation 1,408,349

Amortization of pension asset (3,269,843)

Decrease-(increase) in:

 Accounts/grants receivable 5,292,480

 Due from others (4,860,860)

 Inventories 14,557

 Prepaid expenses 46,185

 Other postemployment benefits -

Increase-(decrease) in:

 Accounts payable (375,632)

 Payroll liabilities 910,649

 Compensated absences (21,070)

 Other postemployment benefits 39,166

 Due to others (2,203)

 Unearned Revenue 97,918

Total adjustments (720,302)

Net cash used in operating activities \$ (14,226,642)

Noncash capital, investing and financing activities:

Gain From pensions asset -

Pension asset -

Total noncash capital, investing and financing activities \$ -

The accompanying notes are an integral part of this statement.

UMPQUA COMMUNITY COLLEGE FOUNDATION
Statement of Financial Position
June 30, 2015
With Comparative Totals for 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 934,351	\$ 610,292
Cash Held in Investment Accounts	238,624	346,983
Restricted Cash - SOWI Pledges	-	2,812
Total Cash and Cash Equivalents	<u>1,172,975</u>	<u>960,087</u>
Contributions Receivable, Current Portion	263,639	68,868
Other Receivables - Due from UCC	-	2,203
Other Receivables - UCC Foundation Holding Company, Inc.	18,608	-
Other Receivables	1,173	183
Accrued Interest Receivable - Related Entities	-	273
Treasury Bonds - HNS Investments	3,725,910	-
Total Current Assets	<u>5,182,305</u>	<u>1,031,614</u>
OTHER ASSETS		
Contributions Receivable, net of Current Portion and Discount	654,882	303,489
Note Receivable, Hundred Valleys Mgmt. Services Corp.	28,678	28,678
Note Receivable, UCC Foundation Holding Co., Inc.	20,646	20,646
Investments, at Fair Value	8,632,542	9,224,510
Government Bonds	-	4,522
Investment in UCC Foundation Holding Co., Inc.	1,039,023	1,039,023
Inventory - Donated Autos	1,050	1,050
Permanent Art Collection	6,350	6,350
Total Other Assets	<u>10,383,171</u>	<u>10,628,268</u>
TOTAL ASSETS	<u>\$ 15,565,476</u>	<u>\$ 11,659,882</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,201	\$ 4,245
Accounts Payable - Due to UCC	24,434	77,034
Scholarships Payable	-	1,634
Current Portion - Due to UCC - HNS Pledges Payable	4,061,759	-
Current Portion - Due to UCC - DLC Pledges Payable	218,309	188,000
Total Current Liabilities	<u>4,309,703</u>	<u>270,913</u>
LONG-TERM LIABILITIES		
Share of Deficiency in Assets of Hundred Valleys Mgmt. Services Corp.	4,672	4,058
Due to UCC - HNS Pledges Payable, net of Current Portion	927,500	-
Due to UCC - DLC Pledges Payable, net of Current Portion	197,227	301,702
Total Long-Term Liabilities	<u>1,129,399</u>	<u>305,760</u>
TOTAL LIABILITIES	<u>5,439,102</u>	<u>576,673</u>
NET ASSETS		
Unrestricted	(27,857)	490,819
Unrestricted - Board Designated	89,176	119,741
Total Unrestricted	<u>61,319</u>	<u>610,560</u>
Temporarily Restricted	2,854,031	3,198,645
Permanently Restricted	7,211,024	7,274,004
TOTAL NET ASSETS	<u>10,126,374</u>	<u>11,083,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,565,476</u>	<u>\$ 11,659,882</u>

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

UMPQUA COMMUNITY COLLEGE FOUNDATION
Statement of Activities
For the year Ended June 30,2015
With Comparative Totals for 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
SUPPORT AND REVENUE:					
Donations & Pledges	\$ 3,368	\$ 4,596,288	\$ 117,425	\$ 4,717,081	\$ 3,071,279
Investment Income, net of Investment Expense	1,865	138,826	-	140,691	150,713
Investment Income from Affiliate	-	18,608	-	18,608	-
Other Income	4,314	19,494	-	23,808	50,629
In-Kind Support from Umpqua Community College	247,488	-	-	247,488	242,832
Net Realized Gains on Investments	9,152	644,355	-	653,507	476,621
Net Unrealized Losses on Investments	(8,248)	(593,259)	-	(601,507)	633,694
Equity in Net Income of Affiliates	(14,839)	14,225	-	(614)	(17,036)
	243,100	4,838,537	117,425	5,199,062	4,608,732
Transfers between Restrictions	-	-	-	-	-
Net Assets Released from Restrictions	5,363,556	(5,183,151)	(180,405)	-	-
Total Support and Revenue	<u>5,606,656</u>	<u>(344,614)</u>	<u>(62,980)</u>	<u>5,199,062</u>	<u>4,608,732</u>
EXPENSES AND OTHER LOSSES:					
Scholarships & Student Support	487,619	-	-	487,619	389,053
Program Support	5,358,600	-	-	5,358,600	376,552
Net Unrealized Losses on Investments	-	-	-	-	-
Fundraising & Special Events	125,113	-	-	125,113	102,381
Total Expenses	<u>6,155,897</u>	<u>-</u>	<u>-</u>	<u>6,155,897</u>	<u>1,087,763</u>
Total Expenses and Other Losses	<u>6,155,897</u>	<u>-</u>	<u>-</u>	<u>6,155,897</u>	<u>1,087,763</u>
CHANGE IN NET ASSETS	(549,241)	(344,614)	(62,980)	(956,835)	3,520,969
NET ASSETS, beginning of year	<u>610,560</u>	<u>3,198,645</u>	<u>7,274,004</u>	<u>11,083,209</u>	<u>7,562,240</u>
NET ASSETS, end of year	<u>\$ 61,319</u>	<u>\$ 2,854,031</u>	<u>\$ 7,211,024</u>	<u>\$ 10,126,374</u>	<u>\$ 11,083,209</u>

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

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ORGANIZATION AND OPERATION

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

REPORTING ENTITY

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 Board of Trustees of the Foundation is self-perpetuating. 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.

BASIS OF PRESENTATION

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

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenue in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

OPERATING REVENUES AND EXPENSES

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

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except the property taxes received after year-end are not considered budgetary resources in the funds, 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 may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

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

LEVEL OF CONTROL

Instruction	Instructional Support
Community Services	Student Services
College Support Services	Other Uses – Debt Service and Interfund Transfers
Facilities Acquisition & Construction	Operating Contingency

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

PROPERTY TAXES RECEIVABLE

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.

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

GRANTS

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

INVENTORIES

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

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 fair market value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

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	5-10 years
Land Improvements	50 years
Infrastructure	50 years
Intangible Assets	3 years

COMPENSATED ABSENCES

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

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized fully in the period which they were incurred per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. During the 1996-1997 fiscal year, the State legislature passed HB 2610 that allows community colleges to incur bonded indebtedness.

INVESTMENTS

Investments are carried at fair value. During the year, investments were held in the Oregon Local Government Investment Pool which is authorized by Oregon law. For purposes of the statement of cash flows, cash, demand deposits, the Oregon Local Government Investment Pool and short-term investments purchased with original maturities of three months or less are considered to be cash and cash equivalents.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

LEASES

Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases. Leases which do not meet criteria of a capital lease are classified as operating leases.

RETIREMENT PLAN

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

NET POSITION

Net position comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position are classified in the following three categories:

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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. As a separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

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

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

Deposits with Financial Institutions:	
Petty Cash	\$ 8,550
Demand Deposits	2,388,806
Investments	<u>10,592,000</u>
 Total Cash and Investments	 <u>\$ 12,989,356</u>

DEPOSITS

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

INVESTMENTS

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

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

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

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's investment pool	<u>\$ 10,592,000</u>	<u>\$ 10,592,000</u>	<u>\$ -</u>	<u>\$ -</u>
 Total	 <u>\$ 10,592,000</u>	 <u>\$ 10,592,000</u>	 <u>\$ -</u>	 <u>\$ -</u>

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2015 the fair value of the College's position in the LGIP approximates the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

Interest Rate Risk

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

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

Deposit Risk

At year-end, the net carrying amount of deposits was \$2,388,806 and the bank balance was \$3,168,562, of which \$250,000 was covered by federal depository insurance. Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank.

Concentration of Credit Risk

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. The fair value of the College's position in the pool is substantially the same as the value of the College's participant balance. The investment in the Oregon Local Government Investment Pool is 100% of total investments.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2015 can be found in the audited financial report of the fund on the State Treasurer's website.

3. ACCOUNTS/GRANTS RECEIVABLE

Accounts and grants receivable are comprised of claims for reimbursement of costs under various federal state and local grant programs. Management has estimated an allowance for uncollectible accounts receivable from students. Management expects to collect all grants receivable.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

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

	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Capital Assets Not Being Depreciated				
Land	156,353	-	-	156,353
Construction in Process	754,116	1,079,914	(99,970)	1,734,060
Musical Instrument Collection	49,200			49,200
Art	80,500			80,500
Total Capital Assets Not Being Depreciated	1,040,169	1,079,914	(99,970)	2,020,113
Capital Assets Being Depreciated				
Land Improvement	761,080			761,080
Infrastructure	1,893,548			1,893,548
Vineyard Development	18,424			18,424
Buildings & Improvements	27,227,499	6,250		27,233,749
Intangible Assets	327,818	36,314		364,132
Equipment	5,213,344	540,449	(88,781)	5,665,012
Total	35,441,713	583,013	(88,781)	35,935,945
Accumulated Depreciation				
Land Improvement	69,965	15,221		85,186
Infrastructure	189,355	37,871		227,226
Vineyard Development	2,193	2,193		4,386
Buildings & Improvements	13,617,778	734,206		14,351,984
Intangible Assets	327,818	33	-	327,851
Equipment	3,505,770	618,825	(88,781)	4,035,814
Total	17,712,879	1,408,349	(88,781)	19,032,447
Net capital assets being depreciated	17,728,834			16,903,498
Total Net Capital Assets	18,769,003			18,923,611

5. RETIREMENT PLAN

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i) **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if greater benefits result.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

ii) Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

iii) Disability Benefits. A member with 10 or more years of creditable service who becomes disable 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.

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

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

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

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

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

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

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

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$1,213,382, excluding amounts to fund employer specific liabilities.

At June 30, 2015, the College reported a net pension asset of \$2,404,791 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the College's proportion was 0.106 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,640,273
Changes in proportion and differences between District contributions and proportionate share of contributions	-	23,528
	-	4,663,801
Subtotal - Amortized Deferrals (below)	-	4,663,801
District contributions subsequent to measurement date	1,236,910	-
Net deferred outflow (inflow) of resources		\$ (3,426,891)

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

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

Year ending June 30,	Amount
2016	\$ (1,165,183)
2017	\$ (1,165,183)
2018	\$ (1,165,183)
2019	\$ (1,165,183)
2020	\$ (3,069)
Thereafter	-
Total	\$ (4,663,801)

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

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

Actuarial Valuations – The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount 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.

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 5,088,106	\$ (1,772,705)	\$ (8,738,216)

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

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

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

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

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

	June 30, 2014 Measurement Date for all PERS Employers (in millions)	
	Pre- Moro	Post- Moro
Net pension liability		
Total pension liability	\$ 63,135	\$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	<u>-2,267</u>	<u>2,650</u>

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700, http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

6. POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

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

Funding Policy

Contribution requirements are established through College policy. In general, the College contributes towards insurance premiums for retirees and their spouses the same amount contributed towards insurance premiums for active employees with the retirees paying the balance of the premiums. Funding is on a pay-as-you-go basis. During 2014-15, the College contributed \$124,683 to the plan. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

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

	2014-15	2013-14	2012-13
Annual required contribution	\$ 170,206	\$ 170,206	\$ 204,643
Interest on net OPEB obligation	1,761	576	(1,646)
Adjustment to annual required contribution	(8,117)	(2,657)	6,842
Annual OPEB cost	163,850	168,125	209,839
Contributions made	(124,683)	(128,644)	(135,755)
Increase-(decrease) in net OPEB obligation	39,167	39,481	74,084
Net OPEB obligation (asset) - beginning of year	58,691	19,210	(54,874)
Net OPEB obligation (asset) - end of year	<u>\$ 97,857</u>	<u>\$ 58,691</u>	<u>\$ 19,210</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013-14 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 209,839	64.7%	\$ 19,210
6/30/2014	\$ 168,125	76.5%	\$ 58,691
6/30/2015	\$ 163,850	76.1%	\$ 97,857

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,015,085 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,015,085. The anticipated covered payroll (annual payroll of active employees covered by the plan) was \$4,371,556, and the ratio of the UAAL to the anticipated covered payroll was 23.2%.

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

In the actuarial valuation conducted as of June 30, 2015, the entry age normal cost method was used. The unfunded actuarial accrued liability is being amortized using the level-dollar method over a 30-year period. Actuarial assumptions included a discount rate of 3% and an annual healthcare cost trend rate of 8% initially, reduced gradually to an ultimate rate of 5% over ten years.

7. OPERATING LEASES

There are four operating lease arrangements for the use of facilities for classrooms and operations. The first lease for the Diamond Lake Avenue building consists of a monthly payment of \$3,900 and expires on February 15, 2017. The second lease for the Umpqua Business Center consists of a monthly payment of \$1,931 and expires on June 20, 2016. The final lease for South Umpqua School District consists of a monthly payment of \$2,500.00 through July 1, 2018.

The lease obligations payable are not recorded in the Statement of Net Position. The lease expense for the year ended June 30, 2015 was \$98,042.

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, 2015:

<u>Fiscal Year Ending June 30,</u>		
2016	\$	99,330
2017		61,200
2018		30,000
2019		36,533
Total Minimum Future Rentals	\$	<u><u>227,063</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 2018, or what is shown above, is \$4,203,703.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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.

9. 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.

10. 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.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

11. INTERFUND BALANCES AND TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 300,000	\$ 1,761,992
Financial Aid Fund	47,062	-
Administratively Restricted Fund	110,000	1,735
Insurance Fund	230,000	-
Debt Service Fund	1,243,196	-
Capital Projects Fund	100,000	-
Enterprise Fund	-	300,000
Agency Fund	33,469	-
	<u>\$ 2,063,727</u>	<u>\$ 2,063,727</u>

Transfers are used to fund operations between funds.

12. LONG TERM DEBT

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year
Pension Bonds Payable	\$ 10,850,000	\$ -	\$ 325,000	\$ 10,525,000	\$ 375,000
Full Faith and Credit 2010	3,690,000	-	135,000	3,555,000	140,000
Full Faith and Credit 2014	-	7,905,000	-	7,905,000	-
Total	<u>\$ 14,540,000</u>	<u>\$ 7,905,000</u>	<u>\$ 460,000</u>	<u>\$ 21,985,000</u>	<u>\$ 515,000</u>

Full Faith and Credit Obligations 2010

In September 2010, \$4,250,000 of general obligation 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 1.017% to 5.804%.

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 4.05% to 5.53%.

Full Faith and Credit Obligation 2014

In December 2014, \$5,500,000 of general obligation Full Faith and Credit Obligations, Series 2014A and \$2,405,000 of general obligation Full Faith and Credit Obligations, Series 2014B were issued to finance real and personal property including the construction, equipping and furnishing of a 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 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

12. LONG TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015-2016	375,000	573,169	948,169
2016-2017	435,000	554,430	989,430
2017-2018	500,000	532,258	1,032,258
2018-2019	570,000	506,273	1,076,273
2019-2020	650,000	475,265	1,125,265
2021-2024	4,620,000	1,750,895	6,370,895
2025-2029	3,375,000	344,520	3,719,520
	<u>\$ 10,525,000</u>	<u>\$ 4,736,810</u>	<u>\$ 15,261,810</u>

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 \$79,617 during the fiscal year ended June 30, 2015. Future subsidies expected to be received from the Department of Treasury total \$951,150. The IRS announced that effective October 1, 2015 the amount of refundable credit received will be reduced by 6.82%.

Future maturities for the Full Faith and Credit Obligations, Series 2010 and 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015-2016	140,000	490,610	630,610
2016-2017	140,000	486,174	626,174
2017-2018	255,000	481,318	736,318
2018-2019	255,000	473,490	728,490
2019-2020	265,000	465,300	730,300
2020-2025	6,920,000	1,949,402	8,869,402
2025-2030	1,680,000	715,274	2,395,274
2030-2035	1,805,000	267,616	2,072,616
2035-2039	-	-	-
	<u>\$ 11,460,000</u>	<u>\$ 5,329,184</u>	<u>\$ 16,789,184</u>

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. RECONCILIATION OF BUDGETARY FUND BALANCES TO NET POSITION

Total Budgetary Fund Balances as of June 30, 2015:

General	\$ 3,792,580
Financial Aid	-
Administratively Restricted	852,807
Special Projects - Grants and Contracts	31,050
Insurance	291,370
Debt Service	7,384,631
Capital Projects	7,779,298
Internal Service	-
Enterprise	503,859
Agency	29,042
Total Fund Balances	<u>\$ 20,664,635</u>

14. RESTATEMENT OF BEGINNING NET POSITION

Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows:

Net position-Beginning as previously reported	\$ 27,065,333
Pension asset for prepaid as of 6/30/14	(11,410,061)
Proportionate share of net pension liability at prior measurement date	(5,414,004)
Net outflow/(inflows) of resources (prior year employer contributions)	1,122,061
Net position-Beginning as restated	<u>\$ 11,363,329</u>

UMPQUA COMMUNITY COLLEGE FOUNDATION
(A DISCRETELY PRESENTED COMPONENT UNIT)
ROSEBURG, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. ORGANIZATION

The Umpqua Community College Foundation (the Foundation) was formed to encourage, receive and administer gifts and bequests for the support of Umpqua Community College (the College) and its students. The majority of the contributions received by the Foundation are made by residents or entities that are located primarily in Douglas County, Oregon.

The College provides assistance to the Foundation with the use of College facilities, equipment and shared staffing costs for the operation and administration of the Foundation's activities. The value of this assistance has been recorded as in-kind support and expenses in these financial statements. See also Note 6.

B. BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recognized when incurred.

C. FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958 (formerly the Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations).

The Foundation is required to report information regarding its net assets and revenues, expenses, gains, and losses, which are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as one of three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated by the board of directors for specific purposes, but these designations can be changed as future circumstances dictate.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets

Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. The fair value of certain financial instruments result in a different value measurement at the reporting date.

D. INVESTMENT AND SPENDING POLICY

The Foundation has an investment guidelines policy that was originally adopted in 1999 and has been subsequently revised as considered necessary. The Foundation's investment advisors are given wide discretion in the selection of the investment portfolio. The portfolio may include common stocks, preferred stocks, convertibles, government bonds, corporate bonds, and cash equivalents. In order to manage risk, the portfolio shall be highly diversified with representation in all market sectors. The Foundation is currently in the process of reviewing and modifying its investment policy.

Oregon Revised Statutes 128.305 to 128.336, cited as the Uniform Prudent Management of Institutional Funds Act, establishes requirements for the management and expenditure of endowment funds. The Foundation has not adopted a spending policy which would further limit its spending choices.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CASH AND CASH EQUIVALENTS AND CASH HELD FOR INVESTMENT PURPOSES

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

F. ALLOWANCE FOR DOUBTFUL PLEDGES AND PLEDGES PAST DUE

The allowance method is used to provide for uncollectible pledges receivable. At June 30, 2015, management believed that all pledges receivable were fully collectible. At June 30, 2015, the balance of pledges receivable past due ninety days or more was \$10,100. See Note 3.

G. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises made by donors to give to the Foundation. Such amounts are recorded as contribution revenue at the time the unconditional promise is made, with an allowance made for estimated uncollectible amounts as considered necessary. The balance of pledges receivable at June 30, 2015 was \$941,139. See Note 3.

H. INVENTORY

Inventory consisted primarily of vehicles donated to the automotive program as learning tools. The vehicles are recorded at their estimated fair value when received, and are either sold or scrapped once the automotive program has finished working with them. Inventory is stated at lower of cost or fair value and is expensed using the specific identification method. See Note 4.

I. COLLECTIONS

The permanent art collection is stated at cost or, for contributed assets, at their estimated fair value on the date of donation. Management expects that these assets will retain or appreciate in value, and are not subject to depreciation. The collection consists of historical artifacts related to the production of wine.

J. DONATED ASSETS

Donated marketable securities and other non-cash donations are recorded as contributions when received. Marketable securities are usually valued at their quoted, actively-traded market price at the end of the trading day as of the date of donation. Other donated assets are valued at their estimated fair value on the date donated.

K. INVESTMENTS

Investments are carried at fair value in the statement of financial position, and realized and unrealized gains and losses are reflected in the statement of activities. Gains and losses are reported as increases or decreases in the unrestricted class of net assets unless the donor places temporary or permanent restrictions on the gains and losses. Investment income is also reported as an increase in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the nature of restrictions. Substantially all of the Foundation's investments are managed by professional investment advisors chosen by the Foundation. See Note 5.

L. INCOME TAX STATUS

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. The Foundation had no unrelated business income during the year ended June 30, 2015, and accordingly, no provision for income taxes has been made in these financial statements. The informational federal Form 990 is filed annually along with an annual state filing required by the Oregon Department of Justice. The Foundation's management is not aware of any uncertain tax positions which could affect their tax-exempt status or lead to a change in their tax liabilities. At June 30, 2015, the federal and state returns for the tax years 2011 through 2014 remained open to examination.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. ADVERTISING COSTS

Advertising costs are expensed as incurred. Total advertising expense was \$4,468 for the year ended June 30, 2015. These expenses were reported as advertising expense in the program support and management and general categories in the statement of functional expenses.

N. FUNDRAISING EXPENSES

The Foundation acts as a fiduciary for several clubs and programs that support activities and groups at the College. For purposes of the statement of functional expenses, any fundraising that the clubs and programs do is presented as program support expense rather than fundraising expense.

O. 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2015:

Cash on Hand	\$ 250	
Cash Deposits with Financial Institutions		934,101
Cash Equivalents in Money Market Accounts		238,624
 Total Cash and Cash Equivalents	 \$ 1,172,975	

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2015 were as follows:

Receivable in less than one year	\$ 263,639	
Receivable in one to five years	677,500	
Total Contributions Receivable		941,139
 Less: discounts to net present value		 (22,618)
 Net Contributions Receivable		 \$ 918,521

Contributions receivable consists of two separate pledge campaigns. The discount to net present value was computed using 2.8% for one campaign, and 2.2% for the second campaign, which was the applicable federal rate (AFR) at the time the pledges were originally made. Foundation's investment advisor (including money market accounts), interest on investments held by the Foundation, and interest earned on the Foundation's bank accounts and investments.

NOTE 4 – INVENTORIES

Inventories consisted of several donated autos valued at \$1,050 at June 30, 2015.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows: Level 1 – Quoted prices in active markets for identical securities. Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others). Level 3 – Significant unobservable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments in mutual funds and asset backed securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments may result in a different value measurement at the reporting date.

Substantially all of the Foundation's investments were held in investment portfolios managed by two separate investment advisory firms chosen by the Foundation. Fair value at June 30, 2015 for the Foundation's investments was as follows:

	<u>Fair Value – Level 1</u>
Equities:	
Common Stocks and Mutual Funds	\$ 6,335,903
Other Equities	704,608
Fixed Income	1,570,169
Accrued Interest	<u>21,862</u>
Total Investments	<u>\$ 8,632,542</u>

he following summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2015. Investment income includes revenues from investments managed by the Foundation's investment advisors (including money market accounts) and interest on investments held by the Foundation.

	Based on			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Investment income, net of				
\$61,626 investment expenses	\$ 1,865	\$ 138,826	\$ --	\$ 140,691
Net realized gains (losses) on investments	9,152	644,355	--	653,507
Net unrealized gains (losses) on investments	(8,248)	(593,259)	--	(601,507)
Equity in net income of affiliates	<u>(14,839)</u>	<u>14,225</u>	<u>--</u>	<u>(614)</u>
Total	<u>\$ (12,070)</u>	<u>\$ 204,147</u>	<u>\$ --</u>	<u>\$ 192,077</u>

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – DONATED FACILITIES AND OTHER IN-KIND SUPPORT

The Foundation receives the rent-free use of their facilities, staffing costs, and other in-kind support from Umpqua Community College. The total value of this support for the year ended June 30, 2015 was \$247,488 and was comprised of the following:

In-Kind Payroll, Payroll Taxes, and Benefits	\$ 197,673
In-Kind Occupancy Costs	18,000
In-Kind Operating Expenses	26,787
In-Kind Staff Travel	5,028
Total College In-Kind Support	\$ 247,488

The revenue is presented on the statement of activities, and the expenses are presented in the statement of functional expenses in these financial statements.

NOTE 7 – BOARD DESIGNATED NET ASSETS

Board designated net assets, totaling \$89,176 at June 30, 2015 consisted of unrestricted net assets designated by the Foundation's Board of Directors for the purpose of establishing Funds for Innovation and for establishing a contingency fund.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets as of June 30, 2015 consisted of the following:

Restricted for scholarships to students	\$ 2,735,740
Restricted for loans to students	106,225
Restricted for other student support	7,223
Restricted for Southern Oregon Wine Institute	(88,751)
Restricted for Health, Nursing, and Science Building	(14,521)
Restricted for UCC club and program support	<u>108,115</u>
Total temporarily restricted net assets	<u>\$ 2,854,031</u>

Temporarily restricted net assets of \$5,183,151 were released from donor restrictions during the year by incurring expenses satisfying the restricted purposes specified by the donors.

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2015 consisted primarily of endowment funds which are permanently restricted as stipulated by the donors. These monies are invested by the Foundation and the earnings from the investments are used primarily to provide scholarships for students of the College. Permanently restricted net assets at June 30, 2015 consisted of the following:

Restricted for endowments	\$ 7,101,024
Restricted for art gallery	<u>110,000</u>
Total permanently restricted net assets	<u>\$ 7,211,024</u>

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – ENDOWMENTS

Umpqua Community College Foundation's endowment consisted of 90 individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (Act) as requiring the preservation of the fair value of the original gift as of the date of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by the Act.

NOTE 11 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2015, the Foundation purchased goods and services from many local and regional businesses, which are either wholly owned, partially owned, or employ certain members of the Foundation's Board of Directors. Legal services were provided to the Foundation and its related entities by a law firm partially owned by a member of the Board of Directors.

A member of the Board of Directors partially owns an insurance agency that the Foundation purchases some of its insurance policies through, and the agency receives a commission on the sale of the policy. The spouses of two of the members of the Board of Directors are employed at an investment advisory firm that the Foundation hires to manage part of its investments. The total amount of investment fees paid to this investment firm was \$17,883 during the year. The Foundation also conducts business with a regional bank which also employs a member of the Board of Directors.

Effective February 28, 2014, the Foundation's board approved a loan to a wholly-owned subsidiary, Hundred Valleys Management Services Corp. (HVMS – see also Note 12). The funds were used to cover HVMS's initial start-up costs and provide it with operating capital. The principal portion of the note receivable is unsecured and due and payable in full in February 2019. During the term of the note, interest accrues at 1.65% per annum, payable annually to the Foundation. The amount of the note receivable at June 30, 2015 was \$28,678. The amount of interest income received by the Foundation on this note during the year was \$473. Effective February 28, 2014, the Foundation's board approved a loan to a controlled entity, UCC Foundation Holding Company, Inc. (Holding Company - see also Note 12). The funds were used to cover the Holding Company's initial start-up costs and provide it with operating capital. The principal portion of the note receivable is unsecured and due and payable in full in February 2019. During the term of the note, interest accrues at 1.65% per annum, payable annually to the Foundation. The amount of the note receivable at June 30, 2015 was \$20,646. The amount of interest income received by the Foundation on this note during the year was \$341.

NOTE 12 – SUBSIDIARIES AND CONTROLLED ENTITIES

During the year ended June 30, 2014, the Foundation purchased 100 shares of stock in Hundred Valleys Management Services Corp. (HVMS), an Oregon corporation. The Foundation owns 100% of the outstanding stock of HVMS. The Foundation accounts for its investment in HVMS using the equity method, which is a departure from U.S. GAAP (See Note 1P). At June 30, 2015, the Foundation's share of HVMS's losses is greater than its carrying value. The Foundation is continuing to account for this investment using the equity method as it is committed to further financial support of HVMS as necessary. Consequently, the investment in HVMS is currently shown as a liability on the statement of financial position.

UMPQUA COMMUNITY COLLEGE FOUNDATION
ROSEBURG, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 – SUBSIDIARIES AND CONTROLLED ENTITIES (Continued)

During the year ended June 30, 2014, the Foundation formed the UCC Foundation Holding Company, Inc. (Holding Company). This is a separate entity defined under IRC Section 501(c)(2), and established for the purpose of holding and managing assets for the sole benefit of the Foundation. This entity is controlled by the Foundation, as the Foundation's board controls the appointment of the board members of the Holding Company. Per IRS regulations, any remaining net income of the Holding Company at the end of the year must be subsequently transferred to the Foundation. For the period ended June 30, 2015, the Holding Company showed a net profit of \$18,608. Consequently, a receivable for this amount has been booked on the Foundation's financial statements.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK AND CASH DEPOSITS

The Foundation maintains its cash and cash equivalent balances with one regional bank. Interest-bearing bank accounts are insured for up to \$250,000 for each account by the Federal Deposit Insurance Corporation (FDIC). The Foundation's uninsured cash balances totaled \$684,998 at June 30, 2015.

The majority of the Foundation's donors reside in Douglas County, Oregon. Approximately 36% of the contributions receivable is due from various members of the Board of Directors.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Amounts received from governmental and grantor agencies are potentially subject to audit and adjustment by these agencies. Any disallowed expenses and grant amounts already collected could become a liability of the restricted funds. Management believes that adjustments, if any, will not materially affect the Foundation's financial position.

NOTE 15 – PLEDGES PAYABLE

During the year ended June 30, 2010, the Foundation conducted a campaign to raise funds for the Lang Teaching, Learning, and Event Center at the College. At the time of the campaign, the Foundation pledged to raise \$2,500,000, and that amount was recorded as pledges payable on the statement of financial position at that time. At June 30, 2015, the amount of pledges payable in excess of pledges collected or receivable was \$24,230. The balance due to the College on these pledges is expected to be paid over the next 3 years.

During the year ended June 30, 2015, the Foundation conducted a campaign to raise funds for the Bonnie J. Ford Health, Nursing, and Science Building at the College. Any amount collected from this campaign, net of fees, is required to be turned over to the College. \$500,000 of the \$4,989,259 pledges payable to the College under this campaign was pledged by the Foundation from its own funds, and is payable over the next 10 years. The remainder of the pledges are expected to be collected and turned over to the College over the next 5 years.

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2015

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.11 %	\$ (2,404,791)	\$ 14,584,958	(16.5) %	103.6 %
2014	0.11	5,414,004	13,918,360	38.9	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

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
2015	\$ 1,213,382	\$ 1,213,382	\$ -	\$ 14,584,958	8.3 %
2014	1,122,061	1,122,061	-	13,918,360	8.1

The amounts presented for each fiscal year were actuarial 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

SUPPLEMENTARY INFORMATION

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
GENERAL FUND
For period ending June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Property taxes	\$ 3,297,503	\$ 3,297,503	\$ 3,396,930	\$ 99,427
Tuition and fees	6,037,050	6,037,050	5,772,768	(264,282)
State appropriation	10,000,000	10,000,000	10,421,217	421,217
Intergovernmental-state	2,700	2,700	12,570	9,870
Interest income	30,000	30,000	36,225	6,225
Other	290,000	290,000	280,161	(9,839)
Total revenues	19,657,253	19,657,253	19,919,871	262,618
Expenditures:				
Instruction	9,202,098	9,122,098 (1)	8,530,767	591,331
Instructional Support	1,903,298	1,903,298 (1)	1,697,972	205,326
Student Services	2,021,889	2,021,889 (1)	1,926,620	95,269
College Support Services	7,284,726	7,284,726 (1)	6,833,926	450,800
Financial Aid	650,000	730,000 (1)	726,782	3,218
Contingency	2,329,479	2,329,479 (1)	-	2,329,479
Total expenditures	23,391,490	23,391,490	19,716,067	3,675,423
Revenues over-(under) expenditures	(3,734,237)	(3,734,237)	203,804	3,938,041
Other financing sources-(uses)				
Transfers in	300,100	300,100	300,000	(100)
Transfer out	(1,865,863)	(1,865,863) (1)	(1,761,992)	103,871
Total other financing sources-(uses)	(1,565,763)	(1,565,763)	(1,461,992)	103,771
Net change in fund balance	(5,300,000)	(5,300,000)	(1,258,188)	4,041,812
Fund Balance - July 1, 2014	5,300,000	5,300,000	5,050,768	(249,232)
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,792,580</u>	<u>\$ 3,792,580</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
FINANCIAL AID FUND
For period ending June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Intergovernmental - federal	\$ 22,190,674	\$ 22,190,674	\$ 8,216,554	\$ (13,974,120)
Intergovernmental - state	1,415,000	1,415,000	708,164	(706,836)
Local & Private Grants	2,000,000	2,000,000	584,103	(1,415,897)
Other Operating Revenue	-	-	-	-
Total revenues	25,605,674	25,605,674	9,508,821	(16,096,853)
Expenditures:				
Student Loans and Financial Aid	25,653,341	25,653,341 (1)	9,555,883	16,097,458
Revenues over-(under) expenditures	(47,667)	(47,667)	(47,062)	605
Other financing sources-(uses)				
Transfers in	47,667	47,667	47,062	605
Net change in fund balance	-	-	-	-
Fund Balance - July 1, 2014	-	-	-	-
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
ADMINISTRATIVELY RESTRICTED FUND
For period ending June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Tuition and fees	\$ 2,034,322	\$ 2,057,054	\$ 1,850,281	\$ (206,773)
Intergovernmental - state and federal	-	2,700	1,836	(864)
Local/Private Grants & Contracts	101,954	101,954	103,855	1,901
Interest income	-	-	-	-
Other	1,215,771	1,222,262	603,651	(618,611)
Total revenues	<u>3,352,047</u>	<u>3,383,970</u>	<u>2,559,623</u>	<u>(824,347)</u>
Expenditures:				
Instruction	2,041,912	2,041,912 (1)	1,184,788	857,124
Instruction Support	741,704	741,704 (1)	463,796	277,908
Community Services	191,885	191,885 (1)	123,769	68,116
Student Services	1,231,175	1,231,175 (1)	808,390	422,785
College Support Services	291,918	324,003 (1)	340,520	(16,517)
Contingency	1,281	1,281 (1)	-	1,281
Total expenditures	<u>4,499,875</u>	<u>4,531,960</u>	<u>2,921,263</u>	<u>1,610,697</u>
Revenues over-(under) expenditures	<u>(1,147,828)</u>	<u>(1,147,990)</u>	<u>(361,640)</u>	<u>786,350</u>
Other financing sources-(uses)				
Transfers in	110,000	110,000	110,000	-
Transfers Out	(10,500)	(10,500) (1)	(1,735)	-
Total other financing sources-(uses)	<u>99,500</u>	<u>99,500</u>	<u>108,265</u>	<u>8,765</u>
Net change in fund balance	<u>(1,048,328)</u>	<u>(1,048,490)</u>	<u>(253,375)</u>	<u>795,115</u>
Fund Balance - July 1, 2014	<u>1,048,328</u>	<u>1,048,490</u>	<u>1,106,182</u>	<u>57,692</u>
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,807</u>	<u>\$ 852,807</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
SPECIAL PROJECTS FUND - GRANTS & CONTRACTS
For period ending June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental-federal	\$ 3,259,508	\$ 3,584,739	\$ 1,990,389	\$ (1,594,350)
Intergovernmental-state	1,087,365	976,949	926,205	(50,744)
Nongovernmental grants and contracts	758,663	770,762	498,270	(272,492)
Other	-	-	3,798	3,798
Total revenues	5,105,536	5,332,450	3,418,663	(1,913,787)
Expenditures:				
Instruction	1,992,070	2,020,353 (1)	1,180,542	839,811
Instructional Support	787,943	825,443 (1)	505,544	319,899
College Support Services	139,997	139,997 (1)	27,270	112,727
Community Services	-	- (1)	-	-
Student Services	2,185,526	2,346,657 (1)	1,946,805	399,852
Total expenditures	5,105,536	5,332,450	3,660,160	1,672,290
Revenues over-(under) expenditures	-	-	(241,497)	(241,497)
Fund Balance - July 1, 2014	-	-	272,547	272,547
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 31,050	\$ 31,050

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
INSURANCE FUND
For period ending June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Interest	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Expenditures:				
College Support Services	391,000	391,000 (1)	223,596	167,404
Contingency	87,483	87,483 (1)	-	87,483
Total expenditures	478,483	478,483	223,596	254,887
Revenues over-(under) expenditures	(477,483)	(477,483)	(223,596)	253,887
Other financing sources-(uses)				
Transfers in	230,000	230,000	230,000	-
Net change in fund balance	(247,483)	(247,483)	6,404	253,887
Fund Balance - July 1, 2014	247,483	247,483	284,966	37,483
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,370</u>	<u>\$ 291,370</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
DEBT SERVICE FUND
For period ending June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental-federal	\$79,269	\$79,269	\$79,617	\$348
Tuition and Fees	-	-	4,717	
Other operating revenue - capital contributions	-	300,000	5,150,471	
Interest income	11,107	11,107	2,356	(8,751)
	<u>90,376</u>	<u>390,376</u>	<u>5,237,159</u>	<u>(8,404)</u>
Expenditures:				
Debt service:				
Principal	460,000	460,000 (1)	460,000	-
Interest	785,221	947,221 (1)	944,922	2,299
Bond Issuance Costs	-	100,000 (1)	89,630	10,370
Contingency	-	138,000 (1)	-	138,000
			<u>-</u>	<u>138,000</u>
Total expenditures	1,245,221	1,645,221	1,494,552	150,669
Revenues over-(under) expenditures	<u>(1,154,845)</u>	<u>(1,254,845)</u>	<u>3,742,607</u>	<u>4,997,452</u>
Other financing sources-(uses)				
Transfers in	1,243,196	1,238,196	1,243,196	5,000
Debt Service Proceeds	-	100,000	92,645	(7,355)
			<u>92,645</u>	<u>(7,355)</u>
Net change in fund balance	88,351	83,351	5,078,448	4,995,097
Fund Balance - July 1, 2014	<u>2,304,387</u>	<u>2,304,387</u>	<u>2,306,183</u>	<u>1,796</u>
Fund Balance - June 30, 2015	<u>\$ 2,392,738</u>	<u>\$ 2,387,738</u>	<u>\$ 7,384,631</u>	<u>\$ 4,996,893</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
CAPITAL PROJECTS FUND
For period ending June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental-state	\$ 325,000	\$ 8,825,000	\$ 273,645	\$ (8,551,355)
Other	-	-	15,998	15,998
Interest	100	100,100	17,427	(82,673)
Total revenues	<u>325,100</u>	<u>8,925,100</u>	<u>307,070</u>	<u>(8,618,030)</u>
Expenditures:				
Facilities acquisition / construction	1,011,600	18,111,600 (1)	1,649,855	16,461,745
Debt Service	-	-	-	-
Total expenditures	1,011,600	18,111,600	1,649,855	16,461,745
Revenues over-(under) expenditures	<u>(686,500)</u>	<u>(9,186,500)</u>	<u>(1,342,786)</u>	<u>7,843,714</u>
Other financing sources-(uses)				
Transfers in	200,000	200,000	100,000	(100,000)
Transfer out	(100)	(100) (1)	-	100
Debt Service Proceeds	-	8,500,000	8,500,000	-
Total other financing sources-(uses)	<u>199,900</u>	<u>8,699,900</u>	<u>8,600,000</u>	<u>(99,900)</u>
Net change in fund balance	(486,600)	(486,600)	7,257,214	7,743,814
Fund Balance - July 1, 2014	<u>486,600</u>	<u>486,600</u>	<u>522,083</u>	<u>35,483</u>
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,779,298</u>	<u>\$ 7,779,298</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
INTERNAL SERVICE FUND
For period ending June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Tuition and Fees	\$ -	\$ -	\$ 124	\$ 124
Interest income	-	-	-	-
Other	180,000	180,000	160,002	(19,998)
Total revenues	180,000	180,000	160,126	(19,874)
Expenditures:				
College Support Services	180,000	180,000 (1)	160,290	19,710
Contingency	-	- (1)	-	-
Total expenditures	180,000	180,000	160,290	19,710
Revenues over-(under expenditures)	-	-	(164)	(164)
Other financing sources-(uses)				
Transfers in	-	-	-	-
Transfer out	-	- (1)	-	-
Total other financing sources-(uses)	-	-	-	-
Net change in fund balance	-	-	(164)	(164)
Fund Balance - July 1, 2014	-	-	164	164
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
ENTERPRISE FUNDS
For period ending June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Sales	\$ 2,778,677	\$ 2,778,677	1,676,947	\$ (1,101,730)
Interest income	-	-	-	-
Total revenues	2,778,677	2,778,677	1,676,947	(1,101,730)
Expenditures:				
Student Services	3,342,472	3,342,472 (1)	1,778,137	1,564,335
Contingency	200,000	200,000 (1)	-	200,000
Total expenditures	3,542,472	3,542,472	1,778,137	1,764,335
Revenues over-(under) expenditures	(763,795)	(763,795)	(101,190)	662,605
Other financing sources-(uses)				
Transfer out	(350,000)	(350,000) (1)	(300,000)	50,000
Total other financing sources-(uses)	(350,000)	(350,000)	(300,000)	50,000
Net change in fund balance	(1,113,795)	(1,113,795)	(401,190)	712,605
Fund Balance - July 1, 2014	1,113,795	1,113,795	905,049	(208,746)
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,859</u>	<u>\$ 503,859</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Roseburg, Oregon
Schedule of Revenues, Expenditures and Changes in
Fund Balance-Budget and Actual
AGENCY FUNDS
For period ending June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Other	\$ 52,525	\$ 52,525	\$ 15,320	\$ (37,205)
Total revenues	52,525	52,525	15,320	(37,205)
Expenditures:				
Student Services	123,453	123,453 (1)	53,698	69,755
Contingency	1,114	1,114 (1)	-	1,114
Total expenditures	124,567	124,567	53,698	70,869
Revenues over-(under) expenditures	(72,042)	(72,042)	(38,379)	33,663
Other financing sources-(uses)				
Transfers in	45,500	45,500	33,469	(12,031)
Net change in fund balance	(26,542)	(26,542)	(4,910)	21,632
Fund Balance - July 1, 2014	26,542	26,542	33,952	7,410
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,042</u>	<u>\$ 29,042</u>

(1) Appropriation level

UMPQUA COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

	Grant Period	Federal CFDA Number	Program or Award Amount	2014-15 Revenue	2014-15 Expenditures
Student Financial Aid Cluster					
<i>U.S. Department of Education:</i>					
Student Financial Aid Programs:					
Federal Pell Grant Program	2014-2015	84.063	4,662,553	4,662,553	4,662,553
Federal Direct Loan Program	2014-2015	84.268	3,363,405	3,363,405	3,363,405
Federal Work-Study Program	2014-2015	84.033	107,047	107,047	107,047
Federal Supplemental Educational Opportunity Grant	2014-2015	84.007	83,549	83,549	83,549
<i>Total SFA Cluster U.S. Department of Education</i>			8,216,554	8,216,554	8,216,554
Total Student Financial Aid Cluster			8,216,554	8,216,554	8,216,554
<i>U.S. Department of Education:</i>					
TRIO - Student Support Services	2013-2014	84.042A	255,392	25,326	25,326
TRIO - Student Support Services	2014-2015	84.042A	269,486	226,736	226,736
TRIO - Talent Search	2013-2014	84.044A	217,971	39,167	39,167
TRIO - Talent Search	2014-2015	84.044A	230,000	190,705	190,705
TRIO - Upward Bound	2014-2015	84.047A	262,500	195,265	195,265
TRIO - Upward Bound	2013-2014	84-047A	248,771	54,650	54,650
Child Care Access Means Parents in School	2013-2014	84.335A	87,624	26,364	26,364
Child Care Access Means Parents in School	2014-2015	84.335A	87,624	20,802	20,802
Higher Education -Institutional Aid	2013-2014	84.031A	445,821	71,419	71,419
Higher Education -Institutional Aid	2014-2015	84.031A	449,927	373,983	373,983
Passed through Oregon Department of Community Colleges & Workforce Development:					
Adult Education - Basic Grants to States	2014-2015	84.002A	174,282	162,343	162,343
Passed through Oregon Department of Education					
Regional STEM Hub	2014-2015	99-998	325,230	256,603	256,603
Perkins First Term to First Year	2011-2012	84.048	9,342	3,935	3,935
Vocational Education - Basic Grants to States	2013-2014	84.048	168,728	16,710	16,710
Vocational Education - Basic Grants to States	2014-2015	84.048	148,478	107,779	107,779
Total Non SFA Cluster U.S. Department of Education			3,381,176	1,771,785	1,771,785

U.S. Department of Agriculture:

Passed through State of Oregon,
Department of Education:

Child and Adult Care Food Program	2014-2015	10.558	<u>13,662</u>	<u>13,662</u>	<u>13,662</u>
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Total U.S. Department of Agriculture

<u>13,662</u>	<u>13,662</u>	<u>13,662</u>
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Department of Commerce Economic Development Administration

Economic Adjustment Assistance

Small Business Incubator Development Project	2014-2015	11.307	<u>1,250,000</u>	<u>134,050</u>	<u>134,050</u>
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Small Business Administration:

Passed through Lane Community College:

Small Business Development Center	2014-2015	59.037	<u>61,800</u>	<u>30,638</u>	<u>30,638</u>
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Total Small Business Administration

<u>61,800</u>	<u>30,638</u>	<u>30,638</u>
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U. S. Department of Labor:

Passed through the Oregon Consortium:

Passed through Clackamas Community College

Credential, Acceleration and Support for Employment	2014-2015	17.282	<u>259,603</u>	<u>19,991</u>	<u>19,991</u>
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Total U.S. Department of Labor

<u>259,603</u>	<u>19,991</u>	<u>19,991</u>
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U. S. Department of Treasury

Recovery Zone Economic Development Bonds Subsidy

Full Faith and Credit Obligations	2014-2015	unknown	<u>79,617</u>	<u>79,617</u>	<u>79,617</u>
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Total U. S. Department of Treasury

<u>79,617</u>	<u>79,617</u>	<u>79,617</u>
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National Science Foundation:

Passed through Missouri State University

VESTA National Center of Excellence	2014-2015	47.076	<u>36,811</u>	<u>13,063</u>	<u>13,063</u>
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Total National Science Foundation

<u>36,811</u>	<u>13,063</u>	<u>13,063</u>
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US Congress

Open World Program Global Connections

FHI Development 360	2014-2015	N/A	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>
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Total US Congress

<u>7,200</u>	<u>7,200</u>	<u>7,200</u>
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TOTAL

<u><u>13,244,622</u></u>	<u><u>10,286,560</u></u>	<u><u>10,286,560</u></u>
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UMPQUA COMMUNITY COLLEGE
SCHEDULE OF PROPERTY TAX TRANSACTIONS BY COUNTY
For the Fiscal Year Ended June 30, 2015

Tax Year	Levy Balance	Original Levy as Extended by Assessor	(Deduct) Discounts Allowed	Interest	Add (Deduct) Cancellations and Adjustments	(Deduct) Tax Collections Accrual Basis	Total Taxes Receivable (without Interest) June 30, 2015
Current:							
2014-15		\$ 3,436,000	\$ (85,738)	\$ 1,763	\$ (12,739)	\$ (3,176,370)	\$ 161,154
Prior:							
2013-14	167,616		-	4,941	(16,116)	(76,056)	75,445
2012-13	82,640		-	5,610	6,313	(29,937)	59,015
2011-12	62,458		-	8,726	(918)	(26,445)	35,094
2010-11	34,612		-	7,342	(3,729)	(25,458)	5,425
2009-10	6,285		-	1,415	4,982	(2,786)	8,481
2008-09	4,102		-	825	(327)	(1,282)	2,494
2007-08 & prior	5,942		-	1,363	(23)	(1,368)	4,551
Total	<u>\$ 363,655</u>	<u>\$ 3,436,000</u>	<u>\$ (85,738)</u>	<u>\$ 31,985</u>	<u>\$ (22,556)</u>	<u>\$ (3,339,702)</u>	<u>\$ 351,659</u>

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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

November 5, 2015

Independent Auditors' Report Required by Oregon State Requirements

We have audited the basic financial statements of the Umpqua Community College as of and for the year ended June 30, 2015, and have issued our report thereon dated November 5, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

GRANT COMPLIANCE REVIEW



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

November 5, 2015

To the Board of Trustees
Umpqua Community College
1140 Umpqua College Rd
Roseburg, Oregon 97470

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

We have audited the financial statements of Umpqua Community College as of and for the year ended June 30, 2015, and have issued our report thereon dated November 5, 2015. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Umpqua Community College's financial statements are free of 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.

This report is intended solely for the information and use of management, the Board, the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.



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12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcogas.com

November 5, 2015

To the Board of Trustees
Umpqua Community College
1140 Umpqua College Rd
Roseburg, Oregon 97470

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

Compliance

We have audited the compliance of Umpqua Community College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of compliance with those requirements.

In our opinion, Umpqua Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2015.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors’ Results

Financial Statements

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted? Yes No

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs

CFDA Number(s):

84.063, 84.268, 84.033, 94.007
84.031

Name of Federal Program:

Student Financial Assistance Cluster
Title III – Higher Education Institutional Aid

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

Auditee qualified as low-risk auditee? Yes No

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

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

**UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Question Costs

None Reported

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

Changes in Net Position

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

Property Tax Levies and Collection

Principal Taxpayers

Tuition Rates and Enrollment Statistics

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.

Computation of Legal Debt Margin

Outstanding Debt

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

Principal Employers for Douglas County

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.

Building Construction and Acquisition

FINANCIAL TRENDS INFORMATION

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>
2014-15	\$ 14,267,531	\$ 5,025,025	\$ (5,745,650)	\$ 13,546,907
2013-14	15,079,003	2,578,730	9,407,600	27,065,333
2012-13	15,045,989	2,174,436	6,693,754	23,914,179
2011-12	15,645,562	1,967,846	9,072,255	26,685,663
2010-11	13,581,888	1,655,258	5,558,653	20,795,799
2009-10	9,706,448	1,479,734	9,118,746	20,304,928
2008-09	8,467,940	2,378,896	2,133,978	12,980,814
2007-08	6,645,289	3,130,363	5,733,029	15,508,681
2006-07	6,547,400	1,718,843	3,695,009	11,961,252
2005-06	6,928,229	1,465,440	4,708,400	13,102,069

Source: Umpqua Community College Comprehensive Annual Financial Report

UMPQUA COMMUNITY COLLEGE
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2014-15	2013-14	2012-13
Operating revenues:			
Tuition and fees	\$ 3,283,655	\$ 3,029,056	\$ 3,185,431
Federal student financial aid grants	8,216,554	10,194,591	12,722,284
Federal grants and contracts	2,070,006	2,525,597	1,724,991
State grants and contracts	1,922,419	1,410,982	1,359,814
Local grants and contracts	1,186,228	1,063,498	1,366,900
Bookstore sales	673,607	634,156	757,287
Food service sales	300,309	253,794	268,815
Incubator Program	5,184	-	-
Other operating revenue	747,840	949,192	748,506
Total operating revenue	18,405,802	20,060,865	22,134,028
Operating expenses:			
Instruction	9,431,652	10,800,579	11,144,812
Instructional support	2,369,864	2,522,726	2,430,765
College support services	4,698,504	5,214,926	5,027,971
Student services	5,871,695	5,711,761	5,512,453
Auxilliary	114,784	80,441	63,093
Community services	5,315,418	6,442,330	8,524,800
Student financial aid	2,188,924	2,252,403	2,224,890
Plant Operations and maintenance	512,951	520,361	-
Facilities acquisition /construction	1,408,349	1,274,135	1,289,021
Depreciation	31,912,141	34,819,663	36,217,805
Total operating expenses	31,912,141	34,819,663	36,217,805
Operating loss	(13,506,339)	(14,758,799)	(14,083,777)
Nonoperating Revenues-(expenses)			
State community college support	8,073,162	13,753,048	7,575,009
Property taxes	3,384,933	3,253,946	3,224,160
Investment Income	56,008	53,067	52,819
Investment gain (loss) on pension asset	-	1,811,950	1,275,370
Amortization of bond premium	58,940	-	-
Interest expense	(944,922)	(796,513)	(808,708)
Bond issue costs	(89,630)	-	(9,598)
Gain (loss) on disposition of capital assets	955	-	3,244
Total nonoperating revenues-(expenses)	10,539,446	18,075,498	11,312,296
Gain (Loss) before Other revenues and gains	(2,966,893)	3,316,699	(2,771,481)
Capital gifts and grants	5,150,471.00	-	-
Change in net assets	2,183,578	3,316,700	(2,771,481)
Net position - beginning of year	27,065,333	23,914,179	26,685,662
Less restatement	(15,702,004)	(165,546)	-
Restated Net Position - beginning of year	11,363,329	23,748,633	26,685,662
Net position -end of year	\$ 13,546,907	\$ 27,065,333	\$ 23,914,181

Note: Fiscal Year 2014-15 reflects GASB68 implementation.
Tuition and Fees for FY year 2009-10 to 2006-07 were adjusted to reflect tuition discounts.
For FY 2005-06 tuition discount information was not available.

Source: Umpqua Community College Annual Financial Report

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$	3,633,640	\$ 3,822,222	\$ 3,704,065	\$ 3,018,017	\$ 3,556,690	\$ 2,889,078	\$ 4,746,242
	22,789,049	27,324,559	25,886,769	13,192,403	7,532,544	5,220,611	3,461,123
	2,074,883	2,696,243	2,525,301	2,416,885	1,926,316	1,771,968	1,879,694
	987,834	590,317	2,619,197	4,249,446	1,157,139	1,773,610	812,027
	1,423,090	1,478,418	1,970,609	1,440,027	760,409	404,372	1,371,553
	874,948	1,084,675	1,382,012	1,158,826	1,193,567	1,068,694	1,109,654
	306,632	268,137	135,982	150,614	194,586	175,682	180,473
	-	-	-	-	-	-	-
	3,387,858	1,071,643	1,057,456	1,177,049	726,647	616,356	357,716
	<u>35,477,934</u>	<u>38,336,215</u>	<u>39,281,391</u>	<u>26,803,267</u>	<u>17,047,898</u>	<u>13,920,371</u>	<u>13,918,482</u>
	11,515,990	11,172,957	11,535,947	10,555,227	9,619,233	9,587,188	10,480,605
	2,436,179	2,461,725	2,245,356	2,675,686	2,065,671	1,779,156	2,268,461
	5,103,824	4,599,956	4,649,251	4,446,124	4,293,766	3,965,036	4,011,252
	3,767,328	4,613,949	4,367,817	6,576,129	5,730,487	5,044,176	3,478,608
	2,389,968	2,554,719	2,551,781				
	108,606	148,410	217,353	163,958	48,200	276,261	158,017
	16,599,663	20,466,550	19,776,915	10,457,165	5,049,626	3,156,523	4,028,532
	2,214,448	2,738,090	3,314,810	1,897,665	2,118,216	1,867,186	1,828,774
	-	-	-	-	-	-	-
	1,245,277	985,167	858,169	608,061	627,939	640,107	641,474
	<u>45,381,283</u>	<u>49,741,522</u>	<u>49,517,400</u>	<u>37,380,015</u>	<u>29,553,138</u>	<u>26,315,633</u>	<u>26,895,723</u>
	(9,903,349)	(11,405,307)	(10,236,009)	(10,576,748)	(12,505,240)	(12,395,262)	(12,977,241)
	13,349,213	7,527,455	13,561,048	8,195,033	13,911,100	7,163,355	11,036,850
	3,126,992	3,026,591	3,001,765	2,928,939	2,787,624	2,631,903	2,466,790
	62,868	61,847	71,666	198,959	304,178	250,761	235,623
	87,173	2,071,698	1,610,173	(2,555,306)	(454,883)	1,934,277	1,754,835
	-	-	-	-	-	-	-
	(820,436)	(781,814)	(665,087)	(713,057)	(718,951)	(724,650)	(730,244)
	(9,598)	(9,598)	(6,198)	(6,189)	(6,189)	(6,189)	(6,189)
	(3,000)	-	(13,245)	(29,498)	(46,210)	(4,812)	(2,534)
	<u>15,793,212</u>	<u>11,896,178</u>	<u>17,560,123</u>	<u>8,018,881</u>	<u>15,776,669</u>	<u>11,244,645</u>	<u>14,755,131</u>
	5,889,863	490,871	7,324,114	(2,557,867)	3,271,429	(1,150,617)	1,777,890
	-	-	-	30,000	276,000	9,800	-
	5,889,863	490,871	7,324,114	(2,527,867)	3,547,429	(1,140,817)	1,777,890
	20,795,799	20,304,928	12,980,814	15,508,681	11,961,252	13,102,069	11,324,179
	-	-	-	-	-	-	-
	20,795,799	20,304,928	12,980,814	15,508,681	11,961,252	13,102,069	11,324,179
\$	<u>26,685,662</u>	<u>\$ 20,795,799</u>	<u>\$ 20,304,928</u>	<u>\$ 12,980,814</u>	<u>\$ 15,508,681</u>	<u>\$ 11,961,252</u>	<u>\$ 13,102,069</u>

REVENUE CAPACITY INFORMATION

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>
2014-15	\$ 0.04551	\$ 7,693,230,203	\$ 9,325,455,608	82%
2013-14	0.04551	7,465,190,487	9,132,582,748	82%
2012-13	0.04551	7,266,499,519	9,037,090,627	80%
2011-12	0.04551	7,074,596,298	9,381,751,607	75%
2010-11	0.04551	6,891,082,239	9,820,250,596	70%
2009-10	0.04551	6,772,166,332	10,648,239,504	64%
2008-09	0.04551	6,612,726,597	10,987,062,139	60%
2007-08	0.04551	6,310,979,155	10,654,597,262	59%
2006-07	0.04551	5,974,253,048	9,359,667,951	64%
2005-06	0.04551	5,557,520,017	7,668,618,665	72%

Source: Douglas County Department of Assessment and Taxation

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Tax Collections In First Year	Percent of Levy Collected In First Year	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2014-15	\$ 3,436,000	\$ 3,176,370	92.44%	\$ -	\$ 3,176,370	92.44%
2013-14	3,336,412	3,077,856	92.25	76,056	3,153,912	94.53
2012-13	3,264,197	2,995,633	91.77	108,052	3,103,685	95.08
2011-12	3,176,997	2,895,357	91.14	152,539	3,047,896	95.94
2010-11	3,106,804	2,821,099	90.80	186,316	3,007,415	96.80
2009-10	3,055,689	2,780,893	91.01	160,028	2,940,921	96.24
2008-09	2,983,024	2,737,749	91.78	175,130	2,912,879	97.65
2007-08	2,850,862	2,632,994	92.36	136,916	2,769,910	97.16
2006-07	2,697,533	2,495,881	92.52	118,574	2,614,455	96.92
2005-06	2,507,856	2,328,965	92.87	112,875	2,441,840	97.37

Source: Umpqua Community College Comprehensive Annual Financial Reports

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Principal Taxpayers-Douglas County
Current Year and Nine Years Ago

Taxpayer	Nature of Business	Total Assessed Value	Percentage Of Total Assessed Value	Taxes
2014-15:				
Pacificcorp	Utility	\$373,929,000	4.45%	\$2,910,992.20
Roseburg Forest Products Co	Wood Products	78,373,415	0.93%	816,570.61
Charter Communications	Telecommunications	33,962,500	0.40%	460,452.78
Weyerhaeuser Company	Wood Products	57,736,510	0.69%	444,360.06
Avista Corp	Utility	31,707,000	0.38%	374,930.78
Oxbow Timber I LLC	Wood Products	36,895,356	0.44%	367,328.59
Roseburg Resources Co	Wood Products	43,722,372	0.52%	324,036.60
Seneca Jones Timber Company	Wood Products	40,212,935	0.48%	303,491.75
Costco Wholesale Corporation	Retail/Commercial	15,297,877	0.18%	233,600.12
Swanson Group Mfg LLC	Wood Products	24,979,563	0.30%	222,326.58
Subtotal - ten of the largest taxpayers		736,816,528	8.77%	
All other taxpayers in Douglas County		7,667,407,400	91.23%	
Toal Douglas County Taxpayers		<u>\$8,404,223,928</u>	<u>100.00%</u>	
2005-06:				
Pacificcorp (PP&L)	Utility	\$220,895,000	3.62%	\$1,536,226.53
Roseburg Forest Products Co	Wood Products	77,711,977	1.27%	880,033.71
Roseburg Resources Co	Wood Products	80,174,017	1.32%	669,698.27
Qwest Corporation	Telecommunications	32,124,000	0.53%	440,509.07
Weyerhaeuser Company	Wood Products	46,985,132	0.77%	360,844.34
RLC Industries Co	Wood Products	27,351,990	0.45%	332,381.39
Seneca Jones Timber Company	Wood Products	31,178,038	0.51%	219,694.40
Alcan Cable	Manufacturing	20,774,819	0.34%	217,649.48
Avista Corp	Utility	16,792,400	0.28%	199,984.21
RBO Mall Associates	Commercial & Industrial Building Operation	12,188,598	0.20%	188,581.32
Subtotal - ten of the largest taxpayers		566,175,971	9.29%	
All other taxpayers in Douglas County		5,530,368,084	90.71%	
Toal Douglas County Taxpayers		<u>\$6,096,544,055</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

Tuition Rates and Enrollment Statistics
Last Ten Fiscal Years

Fiscal Year	Tuition Rate Per Credit Hour	Total FTE ¹	Unduplicated Headcount ¹
2014-15	\$ 85.00	3030	14,555
2013-14	85.00	3042	13,604
2012-13	75.00	3339	14,757
2011-12	72.00	4460	16,516
2010-11	66.00	4796	16,383
2009-10	65.00	4691	16,457
2008-09	63.00	3777	15,939
2007-08	62.00	3422	15,894
2006-07	62.00	3268	15,605
2005-06	59.00	3346	15,602

Source:

¹ Umpqua Community College Institutional Research and Planning

DEBT CAPACITY INFORMATION

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Computation of Legal Debt Margin
Last Ten Fiscal Years

	2014-15	2013-14	2012-13	2011-12
Total Real Market Value of Taxable Property ¹	\$ 9,325,455,608	\$ 9,132,582,748	\$ 9,037,090,627	\$ 9,381,751,607
Debt Limitation (1.5% of Real Market Value)	139,881,834	136,988,741	135,556,359	140,726,274
Debt Subject to Limitation ²	-	-	-	-
Legal Debt Margin	139,881,834	136,988,741	135,556,359	140,726,274

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

Source: ¹Douglas County Tax Rate and Valuation Summary

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 9,820,250,596	\$ 10,648,239,504	\$ 10,987,062,139	\$ 10,654,597,262	\$ 9,359,667,951	\$ 7,668,618,665
147,303,759	159,723,593	164,805,932	159,818,959	140,395,019	115,029,280
-	-	-	-	-	-
147,303,759	159,723,593	164,805,932	159,818,959	140,395,019	115,029,280

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Outstanding Debt
Last Ten Fiscal Years

Other Governmental Non Tax Bonded

Fiscal Year	Debt ¹					Total Outstanding Debt	Total Outstanding Debt as a % of Personal Income ²	Total Outstanding Debt per Capita ³
	Full Faith & Credit Obligations Series 2014	Full Faith & Credit Obligations Series 2010	Full Faith & Credit Obligations Series 1999	Pension Bonds Payable	Certificates of Participation			
2014-15	\$ 7,905,000	\$ 3,555,000	\$ -	\$ 10,525,000	\$ -	\$ 21,985,000	not available	\$ 201
2013-14		3,690,000		10,850,000		14,540,000	0.40%	134
2012-13		3,825,000		11,125,000		14,950,000	0.42%	138
2011-12		3,960,000		11,350,000		15,310,000	0.45%	142
2010-11		4,090,000		11,535,000		15,625,000	0.48%	145
2009-10				11,680,000		11,680,000	0.36%	111
2008-09			1,180,000	11,790,000	235,000	13,205,000	0.41%	125
2007-08			1,270,000	11,865,000	285,000	13,420,000	0.42%	128
2006-07			1,355,000	11,910,000	335,000	13,600,000	0.44%	131
2005-06			1,435,000	11,910,000	380,000	13,725,000	0.48%	133

Source :

¹Umpqua Community College Annual Financial Report-Note 12. Long Term Debt

²Bureau of Economic Analysis, U. S. Department of Commerce

³Portland State University Population Research Center.

DEMOGRAPHIC AND ECONOMIC INFORMATION

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ³	Unemployment Rate ⁴
2014-15	109,385	not available	not available	7.60%
2013-14	108,850	\$ 3,616,846	\$ 33,821	9.00%
2012-13	108,195	3,536,330	32,999	10.40%
2011-12	107,795	3,422,337	31,897	11.90%
2010-11	107,690	3,259,383	30,277	12.60%
2009-10	105,395	3,200,709	29,808	13.90%
2008-09	105,240	3,252,945	30,312	15.70%
2007-08	104,675	3,182,287	29,725	8.70%
2006-07	103,815	3,080,050	28,878	7.00%
2005-06	102,905	2,885,252	27,404	6.90%

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
Current Year and Nine Years Ago

Employer ¹	2015			2006		
	Number of Employees	Rank	Percentage of County Employment ²	Employees	Rank	Percentage of County Employment
Roseburg Forest Products Co	1885	1	5.33%	n/a	n/a	n/a
Mercy Healthcare, Inc	1092	2	3.09%	n/a	n/a	n/a
Swanson Group, Inc	682	3	1.93%	n/a	n/a	n/a
TMS Call Center	615	4	1.74%	n/a	n/a	n/a
Seven Feathers Hotel, Gaming Center	606	5	1.71%	n/a	n/a	n/a
First Call Resolution	424	6	1.20%	n/a	n/a	n/a
Umpqua Bank	331	7	0.94%	n/a	n/a	n/a
Orengo Systems	266	8	0.75%	n/a	n/a	n/a
A& M Transport, Inc	200	9	0.57%	n/a	n/a	n/a
Douglas County Forest Products	160	10	0.45%	n/a	n/a	n/a
	<u>6261</u>		<u>17.71%</u>			

Source:

¹The Partnership for Economic Development in Douglas County, private sector

²State of Oregon Employment Department, 1st quarter information

n/a -not available

OPERATING INFORMATION

UMPQUA COMMUNITY COLLEGE
ROSEBURG, OREGON

Building Construction and Acquisition

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