



**Klamath Community
College District
Comprehensive Annual
Financial Report**

*For the Year Ended
June 30, 2019*

**Prepared by:
Administrative Services Department**



Tricia Fiscus
Vice President of Administrative Services

Klamath Community College District
Klamath Falls, Oregon

For the Year Ended June 30, 2019

ZONE	BOARD OF EDUCATION	TERM EXPIRES
1	KATE MARQUEZ 2034 Freemont St Klamath Falls, OR 97601	June 30, 2021
2	BARBARA HEADDEN 9457 Greenbriar Drive Klamath Falls, OR 97603	June 30, 2019
3	MICHAEL FITZGERALD 11417 Hill Road Klamath Falls, OR 97603	June 30, 2021
4	DAVE JENSEN 11030 Highway 39 Klamath Falls, OR 97603	June 30, 2019
5	AL KING 9620 Kestrel Road Klamath Falls, OR 97601	June 30, 2021
6	KATHY KING 9620 Kestrel Road Klamath Falls, OR 97601	June 30, 2019
7	WILLIAM RIGGS 9151 Spring Lake Road Klamath Falls, OR 97603 Student (Non-Voting) Kenny DeCrans 6519 Valhalla Avenue Klamath Falls, OR 97603	June 30, 2021

ADMINISTRATION

Dr. Roberto Gutierrez, President

Tricia Fiscus, Vice President of Administrative Services

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Klamath Falls, Oregon 97603
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KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON
June 30, 2019

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INTRODUCTORY SECTION

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KLAMATH COMMUNITY COLLEGE

Klamath Community College provides accessible, quality education and services in response to the diverse needs of the student, business, and community.
The College supports student success in workforce training, academic transfer, foundational skills development, and community education.

December 27, 2019

To the Board of Education and Citizens of Klamath Community College District:

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) of Klamath Community College District (the College) for the fiscal year ended June 30, 2019, together with the audit opinion thereon of our independent auditors as required by Oregon State laws. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the College. We believe that the financial statements and related information are stated fairly in all material respects in reflecting the financial position and results of operations of the College.

Provisions of Oregon Revised Statutes 297.405 to 297.555 and 297.990 (known as "Municipal Audit Law"), in addition to ORS 341.709, require that an independent audit be conducted annually of all College funds and account groups within six months following the close of each fiscal year.

The College's financial statements have been audited by the firm of Kenneth Kuhns & Co. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Klamath Community College District's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

For purposes of clarification - an unmodified opinion is an independent auditor's declaration that he or she has no reservation in certifying that the audited firm's financial statements (1) adequately disclose material information, (2) present fairly its financial position, and (3) show results of its operations in conformity with the provisions of GAAP. This is also called "clean opinion".¹

The College's 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 (GAAP). 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.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative, overview, and analysis to accompany the basic financial statements in the form of Management's

¹ BusinessDictionary.com

Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Klamath Community College District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COLLEGE

Klamath Community College District, the newest community college in the State of Oregon, began operations on July 1, 1996. The College was accepted as a Candidate for Accreditation effective November, 1999. In addition, the Federal Department of Education granted the College authority to award federal financial aid in April, 2000. The District was subsequently notified on January 21, 2005, that the Commission granted it initial accreditation at the associate degree level effective September 1, 2004. Accreditation was reaffirmed in 2009 and in 2018.

Located in Klamath Falls, Oregon, the College serves the majority of Klamath County, an area nearly 6,100 square miles in size. The College's boundaries are contiguous with the boundaries of Klamath County, with the exception of a minor portion of the northern section of the county that includes the towns of Crescent and Gilchrist. The legal description of the College's District is all of Klamath County, Oregon excepting that portion of Klamath County, Oregon lying north of the North Line of Township 27 South. Klamath County is in the southern portion of the state of Oregon, bordered by Jackson, Lake, Douglas and Deschutes Counties, and the state of California.

An elected seven-member Board of Education established and maintains the policies of the College. Each member serves a term of four years and represents a specific zone within Klamath County. Dr. Roberto Gutierrez became President effective July 1, 2012. The management staff includes the president, three vice presidents, two executive directors, two deans, twelve directors, 34 full-time faculty, and 32 other exempt positions. The college also employs 46 positions that are non-exempt and full-time employees for various support roles. During most academic terms the college employs about 150 part-time employees composed of adjunct instructors, tutors, and library and student support. The President is the Clerk of the District, while the Vice President of Administrative Services is the Deputy Clerk.

The College offers two-year associate degrees, one-year certificates, less than one year certificates of completion, lower division college transfer courses, Adult Basic Education, a General Education Diploma, English as a Second Language, and High School Completion programs. Additionally, the College offers non-credit courses as part of life-long learning and professional development, and employment and skills training programs.

Although our Full Time Equivalent (FTE) enrollment experienced a temporary recession-fueled increase of approximately 21% from 2009-10 through 2011-12, several factors including mandatory student orientation and advising and tighter Federal financial aid eligibility requirements combined to cause a 17.6% decline in FTE to 1,650.05 for the 2012-13 academic year. The college managed to reverse that trend over the next six years through this year. From 2012-13 to 2018-19 KCC has experienced a 10% increase in FTE while the State total FTE for all colleges has decreased by 27%. In that time period, KCC is the only college to have a greater FTE in 2018-19 than in 2012-13. In the past year statewide FTE is down 4.5% and KCC saw 1% growth.

Major contributing factors to the stabilization of FTE are the expansion of career technical education (CTE) degrees such as culinary, computer engineering, emergency response, manufacturing, health informatics, and media design. In addition, the expansion of online learning opportunities, General Education Development (GED) learning options, non-credit workforce training, and additional virtual classrooms for dual-credit in rural high schools have contributed to stabilized college side enrollment. With the help of strong partnerships the college has expanded its dual-credit and dual enrollment offerings not only virtually, but in our local high schools as well. Students have access to increased course options via more modalities, and as a result this enrollment stream continues to steadily increase.

The budget process complies with Oregon Budget Law. All funding sources, expenditures, financial aid and grant funds are budgeted using this process. The College budget uses a strongly participative budget process where funding requests, including rationale, originate from faculty, staff, department heads, and directors. These participants submit their budget proposals to the Controller who assimilates the requests prior to their in-person presentation by each respective faculty member or, in the case of administration, cost center manager to our President, Vice President of Administrative Services, and respective area vice president for review and discussion.

Concurrently, the Financial Aid office provides input regarding the impact of potential tuition changes (if applicable that year) as revenue sources are finalized. A proposed budget document is then prepared by the College's Budget Officer (Vice President of Administrative Services), which is presented to the Budget Committee for approval. The District Board of Education adopts the final budget, which is published by the College.

FACTORS AFFECTING ECONOMIC CONDITION

Local and State Economy

The base employment elements of this area are federal, state and local government; education and health services; manufacturing; wholesale and retail trade; and agriculture. According to the Oregon Employment Department, Klamath County's largest category of non-farm employment is government. Government currently comprises 16 percent of Klamath County's payroll, and 18 percent of the County's jobs.

Another large portion of government employment are tied to state government employees, including Oregon Institute of Technology. The classification of trade, transportation, and utilities is the largest private category employer for this region. This sector includes wholesale trade; retail trade including food and beverage stores and gasoline stations; utilities; truck transportation; airlines; and warehousing.

Job losses in Klamath County were more pronounced this year than originally estimated due to a significant closure of a professional services employer. The unemployment rate in Klamath county has been fairly comparable in month-to-month rates from one year ago. Klamath County's unemployment rate is currently at 6.7% and typically runs two to three percent higher than the state unemployment rate. Job gains in the past year have been in health services and local government education while losses have been concentrated in the private sector with

notable declines in professional and business services, leisure and hospitality, and manufacturing.

Long-Term Financial and Facility Planning

Klamath Community College District continues to maintain a financial forecast model that projects out a minimum of 5 years. This model is relied upon to make financial decisions for the College, particularly as the College expands both physically and in its variety of program offerings. The Board of Education depends on the financial forecast model as they make decisions regarding campus expansion, new programs, and budget adoption.

The College has been proactive in adding square footage and instructional space that matches community need by leveraging State capital improvement grants in conjunction with federal grants and private donations. Since 2012, \$32 million in capital improvements have been completed without a local construction levy. Currently the college is working to secure grant and private funds to for a new project in 2020 for the Apprenticeship and Industrial Trades Center. The Phase One construction project, completed June 15, 2012, contributed 55,500 square feet to our overall facilities footprint, at a total cost of \$16.5 million. The Phase Two construction adds 42,000 square feet with a cost of \$16,285,000.

Financial Policies Impacting the Financial Statements

Prior to the issuance of Full Faith and Credit Obligations, Series 2009, the College obtained its first bond rating. Standard and Poor's assigned an "AA-" rating to the College's 2009 debt issuance, indicating that an investment in these bonds is a safe investment with low risk of failure. In September 2018, Standard and Poor's affirmed the College's "AA-" rating.

Contributing to this rating is the District's formal policy 610.0130 requiring that the District budget shall reflect sufficient resources to meet all planned expenditures including 90 days cash within the General Fund, and policy 600.0100 which requires that the Administration shall develop and annually update a multi-year financial projection for use in resource allocation decisions by the Board.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Klamath Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 19th consecutive year that the College has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's

requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

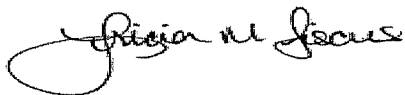
I wish to recognize Mr. Jack Nowak, Controller, not only for his preparation of the CAFR, but also for his day-to-day efforts necessary for maintaining the integrity of our financial system results and coordination of this year's audit completion.

I want to thank all employees of the Business Office for their hard work and attention to details and policy –Donna Nations, Emily Ketcham, Nicole Baker and Joy Paul.

I would also like to acknowledge and express my sincere thanks to Dana Hovey, Administrative Assistant, for her efforts in making sure that all the pieces came together for the College's 19th Comprehensive Annual Financial Report. Additionally, I would like to thank our audit firm, Kenneth Kuhns & Co. for their diligent efforts in reviewing our work.

Finally, I would like to thank the members of the Board of Education and President Dr. Gutierrez as well as all College employees for their combined support and dedication to the financial operations of the College.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tricia Fiscus".

Tricia Fiscus
Vice President of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Klamath Community College District
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

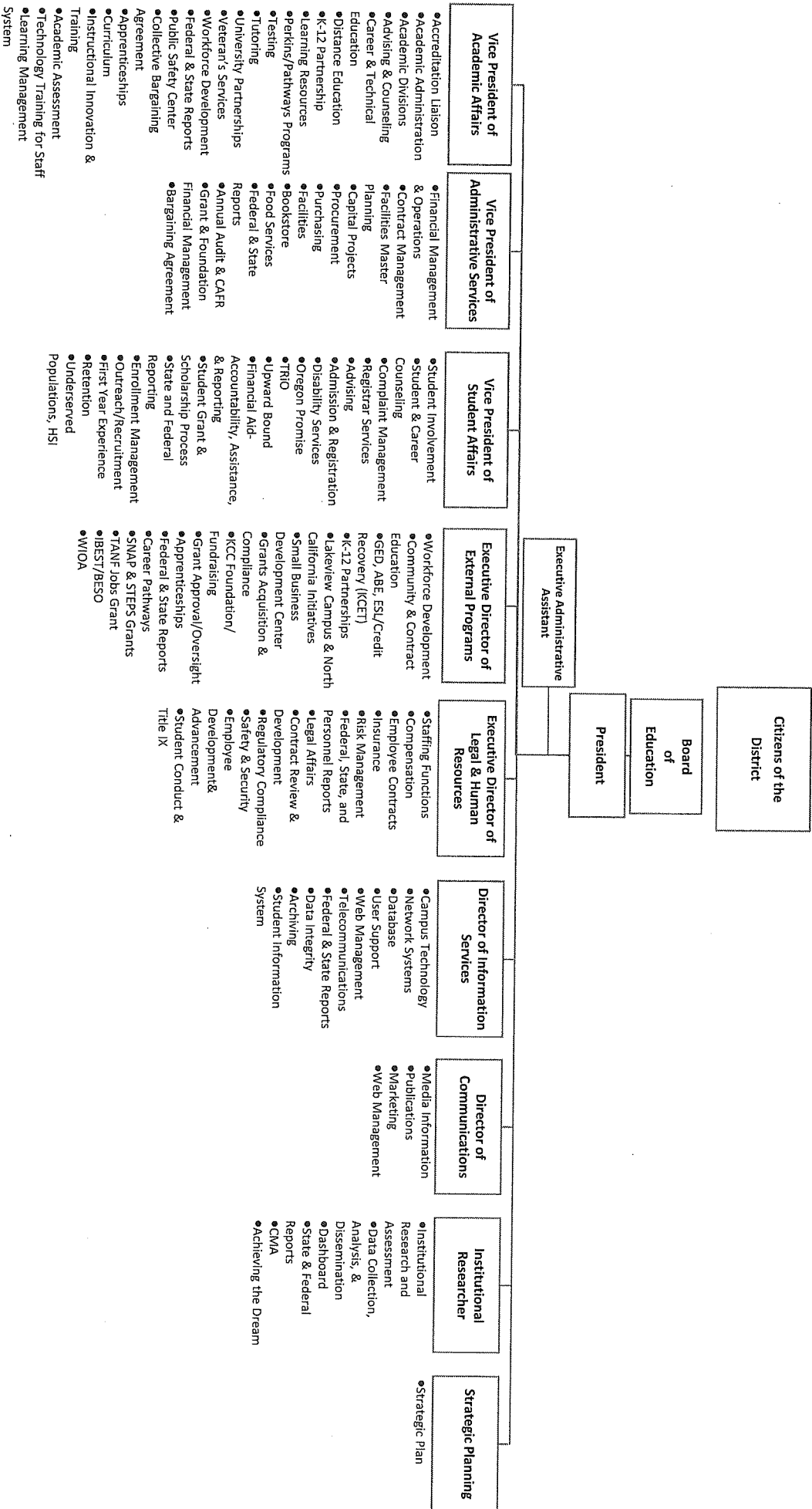
Christopher P. Morill

Executive Director/CEO

Klamath Community College District
Klamath Falls, Oregon

LISTING OF ADMINISTRATORS
June 30, 2019

<u>TITLE</u>	<u>NAME</u>
President	Dr. Roberto Gutierrez
Vice President of Administrative Services	Tricia Fiscus
Vice President of Academic Affairs	Jamie Jennings
Vice President of Student Services	Allison Bryson
Executive Director of External Programs	Charles Massie
Executive Director of HR and General Counsel	Michael Blade
Dean for Career and Technical Education	Christopher Stickles
Interim Dean of Instruction	Ronda Wery
Director of Information Services	Paul Breedlove
Director of Facilities	Michael Homfeldt



FINANCIAL SECTION

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**REPORT OF THE INDEPENDENT
AUDITOR**

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KENNETH KUHN & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT

December 20, 2019

Board of Education
Klamath Community College District
Klamath Falls, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Klamath Community College District and Klamath Community College Foundation, Inc., its discretely presented component unit, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Klamath Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Klamath Community College District and Klamath Community College Foundation, Inc. as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements of Klamath Community College Foundation, Inc., under the caption "New Accounting Pronouncement," during the year ended June 30, 2019, the Foundation adopted new accounting guidance related to accounting and financial reporting for not-for-profit entities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Klamath Community College District's basic financial statements. The other supplementary information listed in the table of contents, introductory section, statistical section, and schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of Klamath Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Klamath Community College District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 20, 2019 on our consideration of Klamath Community College District's internal control over financial reporting and on our tests of its 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Klamath Community College District's (the College) Comprehensive Annual Financial Report (CAFR) presents an analysis of the financial activities of the College for the fiscal year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the Transmittal Letter and the financial statements that follow. Management assumes full responsibility for the completeness and reliability of all the information reported in this discussion and analysis, which focuses on current activities, resulting changes and currently known facts.

Financial Highlights

The major events for the fiscal year ended June 30, 2019 that impacted the Klamath Community College District are as follows:

- * At the end of the 2018-19 fiscal year, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$24.1 million. Accounting for pension obligations, and the fluctuation in the timing of the 8th quarter State Aid payment takes the amount that may be used to meet the College's ongoing obligations to citizens and creditors, referred to as unrestricted net position, negative by \$1.5 million.
- * The College's total net position decreased by \$3.7 million, or 13.2%. Major offsetting, contributing factors to this increase in the College's total net position are the following:
 - The College received a total of \$406 thousand in capital contributions, primarily from the State of Oregon. The capital contributions were made towards the construction of the Work Skills Technology Center, a 20,326 square foot instructional facility, and Founders Hall, a 22,718 square foot administration building, both located and constructed on campus.
 - Legislated fluctuation in Oregon State Aid for community colleges, initiated in 2003. (See "State Aid" major event highlight, below). This results in a 4th quarter 2018-19 Oregon State Aid payment of \$2.1 million being deferred to 2019-20.
 - A \$711 thousand increase in tuition and fees.

- A \$1.4 million increase in personnel expenses.
 - A \$1.5 million increase in personnel expense pension actuarial adjustment.
 - A \$191 thousand increase in student financial aid and grants
 - A \$196 thousand increase in state grants and contracts
- * Student tuition and fees increased by \$711 thousand, (12.4%), primarily due to a sharp increase in the enrollment in aviation courses with high course fees, and an tuition increase of \$6.50 per hour for all modalities of tuition. Our differentiated tuition model is based on student contact hours, increasing the cost of lab classes to \$214.50 per hour, combined format classes to \$147.50 per hour, and straight lecture courses to \$103.00. Distance Education students paid an additional \$21.50 per credit hour; an increase of \$5.00.
- * Measured by Full-Time Equivalent Students, the College's enrollment increased by 1.1% to 1,838.66 FTE.
- * State Aid (FTE reimbursement) decreased \$3.1 million or 33.7%. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter payment from April 2019 to July 2019, and the prior year's inclusion of the eighth quarter payment from the previous biennium. The deferrals were enacted in 2003 and are scheduled to occur on alternate years so that the State can balance its biennial budget. Notwithstanding this timing adjustment, State Aid increased by \$719 thousand (10.0%).
- * Current assets include a significant amount of cash and equivalents due to contributions to Reserve Funds. Additionally, Board Policy requires a minimum of 90 days operating cash for the Ending Fund Balance.

The College's largest component of net position at \$25.6 million is the amount invested in capital assets, e.g. land, buildings, library holdings, machinery and equipment, less any outstanding related debt used to acquire these assets. The College uses these capital assets to provide services to students; therefore, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities. The majority of the debts used to acquire the

capital assets will be paid off over the next one to eleven years by the College's General Fund. A schedule of these payments may be found in the Long Term Debt, Note 5 to the financial statements.

Overview of the Financial Statements

This discussion and analysis is designated as an introduction to Klamath Community College District's basic financial statements, which consist of entity-wide financial statements prepared in accordance with generally accepted accounting principles using the accrual basis of accounting and notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The entity-wide financial statements are intended to provide readers with a broad perspective of the College's finances, as would be prepared for a private-sector business. These entity-wide statements consist of (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Basic Financial Statements, which are described and analyzed below.

- * The Statement of Net Position: This financial statement presents information on all of the College's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as "Net Position". Over time, increases or decreases in net position are indications of either the improvement or erosion of the College's financial well-being when considered along with non-financial factors such as enrollment levels and the condition of the facilities.
- * The Statement of Revenues, Expenses, and Changes in Net Position: This financial statement presents the revenue 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. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in the following fiscal year. The utilization of long-lived assets is shown in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues are reported as either operating or non-operating. Operating revenues primarily consist of tuition, fees, federal and state grants, auxiliary enterprise revenue, and contracts inherent in providing educational services. State Aid appropriations, property taxes, investment income and other miscellaneous revenues are classified as non-operating revenues.

- * The Statement of Cash Flows: This financial statement presents information on cash flows from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. It reflects the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in determining financial viability and the College's ability to meet financial obligations as they become due.
- * Notes to the Basic Financial Statements: These notes provide the reader with additional information that is necessary for a full understanding of the data provided in the entity-wide financial statements. They are an integral part of the financial statements and they help to present the whole picture from a financial perspective.

Analysis of the Statement of Net Position
June 30, 2019

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows 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 total assets, and deferred outflows, and liabilities, and deferred inflows and is one measure of the financial condition of the College.

	2019	2018	Increase (Decrease) 2019-18
Assets			
Current Assets	\$ 7,642,814	\$ 9,546,373	\$ (1,903,559)
Noncurrent Assets	31,932,633	33,065,617	(1,132,984)
Total Assets	<u>39,575,447</u>	<u>42,611,990</u>	<u>(3,036,543)</u>
Deferred Outflows of Resources	<u>7,524,150</u>	<u>7,388,627</u>	<u>135,523</u>
Liabilities			
Current Liabilities	2,026,528	2,377,615	(351,087)
Noncurrent Liabilities	19,861,247	17,019,426	2,841,821
Total Liabilities	<u>21,887,775</u>	<u>19,397,041</u>	<u>2,490,734</u>
Deferred Inflows of Resources	<u>1,109,252</u>	<u>2,833,908</u>	<u>(1,724,656)</u>
Net Position			
Net invested in Capital Assets	25,609,324	26,287,742	(678,418)
Unrestricted	(1,506,754)	1,481,926	(2,988,680)
Total Net Position	<u>\$ 24,102,570</u>	<u>\$ 27,769,668</u>	<u>\$ (3,667,098)</u>

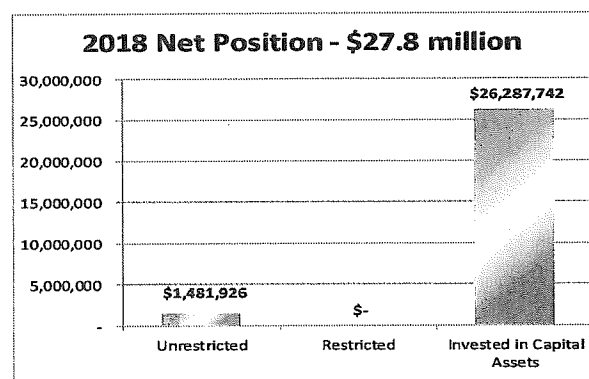
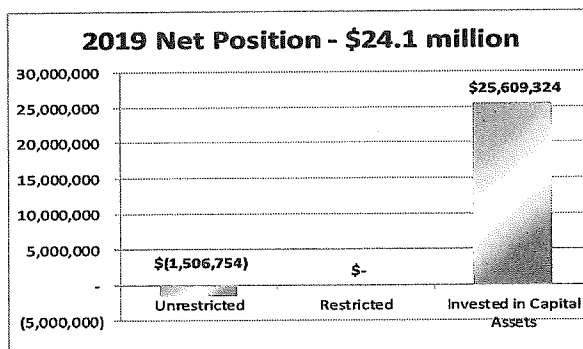
Fiscal year 2019 compared to 2018. As of June 30, 2019, the College's assets were approximately \$39.6 million. The College's current assets of \$7.6 million were sufficient to cover current liabilities of \$2.0 million. This represents a current ratio of 3.8 as compared to 4.0 for the prior year. This decrease in the current ratio is primarily due to a decrease in cash associated with the deferral of the 8th quarter state aid payment to July 2019. Receivables consist primarily of property taxes, student accounts, and intergovernmental grants. The College's investment in capital assets, net of accumulated depreciation decreased \$1.2 million, reflecting a pause in capital construction.

The College's current liabilities are comprised primarily of payroll, accrued payables for operation, construction contract retainage, and the interest payable, and the current portion of long-term debt. Noncurrent liabilities reflect the balance of long-term debt from 2009 Full Faith and Credit Obligations, and a 2015 private financing agreement. Debt instruments were used to purchase approximately 60 acres for the campus along with the improvements and construction of buildings, consisting of approximately 105,000 square feet.

Within net position, the "Net investment in capital assets" amount is \$25.6 million, a decrease of \$700,000 compared to 2018, primarily due to a pause in capital construction. In future years, the College's capital assets are expected to grow with the expansion and further development of the campus.

The majority of the decrease in Unrestricted net position is associated with the 8th quarter State Aid payment.

The following graphs show the allocation of net position for the College for the past two years:



Analysis of the Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

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 Aid payments and property taxes, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles in the United States of America (GAAP).

The detailed categories of the College's Revenues, Expenses, and Changes in Net Position are as follows:

	2019	2018	Increase (Decrease) 2019-18
Operating Revenues			
Tuition and Fees	\$ 6,434,313	\$ 5,723,006	\$ 711,307
Federal Financial Aid and Grants	4,380,592	4,189,578	191,014
State Grants and Contracts	1,393,453	1,197,808	195,645
Out-of-District Contracts	457,210	357,920	99,290
Auxiliary Enterprises	374,981	505,184	(130,203)
Total Operating Revenues	<u>13,040,549</u>	<u>11,973,496</u>	<u>1,067,053</u>
	2019	2018	Increase (Decrease) 2019-18
Operating Expenses			
Educational and General:			
Instruction	8,035,278	6,251,259	1,784,019
Instructional Support	1,757,189	1,501,282	255,907
Student Services	3,433,357	2,671,141	762,216
College Support	4,240,344	3,921,831	318,513
Plant Operations	1,110,860	955,977	154,883
Financial Aid	4,337,694	4,259,370	78,324
Auxiliary Enterprises	423,309	558,078	(134,769)
Depreciation	2,152,370	1,913,539	238,831
Total Operating Expenses	<u>25,490,401</u>	<u>22,032,477</u>	<u>3,457,924</u>
Operating Loss	<u>(12,449,852)</u>	<u>(10,058,981)</u>	<u>(2,390,871)</u>

	2019	2018	Increase (Decrease) 2019-18
Non-Operating Revenues (Expenses)			
State Support	\$ 6,107,769	\$ 9,211,901	\$ (3,104,132)
Investment Income	187,798	128,563	59,235
Property Taxes	2,273,866	2,218,063	55,803
Debt Premium Amortization	3,246	3,246	-
Loss on disposal of Capital Assets	(2,525)	(1,892)	(633)
Interest Expense	(193,894)	(208,755)	14,861
Net Nonoperating Revenues	<u>8,376,260</u>	<u>11,351,126</u>	<u>(2,974,866)</u>
Total Increase - (Decrease) in Net Position before Capital Contributions	(4,073,592)	1,292,145	(5,365,737)
Capital Contributions	<u>406,494</u>	<u>8,986,426</u>	<u>(8,579,932)</u>
Change in Net Position	(3,667,098)	10,278,571	(13,945,669)
Net Position, Beginning of Year	<u>27,769,668</u>	<u>17,491,097</u>	<u>10,278,571</u>
Net Position, End of Year	<u>\$ 24,102,570</u>	<u>\$ 27,769,668</u>	<u>\$ (3,667,098)</u>

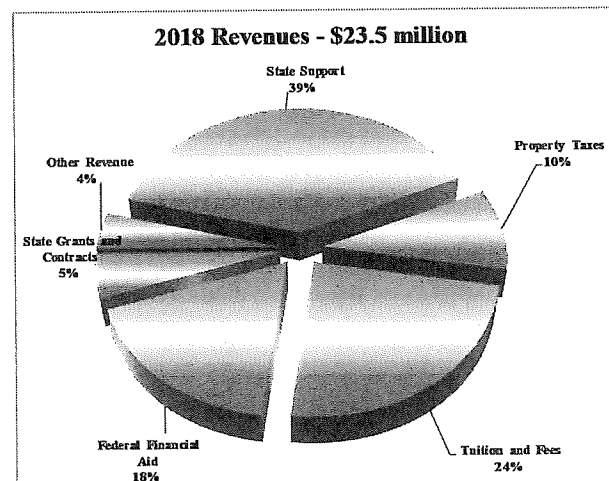
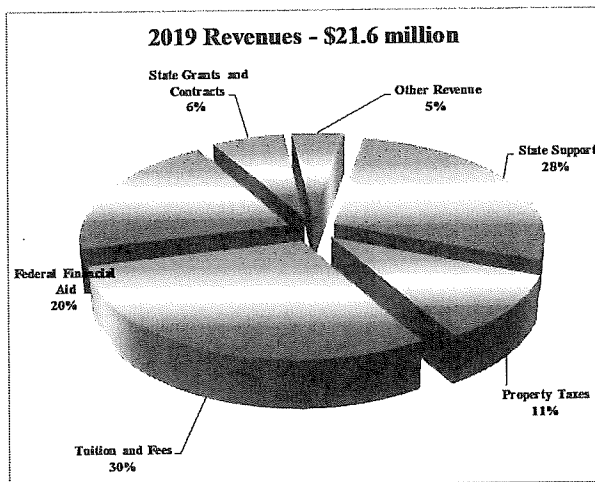
Revenues

Fiscal year 2019 compared to 2018. The most significant sources of operating revenue for the College are tuition and fees along with Federal financial aid and grants. Tuition and fees includes all amounts paid for educational purposes, which totaled approximately \$6.4 million, an increase of \$711 thousand, or 12.4% over 2017/18. In 2017/18 the College adopted a differentiated tuition model where lab (\$214.50 per hour) and combined format (\$147.50 per hour) courses cost more than straight lecture courses (\$103.00); an increase of \$6.50 for all modalities. Enrollment FTE increased by 1.1% to 1,838.66 FTE. There was also an \$809 thousand increase in Aviation Course fees, a particularly high-cost program. Federal financial aid, grants, and contracts totaled approximately \$4.4 million, an increase of \$191 thousand, or 4.6% when compared to the previous year. This increase is spread among multiple, previously established grants including a U.S. Dept. of Labor Workforce Innovation and Opportunity Act Grant "WIOA", and a U.S. Dept. of Education TrIO Upward-Bound Grant. The College also facilitated \$3.2 million in Direct Loans for students that are not reflected in our Statement of Revenues, Expenses, and Changes in Net Position.

Revenue from state grants and contracts totaled \$1.4 million, an increase of \$196 thousand. This 16.3% increase was a combination of many state grants. Out-of-District contracts increased \$99 thousand, or 27.7%. Auxiliary enterprises consisting of catered food service and bookstore revenue decreased \$130 thousand, or 25.8%, due to the closing of our short-order food service, and a decrease per-student sales at our bookstore.

The largest non-operating revenue is from the State of Oregon. Annually, the State of Oregon appropriates funding for all 17 Oregon community colleges. State Support (FTE reimbursement) decreased \$3.1 million or 33.7%. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement for the biennium from April 2019 to July 2019. When compensating for this timing adjustment, State Aid increased by \$719 thousand, or 10.0% to \$8.2 million. Additional non-operating revenues included \$2.3 million received from property taxes and investment income of \$188 thousand.

The following graphs illustrate the allocation of College revenues for Fiscal Years 2018-19 and 2017-18:



Expenses

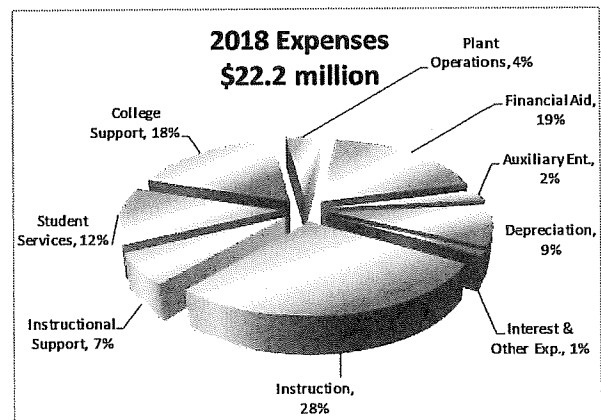
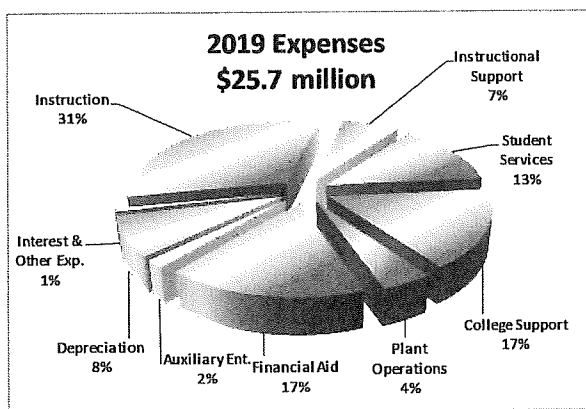
Fiscal year 2019 compared to 2018. Operating expenses totaled \$25.5 million, a 15.7% increase when compared to last year's total of \$22.0 million, and are comprised of salaries and benefits, materials and services, utilities, financial aid and grants, cost of goods sold, and depreciation. Last year's report included a GASB 68 adjustment of \$456 thousand, compared to this year's adjustment of \$1.5 million (please see below.) Including these adjustments, most expense categories increased with Instruction expense experienced the largest increase of 28.5%, or \$1.8 million. Instruction Expense includes all instructional expenses for both credit and non-credit instruction, and increased primarily in Aviation course fees, their portion of the GASB 68 adjustment. Student Services increased by \$762 thousand, or 28.5%, primarily due to increased spending among several grants. College support includes the Board of Education, President's Office, Administrative Services, Business Office, Institutional Research, Human Resources, Staff Development – Non-Instructional, Information Services (IT), Communications, Administrative Support, and District (for all expense not allocated to any one specific department, such as liability insurance). College Support increased \$319 thousand, or 8.1%, due primarily to the GASB 68 adjustment. Instructional Support increased by \$256 thousand, or 17.0%, due to several factors including the GASB 68 adjustment, increased spending on the student computer network, and several small grants. Depreciation increased by \$239 thousand, or 12.5% as the Founders Hall building was brought into service. Auxiliary Enterprises decreased by \$135 thousand, or 24.1% due to the

closing of our short-order food service, and a decrease per-student sales at our bookstore.

Instruction expense is the largest category at \$8.0 million followed by Financial Aid at \$4.3 million, and College Support at \$4.2 million, representing 31.5%, 17.0%, and 16.6% of total operating expenses.

Fiscal year 2019 non-operating expenses totaling \$196 thousand is comprised of \$194 thousand in interest expense, and a \$3 thousand in Loss on the disposal of Capital Assets.

The following graphs show the allocation of expenses for the College for the past two years:



The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2016, and GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which significantly impact 2018 and 2019 expenses. The chart below shows an expense comparison without including the pension adjustments to allow comparison with 2018 expenses.

Expense Comparison without GASB 68 & 75

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease) 2019-18</u>
Operating Expenses			
Educational and General:			
Instruction	7,428,427	6,082,315	1,346,112
Instructional Support	1,625,122	1,460,043	165,079
Student Services	3,176,087	2,598,249	577,838
College Support	3,916,253	3,813,680	102,573
Plant Operations	1,027,047	930,213	96,834
Financial Aid	4,337,694	4,259,370	78,324
Auxiliary Enterprises	391,343	542,993	(151,650)
Depreciation	<u>2,152,370</u>	<u>1,913,539</u>	<u>238,831</u>
Total Operating Expenses	<u>24,054,343</u>	<u>21,600,402</u>	<u>2,453,941</u>

Analysis of the Statement of Cash Flows
For the Year Ended June 30, 2019

This statement provides an appraisal of the financial health of the College. Its principal purpose is to provide relevant information regarding the cash receipts and cash payments of the College during a period. The Statement of Cash Flows also helps users assess the ability of the College to meet obligations as they become due, and any need for external financing.

	2019	2018	Increase (Decrease) 2019-18
Cash Provided by (Used in):			
Operating Activities	\$ (8,987,828)	\$ (7,720,264)	\$ (1,267,564)
Noncapital Financing Activities	8,388,148	11,428,714	(3,040,566)
Capital and Related Financing Activities	73,379	(710,823)	784,202
Investing Activities	187,798	128,563	59,235
Net Increase (Decrease) in Cash	(338,503)	3,126,190	(3,464,693)
Cash - Beginning of year	5,972,584	2,846,394	3,126,190
Cash - End of year	<u>\$ 5,634,081</u>	<u>\$ 5,972,584</u>	<u>\$ (338,503)</u>

Fiscal year 2019 compared to 2018. The major sources of funds in operating activities include tuition and fees, federal financial aid and grants, state grants and contracts, out-of-district contracts, and auxiliary enterprises. Major uses include payments made to employees and suppliers, pass-through grants and contracts, and student financial aid and other scholarships. The College state support FTE reimbursements and property taxes are the primary sources of noncapital financing activities.

Another use of funds in the capital and related financing activities is principal and interest on debt issued by the College. Principal payments were made on our 2015 Private Financing Agreement, and 2009 Full Faith and Credit Obligations. Principal and interest payments were made on both debt issues. The principal investing activities reflect the interest on investments and include all earnings on bank accounts and the College's accounts with the Local Government Investment Pool, managed by the State of Oregon.

Ending cash decreased by \$339 thousand from Fiscal Year 2017-18 to 2018-19 to \$5.6 million, attributable primarily to the deferral of the 8th quarterly state aid payment of the 17/19 biennium mentioned above.

Capital Assets and Debt Administration

Capital Assets

Fiscal year 2019 compared to 2018. The College's investment in capital assets as of June 30, 2019, equates to \$31.9 million, net of accumulated depreciation, a \$1.2 million decrease from the prior year, primarily in buildings. Investment in capital assets includes land, buildings, improvements, machinery and equipment, library holdings, software, and infrastructure.

Additional information about the College's capital assets can be found in Note 4 of this report.

Long-Term Debt

Fiscal year 2019 compared to 2018. At the conclusion of the current fiscal year, the College had total debt outstanding, net of premiums of \$20.6 million. Debt consists of Private debt issued, in December 2015, Full Faith and Credit Obligations issued in 2009, compensated absences, and pension/OPEB liabilities associated with GASB 68 and 75.

The College's long-term debts outstanding increased by \$2.9 million, the net of a \$3.2 million increase in Net Pension liability, a \$124 thousand increase in Pension transition liability, net of \$522 thousand in annual debt principal payments, and other additions.

In January 2009, prior to issuing the 2009 Series debt, the College applied for a Standard & Poor's Bond Rating, and received an "AA-" rating, which was affirmed this past September 2018. This rating reflects Standard & Poor's view that an investment in the District's debt instruments is a safe investment with low risk of failure. Factors contributing to this rating included favorable financial performance, extremely strong available fund balances, good financial policies and practices, the use of multi-year financial forecasting to inform the budgeting process, revenue flexibility because of low tuition and fee levels, and a low debt burden.

State statutes limit the amount of general obligation debt the College may issue to 1.5% of Real Market Value properties within the College's district. The current legal debt limit for the College is approximately \$127.8 million.

The College currently has no general obligation debt issued.

More information on the College's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budget

The Oregon Legislature has appropriated \$641.4 million for Oregon's 17 community colleges for the 2019-21, a 13.7% increase from 2017-19 funding.

Although trailing the rest of the State, our local economy appears to have stabilized with an unemployment of approximately 6.5%, roughly the same unemployment as last year. Historically, enrollment has had an inverse relationship with local employment opportunities. However the College has successfully pursued new markets, and enrollment increased slightly. The College faces increasing costs, but the College was able to forego a planned tuition rate increase when the State increased Community College funding.

In past sessions, the legislature passed several bills for the State's Public Employees Retirement System (PERS) in order to mitigate future liabilities for governmental entities. This resulted in a third tier of benefits for employees hired after August 28, 2003, in addition to the employees' contributions being applied to a separate account. The new Oregon Public Service Retirement Plan (OPSRP), a partial defined contribution plan and a partial defined benefits plan, went into effect on August 29, 2003.

The College established a PERS Reserve Fund in order to pay down the College's Unfunded Actuarial Liability (UAL), and to offset projected rate increases. The College made a lump sum payment in the amount of \$500.0 thousand during Fiscal Year 2007-08, which continues to reduce its contribution rate by approximately 1%.

The College continues to manage its financial resources proactively and consequently relies heavily on its financial forecasting model. This model forecasts out five years and takes into consideration decisions made today on the financial health of the College five years later. The College is required by Oregon Budget Law to submit and adopt a balanced budget each year by July 1st. The financial forecast model is provided to the Budget Committee as part of the budget process.

Requests for Information

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

Tricia Fiscus
Vice President of Administrative Services
Klamath Community College
7390 South Sixth Street
Klamath Falls, OR 97603

BASIC FINANCIAL STATEMENTS

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KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current assets:	
Cash and investments	\$ 5,634,081
Receivables:	
Taxes	182,458
Tuition and fees	413,894
Grants & contracts	749,951
Other accounts	254,909
Prepaid items	275,553
Inventory	<u>131,968</u>
Total current assets	<u>7,642,814</u>
Noncurrent assets:	
OPEB asset	70,386
Non-depreciable capital assets	1,777,283
Depreciable capital assets, net	<u>30,084,964</u>
Total noncurrent assets	<u>31,932,633</u>
Total assets	<u>39,575,447</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions and OPEB	<u>7,524,150</u>
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LIABILITIES

Current liabilities:	
Accounts payable	536,728
Due to student organizations	69,324
Payroll and related liabilities	482,558
Accrued interest payable	46,263
Unearned revenue	129,099
Long-term liabilities - current portion	<u>762,556</u>
Total current liabilities	<u>2,026,528</u>
Noncurrent liabilities:	
Compensated absences	56,013
Full faith and credit obligations and private financing agreement	5,714,425
Net pension liability	13,034,009
Net OPEB liability	142,869
Pension transition liability	<u>913,931</u>
Total noncurrent liabilities	<u>19,861,247</u>
Total liabilities	<u>21,887,775</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions and OPEB	<u>1,109,252</u>
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NET POSITION

Net investment in capital assets	25,609,324
Unrestricted	<u>(1,506,754)</u>
Total net position	<u>\$ 24,102,570</u>

The notes to the basic financial statements are an integral part of this statement.

KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

REVENUES

Operating revenues:

Student tuition and fees	\$ 6,434,313
Federal student financial aid and grants	4,380,592
State grants and contracts	1,393,453
Out-of district contracts	457,210
Auxiliary enterprises	<u>374,981</u>

Total operating revenues	<u>13,040,549</u>
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EXPENSES

Operating expenses:

Educational and general:

Instruction	8,035,278
Instructional support	1,757,189
Student services	3,433,357
College support	4,240,344
Plant operations	1,110,860
Financial Aid	4,337,694
Auxiliary enterprises	423,309
Depreciation	<u>2,152,370</u>

Total operating expenses	<u>25,490,401</u>
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Operating Loss	<u>(12,449,852)</u>
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NONOPERATING REVENUES (EXPENSES)

State support	6,107,769
Investment income	187,798
Property taxes and interest	2,273,866
Debt premium amortization	3,246
Loss on disposal of capital assets	(2,525)
Interest expense	<u>(193,894)</u>

Net nonoperating revenues (expenses)	<u>8,376,260</u>
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Loss before capital contributions	(4,073,592)
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Capital contributions	<u>406,494</u>
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Change in net position	(3,667,098)
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NET POSITION

Net position - beginning of year	<u>27,769,668</u>
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Net position - end of year	<u>\$ 24,102,570</u>
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The notes to the basic financial statements are an integral part of this statement.

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 6,305,581
Federal student financial aid and grants	4,568,242
State grants and contracts	1,205,039
Out-of district contracts	304,088
Payments to suppliers for goods and services	(3,716,231)
Payments to employees	(13,268,525)
Payments for financial aid and scholarships	(4,337,694)
Auxiliary enterprises:	
Cash received from customers	374,981
Paid to suppliers for resale materials	<u>(423,309)</u>
Net cash used	
by operating activities	<u>(8,987,828)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from state support	6,107,769
Cash received from property taxes	<u>2,280,379</u>
Net cash provided by	
noncapital financing activities	<u>8,388,148</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash received from capital grants	2,329,671
Construction and acquisition of capital assets	(1,536,390)
Principal paid on capital debt	(521,706)
Interest paid on capital debt	<u>(198,197)</u>
Net cash provided by capital and	
related financing activities	<u>73,379</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>187,798</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS (338,503)

CASH AND CASH EQUIVALENTS

Beginning of the year	<u>5,972,584</u>
End of the year	<u>\$ 5,634,081</u>

The notes to the basic financial statements are an integral part of this statement.

KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:**

Operating Loss	\$ (12,449,852)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	2,152,370
Changes in assets, liabilities and deferred inflows/outflows:	
Receivables	(281,236)
Inventories	(934)
Prepaid items	(82,463)
OPEB asset	(70,386)
Deferred outflows related to pensions and OPEB	(135,523)
Unearned revenue	(22,944)
Accounts payable	196,795
Due to/from student organizations	21,563
Payroll and related liabilities	(25,670)
Net pension liability	3,201,021
Net OPEB liability	41,997
Pension transition liability	123,604
Deferred inflows related to pensions and OPEB	(1,724,656)
Compensated absences	68,486
Net cash used	
by operating activities	<u>\$ (8,987,828)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Receivables	\$ 1,923,177
Capital contributions	(1,923,177)
Unamortized premium	(3,246)
Debt premium amortization	3,246
Disposal of capital assets	2,525
Loss on disposal of capital assets	(2,525)
Total noncash investing, capital, and financing activities	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Cash and cash equivalents	\$ 774,400
Investments	142,260
Grants receivable	<u>37,600</u>
Total assets	<u><u>\$ 954,260</u></u>

Liabilities and Net Assets

Liabilities:

Due to Klamath Community College	\$ 220,854
Deferred revenue	<u>1,000</u>
Total liabilities	<u>221,854</u>

Net assets:

Without donor restrictions	12,806
With donor restrictions	<u>719,600</u>
Total net assets	<u>732,406</u>
Total liabilities and net assets	<u><u>\$ 954,260</u></u>

The accompanying notes are an integral part of this statement.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions of cash	\$ 1,257	\$ 437,590	\$ 438,847
Contributions of other property	50,675	-	50,675
Grants	3,100	164,168	167,268
Program income	-	4,014	4,014
Sponsorships	-	7,375	7,375
Donated services	123,163	-	123,163
Investment earnings	54	6,127	6,181
Net realized gains on investments	-	549	549
Net unrealized gains on investments	-	34	34
Special events	6,167	19,689	25,856
Endowment administration	2,170	(2,170)	-
Donation fees	11,754	(11,754)	-
Net assets released from restrictions	231,315	(231,315)	-
Total revenues, gains and other support	429,655	394,307	823,962
Expenses and losses:			
Program services:			
Scholarships	62,321	-	62,321
Transfers to KCC for capital construction	47,437	-	47,437
Program support	31,745	-	31,745
Student travel and support	7,267	-	7,267
Prizes and awards	2,300	-	2,300
Noncash college support	50,675	-	50,675
Special events	6,167	-	6,167
Total program services	207,912	-	207,912
Supporting services:			
General administration	89,546	-	89,546
Donated services	123,163	-	123,163
Total supporting services	212,709	-	212,709
Realized loss on sale of property	-	699	699
Total expenses and losses	420,621	699	421,320
Change in net assets	9,034	393,608	402,642
Net assets, beginning of year	3,772	325,992	329,764
Net assets, end of year	\$ 12,806	\$ 719,600	\$ 732,406

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

Klamath Community College District (District) is a municipal corporation governed by an elected seven-member board. The District is a primary government. A primary government is financially accountable for the organizations (component units) that are to be included in the reporting entity. The District has considered all organizations for which the District is financially accountable. The District has elected to treat Klamath Community College Foundation (Foundation) as a component unit as required by Governmental Accounting Standards Board (GASB) Statements No. 39 and 61.

Klamath Community College Foundation (Foundation) is an Oregon not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Oregon excise taxes under applicable state law. The Foundation operates for the limited purpose of financially and otherwise supporting the mission of Klamath Community College District. The Foundation receives donated services from the District in the form of management and administrative personnel support. The Foundation is governed by a Board of Trustees. Financial statements and notes for the Foundation follow the College Basic financial statements in the report.

B. BASIS OF PRESENTATION

The District's 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 - for Public Colleges and Universities*. The District now follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the financial activities of the District.

C. 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

D. CASH AND INVESTMENTS

Investments included in cash and investments are reported at fair value. The District invests in the Oregon State Treasury's Local Government Investment Pool (LGIP). These investments are managed in accordance with the "prudent person rule" and administrative regulations of the State Treasurer, which may change from time to time. Eligible investments include U.S. Treasury obligations and Agency securities, bankers' acceptances, high-grade commercial paper, and repurchase agreements, all subject to certain size and maturity limitations. The pool has the general characteristics of a demand deposit account in that investors may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

For purposes of the statement of cash flows, cash, demand deposits and the Local Government Investment Pool are considered to be cash and cash equivalents.

E. RECEIVABLES

All accounts, grants and property taxes receivable are shown net of an allowance for uncollectible accounts.

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

For the current year, the District levied taxes at the rate of \$0.4117 per \$1,000 of assessed value of all taxable property within the District. Measure 50 establishes the permanent rate and allows for an increase of the assessed value of property of 3% per year.

Unreimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred.

F. INVENTORIES AND PREPAID ITEMS

Inventories held for resale are stated at the lower of cost or market. Cost is determined by the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in statement of net position.

G. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation up to 1.5 times their annual award in addition to sick pay or a maximum of 240 hours. There is no liability for unpaid accumulated sick leave per Board policy. Unused vacation pay is recognized as an expense and accrued when earned.

H. CAPITAL ASSETS

Capital assets include land and land improvements; buildings and buildings improvements; infrastructure; equipment and machinery; computer equipment and software; furniture; library collections; and construction in progress, all having a useful life of more than one year. The District's capitalization threshold is \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the historical value of the assets or materially extend assets lives or productivity are not capitalized.

Buildings and buildings improvements, land improvements, infrastructure, furniture, equipment and vehicles, management information software, library collections and computer technology of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & buildings improvements	30-40
Land improvements	10-25
Infrastructure	25-50
Furniture, equipment & vehicles	5
Management information software	7
Library collections	5
Computer equipment	3

I. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period and 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 and will not be recognized as an inflow of resources (revenue) until that time.

J. LONG-TERM OBLIGATIONS

Debt premiums and loss on refundings are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

K. PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' 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.

L. OTHER POSTEMPLOYMENT BENEFITS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' 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.

M. OPERATING AND NON-OPERATING REVENUES AND EXPENSES

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition, federal and state grants, charges for services and sales of educational material. Operating expenses include the cost of faculty, administration, sales and services for bookstore and food service operation, and depreciation. All other revenues, including state educational support and expenses not meeting this definition are reported as non-operating revenues and expenses.

N. USE OF ESTIMATES

The preparation of basic financial statements in conformity with generally accepted accounting principles in the United States requires 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 basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. FEDERAL FINANCIAL ASSISTANCE PROGRAM

The District participates in federal funded Pell Grants, SEOG Grants, Work-Study and the Direct Loan program. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *OMB Compliance Supplement*. Cost principles as outlined in the Uniform Guidance are followed.

2. Stewardship, Compliance and Accountability

A. BUDGETARY COMPLIANCE

In accordance with Oregon Revised Statutes, budgets are prepared and adopted, and expenditures are appropriated on a fund basis, using the modified accrual or full accrual basis of accounting depending on the fund types. The District does not use encumbrance accounting. All annual appropriations lapse at fiscal year end.

On or before June 30 of each year, the District enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the Board of Education and a like number of interested citizens. The budget committee approves the budget prior to the Board of Education's budget hearings. The Board of Education adopts the annual budget, enacting budget and tax resolutions.

The budget is prepared by fund, department, activity, and line, and includes information of the past two years, current year budget and year-to-date, and requested appropriations for the next fiscal year. Expenditures may not exceed legally budgeted appropriations at the level of personal services, materials and services, capital outlay, debt service and transfers for all budgeted funds. The Board of Education can, by resolution, transfer appropriations between existing appropriation categories and increase appropriations to allow expenditure of unexpected revenues during the year. Management may transfer appropriations within an appropriation category. Budget figures in the financial statements include the original budget and approved increases and transfers. During 2018-19, the District overexpended the personnel services appropriation in the National Science Foundation Fund by \$893, the personnel services appropriation in the WIOA Grant Fund by \$19,215, and the materials and services appropriation in the STEP Grant Fund by \$610.

3. Cash and Investments

Cash and investments consisted of the following as of June 30, 2019:

Demand deposits with financial institutions	\$ 1,584,330
Local government investment pool	4,047,777
Cash on hand	<u>1,974</u>
Totals	<u>\$ 5,634,081</u>

DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the banks' records at year-end were \$1,577,121; \$500,000 of which was covered by federal depository insurance.

The Oregon State Treasurer is 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 at least 10% of their public deposits unless otherwise directed by the Oregon State Treasurer. The Oregon State Treasurer may at any time require banks to pledge additional collateral up to 110% of public funds on deposit depending primarily on the capitalization level of the depository bank.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk that diversifies the investment portfolio so that potential losses on individual securities will be minimized. Of the \$1,577,121 bank balance as of June 30, 2019, \$1,077,121 was subject to custodial risk because deposits in excess of FDIC coverage are collateralized, but not held by a third-party custodian bank in the name of the District. Deposits not insured by FDIC fall under (ORS) Chapter 295 as described above.

INVESTMENTS

The District's investments consist of an investment in the LGIP, which is managed by the State Treasurer in accordance with the "prudent person rule" and administrative rules that may be subject to change. ORS and the Oregon Investment Council establish investment policies for the State Treasurer and Oregon Short Term Fund Board (OSTF). In addition, the OSTF establishes portfolio guidelines. Members of the Investment Council and the Oregon Short-Term Fund Board are appointed by the governor. The investments that make up the State Local Government Pool are those allowed by ORS. The State Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. Participants' account balances in the pool are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon Short-Term Fund.

Credit risk: State law limits investments to general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and the State Treasurer's Local Government Investment Pool, along with certain commercial paper and corporate bonds which have the top two ratings issued by nationally recognized statistical rating organizations. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company and has no credit rating. Board Policy further requires adequate diversification, active monitoring of the funds, and holding primarily short term investments.

Interest rate risk: The District has a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates. Throughout the year, all investments were in the State Treasurer's LGIP. The Oregon Short-Term Fund manages the risk in the LGIP by limiting the maturity of the investments held by the fund. Maturities of investments in the Oregon Short-Term fund at June 30, 2019 were 78% 1 year or less and 22% over 1 year. Of the 78%, 59% was 93 days or less.

4. Capital Assets

Capital asset activities for the year ended June 30, 2019 were as follows:

	Balance 06/30/18	Additions	Retirements	Balance 06/30/19
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 1,767,284	\$ -	\$ -	\$ 1,767,284
Construction in progress	7,974,492	336,805	8,301,298	9,999
Total Not being Depreciated	<u>9,741,776</u>	<u>336,805</u>	<u>8,301,298</u>	<u>1,777,283</u>
<u>Capital Assets, being depreciated:</u>				
Buildings & improvements	25,492,946	7,931,181	-	33,424,127
Land improvements	4,558,838	388,094	-	4,946,932
Equipment	2,549,003	308,968	29,092	2,828,879
Computers and peripherals	3,364,234	272,734	239,601	3,397,367
Library collections	66,573	15,041	8,771	72,843
	<u>36,031,594</u>	<u>8,916,018</u>	<u>277,464</u>	<u>44,670,148</u>
<u>Less accumulated depreciation:</u>				
Buildings & improvements	6,088,876	1,121,268	-	7,210,144
Land improvements	2,095,635	198,385	-	2,294,020
Equipment	2,083,697	213,400	29,092	2,268,005
Computers and peripherals	2,395,970	604,748	237,076	2,763,642
Library collections	43,575	14,569	8,771	49,373
	<u>12,707,753</u>	<u>2,152,370</u>	<u>274,939</u>	<u>14,585,184</u>
<u>Net being depreciated:</u>				
Buildings & improvements	19,404,070	6,809,913	-	26,213,983
Land improvements	2,463,203	189,709	-	2,652,912
Equipment	465,306	95,568	-	560,874
Computers and peripherals	968,264	(332,014)	2,525	633,725
Library collections	22,998	472	-	23,470
<u>Net being depreciated:</u>	<u>23,323,841</u>	<u>6,763,648</u>	<u>2,525</u>	<u>30,084,964</u>
<u>Capital assets, net</u>	<u>\$ 33,065,617</u>	<u>\$ 7,100,453</u>	<u>\$ 8,303,823</u>	<u>\$ 31,862,247</u>

5. Long Term Debt

The District issues full faith and credit obligations and certificates of participation, as well as private financing agreements, to provide funds for the acquisition and construction of land, onsite improvements, construction of, or remodeling of facilities, and to pay issuance costs.

The debts are direct obligations and pledge the full faith and credit of the District. These obligations generally are issued as 20-year serial obligations with principal maturing each year.

In February 2009, the District issued \$4,150,000 of Full Faith and Credit Obligations Series 2009 to provide funds to construct, furnish and equip instructional facilities. These Obligations carry interest rates between 3% and 4.25%. Principal is payable annually over twenty years beginning June 2010.

In December 2015, the District issued \$4,699,500 in private debt to construct, furnish and equip additional instructional and administrative facilities. This debt carries an interest rate of 2.19%, with semi-annual principal and interest payments beginning July 2016, and continuing for fifteen years.

The debts currently outstanding are as follows:

Issue	Issued	Interest Rates	Payments Annually	Amount
Series 2009 Full Faith and Credit Obligations	2/10/2009	3.00 ~ 4.25%	12/1 & 6/1	\$ 2,465,000
Series 2015 Private Financing Agreement	12/15/2015	2.19%	7/15 & 1/15	3,758,717
Total				<u>\$ 6,223,717</u>

Annual debt service requirements to maturity are as follows:

Year-end	Series 2009		Series 2015	
	Principal	Interest	Principal	Interest
2020	\$ 205,000	\$ 102,433	\$ 330,252	\$ 82,316
2021	215,000	93,720	336,197	75,083
2022	220,000	84,583	347,697	67,721
2023	230,000	75,233	354,661	60,106
2024	240,000	66,033	361,628	52,339
2025~29	1,355,000	175,483	1,930,133	139,385
2030	-	-	98,149	2,149
Totals	<u>\$ 2,465,000</u>	<u>\$ 597,485</u>	<u>\$ 3,758,717</u>	<u>\$ 479,099</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Interest Matured and Paid</u>
FFCO's, COP's, and Private Debt	\$ 6,745,423	\$ -	\$ 521,706	\$ 6,223,717	\$ 535,252	\$ 198,197
Unamortized Premium - 2009	32,452	-	3,246	29,206	3,246	-
Compensated Absences	211,585	280,071	211,585	280,071	224,058	-
Net pension liability	9,832,988	3,201,021	-	13,034,009	-	-
Net OPEB Liability	100,872	41,997	-	142,869	-	-
Pension transition liability	790,327	123,604	-	913,931	-	-
Total Long-Term Liabilities	<u>\$ 17,713,647</u>	<u>\$ 3,646,693</u>	<u>\$ 736,537</u>	<u>\$ 20,623,803</u>	<u>\$ 762,556</u>	<u>\$ 198,197</u>

6. Net Position

GASB Statement No. 34 required reporting equity as "net assets" rather than "fund balance". Net assets were classified according to availability of assets for satisfaction of the District obligations. It is the policy of the District to first use restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Effective for the fiscal year ended June 30, 2013, GASB Statement No. 63 changed the title from Net Assets to Net Position.

For the District, net investment in capital assets is comprised as follows:

	<u>2019</u>
Capital assets,	
net of accumulated depreciation	\$ 31,862,247
Less related debt payable	(6,223,717)
Unamortized premium	<u>(29,206)</u>
Net investment in capital assets	<u>\$ 25,609,324</u>

Unrestricted net position on the Statement of Net Position is comprised as follows:

	2019
Reserved for:	
Program Development	\$ 3,026
Equipment	14,306
Furniture	36,267
Technology	21,301
PERS Liabilities	1,268,636
Building	1,585
Rainy Day	159,235
Staff Development - Instructional	11,981
Snow Removal	926
Building Maintenance	39,618
Unreserved	(3,063,635)
Total unrestricted net position	<u>\$ (1,506,754)</u>

7. Pension Plan

Plan Description

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

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits provided

A. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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 (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member 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 when determining the monthly benefit.

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 of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

B. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

A member of the OPSRP 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.

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.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

C. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$1,324,782, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 22.90 percent for Tier One/Tier Two General Service Members and 16.39 percent for OPSRP Pension Program General Service Members, net of 0.69 percent of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2019, the District reported a liability of \$13,034,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2018, the District's proportion was 0.06194623%.

For the year ended June 30, 2019, the District recognized pension expense of approximately \$2,662,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319,216	\$ -
Changes in assumptions	2,181,771	-
Net difference between projected and actual earnings on investments	-	416,704
Changes in proportionate share	2,911,258	629,803
Changes in proportion and differences between employer contributions and proportionate share of contributions	751,062	42,515
College's contributions subsequent to the measurement date	<u>1,324,782</u>	<u>-</u>
Deferred outflows / inflows at June 30, 2019	<u>\$ 7,488,089</u>	<u>\$ 1,089,022</u>

Contributions subsequent to the measurement date of \$1,324,782 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other deferred outflows of resources totaling \$6,163,307 less deferred inflows of resources of \$1,089,022 related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,929,169
2021	1,578,719
2022	775,627
2023	658,896
2024	<u>131,874</u>
Total	<u>\$ 5,074,285</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 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 total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 2017
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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
 Total	 <u>100.00%</u>	
 Assumed Inflation - Mean		 2.50%

Discount rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
College's proportionate share of the net pension liability	\$ 19,332,464	\$ 13,034,009	\$ 7,835,120

Change of assumptions

The Public Employees Retirement Board lowered the discount rate and the assumed investment rate of return from 7.50% to 7.20% effective January 1, 2018.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Transition Liability

The District reports a separate liability to the plan with a balance of \$913,931 at June 30, 2019. The liability represents the District's allocated share of the pre-SLGRP pooled liability. The District is being assessed an employer contribution rate of 1.76 percent of covered payroll for payment of this transition liability.

8. Postemployment Healthcare Benefits

Public Employees Retirement System

Plan Description

The District contributes to an OPEB plan administered by the Oregon Public Employees Retirement System (PERS). The Retiree Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit plan established under Oregon Revised Statute 238.420, which grants the authority to manage the plan to the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

Eligible PERS members can receive a payment of up to \$60 from RHIA toward the monthly cost of health insurance. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The plan was closed to new entrants hired on or after August 29, 2003.

Contributions

PERS funding policy provides for monthly employer contributions at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$35,825. The rates in effect for the fiscal year ended June 30, 2019 were 0.50 percent for Tier One/Tier Two General Service Members and 0.43 percent for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

OPEB Assets, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2019, the District reported an asset of \$70,386 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities actuarially determined. On June 30, 2018, the District's proportion was 0.06305484%.

For the year ended June 30, 2019, the District recognized OPEB expense of approximately (\$7) thousand. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,989
Changes in assumptions	-	223
Net difference between projected and actual earnings on investments	-	15,175
Changes in proportionate share	236	843
College's contributions subsequent to the measurement date	35,825	-
Deferred outflows/inflows at June 30, 2019	<u>\$ 36,061</u>	<u>\$ 20,230</u>

Contributions subsequent to the measurement date of \$35,825 reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other deferred outflows of resources totaling \$236 less deferred inflows of resources of \$20,230 related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (6,614)
2021	(6,656)
2022	(5,216)
2023	(1,508)
2024	-
Total	<u>\$ (19,994)</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. This method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 10 years.

The total OPEB asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed 10-year period.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	Healthy retirees: 35%; disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs, as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs, as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	

Assumed Inflation - Mean

2.50%

Discount rate

The discount rate used to measure the total OPEB asset was 7.20 percent for the OPEB Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually

required rates, as actuarially determined. Based on those assumptions, the OPEB 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 OPEB plan investments for the OPEB Plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate and healthcare cost trend rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
College's proportionate share of the net OPEB liability (asset)	\$ (40,982)	\$ (70,386)	\$ (95,415)

Change of assumptions

The Public Employees Retirement Board lowered the discount rate and the assumed investment rate of return from 7.50% to 7.20% effective January 1, 2018.

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

Postemployment Health and Dental Plan

Plan Description

The District operates a single-employer retiree defined benefit plan that provides postemployment health and dental coverage benefits to eligible employees and their eligible dependents. The District is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Although the District does not pay any portion of the plan premiums for retirees, there is an implicit benefit because (a) the greater claims associated with retirees are reflected in the plan rates and (b) those who opt to be covered by the District pay lesser premiums than they would had they bought coverage elsewhere. Eligible employees are those retiring from active service with at least 5 years of salaried employment with the District and a pension benefit payable under Oregon PERS. Retirees and their dependents under age 65 are allowed to receive the same health care coverage as offered to active employees, however, the retiree is required to pay the full premiums. This OPEB is not a stand-alone plan and therefore does not issue its own financial statements.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

Active employees	156
Retirees	<u>0</u>
Total Participants	<u><u>156</u></u>

Contributions and Funding

The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. For the year ended June 30, 2019, changes in the postemployment healthcare benefits liability are as follows:

Total OPEB liability - July 1, 2018	\$ 124,935
Service cost	16,312
Interest on total OPEB liability	4,774
Benefit payments	<u>(3,152)</u>
Total OPEB liability - June 30, 2019	<u><u>\$ 142,869</u></u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$21,086. At June 30, 2019, the District reported no deferred outflows of resources or deferred inflows of resources related to this plan.

Actuarial Valuation

The actuarial information is from a valuation dated June 30, 2018. The actuarial funding method used to determine the plan cost is the entry age normal actuarial cost method. In applying this method, projected benefit payments are determined for each active employee and retiree. The actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the service cost for that active employee. The service cost for retirees equals \$0. The sum of these individual service costs is the plan's service cost for the valuation year. The actuarial assumptions included (a) a discount rate of 3.87%, (b) an assumed inflation rate of 2.5% for all future years, (c) 3.5% salary increases per annum for all future years; and (d) healthcare cost trend rates of 3.4% for medical, between 3.0% and 3.4% for dental, and 3.00% for vision for all future years

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability - 6/30/2019	\$ 154,200	\$ 142,869	\$ 132,509

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability - 6/30/2019	\$ 126,861	\$ 142,869	\$ 161,998

9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Oregon School Boards Association Property And Casualty for Education (PACE) Program and pays an annual premium to PACE for its general and automobile liability, automobile physical damage, property damage, boiler and machinery, earthquake, public official bond and employee dishonesty coverage. Under the membership agreement with PACE, the insurance pool is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

The district carries commercial insurance for other risks of loss including workers' compensation coverage and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

10. Contingent Liabilities

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

Management is not aware of any other contingent liabilities that would require disclosure under Governmental Accounting Standards Board (GASB) Accounting Standards, 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.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Klamath Community College Foundation, Inc. (the Foundation) is an Oregon not-for-profit organization incorporated on May 21, 1997 under the laws of the State of Oregon. The Foundation operates for the limited purpose of financially and otherwise supporting the mission of Klamath Community College District, a political subdivision of the State of Oregon. The Foundation is governed by a Board of Trustees.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Financial Statement Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Policy for Endowed Funds

The accounting procedure for endowed funds conforms to the Foundation's policy for endowed funds. Endowment gifts (corpus) are recorded as donor-restricted funds to be maintained in perpetuity and investment earnings are recorded as funds which are temporarily restricted.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Use of Estimates

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

Investment Policy/Spending Policy

The investment policy of the Foundation is to provide for safety of principal through diversification in a portfolio of investments which may reflect varying rates of return. In addition, it is the intention of the Trustees to grow the corpus of the Foundation in real, inflation-adjusted terms after required spending and expenses of the Foundation. The assets of the Foundation will be managed for "total return" which includes both income received as well as capital appreciation. The overall rate of return objective for the portfolio is a reasonable inflation-adjusted rate consistent with the risk levels established by the Trustees and consistent with the objective of achieving real growth in Foundation assets.

The Foundation's investment objectives are as follows:

- The investments should achieve a return in excess of "market." The minimum average annual return objective for the Foundation portfolio is the Consumer Price Index plus 5.0%.
- The investments should experience no more risk (as defined by volatility and variability of return) than 115% of the "market."
- The investments should provide sufficient income and cash flow to meet requirements of distribution.

The Foundation follows a spending policy which states that the Foundation is responsible for distributing funds as directed by donors, and for managing funds so that the endowment accounts are preserved and increased to a level that retains their purchasing power. The Foundation's endowments generally provide that earnings only shall be available for academic scholarships. To that end, the following guidelines were established by the Foundation Board of Trustees:

- The Foundation Board shall have the authority to spend available funds based on the balance available for distribution based on terms of gift instrument or endowment policy.
- Board approval is required for appropriation of available funds.
- The Foundation Board shall work with the Financial Aid Office and Scholarship Committee to distribute scholarship awards according to guidelines set by individual donors.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Investment Policy/Spending Policy (Contd)

- The Foundation Board shall have the authority to spend five percent, inclusive of administrative fees, of the total principal, interest, and other earned income, of endowed scholarship funds each year based on December 31 account figures.
- Distributions from a permanently endowed fund whose market value is less than the historical gift value will be suspended until such time the market value exceeds the historical gift value.
- The Foundation Board may appropriate (based on ORS 128.322) for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. ORS 128.322 is within Oregon Revised Statutes 128.305 to 128.336 cited as the Uniform Prudent Management of Institutional Funds Act which establishes requirements for the management and expenditure of endowment funds.

The Foundation's spending policy also provides that an annual administrative fee of 1% of the fund will be assessed on all endowed accounts based on their fund balance as of June 30 of each year, unless otherwise waived by the Foundation.

Beginning January 1, 2018 the Foundation adopted additional fees on new cash or cash equivalent donations where 2% will be transferred to the Foundation's General Fund for administrative purposes, and 2% will be transferred to the Foundation's KCC Endowment Fund.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in checking accounts and a certificate of deposit account.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income and gains restricted by a donor are reported as increases in donor-restricted net assets until the restrictions are met (either by the passage of time or by use).

Contributions

Contributions received are recorded as unrestricted or donor-restricted support depending on the existence and/or nature of any donor restrictions. Promises to give which are, in substance, unconditional are recorded as unrestricted or donor-restricted support at the time the promise is made.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Contributions (Contd)

All donor-restricted support is reported as an increase in donor-restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

The Foundation receives donated services from the College in the form of management and administrative personnel support. Revenues and expenses for these services are reflected in the statement of activities based on compensation and fringe benefits paid to College personnel. The College also provides facilities for the operation and administration of the Foundation's activities. The estimated fair value for the use of these facilities is not reflected in the financial statements.

Donated Materials

The Foundation receives donated materials which are then donated to the College for use in the College's instructional programs. These donations are recorded at their estimated fair value, and are reflected as revenues and expenses in the statement of activities.

Deferred Revenue

Revenue that has been raised for future fund raising events is deferred and recognized in the period to which it relates.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Oregon excise taxes under applicable state law. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Foundation's tax exempt status can be revoked by the Internal Revenue Service as a result of direct violations of laws and regulations governing 501(c)(3) organizations. It is the Foundation's policy, therefore, to maintain strict adherence to these laws and regulations in order to maintain its tax-exempt status and to engage only in activities related to their exempt purpose.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Income Taxes (Contd)

Income from activities not directly related to performance of the Foundation's tax-exempt purposes could be subject to taxation as unrelated business income. The Foundation has evaluated each of its sources of income and believes that none of them meet the Internal Revenue Service definition of unrelated business income; therefore, no entries have been made in these financial statements to recognize potential income tax liability. The Foundation's tax returns for years prior to the year ended June 30, 2016 are generally no longer subject to examination by taxing authorities.

New Accounting Pronouncement

The Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity and financial performance. The Foundation implemented ASU 2016-14 during the year ended June 30, 2019.

2. AVAILABILITY AND LIQUIDITY

Financial assets at June 30, 2019 available to meet general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Financial assets at year end:	
Cash and cash equivalents	\$ 774,400
Investments	142,260
Grants receivable	<u>37,600</u>
Total financial assets	<u>954,260</u>
Less donor-restricted amounts not available	
for general expenditures within one year:	
Endowment funds restricted in perpetuity	286,793
Endowment accounts restricted for scholarships	19,017
Non-endowment accounts restricted for scholarships	117,547
Non-endowment accounts restricted for capital campaign	238,912
Non-endowment accounts restricted for building fund	8,273
Non-endowment accounts restricted for other program activities	<u>49,058</u>
Total donor-restricted amounts	<u>719,600</u>
Financial assets available to meet general expenditures	
over the next year	<u><u>\$ 234,660</u></u>

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

2. AVAILABILITY AND LIQUIDITY (Contd)

Endowment funds consist of donor-restricted endowments. Donor-restricted endowment funds received are restricted in perpetuity and are not available for general expenditures. Investment earnings from donor-restricted endowments are restricted for specific purposes, primarily scholarships and program activities.

The Foundation follows a spending policy which states that the Foundation is responsible for distributing funds as directed by donors, and for managing funds so that the endowment accounts are preserved and increased to a level that retains their purchasing power. The Foundation's endowments generally provide that earnings only shall be available for academic scholarships. The Foundation Board shall have the authority to spend five percent, inclusive of administrative fees, of the total principal, interest, and other earned income, of endowed scholarship funds each year based on December 31 account figures. The Foundation's spending policy also provides that an annual administrative fee of 1% of the fund will be assessed on all endowed accounts based on their fund balance as of June 30 of each year, unless otherwise waived by the Foundation.

As part of its liquidity management plan, the Foundation invests cash in excess of daily requirements in readily available money market funds and certificates of deposit.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2019:

Cash on hand	\$ 105
Deposits with financial insitutions	<u>774,295</u>
Total cash and cash equivalents	<u><u>\$ 774,400</u></u>

The Foundation maintains checking accounts, certificates of deposit accounts and money market accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The balance in these accounts per the banks' records at June 30, 2019 was \$774,295. Of this amount, \$352,079 was insured by FDIC coverage.

4. INVESTMENTS

Investments are stated at fair value and consist of investments totaling \$142,260 in equity and debt mutual funds and exchange-traded funds at June 30, 2019.

The following summary summarizes the investment return and its classification in the statement of activities. Investment earnings include revenues from the Foundation's checking account, money market accounts, equity and debt mutual funds and exchange-traded funds.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

4. INVESTMENTS (Contd)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Realized investment earnings	\$ 54	\$ 6,127	\$ 6,181
Net realized gains on investments	-	549	549
Net unrealized gains on investments	<u>-</u>	<u>34</u>	<u>34</u>
Net	<u>\$ 54</u>	<u>\$ 6,710</u>	<u>\$ 6,764</u>

The Foundation's investments are in thirteen equity and debt mutual funds and five exchange-traded funds. The Foundation's investments are subject to market fluctuations which could dramatically affect the fair value of these assets. The Foundation's investments are held by third-party custodians and are subject to custodial risk.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to expenditure for specified purposes:

Endowment accounts:

Restricted for scholarships \$ 19,017

Non-endowment accounts:

Restricted for scholarships 117,547

Restricted for capital campaign 238,912

Restricted for building fund 8,273

Restricted for other program activities 49,058

Sub-total 432,807

Endowment funds restricted in perpetuity 286,793

Total \$ 719,600

During the year ended June 30, 2019, \$231,315 was released from donor restrictions because purpose restrictions were satisfied.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

6. ENDOWMENT FUNDS

Endowment funds activity during the year ended June 30, 2019 was as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, July 1, 2018	\$ 26,909	\$ 147,383	\$ 174,292
Contributions	420	146,691	147,111
Realized investment earnings	3,324	1	3,325
Net realized gains on investments	549	-	549
Net unrealized gains on investments	20	-	20
Scholarships	(10,500)	-	(10,500)
Other expenses	(946)	-	(946)
Endowment administration	(755)	(1,415)	(2,170)
Donation fees	(4)	(5,867)	(5,871)
Endowment funds, June 30, 2019	<u>\$ 19,017</u>	<u>\$ 286,793</u>	<u>\$ 305,810</u>

7. FAIR VALUE MEASUREMENTS

The Foundation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. In accordance with FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to satisfy a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a framework for measuring fair value and a three level hierarchy for fair value measurements based upon observable and unobservable input valuation techniques. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect significant market assumptions including those made by the reporting entity. The three level hierarchy is summarized 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, credit risk, etc.)

Level 3 - Significant unobservable inputs (including the reporting entity's own assumptions in determining the fair value of investments)

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

KLAMATH COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

7. FAIR VALUE MEASUREMENTS (Contd)

The Foundation's investments at June 30, 2019 consist of \$142,260 in equity and debt mutual funds and exchange-traded funds. The Foundation's investments in equity and debt mutual funds and exchange-traded funds are reported at fair value using quoted market prices in active markets for identical securities. This measurement is a Level 1 input which is considered to be the most objective standard for fair value measurement.

8. ACTIVITY BY FUND

<u>Funds and Endowments</u>	<u>Beginning Net Assets</u>	<u>Additions</u>	<u>Investment</u>		<u>Other Expenses</u>	<u>Ending Net Assets</u>
			<u>Scholarships/ Contributions</u>	<u>Earnings- (Losses)</u>		
General Fund	\$ 3,772	\$ 217,974	\$ -	\$ 54	\$ (208,994)	\$ 12,806
Building Funds	8,964	-	-	8	(699)	8,273
General Scholarships	90,571	77,660	(46,963)	2,787	(6,508)	117,547
TransCanada Scholarships	10,094	-	-	1	(101)	9,994
Erin Andrews Endowment	21,927	420	(500)	44	(222)	21,669
Susan K. Channell Scholarship Fund	11,683	-	-	24	-	11,707
Masami Foods Scholarship Fund	85,475	-	(8,500)	3,011	(750)	79,236
Ron and Myrtle Mason Scholarship Fund	13,005	-	-	775	(332)	13,448
Soroptimist Scholarship Fund	32,108	-	(1,500)	39	(306)	30,341
Other Endowed Scholarships	-	146,691	-	-	(7,276)	139,415
Capital Campaign	-	283,259	(33,038)	21	(11,330)	238,912
Other Designated Funds	52,165	135,661	(4,858)	-	(133,910)	49,058
Total Designated Funds and Endowments	<u>\$ 329,764</u>	<u>\$ 861,665</u>	<u>\$ (95,359)</u>	<u>\$ 6,764</u>	<u>\$ (370,428)</u>	<u>\$ 732,406</u>

9. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events for potential required disclosure through December 20, 2019, which is the date the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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KLAMATH COMMUNITY COLLEGE DISTRICT

Schedule of the Proportionate Share of the Net Pension Liability Oregon Public Employees Retirement System Pension Plan For the last six fiscal years

Fiscal Year Ended June 30	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.0619%	\$ 13,034,009	\$ 7,143,144	182.47%	82.07%
2018	0.0513%	9,832,988	6,131,722	160.36%	83.12%
2017	0.0355%	7,401,172	5,544,533	133.49%	80.53%
2016	0.0461%	5,529,395	4,544,229	121.68%	91.88%
2015	0.0461%	1,288,206	4,515,713	28.53%	103.60%
2014	0.0461%	4,514,181	4,515,713	99.97%	91.97%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

KLAMATH COMMUNITY COLLEGE DISTRICT

Schedule of Contributions Oregon Public Employees Retirement System Pension Plan For the last six fiscal years

Fiscal Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 1,324,782	\$ 1,324,782	\$ -	\$ 7,841,998	16.89%
2018	1,106,472	1,106,472	-	7,143,144	15.49%
2017	926,070	926,070	-	6,131,722	15.10%
2016	969,214	969,214	-	5,544,533	17.48%
2015	370,938	370,938	-	4,544,229	8.16%
2014	621,040	621,040	-	4,515,713	13.75%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above. However, the contributions above represent contributions made during the respective fiscal year indicated above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

KLAMATH COMMUNITY COLLEGE DISTRICT

Schedule of the Proportionate Share of the Net OPEB Liability Oregon Public Employees Retirement System OPEB Plan For the last three fiscal years

Fiscal Year Ended June 30	(a) College's proportion of the net OPEB liability (asset)	(b) College's proportionate share of the net OPEB liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.0631%	\$ (70,386)	\$ 7,143,144	-0.99%	123.99%
2018	0.0577%	(24,063)	6,131,722	-0.39%	108.89%
2017	0.0558%	15,144	5,544,533	0.27%	93.84%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

KLAMATH COMMUNITY COLLEGE DISTRICT

Schedule of Contributions Oregon Public Employees Retirement System OPEB Plan For the last three fiscal years

Fiscal Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 35,825	\$ 35,825	\$ -	\$ 7,841,998	0.46%
2018	30,531	30,531	-	7,143,144	0.43%
2017	31,789	31,789	-	6,131,722	0.52%

The amounts presented for each fiscal year were actuarially determined as of December 31 and rolled forward to the measurement date which is a date one year earlier than the fiscal year-end date above. However, the contributions above represent contributions made during the respective fiscal year indicated above.

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

KLAMATH COMMUNITY COLLEGE DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios Postemployment Health and Dental Plan

	Fiscal Year Ended	
	June 30, 2019	June 30, 2018
Total OPEB liability		
Service Cost	\$ 16,312	\$ 15,760
Interest on total OPEB liability	4,774	4,068
Benefit payments	(3,152)	-
Net change in total OPEB liability	17,934	19,828
Total OPEB liability - beginning	124,935	105,107
Total OPEB liability - ending	<u>\$ 142,869</u>	<u>\$ 124,935</u>
Covered payroll	\$ 8,488,868	\$ 8,201,805
Total OPEB liability as a percentage of covered payroll	1.68%	1.52%

This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

KLAMATH COMMUNITY COLLEGE DISTRICT

Notes to Required Supplementary Information

Oregon Public Employees Retirement System Pension and OPEB Plan:

Changes in Plan Provisions

Key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which was published on September 18, 2013 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

and in a letter from the plan's actuary dated May 23, 2016 which can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2015/Letter-From-Actuary-5-23-16.pdf>

Changes in assumptions

Key changes in assumptions for the December 31, 2012 and 2013 valuations are described in the Oregon Public Employees Retirement System's 2012 Experience Study (Updated) which was published on September 18, 2013 and can be found at:

<https://www.oregon.gov/PERS/Documents/Financials/Actuarial/2013/Experience-Study-Updated.pdf>

Key changes in assumptions for the December 31, 2014 and 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at:

<https://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Key changes in assumptions for the December 31, 2016 valuation are the reduction of the discount rate and the assumed investment rate of return from 7.5% to 7.2%.

Postemployment Health and Dental Plan:

Changes in plan provisions and assumptions:

No material changes in the census or plan provisions have occurred.

There were no significant changes in plan assumptions.

**OTHER SUPPLEMENTARY INFORMATION
(INDIVIDUAL FUNDS & OTHER SCHEDULES)**

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GENERAL FUND

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The principal revenue sources are tuition and fees, property taxes, and an apportionment from the Oregon Department of Community Colleges and Workforce Development.

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**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

GENERAL FUND

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Taxes	\$ 2,233,109	\$ 2,233,109	\$ 2,264,898	\$ 31,789
State support, grants and contracts	8,044,480	8,044,480	8,172,318	127,838
Tuition and fees	5,410,514	5,410,514	5,034,186	(376,328)
Federal grants	101,037	101,037	108,616	7,579
Interest	87,605	87,605	97,825	10,220
Miscellaneous income	237,574	237,574	192,137	(45,437)
Total revenues	<u>16,114,319</u>	<u>16,114,319</u>	<u>15,869,980</u>	<u>(244,339)</u>
EXPENDITURES:				
Personnel services	11,684,041	11,784,041	11,719,661	64,380
Materials and services	3,280,657	3,225,395	2,763,226	462,169
Capital outlay	159,832	229,884	144,697	85,187
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>16,124,530</u>	<u>16,239,320</u>	<u>14,627,584</u>	<u>1,611,736</u>
Excess of revenues over (under) expenditures	(10,211)	(125,001)	1,242,396	1,367,397
OTHER FINANCING SOURCES (USES):				
Transfers in	175,430	313,473	255,883	(57,590)
Transfers out	<u>(1,003,599)</u>	<u>(1,026,852)</u>	<u>(1,001,488)</u>	<u>25,364</u>
Excess of revenues and other sources over (under) expenditures and other uses	(838,380)	(838,380)	496,791	1,335,171
Fund balances - beginning	<u>4,095,144</u>	<u>4,095,144</u>	<u>4,618,025</u>	<u>522,881</u>
Fund balances - ending	<u>\$ 3,256,764</u>	<u>\$ 3,256,764</u>	<u>\$ 5,114,816</u>	<u>\$ 1,858,052</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special Revenue Funds consist of the following:

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Special Revenue Funds

Financial Aid Fund – Accounts for federal, state, and College grants and loans received and disbursed by the district for student financial assistance.

Technology Fees Fund – Accounts for the \$8 per credit hour technology fee charged to all students to offset the cost of keeping current with technology and/or providing technology services for the public.

Student Course Fees Fund – Tracks revenue and expenses associated with course specific, per-credit student fees.

Special Projects Funds – Allows for the acceptance of grants for specific purposes.

Pathways Fund – Career Pathways are student-centered, demand-driven programs, which focus on promoting students from secondary through higher education, providing certified or degreed job skills to transition into, and advance in the labor market.

SNAP 50/50 – Funding from Oregon Department of Human Services help eligible students to access training and employment services. KCC is part of an Oregon Community college consortium to provide these services.

TRiO Grant Fund - Accounts for support funds used to provide academic services to low income, and high academic needs students. The source of funds is a federal grant from the Department of Education.

Small Business Development Center Fund – The SBDC works with small businesses in the Klamath and Lake Counties providing assistance with access to capital government contracts, entrepreneurial development, and advocacy for small businesses. The source of funds is state and federal grants.

National Science Foundation – This award supports internship development for KCC's Computer Engineering Technology and Digital Media & Design programs.

WIOA- Funding provides employment and training services for disadvantaged youth and adults as well as dislocated workers in Klamath and Lake counties.

TRiO Upward Bound - Funded by U.S. Department of Education, this program is designed to build skills and motivate secondary students to enter and succeed in postsecondary education. Program advisors work with disadvantaged students at two local high schools: Klamath Union and Eagle Ridge.

STEP Grant – Administered by the Oregon Health Authority, this program provides support to expectant and parenting students. The program helps youth and young adults complete their educational goals.

Veteran Resource Grant – Administered by the Oregon Department of Veterans' Affairs, this program strives to successfully transition veterans from the military into the College, assist them in completion of their educational goals, and successfully transition from college to the workforce and community.

GED Wraparound Grant - Administered by the State of Oregon, Community Colleges and Workforce Development (CCWD), this program provides funding to support activities that will help increase GED graduate numbers and connect those graduates to jobs or other post-secondary opportunities.

Wellness Fund – This fund is funded both by the College, and outside grants. It strives to promote, and support a comprehensive culture of wellness for faculty, staff, and students.

Program Development Reserve Fund – This fund allows the College to set aside resources for the development of programs, such as the new programs offered in the new Phase One buildings. This fund provides resources for the feasibility studies, the purchase of equipment, and other required items for the program start up.

Rainy Day Reserve Fund – This fund allows the College to set aside funds in a “savings account” for operational purposes should there be reduced State Aid Payments. In past years, the State of Oregon has reduced its biennial appropriation to the community colleges due to economic downturns. Not only were the payments to community colleges reduced, the final payment for the biennium was postponed three months, creating cash flow issues for several colleges.

Equipment Reserve Fund – Accounts for funds which have been set aside for future purchases of equipment.

Furniture Reserve Fund – Accounts for funds which have been set aside for future purchases of furniture.

Technology Reserve Funds – Accounts for funds which have been set aside for future technology purchases; primarily to replace the Management Information System.

Building Reserve Fund – Accounts for the funds which have been set aside for future expansion of the campus.

Staff Development - Instructional Reserve Fund – Accounts for the funds which have been set aside for instructional staff development. The source of funds is transfers in.

Snow Removal Reserve Fund – Accounts for the funds which have been set aside for snow removal costs. The source of funds is transfers in.

Building Maintenance Reserve Fund – Accounts for the funds which have been set aside for building maintenance. The source of funds is transfers in.

PERS Liability Reserve Fund – Accounts for funds which have been set aside to fund the anticipated Public Employees Retirement System liability.

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

FINANCIAL AID

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
State support, grants and contracts	\$ 950,000	\$ 950,000	\$ 772,120	\$ (177,880)
Federal grants	21,125,000	21,125,000	6,244,773	(14,880,227)
Local sources	1,000,000	1,000,000	178,853	(821,147)
Total revenues	<u>23,075,000</u>	<u>23,075,000</u>	<u>7,195,746</u>	<u>(15,879,254)</u>
EXPENDITURES:				
Personnel services	45,000	65,078	63,200	1,878
Materials and services	23,044,000	23,033,922	7,163,196	15,870,726
Total expenditures	<u>23,089,000</u>	<u>23,099,000</u>	<u>7,226,396</u>	<u>15,872,604</u>
Excess of revenues over (under) expenditures	(14,000)	(24,000)	(30,650)	(6,650)
OTHER FINANCING SOURCES (USES):				
Transfers in	34,000	43,000	34,960	(8,040)
Transfers out	(20,000)	(19,000)	(4,310)	14,690
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

TECHNOLOGY FEES

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Tuition and fees	\$ 324,740	\$ 324,740	\$ 328,352	\$ 3,612
Interest	9,000	9,000	19,061	10,061
Total revenues	333,740	333,740	347,413	13,673
EXPENDITURES:				
Personnel services	58,701	58,701	45,350	13,351
Materials and services	103,620	103,620	31,126	72,494
Capital outlay	329,719	329,719	173,289	156,430
Total expenditures	492,040	492,040	249,765	242,275
Excess of revenues over (under) expenditures	(158,300)	(158,300)	97,648	255,948
Fund balances - beginning	158,300	158,300	171,150	12,850
Fund balances - ending	\$ -	\$ -	\$ 268,798	\$ 268,798

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

STUDENT COURSE FEES

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Tuition and fees	\$ 1,255,587	\$ 1,255,587	\$ 1,071,775	\$ (183,812)
Interest	2,750	2,750	5,245	2,495
Total revenues	<u>1,258,337</u>	<u>1,258,337</u>	<u>1,077,020</u>	<u>(181,317)</u>
EXPENDITURES:				
Materials and services	<u>1,370,262</u>	<u>1,295,262</u>	<u>914,287</u>	<u>380,975</u>
Total expenditures	<u>1,370,262</u>	<u>1,295,262</u>	<u>914,287</u>	<u>380,975</u>
Excess of revenues over (under) expenditures	(111,925)	(36,925)	162,733	199,658
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(111,925)	(111,925)	87,733	199,658
Fund balances - beginning	<u>111,925</u>	<u>111,925</u>	<u>117,673</u>	<u>5,748</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,406</u>	<u>\$ 205,406</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

SPECIAL PROJECTS

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 15,000	\$ 15,000	\$ 1,288	\$ (13,712)
State support, grants and contracts	200,000	200,000	100,932	(99,068)
Local sources	95,000	95,000	37,914	(57,086)
Total revenues	310,000	310,000	140,134	(169,866)
EXPENDITURES:				
Personnel services	211,722	201,722	73,116	128,606
Materials and services	88,278	88,278	65,641	22,637
Capital outlay	10,000	10,000	-	10,000
Total expenditures	310,000	300,000	138,757	161,243
Excess of revenues over (under) expenditures	-	10,000	1,377	(8,623)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(10,000)	(1,377)	8,623
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PATHWAYS

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
State grants	\$ 55,335	\$ 87,791	\$ 33,397	\$ (54,394)
Total revenues	55,335	87,791	33,397	(54,394)
EXPENDITURES:				
Personnel services	41,684	47,056	23,124	23,932
Materials and services	9,470	36,554	8,683	27,871
Total expenditures	51,154	83,610	31,807	51,803
Excess of revenues over (under) expenditures	4,181	4,181	1,590	(2,591)
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,181)	(4,181)	(1,590)	2,591
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

SNAP 50/50

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
State grants	\$ -		\$ 118,281	\$ 118,281
Federal grants	119,666	119,666	-	(119,666)
Total revenues	119,666	119,666	118,281	(1,385)
EXPENDITURES:				
Personnel services	70,439	70,439	70,270	169
Materials and services	21,612	21,612	21,612	-
Total expenditures	92,051	92,051	91,882	169
Excess of revenues over (under) expenditures	27,615	27,615	26,399	(1,216)
OTHER FINANCING SOURCES (USES):				
Transfers out	(27,615)	(27,615)	(26,399)	1,216
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

TRIO GRANT

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 267,416	\$ 255,363	\$ 258,194	\$ 2,831
Total revenues	<u>267,416</u>	<u>255,363</u>	<u>258,194</u>	<u>2,831</u>
EXPENDITURES:				
Personnel services	237,357	230,000	228,278	1,722
Materials and services	<u>10,250</u>	<u>20,700</u>	<u>11,000</u>	<u>9,700</u>
Total expenditures	<u>247,607</u>	<u>250,700</u>	<u>239,278</u>	<u>11,422</u>
Excess of revenues over (under) expenditures	19,809	4,663	18,916	14,253
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,253	-	(14,253)
Transfers out	<u>(19,809)</u>	<u>(18,916)</u>	<u>(18,916)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

SMALL BUSINESS DEVELOPMENT CENTER

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 40,500	\$ 40,500	\$ 49,000	\$ 8,500
State grants	85,485	85,485	91,214	5,729
Local sources	<u>118,000</u>	<u>118,000</u>	<u>44,792</u>	<u>(73,208)</u>
Total revenues	<u>243,985</u>	<u>243,985</u>	<u>185,006</u>	<u>(58,979)</u>
EXPENDITURES:				
Personnel services	310,298	310,298	224,018	86,280
Materials and services	<u>70,287</u>	<u>70,287</u>	<u>50,451</u>	<u>19,836</u>
Total expenditures	<u>380,585</u>	<u>380,585</u>	<u>274,469</u>	<u>106,116</u>
Excess of revenues over (under) expenditures	(136,600)	(136,600)	(89,463)	47,137
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>102,100</u>	<u>102,100</u>	<u>102,443</u>	<u>343</u>
Excess of revenues and other sources over (under) expenditures and other uses	(34,500)	(34,500)	12,980	47,480
Fund balances - beginning	<u>34,500</u>	<u>34,500</u>	<u>43,230</u>	<u>8,730</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,210</u>	<u>\$ 56,210</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

NATIONAL SCIENCE FOUNDATION

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 67,747	\$ 69,604	\$ 60,821	\$ (8,783)
Total revenues	67,747	69,604	60,821	(8,783)
EXPENDITURES:				
Personnel services	30,457	34,457	35,350	(893)
Materials and services	21,663	17,663	12,243	5,420
Total expenditures	52,120	52,120	47,593	4,527
Excess of revenues over (under) expenditures	15,627	17,484	13,228	(4,256)
OTHER FINANCING SOURCES (USES):				
Transfers out	(15,627)	(17,484)	(13,228)	4,256
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

WIOA Grant

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 643,382	\$ 733,679	\$ 602,402	\$ (131,277)
State grants	-	59,784	46,392	(13,392)
Total revenues	<u>643,382</u>	<u>793,463</u>	<u>648,794</u>	<u>(144,669)</u>
EXPENDITURES:				
Personnel services	401,232	412,039	431,254	(19,215)
Materials and services	191,492	296,508	152,213	144,295
Capital outlay	<u>3,000</u>	<u>4,000</u>	<u>942</u>	<u>3,058</u>
Total expenditures	<u>595,724</u>	<u>712,547</u>	<u>584,409</u>	<u>128,138</u>
Excess of revenues over (under) expenditures	47,658	80,916	64,385	(16,531)
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(47,658)</u>	<u>(80,916)</u>	<u>(64,385)</u>	<u>16,531</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

TRiO Upward Bound

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 263,938	\$ 301,032	\$ 260,886	\$ (40,146)
Total revenues	263,938	301,032	260,886	(40,146)
EXPENDITURES:				
Personnel services	210,696	195,409	186,374	9,035
Materials and services	33,691	81,518	56,182	25,336
Total expenditures	244,387	276,927	242,556	34,371
Excess of revenues over (under) expenditures	19,551	24,105	18,330	(5,775)
OTHER FINANCING SOURCES (USES):				
Transfers out	(19,551)	(24,105)	(18,330)	5,775
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

STEP Grant

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 90,953	\$ -	\$ -	\$ -
State grants	-	110,926	111,536	610
Total revenues	90,953	110,926	111,536	610
EXPENDITURES:				
Personnel services	53,808	54,569	54,569	-
Materials and services	16,156	30,759	31,369	(610)
Total expenditures	69,964	85,328	85,938	(610)
Excess of revenues over (under) expenditures	20,989	25,598	25,598	-
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,989)	(25,598)	(25,598)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

Veterans Resource Grant

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Federal grants	\$ 38,516	\$ -	\$ -	\$ -
State grants	-	85,896	45,337	(40,559)
Total revenues	38,516	85,896	45,337	(40,559)
EXPENDITURES:				
Personnel services	17,533	26,410	16,656	9,754
Materials and services	20,983	59,486	28,681	30,805
Total expenditures	38,516	85,896	45,337	40,559
Excess of revenues over (under) expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

GED Wraparound Grant

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
State grants	\$ -	\$ 89,231	\$ 74,244	\$ (14,987)
Total revenues	-	89,231	74,244	(14,987)
EXPENDITURES:				
Personnel services	-	64,822	57,750	7,072
Materials and services	-	16,297	9,745	6,552
Total expenditures	-	81,119	67,495	13,624
Excess of revenues over (under) expenditures	-	8,112	6,749	(1,363)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(8,112)	(6,749)	1,363
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

Wellness

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Local sources	\$ -	\$ 17,402	\$ 3,514	\$ (13,888)
Total revenues	-	17,402	3,514	(13,888)
EXPENDITURES:				
Personnel services	-	7,880	3,139	4,741
Materials and services	-	19,522	1,300	18,222
Total expenditures	-	27,402	4,439	22,963
Excess of revenues over (under) expenditures	-	(10,000)	(925)	9,075
OTHER FINANCING SOURCES (USES):				
Transfers in	-	10,000	10,000	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	9,075	9,075
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 9,075	\$ 9,075

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PROGRAM DEVELOPMENT RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ -	\$ -	\$ 24	\$ 24
Total revenues	-	-	24	24
EXPENDITURES:				
Personnel services	-	-	-	-
Materials and services	3,000	3,000	-	3,000
Total expenditures	3,000	3,000	-	3,000
Excess of revenues over (under) expenditures	(3,000)	(3,000)	24	3,024
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500	2,500	2,500	-
Excess of revenues and other sources over (under) expenditures and other uses	(500)	(500)	2,524	3,024
Fund balances - beginning	500	500	502	2
Fund balances - ending	\$ -	\$ -	\$ 3,026	\$ 3,026

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

RAINY DAY RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 2,850	\$ 2,850	\$ 3,709	\$ 859
Total revenues	2,850	2,850	3,709	859
Excess of revenues over (under) expenditures	2,850	2,850	3,709	859
Fund balances - beginning	155,000	155,000	155,526	526
Fund balances - ending	\$ 157,850	\$ 157,850	\$ 159,235	\$ 1,385

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

EQUIPMENT RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 75	\$ 75	\$ 333	\$ 258
Total revenues	75	75	333	258
EXPENDITURES:				
Materials and services	5,000	5,000	-	5,000
Capital outlay	9,000	9,000	-	9,000
Total expenditures	14,000	14,000	-	14,000
Excess of revenues over (under) expenditures	(13,925)	(13,925)	333	14,258
Fund balances - beginning	13,925	13,925	13,973	48
Fund balances - ending	\$ -	\$ -	\$ 14,306	\$ 14,306

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

FURNITURE RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 650	\$ 650	\$ 845	\$ 195
Total revenues	650	650	845	195
EXPENDITURES:				
Materials and services	25,900	25,900	-	25,900
Capital outlay	10,000	10,000	-	10,000
Total expenditures	35,900	35,900	-	35,900
Excess of revenues over (under) expenditures	(35,250)	(35,250)	845	36,095
Fund balances - beginning	35,250	35,250	35,422	172
Fund balances - ending	\$ -	\$ -	\$ 36,267	\$ 36,267

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

TECHNOLOGY RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
Interest	\$ 125	\$ 125	\$ 324	\$ 199
Total revenues	125	125	324	199
EXPENDITURES:				
Materials and services	23,625	13,625	-	13,625
Capital outlay	23,000	33,000	25,527	7,473
Total expenditures	46,625	46,625	25,527	21,098
Excess of revenues over (under) expenditures	(46,500)	(46,500)	(25,203)	21,297
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	40,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(6,500)	(6,500)	14,797	21,297
Fund balances - beginning	6,500	6,500	6,504	4
Fund balances - ending	\$ -	\$ -	\$ 21,301	\$ 21,301

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

BUILDING RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 25	\$ 25	\$ 37	\$ 12
Total revenues	25	25	37	12
EXPENDITURES:				
Material and services	1,575	1,575	-	1,575
Total expenditures	1,575	1,575	-	1,575
Excess of revenues over (under) expenditures	(1,550)	(1,550)	37	1,587
Fund balances - beginning	1,550	1,550	1,548	(2)
Fund balances - ending	\$ -	\$ -	\$ 1,585	\$ 1,585

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

STAFF DEVELOPMENT - INSTRUCTIONAL RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 50	\$ 50	\$ 246	\$ 196
Total revenues	50	50	246	196
EXPENDITURES:				
Material and services	33,850	33,850	24,146	9,704
Total expenditures	33,850	33,850	24,146	9,704
Excess of revenues over (under) expenditures	(33,800)	(33,800)	(23,900)	9,900
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	25,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(8,800)	(8,800)	1,100	9,900
Fund balances - beginning	8,800	8,800	10,881	2,081
Fund balances - ending	\$ -	\$ -	\$ 11,981	\$ 11,981

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

SNOW REMOVAL RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 25	\$ 25	\$ 129	\$ 104
Total revenues	25	25	129	104
EXPENDITURES:				
Material and services	7,205	7,205	6,395	810
Total expenditures	7,205	7,205	6,395	810
Excess of revenues over (under) expenditures	(7,180)	(7,180)	(6,266)	914
Excess of revenues and other sources over (under) expenditures and other uses	(7,180)	(7,180)	(6,266)	914
Fund balances - beginning	7,180	7,180	7,192	12
Fund balances - ending	\$ -	\$ -	\$ 926	\$ 926

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

BUILDING MAINTENANCE RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 500	\$ 500	\$ 757	\$ 257
Total revenues	500	500	757	257
EXPENDITURES:				
Material and services	45,000	45,000	5,020	39,980
Capital outlay	20,250	20,250	-	20,250
Total expenditures	65,250	65,250	5,020	60,230
Excess of revenues over (under) expenditures	(64,750)	(64,750)	(4,263)	60,487
OTHER FINANCING SOURCES (USES):				
Transfers in	10,000	10,000	10,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(54,750)	(54,750)	5,737	60,487
Fund balances - beginning	54,750	54,750	33,881	(20,869)
Fund balances - ending	\$ -	\$ -	\$ 39,618	\$ 39,618

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PERS LIABILITY RESERVE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 24,100	\$ 24,100	\$ 31,287	\$ 7,187
Total revenues	24,100	24,100	31,287	7,187
EXPENDITURES:				
Personnel services	1,336,860	1,336,860	73,946	1,262,914
Total expenditures	1,336,860	1,336,860	73,946	1,262,914
Excess of revenues over (under) expenditures	(1,312,760)	(1,312,760)	(42,659)	1,270,101
Fund balances - beginning	1,312,760	1,312,760	1,311,295	(1,465)
Fund balances - ending	\$ -	\$ -	\$ 1,268,636	\$ 1,268,636

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of principal and interest on the Full Faith and Credit Obligations, and the Certificates of Participation issued by the District. The principal source of revenue is transfers from the General Fund.

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**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

DEBT SERVICE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ -	\$ -	\$ 18	\$ 18
Total revenues	-	-	18	18
EXPENDITURES:				
Debt service				
Principal	521,706	521,706	521,706	-
Interest	198,293	198,293	198,197	96
Total expenditures	719,999	719,999	719,903	96
Excess of revenues over (under) expenditures	(719,999)	(719,999)	(719,885)	114
OTHER FINANCING SOURCES (USES):				
Transfers in	719,999	719,999	719,875	(124)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(10)	(10)
Fund balances - beginning	18	18	11	(7)
Fund balances - ending	\$ 18	\$ 18	\$ 1	\$ (17)

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CAPITAL PROJECTS FUND

Capital Projects funds are used to account for the acquisition and construction of major capital facilities and their improvements. Sources of funds can include proceeds from long-term debt funds provided by the District's General Fund.

CAPITAL PROJECTS – PHASE 2 WORK SKILLS TECHNOLOGY CENTER

Phase Two is our second campus expansion in which expands the campus by 40% through the construction of two new buildings. The Work Skills Technology Center is an instructional facility providing space for a range of classes from remedial education to Advanced Manufacturing.

CAPITAL PROJECTS – PHASE 2 FOUNDERS HALL

Phase Two is the second part of a campus expansion in which we will expand the campus by 40% through the construction of two new buildings. Founders Hall provides a one-stop facility for students, including Student Services, Financial Aid, a Veterans Resource Center, LRC and Bookstore.

CAPITAL PROJECTS – APPRENTICESHIP, INDUSTRIAL TRADE CENTER – AITC

The Apprenticeship Center will be comprised of one 35,000 square foot building that will feature two large open workshop spaces for Fire/Emergency Sciences and Apprentice/Construction Trades education. The building will also house traditional classrooms and lab spaces, as well as a welding lab. There will be some additional office and storage spaces.

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**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

CAPITAL PROJECTS

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
Local sources	\$ -	\$ 28,134	\$ 65,579	\$ 37,445
Interest	<u>1,300</u>	<u>1,300</u>	<u>63</u>	<u>(1,237)</u>
Total revenues	<u>1,300</u>	<u>29,434</u>	<u>65,642</u>	<u>36,208</u>
EXPENDITURES:				
Materials and services	76,300	226,131	115,418	110,713
Capital outlay	<u>10,000</u>	<u>160,000</u>	<u>32,583</u>	<u>127,417</u>
Total expenditures	<u>86,300</u>	<u>386,131</u>	<u>148,001</u>	<u>238,130</u>
Excess of revenues over (under) expenditures	(85,000)	(356,697)	(82,359)	274,338
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	350,000	350,000	-
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(35,000)	(16,697)	257,641	274,338
Fund balances - beginning	<u>35,000</u>	<u>16,697</u>	<u>16,696</u>	<u>(1)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,337</u>	<u>\$ 274,337</u>

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PHASE 2 - WORK SKILLS TECHNOLOGY CENTER

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Local Sources	\$ 100,000	\$ 100,000	\$ 19,303	\$ (80,697)
Interest	-	-	27,895	27,895
Total revenues	100,000	100,000	47,198	(52,802)
EXPENDITURES:				
Materials and services	10,000	30,000	15,734	14,266
Capital outlay	90,000	50,000	42,044	7,956
Total expenditures	100,000	80,000	57,778	22,222
Excess of revenues over (under) expenditures	-	20,000	(10,580)	(30,580)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,115,694)	(1,084,694)	31,000
Excess of revenues and other sources over (under) expenditures and other uses	-	(1,095,694)	(1,095,274)	420
Fund balances - beginning	-	1,095,694	1,095,693	(1)
Fund balances - ending	\$ -	\$ -	\$ 419	\$ 419

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

PHASE 2 - FOUNDERS HALL

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
State grants	\$ -	\$ 392,500	\$ 321,612	\$ (70,888)
Total revenues	-	392,500	321,612	(70,888)
EXPENDITURES:				
Personnel services	16,131	80,000	34,415	45,585
Materials and services	173,869	270,000	257,365	12,635
Capital outlay	60,000	175,000	84,470	90,530
Total expenditures	250,000	525,000	376,250	148,750
Excess of revenues over (under) expenditures	(250,000)	(132,500)	(54,638)	77,862
OTHER FINANCING SOURCES (USES):				
Transfers in	-	74,150	74,150	-
Excess of revenues and other sources over (under) expenditures and other uses	(250,000)	(58,350)	19,512	77,862
Fund balances - beginning	250,000	58,350	58,348	(2)
Fund balances - ending	\$ -	\$ -	\$ 77,860	\$ 77,860

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

CAPITAL PROJECTS - APPRENTICESHIP, INDUSTRIAL TRADE CENTER - AITC

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Local sources	\$ -	\$ 200,000	\$ -	\$ (200,000)
Total revenues	-	200,000	-	(200,000)
EXPENDITURES:				
Personnel services	-	10,000	-	10,000
Materials and services	-	741,544	10,000	731,544
Capital outlay	-	190,000	-	190,000
Total expenditures	-	941,544	10,000	931,544
Excess of revenues over (under) expenditures	-	(741,544)	(10,000)	731,544
OTHER FINANCING SOURCES (USES):				
Transfers in	-	741,544	710,544	(31,000)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	700,544	700,544
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 700,544	\$ 700,544

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or where periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds of the District are:

Bookstore Fund – This fund is used to account for the activities related to providing general merchandise and school supplies to the College's students.

Food Service Fund – The College and the Culinary Arts department provide catering services for on-campus events.

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

BOOKSTORE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
Sales of merchandise and services	\$ 565,058	\$ 565,058	\$ 360,142	\$ (204,916)
Total revenues	565,058	565,058	360,142	(204,916)
EXPENDITURES:				
Personnel services	113,631	113,631	85,977	27,654
Materials and services:				
Supplies and materials	55,400	55,400	38,589	16,811
Cost of goods sold	396,027	396,027	235,229	160,798
Total expenditures	565,058	565,058	359,795	205,263
Excess of revenues over (under) expenditures	-	-	347	347
Fund balances - beginning	116,720	116,720	107,508	(9,212)
Fund balances - ending	\$ 116,720	\$ 116,720	\$ 107,855	\$ (8,865)

**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

FOOD SERVICE

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
Sales of merchandise, services and catering	\$ 32,000	\$ 32,000	\$ 14,839	\$ (17,161)
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>14,839</u>	<u>(17,161)</u>
EXPENDITURES:				
Personnel services	21,765	21,765	21,651	114
Materials and services:				
Supplies and materials	3,605	3,605	954	2,651
Cost of goods sold	<u>17,000</u>	<u>17,000</u>	<u>8,943</u>	<u>8,057</u>
Total expenditures	<u>42,370</u>	<u>42,370</u>	<u>31,548</u>	<u>10,822</u>
Excess of revenues over (under) expenditures	(10,370)	(10,370)	(16,709)	(6,339)
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>16,709</u>	<u>(3,291)</u>
Excess of revenues and other sources over (under) expenditures and other uses	9,630	9,630	-	(9,630)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>882</u>	<u>882</u>
Fund balances - ending	<u>\$ 9,630</u>	<u>\$ 9,630</u>	<u>\$ 882</u>	<u>\$ (8,748)</u>

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

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**KLAMATH COMMUNITY COLLEGE DISTRICT
KLAMATH FALLS, OREGON**

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

June 30, 2019

Full Faith and Credit Obligations

Year end June 30,	Series 2009		Series 2015				
	Issue Date:	2/10/09	Issue Date:	12/15/15			
	Original:	\$ 4,150,000	Original:	\$ 4,699,500			
	Interest:	3.0 ~ 4.25%	Interest:	2.19%			
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	\$ 205,000	\$ 102,433	\$ 330,252	\$ 82,316	\$ 535,252	\$ 184,749	\$ 720,001
2021	215,000	93,720	336,197	75,083	551,197	168,803	720,000
2022	220,000	84,583	347,697	67,721	567,697	152,304	720,001
2023	230,000	75,233	354,661	60,106	584,661	135,339	720,000
2024	240,000	66,032	361,628	52,339	601,628	118,371	719,999
2025	250,000	56,431	369,148	44,419	619,148	100,850	719,998
2026	260,000	46,432	377,233	36,335	637,233	82,767	720,000
2027	270,000	35,641	386,284	28,074	656,284	63,715	719,999
2028	280,000	24,437	395,948	19,614	675,948	44,051	719,999
2029	295,000	12,537	401,520	10,943	696,520	23,480	720,000
2030	-	-	98,149	2,149	98,149	2,149	100,298
	\$ 2,465,000	\$ 597,479	\$ 3,758,717	\$ 479,099	\$ 6,223,717	\$ 1,076,578	\$ 7,300,295

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STATISTICAL SECTION

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Statistical Section

The Statistical Section of the Klamath Community College District's comprehensive financial report provides additional history, context, and background information to assist you in analyzing the preceding financial statements, note disclosures, and required supplementary information. It is intended to help the reader to better understand the financial health of Klamath Community College.

Financial trend information allows you to compare financial information over several years, and analyze the College's financial performance and well-being over time.

Revenue capacity schedules provide information to help assess a major funding source for the College; our property tax revenues and their underlying real market values.

Debt Capacity tables present data to analyze the College's debt levels, their sustainability, and our ability to issue additional debt in the future.

Demographic and Economic Information helps you understand the population and economic conditions of the Klamath Community College District.

Operating Information schedules contain service and infrastructure data to assist you in understanding the services the College provides, and the activities we perform.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB 68/71 for year ended June 30, 2015 and GASB 63/65 for year ended June 30, 2013.

Klamath Community College District
Klamath Falls, Oregon

NET POSITION BY COMPONENT AND CHANGES IN NET POSITION

NET POSITION BY COMPONENT	Last Ten Fiscal Years			
	2018-19	2017-18	2016-17	2015-16
Net position invested in capital assets	\$ 31,862,247	\$ 33,065,617	\$ 26,406,045	\$ 20,445,645
Less related debt	(6,252,923)	(6,777,875)	(7,288,526)	(4,819,374)
Net Investment in capital assets	25,609,324	26,287,742	19,117,519	15,626,271
Net position, restricted	-	-	175,802	251,282
Net position, unrestricted	(1,506,754)	1,481,926	(1,697,115)	1,978,998
Prior period adjustment	-	-	(105,107)	-
TOTAL NET POSITION	\$ 24,102,570	\$ 27,769,668	\$ 17,491,099	\$ 17,856,551
CHANGES IN NET POSITION				
Operating revenues				
Student tuition and fees	\$ 6,434,313	\$ 5,723,006	\$ 5,248,677	\$ 5,589,493
Federal student financial aid and grants	4,380,592	4,189,578	3,435,552	3,147,944
State grants and contracts	1,393,453	1,197,808	1,414,098	368,475
Out-of-district contracts	457,210	357,920	343,079	672,166
Auxiliary enterprises (Bookstore, Cafeteria)	374,981	505,184	585,590	620,410
Other operating revenues	-	-	-	-
Total operating revenues	13,040,549	11,973,496	11,026,996	10,398,488
Operating expenses				
Educational and general				
Instruction	8,035,278	6,251,259	6,617,572	7,176,513
Instructional support	1,757,189	1,501,282	1,566,295	1,675,523
Student services	3,433,357	2,671,141	2,042,156	1,975,425
College support	4,240,344	3,921,831	3,192,685	3,390,473
Plant operations	1,110,860	955,977	791,777	918,328
Financial Aid	4,337,694	4,259,370	4,159,091	3,251,011
Auxiliary enterprises (Bookstore, Cafeteria)	423,309	558,078	612,922	698,817
Depreciation	2,152,370	1,913,539	1,402,259	1,473,160
Total operating expenses	25,490,401	22,032,477	20,384,757	20,559,250
Operating income (loss)	(12,449,852)	(10,058,981)	(9,357,761)	(10,160,762)
Nonoperating revenues (expenses)				
State support	6,107,769	9,211,901	4,950,599	7,243,466
Investment income	187,798	128,563	115,966	95,768
Property taxes and interest	2,273,866	2,218,063	2,075,164	2,067,769
Miscellaneous income (expense)	-	-	-	-
Deferred refunding / Issuance cost amortization	-	-	(52,558)	(10,513)
Debt issuance costs	-	-	-	(49,500)
Gain/(loss) on sale of capital assets	(2,525)	(1,892)	-	-
Gain/(Loss) on pension assets	-	-	-	-
Debt premium amortization	3,246	3,246	3,246	3,246
Interest expense	(193,894)	(208,755)	(238,945)	(252,596)
Net nonoperating revenues	8,376,260	11,351,126	6,853,472	9,097,640
Income before Capital Contributions	(4,073,592)	1,292,145	(2,504,289)	(1,063,122)
Capital Contributions	406,494	8,986,426	2,243,942	236,527
Change in net position	\$ (3,667,098)	\$ 10,278,571	\$ (260,347)	\$ (826,595)

Source: Klamath Community College District financial records.

- * The College implemented GASB 75 for year ended June 30, 2018
- * The College implemented GASB 68/71 for year ended June 30, 2015
- * The College implemented GASB 63/65 for year ended June 30, 2013

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 20,755,012 (4,979,119)	\$ 21,592,587 (5,471,852)	\$ 21,573,324 (6,009,585)	\$ 23,006,037 (6,532,318)	\$ 23,039,382 (6,974,237)	\$ 10,102,924 (5,741,617)
15,775,893	16,120,735	15,563,739	16,473,719	16,065,145	4,361,307
-	401,040	383,149	395,313	431,496	1,838,788
2,907,253	7,594,570	7,936,719	8,975,542	7,080,158	10,791,830
-	(5,206,182)	-	-	-	-
<u>\$ 18,683,146</u>	<u>\$18,910,163</u>	<u>\$23,883,607</u>	<u>\$25,844,574</u>	<u>\$23,576,799</u>	<u>\$16,991,925</u>
\$ 4,981,252 3,419,373 604,264 174,589 650,848 -	\$ 4,251,851 3,840,022 273,299 111,388 778,926 -	\$ 3,805,291 4,331,537 343,281 56,522 702,926 -	\$ 4,462,128 5,661,416 323,006 59,030 777,415 -	\$ 4,272,125 5,782,954 63,601 118,189 143,681 -	\$ 3,349,599 4,081,934 1,625,306 68,767 136,145 -
<u>9,830,326</u>	<u>9,255,486</u>	<u>9,239,557</u>	<u>11,282,995</u>	<u>10,380,550</u>	<u>9,261,751</u>
4,760,040 1,099,412 1,570,714 2,407,469 662,335 3,331,806 579,714 1,475,057 15,886,547 (6,056,221)	4,539,769 989,706 1,696,713 3,027,541 759,860 3,453,462 698,411 1,517,421 16,682,883 (7,427,397)	3,984,551 876,000 1,428,761 2,330,073 758,334 3,983,049 704,128 1,474,782 15,539,678 (6,300,121)	4,200,182 877,102 1,135,445 2,300,009 674,945 5,464,807 757,246 1,478,319 16,888,055 (5,605,060)	4,029,720 921,148 846,717 2,200,199 529,585 5,493,745 177,937 805,360 15,004,411 (4,623,861)	3,354,923 750,701 629,011 1,786,444 420,973 4,740,098 164,469 465,721 12,312,340 (3,050,589)
3,836,451 63,360 2,027,717 35,095 (10,513) - (68) - 3,246 (216,084) 5,739,204	5,509,798 72,064 1,956,444 28,798 (10,513) - - 57,508 3,246 (236,135) 7,381,210	2,783,771 74,590 2,012,671 25,539 (10,513) - (362,533) 47,519 3,246 (256,211) 4,318,079	5,150,651 78,538 1,958,262 14,224 (10,513) - (745) 3,055 3,245 (275,325) 6,921,392	2,910,974 73,061 1,854,320 33,216 (14,385) - (8,834) 80,783 3,246 (294,315) 4,638,066	5,227,632 118,581 1,819,515 24,477 (14,385) - (7,946) 55,027 3,246 (350,274) 6,875,873
(317,017)	(46,187)	(1,982,042)	1,316,332	14,205	3,825,284
90,000	278,925	21,075	1,017,257	6,570,669	-
<u>\$ (227,017)</u>	<u>\$ 232,738</u>	<u>\$ (1,960,967)</u>	<u>\$ 2,333,589</u>	<u>\$ 6,584,874</u>	<u>\$ 3,825,284</u>

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Klamath Community College District
Klamath Falls, Oregon

ASSESSED AND REAL MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>ASSESSED VALUATION</u>	<u>ASSESSED RATE (1)</u>	<u>PERCENTAGE INCREASED (DECREASED)</u>	<u>REAL MARKET VALUATION (2)</u>	<u>PERCENTAGE INCREASED (DECREASED)</u>	<u>RATIO OF ASSESSED VALUATION TO REAL MARKET VALUATION</u>
2018-19	\$ 5,460,244,150	\$ 0.4117	1.91%	\$ 8,521,496,833	-0.44%	64.08%
2017-18	5,357,683,480	0.4117	3.95	8,559,305,228	18.94	62.59
2016-17	5,154,174,453	0.4117	1.85	7,196,478,061	-5.15	71.62
2015-16	5,060,708,799	0.4117	2.18	7,587,086,064	9.48	66.70
2014-15	4,952,793,865	0.4117	1.49	6,930,310,625	2.69	71.47
2013-14	4,879,923,911	0.4117	-0.90	6,748,991,013	0.77	72.31
2012-13	4,924,367,064	0.4117	1.26	6,697,578,202	-6.26	73.52
2011-12	4,863,198,567	0.4117	5.27	7,144,973,527	-0.16	68.06
2010-11	4,619,598,352	0.4117	1.12	7,156,328,489	-3.73	64.55
2009-10	4,568,581,321	0.4117	-0.21	7,433,296,867	-7.22	61.46

Source: Klamath County Tax Office

(1) Tax Rate per \$1,000 of assessed value

(2) RMV is for Klamath County

Klamath Community College District
Klamath Falls, Oregon

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS - LAST TEN YEARS

	DOLLARS PER \$1,000 OF ASSESSED VALUE									
TAXING DISTRICT	18-19	17-18	16-17	15-16	14-15	13-14	12-13	11-12	10-11	09-10
KLAMATH COUNTY										
County	1.7326	1.7326	1.7326	1.7326	1.7326	1.7326	1.7326	1.7326	1.7326	1.7326
Courthouse Bond		-	-	-	-	-	0.3505	0.3505	0.3505	0.3548
Extension Service	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Fairground Bond				-	-	-	-	-	-	0.1389
Library Bond	0.4900	0.4900	0.4900	0.4900	0.4900	-	-	-	-	-
Klamath 9-1-1- Emer Com	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541	-	-	-	-
Klamath 9-1-1- Emer Com	0.0800	0.0800	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Museum	0.5000	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	-	-
CITIES										
Bonanza	1.7706	1.7706	1.7706	1.7706	1.7706	1.7706	1.7706	1.7706	1.7706	1.7706
Chiloquin	5.2766	5.2766	5.2766	5.2766	5.2766	5.2766	5.2766	5.2766	5.2766	5.2766
Klamath Falls	5.4423	5.4423	5.4423	5.4423	5.4423	5.4423	5.4423	5.6308	5.6300	5.4423
Klamath Falls Annex		2.4000	-	-	-	-	-	-	-	-
Urban Ren Spec Levy		-	-	-	-	0.0694	0.2562	0.2562	0.2562	0.2562
KF Police Department	0.1509	0.1356	0.1356	0.134	0.1531	0.1621	-	-	-	-
Malin	5.0642	5.0642	5.0642	5.0642	5.0642	5.0642	5.0642	5.0642	5.0642	5.0642
Merrill	3.1210	3.1210	3.1210	3.1210	3.1210	3.1210	3.1210	3.1210	3.1210	3.1210
SCHOOLS										
Klamath City	3.1127	3.1127	3.1127	3.1127	3.1127	3.1127	3.1127	3.1127	3.1127	3.1127
Klamath City Bond	1.6075	1.5785	-	-	-	-	-	-	-	-
KF City Schools Local Op		-	-	0.5000	0.5000	0.5000	-	-	-	-
Klamath County	4.0519	4.0519	4.0519	4.0519	4.0519	4.0519	4.0519	4.0519	4.0519	4.0519
Klamath County - Bond 13	0.5659	0.6054	0.6297	0.6547	0.6072	0.5628	-	-	-	-
Central Oregon Ed	0.1114	0.6204	0.7425	0.7376	0.7400	0.7463	0.7539	0.7496	0.7338	0.6204
So Ore Ed Ser Dist	0.3524	0.3524	0.3524	0.3524	0.3524	0.3524	0.3524	0.3524	0.3524	0.3524
Klamath Comm Coll	0.4117	0.4117	0.4117	0.4117	0.4117	0.4117	0.4117	0.4117	0.4117	0.4117
CEMETERY DISTRICTS										
Bonanza Cemetery	0.0968	0.0968	0.0968	0.0968	0.0968	0.0968	0.0968	0.0968	0.0968	0.0968
Malin Cemetery	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Merrill Cemetery	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100
Mt. Laki Cemetery	0.1041	0.1041	0.1041	0.1041	0.1041	0.1041	0.1041	0.1041	0.1041	0.1041
FIRE DISTRICTS										
Bly Fire	2.8261	2.8261	2.8261	2.8261	2.8261	2.8261	2.8261	2.8261	2.8261	2.8261
Bonanza Fire	0.6202	0.6202	0.6202	0.6202	0.6202	0.6202	0.6202	0.6202	0.6202	0.6202
Chemult Fire	2.2397	2.2397	2.2397	2.2397	2.2397	2.2397	2.2397	2.2397	2.2397	2.2397
Chiloquin Fire	0.9040	0.9040	0.9040	0.9040	0.9040	0.9040	0.9040	0.9040	0.9040	0.9040
Crescent Fire	1.6326	1.6326	1.6326	1.6326	1.6326	1.6326	1.6326	1.6326	1.6326	1.6326
Central Cascades	2.2470	2.2470	2.2470	2.4086	2.4176	2.4209	2.4304	2.4300	2.4288	2.4422
Keno Fire	1.1649	1.6149	1.6149	1.6149	1.6149	1.6149	1.6149	1.6149	1.6149	1.6149
Klam Co Fire No 1	2.8822	2.8822	2.8822	2.8822	2.8822	2.8822	2.8822	2.8822	2.8822	2.8822
Klam Co Fire No 3	0.9869	0.9869	0.9869	0.9869	0.9869	0.9869	0.9869	0.9869	0.9869	0.9869
Klam Co Fire No 4	1.1013	1.1013	1.1013	1.1013	1.1013	1.1013	1.1013	1.1013	1.1013	1.1013
Klam Co Fire No 5	1.9583	1.9583	1.9583	1.9583	1.9583	1.9583	1.9583	1.9583	1.9583	1.9583
La Pine Fire	1.5397	0.2300	2.1797	2.1797	2.1797	2.3690	2.3677	2.3359	2.3325	2.3744
Malin Fire	0.3948	0.3948	0.3948	0.3948	0.3948	0.3948	0.3948	0.3948	0.3948	0.3948
Merrill Fire	0.3948	0.3948	0.5948	0.5948	0.5948	0.5948	0.5948	0.5948	1.0561	1.3022
Merril Fire Cap Project		0.3453	0.3453	0.3719	0.4090	0.4090	0.4315	0.4520	-	-
Oregon Outback Fire	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
Rocky Point EMS & Fire	1.1860	1.1866	1.1866	1.1866	1.1866	1.1866	1.1866	1.1866	1.1866	1.1866

	<u>18-19</u>	<u>17-18</u>	<u>16-17</u>	<u>15-16</u>	<u>14-15</u>	<u>13-14</u>	<u>12-13</u>	<u>11-12</u>	<u>10-11</u>	<u>09-10</u>
PARK DISTRICTS										
Bonanza Park	0.1769	0.1769	0.1769	0.1769	0.1769	0.1769	0.1769	0.1769	0.1769	0.1769
Malin Park	1.2834	1.2834	1.2834	1.2834	1.2834	1.2834	1.2834	1.2834	1.2834	1.2834
Merrill Park	0.8202	0.8202	0.8202	0.8202	0.8202	0.8202	0.8202	0.8202	0.8202	0.8202
Poe Valley Park	0.2544	0.2544	0.2544	0.2544	0.2544	0.2544	0.2544	0.2544	0.2544	0.2544
Wiard Park	0.2161	0.2161	0.2161	0.2161	0.2161	0.2161	0.2161	0.2161	0.2161	0.2161
ROAD DISTRICTS										
Antelope Meadows Rd	1.5571	1.5571	1.5571	1.5571	1.5571	1.5571	1.5571	1.5571	1.5571	1.5571
Cedar Trails Rd	1.1206	1.1206	1.1206	1.1206	1.1206	1.1206	1.1206	1.1206	1.1206	1.1206
Goldfinch Rd	2.7952	2.7952	2.7952	2.7952	2.7952	2.7952	2.7952	2.7952	2.7952	2.7952
Green Knoll Rd	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
Jackpine Village Rd	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Keno Pines Rd	2.0114	2.0114	2.0114	2.0114	2.0114	2.0114	2.0114	2.0114	2.0114	2.0114
Klam River Acres Rd	1.5621	1.5621	1.5621	1.5621	1.5621	1.5621	1.5621	1.5621	1.5621	1.5621
KFFE Special Rd Dist #2	2.7820	2.7820	2.7820	2.7820	2.7820	2.7820	2.7820	2.7820	2.7820	2.7820
Klam Forest Ests Rd #1	2.8000	2.8000	2.8000	2.8000	2.8000	2.8000	2.8000	2.8000	2.8000	2.8000
Pine Grove Highland Rd	0.8241	0.8241	0.8241	0.8241	0.8241	0.8241	0.8241	0.8241	1.6482	1.6482
Rainbow Park Rd	1.6658	1.6658	1.6658	1.6658	1.6658	1.6658	1.6658	1.6658	1.6658	1.6658
River Pines Ests Rd	1.4276	1.4276	1.4276	1.4276	1.4276	1.4276	1.4276	1.4276	1.4276	1.4276
Sun Forest Ests Rd	1.1280	1.1280	1.1280	1.1280	1.1280	1.1280	1.1280	1.1280	1.1280	1.1280
Two Rivers North Rd	0.9922	0.9922	1.694	1.6940	1.6940	1.6940	1.6940	2.2346	2.2551	2.2833
Two Rivers N Rd - Cap Pro	0.3564	0.3381	0.429	0.4710	0.4710	0.5283	0.5354	-	-	-
Valley Acres Rd	1.7158	1.7158	1.7158	1.7158	1.7158	1.7158	1.7158	1.7158	1.7158	1.7158
Woodland Park Rd	1.0654	1.0654	1.0654	1.0654	1.0654	1.0654	2.5654	2.5654	2.5654	2.5654
SANITARY DISTRICTS										
Bly Sanitary	3.0641	3.0641	3.0641	3.0641	3.0641	1.6015	1.6015	1.6015	1.6015	1.6015
Crescent Sanitary	1.0321	1.0321	1.0321	1.0321	1.0321	1.0321	1.0321	1.0321	1.0321	1.0321
TRANSIT DISTRICT										
Basin Transit	0.4822	0.4822	0.4822	0.4822	0.4822	0.4822	0.4822	0.4822	0.4822	0.4822
VECTOR DISTRICTS										
Bly Vector	1.7031	1.7031	1.7031	1.7031	1.7031	1.7031	1.7031	1.7031	1.7031	1.7031
Bonanza Vector	0.8796	0.8796	0.8796	0.8796	0.8796	0.8796	0.8796	0.8796	0.8796	0.8796
Chiloquin Vector	0.1807	0.1800	0.1807	0.1807	0.1807	0.1807	0.1807	0.1807	0.1807	0.1807
Klamath Vector	0.1805	0.1805	0.1805	0.1805	0.1805	0.1805	0.1805	0.1805	0.1805	0.1805
Poe Valley Vector	1.8726	1.8726	1.8726	1.8726	1.8726	1.8726	1.8726	1.8726	1.8726	1.8726
WATER DISTRICTS										
Bly Water		-	-	-	-	1.4626	1.4626	1.4626	1.4626	1.4626
Pine Grove Water	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500
Falcon Heights Water	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
EMERGENCY SERVICES										
911	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541	0.1541
911 Emergency Local Optic	0.08									
PREDATOR CONTROL										
Klamath County Predator	0.0600	0.0600	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Source: Klamath County Tax Office

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Klamath Community College District

Klamath Falls, Oregon

PRINCIPAL PROPERTY TAX PAYERS Fiscal Years Ended June 30, 2019 and June 30, 2010

TAXPAYER	2019			2010		
	TAXABLE ASSESSED VALUE (1)	RANK	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	TAXABLE ASSESSED VALUE (1)	RANK	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION
Avangrid Renewables Inc.	\$ 214,590	1	3.9%	\$ 180,983	2	3.96%
Pacific Corp.	183,744	2	3.4%	302,940	1	6.63%
Ruby Pipeline Co.	153,301	4	2.8%	-	-	
Gas Transmission Northwest	153,790	3	2.8%	164,235	3	3.59%
Century Link	114,306	5	2.1%	18,523	8	0.41%
Green Diamond Resource	33,528	6	0.6%			0.0%
Avista Corp	57,931	7	1.1%	21,974	7	0.48%
Jeld-wen Inc	43,894	8	0.8%	121,163	4	2.65%
Charter Communications	31,161	9	0.6%			0.0%
Union Pacific Railroad Co	44,579	10	0.8%	26,653	6	0.58%
Running Y Resort	-	-		37,120	5	0.81%
BNSF Railway Company	-	-		17,479	10	0.38%
Interfor Pacific Inc.	-			18,187	9	0.40%
Totals	<u>\$ 1,030,824</u>		<u>19.2%</u>	<u>\$ 909,257</u>		<u>19.9%</u>

(1) Amounts expressed in thousands.

Source: Klamath County Tax Office

Klamath Community College District

Klamath Falls, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND (1) Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of the Levy</u>		Collections in Subsequent Years	<u>Total Collections to Date</u>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 2,243,590	\$ 2,097,571	93.5%	\$ -	\$ 2,097,571	93.5%
2018	2,199,659	2,048,841	93.1%	43,238	2,092,079	95.1%
2017	2,115,019	1,969,977	93.1%	63,428	2,033,405	96.1%
2016	2,076,296	1,985,548	95.6%	79,051	2,064,599	99.4%
2015	2,020,863	1,936,181	95.8%	76,172	2,012,353	99.6%
2014	1,990,293	1,906,165	95.8%	85,491	1,991,656	100.1%
2013	2,009,761	1,904,350	94.8%	91,430	1,995,780	99.3%
2012	1,981,245	1,822,951	92.0%	99,774	1,922,725	97.0%
2011	1,881,071	1,735,648	92.3%	104,401	1,840,049	97.8%
2010	1,859,668	1,705,073	91.7%	97,529	1,802,602	96.9%

(1) The General Fund is the only fund with a property tax levy.

Sources: Klamath County Tax Office and Klamath Community College District financial records

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Klamath Community College District
Klamath Falls, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS
 Last Ten Fiscal Years

GENERAL FUND:	2018-19	2017-18	2016-17	2015-16
Tax rate (1)	<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>
Levy extended by assessor (2)	<u>\$ 2,243,590</u>	<u>\$ 2,199,659</u>	<u>\$ 2,114,986</u>	<u>\$ 2,076,296</u>
Reduction of taxes receivable: (3) (4)				
Current year	<u>2,091,659</u>	<u>2,048,841</u>	<u>1,969,977</u>	<u>1,936,360</u>
First year prior	44,953	39,082	40,109	33,700
Second year prior	22,768	15,761	19,339	17,594
Third year prior	22,140	12,597	21,928	24,127
Fourth year prior	9,643	6,457	2,167	9,834
Fifth year prior	<u>1,459</u>	<u>812</u>	<u>919</u>	<u>895</u>
Total prior	<u>74,709</u>	<u>74,709</u>	<u>84,462</u>	<u>86,150</u>
Total General Fund	<u>\$ 2,166,368</u>	<u>\$ 2,123,550</u>	<u>\$ 2,054,439</u>	<u>\$ 2,022,510</u>

(1) Rates per \$1,000 of assessed value

(2) Extended levy after additions and offsets by the county assessor.

(3) Amounts include collections, interest on deficiencies, discount allowed for early payment and adjustments and cancellations made by the county assessors.

(4) Amounts are based upon the tax collection year July 1 to June 30.

Revenues as recorded in the financial statements are recognized when measurable and available.

Sources: Klamath County Tax Office
 Klamath Community College District financial records.

2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>	<u>0.4117</u>
<u>\$ 2,020,863</u>	<u>\$ 1,990,293</u>	<u>\$ 2,009,761</u>	<u>\$ 1,981,245</u>	<u>\$ 1,881,071</u>	<u>\$ 1,859,668</u>
<u>1,936,360</u>	<u>1,906,437</u>	<u>1,904,092</u>	<u>1,857,689</u>	<u>1,735,648</u>	<u>1,705,073</u>
37,989	44,709	44,542	51,719	44,666	44,192
18,349	20,317	18,164	22,793	12,886	13,399
20,906	21,233	18,002	20,299	13,278	10,707
10,662	11,564	8,170	9,447	5,551	4,543
<u>2,263</u>	<u>2,652</u>	<u>1,558</u>	<u>3,855</u>	<u>936</u>	<u>1,235</u>
<u>90,169</u>	<u>100,475</u>	<u>90,437</u>	<u>108,113</u>	<u>77,317</u>	<u>74,075</u>
<u>\$ 2,026,529</u>	<u>\$ 2,006,912</u>	<u>\$ 1,994,529</u>	<u>\$ 1,965,802</u>	<u>\$ 1,812,965</u>	<u>\$ 1,779,148</u>

Klamath Community College District
Klamath Falls, Oregon

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
 Last Ten Fiscal Years

	Population (Estimated) (1)	Assessed Valuation (2)	Net Bonded Debt (3)	DISTRICT PERSONAL INCOME (4)	Ratio of Net Bonded Debt to Personal Income	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2018-19	67,831	\$ 5,460,244,150	\$ 6,252,923	\$ 2,832,036	0.22%	0.11%	\$ 92.18
2017-18	67,653	5,357,683,480	6,777,875	2,698,746	0.25	0.13	100.19
2016-17	66,579	5,154,174,453	7,288,526	2,554,436	0.29	0.14	109.47
2015-16	66,935	5,060,708,799	9,218,444	2,495,671	0.37	0.18	137.72
2014-15	66,443	4,952,793,865	5,042,190	2,390,885	0.21	0.10	75.89
2013-14	66,016	4,879,923,911	5,545,436	2,235,764	0.25	0.11	84.00
2012-13	65,455	4,924,367,064	6,093,682	2,076,167	0.29	0.12	93.10
2011-12	66,810	4,863,198,567	6,626,928	2,090,151	0.32	0.14	99.19
2010-11	66,740	4,619,598,352	7,145,174	2,032,033	0.35	0.15	107.06
2009-10	66,580	4,568,581,321	7,643,420	1,980,822	0.39	0.17	114.80

(1) Information provided by the United States Census Bureau
 and includes all of Klamath County
http://www.oregon.gov/DAS/OEA/Pages/demographic.aspx#Long_Term_County_Forecast

(2) Assessed values from Klamath County Assessor's Office.

(3) Net bonded debt is principal net of premiums and discounts only for Full Faith and Credit Obligations, Series 1999 and 2001;
 Series 2004C; Refunding Obligations, Series 2006; and Full Faith and Credit Obligations, Series 2009
 and Financing Agreement Series 2015.

(4) Information provided by the U. S. Department of Commerce, Bureau of Economic Analysis (thousands
 of dollars). Presentation is by the first 6 months of fiscal year.
<http://bea.gov/regional/reis/default.cfm?selTable=CA1-3§ion=2>

(5) Estimated using trending increases of the most recent five years.

Klamath Community College District
Klamath Falls, Oregon

OVERLAPPING DEBT SCHEDULE
June 30, 2019

<u>Jurisdiction</u>	Real Market Valuation	Percent Overlapping (1)	Overlapping	
			Gross Property-Tax Backed Direct Debt	Net Property-Tax Backed (Direct) Debt (1)
<u>DIRECT</u>				
Klamath Community College	\$0	100.0000%	\$0	\$0
<u>OVERLAPPING</u>				
<u>Bly RFPD</u>	29,938,130	100.0000	45,000	45,000
City of Chiloquin	30,050,841	100.0000	216,030	216,030
Klamath County RFPD #1	4,809,104,715	100.0000	370,000	370,000
City of Klamath Falls	2,553,354,840	100.0000	6,912,115	6,912,115
City of Merrill	56,780,594	100.0000	399,219	399,219
Klamath County School Dist.	5,533,541,687	87.8800	35,650,793	35,650,793
Klamath Falls Urban Renewal Area	2,553,354,840	100.0000	2,858,101	2,858,101
Klamath County SD 1 (Klamath Falls)	2,993,880,915	100.0000	33,003,499	33,003,499
Total overlapping			79,454,757	79,454,757
Total direct and overlapping			\$ 79,454,757	\$ 79,454,757

(1) Net property-tax backed debt is the outstanding principal of general obligation bonds and certain full faith and credit obligations. The denominator used in the percent overlapping calculation is revenue based.

Source: Oregon State Treasury, Debt Management Information System.

Klamath Community College District
Klamath Falls, Oregon

COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

	LEGAL DEBT LIMITATION (1)	INDEBTEDNESS (2)	DEBT MARGIN
2018-19	\$ 127,822,452	\$0	127,822,452
2017-18	128,389,578	0	128,389,578
2016-17	107,947,171	0	107,947,171
2015-16	113,806,291	0	113,806,291
2014-15	103,954,659	0	103,954,659
2013-14	101,234,865	0	101,234,865
2012-13	100,463,673	0	100,463,673
2011-12	107,174,603	0	107,174,603
2010-11	107,344,927	0	107,344,927
2009-10	111,499,453	0	111,499,453

(1) The legal debt limitation for the gross bonded debt is calculated as 1.5% of the real market value of all taxable property within the district, as per Oregon Revised Statutes (ORS) 341.675 (3).

(2) Full Faith and Credit Obligations and Certificates of Participation do not meet the definition of gross bonded debt.

Sources: ORS 341.675 (3) , Klamath Community College District records, and Klamath County.

Klamath Community College District

Klamath Falls, Oregon

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

	DISTRICT POPULATION (1)		DISTRICT PERSONAL INCOME (2)		DISTRICT PER CAPITA INCOME (2)		FTE (3) STUDENT ENROLLMENT		KLAMATH COUNTY UNEMPLOYMENT RATE (4)	
2018-19	67,831	(1,4)	\$2,832,036	(3,4)	\$41,752	(3)	1887.14		6.50%	(2)
2017-18	67,653		2,698,746		39,891		1,852.50		6.10%	
2016-17	66,579		2,554,436		38,367		1,862.70		5.80%	
2015-16	66,935		2,495,671		37,285		1,884.10		7.00%	
2014-15	66,443		2,390,885		35,984		1,675.10		7.90%	
2013-14	66,016		2,235,764		33,867		1,699.91		9.40%	
2012-13	65,455		2,076,167		31,719		1,650.05		10.90%	
2011-12	66,810		2,090,151		31,285		1,970.80		11.80%	
2010-11	66,740		2,032,033		30,447		2,004.94		12.20%	
2009-10	66,580		1,980,822		29,751		1,796.08		13.10%	

(1) Information provided by the United States Census Bureau
and includes all of Klamath County
http://www.oregon.gov/DAS/OEA/Pages/demographic.aspx#Long_Term_County_Forecast

(2) Information provided by the Oregon Employment Department
The percentage reflected is the average for the fiscal year.
<http://www.qualityinfo.org>

(3) Estimated using trending increases of the most recent five years.
<https://fred.stlouisfed.org/series/PCPI41035>

(4) Estimated using trending increases of the most recent six years.
Sources: As outlined above.

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KLAMATH COMMUNITY COLLEGE
Klamath Falls, Oregon

Principal Employers

<u>Employer</u>	<u>2019</u>			<u>2009 (2)</u>		
	<u>Employees</u>	<u>(1) Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank (3)</u>	<u>% of Total County Employment</u>
Sky Lakes Medical Center	1,407	1	2.07%	925	2	1.40%
Klamath County School District	1,061	2	1.56%	872	3	1.32%
Kingsley Field Oregon Air National Guard	934	3	1.38%	800	4	1.21%
Jeld-Wen Inc.	918	4	1.35%	1827	1	2.76%
iQor (Assurion)	480	5	0.71%	540	6	0.82%
Klamath County	480	6	0.71%	500	7	0.76%
Wal-Mart	380	7	0.56%	300		0.45%
Klamath Falls City Schools	375	8	0.55%	650	5	0.98%
Oregon Institute of Technology	343	9	0.51%	350	10	0.53%
Columbia Forest Products ²	297	10	0.44%	451	8	0.68%
Collins Company ²	247		0.36%	448	9	0.67%

Sources:

1. Numbers of employees furnished by employer.
2. Klamath Community College Service District Full Faith Credit Obligations, Series 2009
3. Total employment source: US Census Bureau

Klamath Community College District
Klamath Falls, Oregon

STATE ALLOCATIONS PER FTE

	Last Ten Fiscal Years				
	(Budgetary basis of accounting)				
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Allocations per FTE	\$4,411.81	\$4,081.02	\$3,651.55	\$3,162.22	\$2,976.02
Annual State Funding (1)	\$8,111,823	\$7,424,165	\$6,648,136	\$5,950,537	\$5,021,439
Total Reimbursable FTE	1,838.66	1,819.19	1,820.64	1,881.76	1,687.30

18-19 Not yet on website-dh 12/4/19

(1) Dollars expressed include only State funding formula appropriations.

Note: Total Reimbursable FTE does not equal total student population.

Source: Klamath Community College District Records
 Department of Community Colleges and Workforce Development

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$2,706.44	\$2,283.76	\$2,100.87	\$1,994.00	\$2,335.45
\$4,524,846	\$3,768,723	\$4,063,779	\$3,997,846	\$4,194,658
1,671.88	1,639.80	1,987.23	2,004.94	1,796.08

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Klamath Community College District
Klamath Falls, Oregon

ENROLLMENT STATISTICS
 Last Ten Years

	<u>TOTAL OPERATING EXPENSES</u>	<u>DISTRICT POPULATION (1)</u>	<u>COST PER FTE (2)</u>	<u>STATE-WIDE AVERAGE COST PER FTE</u>	<u>NUMBER OF EMPLOYEES (5)</u>	<u>TOTAL FTE</u>	<u>RATIO OF EMPLOYEES TO FTE</u>
2018-19	\$ 25,490,401	67,831	(6) \$ 10,985	\$ 11,762 (4)	134	1,887.14 (3)	1:14
2017-18	22,032,477	67,653	9,122	11,065	163	1,880.98	1:12
2016-17	20,384,757	66,579	8,426	10,633	179	1,882.48	1:11
2015-16	20,559,250	66,935	8,816	9,995	129	1,884.10	1:15
2014-15	15,886,547	66,443	7,151	9,365	125	1,674.50	1:13
2013-14	16,682,883	66,016	7,375	8,553	128	1,699.20	1:13
2012-13	15,539,678	65,455	6,526	8,041	129	1,662.90	1:13
2011-12	16,888,055	66,810	5,328	7,568	120	2,002.00	1:17
2010-11	21,966,094	66,740	4,645	7,249	113	2,009.40	1:18
2009-10	12,312,340	66,580	4,094	7,069	105	1,809.60	1:17

- (1) Information provided by the United States Census Bureau
 and includes all of Klamath County
http://www.oregon.gov/DAS/OEA/Pages/demographic.aspx#Long_Term_County_Forecast
- (2) Operating expenses do not include Financial Aid, and Auxiliary Services
- (3) Total FTE includes reimbursable and non-reimbursable FTE.
- (4) Estimated using trending increases over last 5 years.
- (5) Full-Time Equivalents
- (6) Estimated using trending increases of the most recent five years.

Sources: As outlined above.

KLAMATH COMMUNITY COLLEGE

Klamath Falls, Oregon

CERTIFICATES AND DEGREES GRANTED Last Ten Fiscal Years

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Certificates					
One-Year	73	75	48	55	65
Pathways (1)	208	177	114	114	21
Less Than One-Year	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total Certificates	<u>283</u>	<u>252</u>	<u>162</u>	<u>169</u>	<u>87</u>
Degrees					
Associate of Applied Science	100	131	87	52	79
Associate of Arts - Oregon Transfer	4	21	20	10	17
Associate of General Studies	38	46	39	21	24
Associate of Science	<u>44</u>	<u>56</u>	<u>27</u>	<u>26</u>	<u>26</u>
Total Degrees	<u>186</u>	<u>254</u>	<u>173</u>	<u>109</u>	<u>146</u>
High School Diplomas	<u>0</u>	<u>0</u>	<u>8</u>	<u>1</u>	<u>45</u>
GED Certificates	<u>27</u>	<u>16</u>	<u>34</u>	<u>14</u>	<u>98</u>
Total Awards	<u><u>496</u></u>	<u><u>522</u></u>	<u><u>377</u></u>	<u><u>293</u></u>	<u><u>376</u></u>

(1) Career Pathways: An integrated continuum of programs and services designed to prepare high school students and adults for employment and advancement in targeted occupations. Students are awarded Certificates of Completion that can help them qualify for employment in entry level jobs while continuing to work on their degree.

Source: Oregon Community College Unified Reporting System (OCCURS)
and Oregon Department of Community College and Workforce Development.

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
59	39	27	26	53
36	29	15	0	6
<u>3</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>98</u>	<u>80</u>	<u>42</u>	<u>26</u>	<u>59</u>
64	91	51	50	60
10	19	13	15	11
33	31	17	30	30
<u>30</u>	<u>26</u>	<u>8</u>	<u>11</u>	<u>8</u>
<u>137</u>	<u>167</u>	<u>89</u>	<u>106</u>	<u>109</u>
<u>10</u>	<u>18</u>	<u>31</u>	<u>17</u>	<u>23</u>
<u>148</u>	<u>155</u>	<u>183</u>	<u>160</u>	<u>172</u>
<u><u>393</u></u>	<u><u>420</u></u>	<u><u>345</u></u>	<u><u>309</u></u>	<u><u>363</u></u>

Klamath Community College District

Klamath Falls, Oregon

FACULTY, CLASSIFIED, AND EXEMPT EMPLOYEES* Last Ten Fiscal Years

	<u>FACULTY</u>	<u>CLASSIFIED</u>	<u>EXEMPT (1)</u>	<u>TOTAL</u>
2018-19	76	45	13	134
2017-18	61	88	14	163
2016-17	72	89	18	179
2015-16	60	60	9	129
2014-15	60	54	11	125
2013-14	59	58	11	128
2012-13	64	54	11	129
2011-12	61	50	9	120
2010-11	56	48	9	113
2009-10	51	45	9	105

* Full-Time Equivalent Positions

(1) Included Directors, Dean, Vice Presidents, and President only.

Source: Klamath Community College District's Human Resource Office.

Klamath Community College District

Klamath Falls, Oregon

AVERAGE STUDENT-TEACHER RATIO Last Ten Fiscal Years

<u>YEARS</u>	<u>FACULTY (1)</u>	<u>STUDENTS (1)(2)</u>	<u>STUDENTS PER TEACHING STAFF (3)</u>
2018-19	178	3,097	17.40
2017-18	167	3,361	20.13
2016-17	206	3,454	16.77
2015-16	221	3,427	15.51
2014-15	188	2,906	15.46
2013-14	170	2,523	14.84
2012-13	149	2,348	15.76
2011-12	157	2,779	17.70
2010-11	163	2,762	16.94
2009-10	168	2,699	16.07

(1) Unduplicated Headcount

(2) Unduplicated headcount also includes KALC students working on ESL, GED and High School completions.

(3) Due to KALC students described in (2), "Students per Teaching Staff" are higher than actual as faculty for KALC are excluded from "Faculty".

Sources: Klamath Community College District, and the Department of Community Colleges & Workforce Development

Klamath Community College District
Klamath Falls, Oregon

CAPITAL ASSET VOLUME AND USAGE
June 30, 2019

		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 1,767,284	\$ -	\$ 1,767,284
One Campus, 58.25 contiguous acres				
Construction in Process		9,999	-	9,999
Land Improvements		4,946,932	2,294,020	2,652,912
Campus access, parking, utilities, and landscaping				
Buildings & Improvements		33,424,127	7,210,144	26,213,983
Ten buildings totalling	158,770			
Consisting of:				
Classrooms/Labs	53,337			
Offices	31,352			
Conference/Meeting Rooms	6,446			
Student Commons	5,625			
Learning Resource Center	4,830			
Equipment		2,828,879	2,268,005	560,874
Classroom and facilities equipment and furniture				
Computers and Software		3,397,367	2,763,642	633,725
Computers and Software for students, faculty, and staff.				
Library Collections		72,843	49,373	23,470
7,152 volumes				
Totals		<u>\$ 46,447,431</u>	<u>\$ 14,585,184</u>	<u>\$ 31,862,247</u>

Sources: Klamath Community College Facilities department and Learning Resource Center

Klamath Community College District
Klamath Falls, Oregon

SCHEDULE OF INSURANCE IN EFFECT
For the Year Ended June 30, 2019

COMPANY	CERTIFICATE NUMBER	COVERAGE PERIOD	AMOUNT OF INSURANCE	TYPE OF COVERAGE
PACE (Property and Casualty)	31P60165-292	7/1/2018 to 7/1/2019	\$40,443,708 \$6,390,846 \$73,000	Buildings Business Personal Property Portable Equipment, Mobile Equipment and other Inland Marine items
				<u>Sublimits for Covered Property:</u>
			100,000	Personal Property Away From Scheduled Premises
			500,000	Personal Property of Others within your Care, Custody, or Control, other than Mobile Equipment
			250,000	Property of Students/Employees/Volunteers
			50,000	Mobile Equipment of others that is within your Care, Custody or Control
			10,000	Unscheduled Fine Arts
				<u>Sublimits for Additional Coverages:</u>
			5,000,000	Debris Removal
			100,000	Pollutant Clean-up and Removal from Land or Water
			10,000	Fungus a Result of a "Covered Cause of Loss"
			10,000	Preservation of Undamaged Covered Property
			250,000	Professional Services
			25,000	Fire Department Service Charge
			10,000	Recharging of Fire Extinguishing Equipment
			10,000	Arson Reward
			5,000,000	Increased Cost of Construction - Enforcement of Ordinance or Law
			500,000	Increased Cost of Construction - Cost Resulting From Unforeseen Delay
				<u>Sublimits for Additional Coverages- Business Income and Extra Expense:</u>
			5,000,000	Business Income
			5,000,000	Extra Expense
			25,000	Enforcement of Order by Government Agency or Authority
			25,000	Business Income from Dependent Property
			25,000	Interruption of Utility Services
			25,000	Inability to Discharge Outgoing Sewage
				<u>Sublimits of Coverage Extensions:</u>
			5,000,000	Property in the Course of Construction.
			500,000	Newly Acquired or Constructed Property.
			250,000	Unscheduled Outdoor Property
			250,000	Malicious mischief or Vandalism to Tracks and Artificial Turf Fields
			500,000	Property in Transit
			500,000	Accounts Receivable
			50,000	Property Damaged by Overflow of Sewers or Drains
			100,000	Covered Leasehold Interest
			500,000	Valuable Papers and Records
			25,000	Property Damaged by Computer Virus
			250,000	Miscellaneous Property Damaged by Specified Cause of Loss or Theft
				<u>Participants</u>
SAIF Corporation	Policy # 630670	08/01/2018-07/31/2019		Workman's Compensation
OEBB	Policy # 646595	10/01/2018-09/30/2019		Standard Medical & Life Insurance

Source: Klamath Community College District Insurance Records.

Klamath Community College District

Klamath Falls, Oregon

MISCELLANEOUS STATISTICAL DATA

June 30, 2019

DATE OF CREATION: July 1, 1996

DATE OF CHARTER: January 1, 1998

CENTRAL MAILING ADDRESS: Klamath Community College District
7390 South Sixth Street
Klamath Falls, OR 97603-7121
Telephone: (541) 882-3521

<u>FACILITIES:</u>	<u>Number</u>	<u>Square Feet</u>
Main Campus:		
Buildings	10	158,770
Classrooms/labs	46	53,337
Offices	124	31,352
Multipurpose:		
Conference/Meeting Rooms	8	6,446
Student Commons	1	5,625
Learning Resource Center	1	4,830
Asphalt Parking		278,755
Asphalt Road		159,190

DEGREES AND CERTIFICATES GRANTED:

Two-Year Associate Degree:

Associate of General Studies
Associate of Science
Associate of Arts, Oregon Transfer
Associate of Applied Science

Certificate:

One-Year Certificate
Pathways
Completion (Practical Nursing)
Other Special Certificates for Continuing Education/Contracted Instructional Programs

Sources: Klamath Community College District's Facilities Office, Registrar's Office, and Learning Affairs Office.



COMPLIANCE SECTION

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**COMMENTS OF THE INDEPENDENT
AUDITORS REQUIRED BY THE STATE OF
OREGON MINIMUM STANDARDS FOR
AUDITS OF OREGON MUNICIPAL
CORPORATIONS**

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KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

December 20, 2019

Board of Education
Klamath Community College District
Klamath Falls, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Klamath Community College District as of and for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

Our report on Klamath Community College District's internal control over financial reporting is presented elsewhere in this Comprehensive Annual Financial Report.

Compliance

As part of obtaining reasonable assurance about whether Klamath Community College District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 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.

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 Klamath Community College District was not in substantial compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

GOVERNMENT AUDITING STANDARDS REPORT

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

December 20, 2019

Board of Education
Klamath Community College District
Klamath Falls, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Klamath Community College District as of and for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

SINGLE AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 20, 2019

Board of Education
Klamath Community College District
Klamath Falls, Oregon

Report on Compliance for Each Major Federal Program

We have audited Klamath Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Klamath Community College District's major federal programs for the year ended June 30, 2019. Klamath Community College District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Klamath Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

KLAMATH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

Federal Grantor Pass-through Grantor / Program Title	Federal CFDA Number	State / Local Grant Number	Federal Expenditures
U.S. Department of Education:			
Student Financial Aid:(1)			
Federal Pell Grant Program	84.063		2,918,080
Federal Supplemental Educational Opportunity Grant	84.007		65,227
Federal Work-Study Program	84.033		56,078
Federal Direct Student Loans	84.268		3,205,388
Total Federal Financial Aid			<u>6,244,773</u>
Other Programs:			
TRiO Cluster:			
TRiO - Student Support Services	84.042A		258,193
TRiO - Upward Bound	84.047		260,886
Total TRiO Cluster			<u>519,079</u>
Pass-Through Programs From:			
Oregon Department of Community Colleges and Workforce Development Adult Education	84.002	EE151611 AG EE151611 BG EE151611 EG	108,616
Total U.S. Department of Education			<u>6,872,468</u>
U.S. Department of Labor:			
Passed through East Cascades Workforce Board:			
WIOA Cluster:			
US Dept. of Labor Workforce Innovation and Opportunity Act Title I Adult	17.258		165,581
US Dept. of Labor Workforce Innovation and Opportunity Act Title I Dislocated Worker	17.278		200,037
US Dept. of Labor Workforce Innovation and Opportunity Act Title I Youth	17.259		236,784
Total U.S. Department of Labor			<u>602,402</u>
U.S. Small Business Administration:			
Small Business Development Centers	59.037	SBAHQ-18-B-0034 SBAHQ-19-B-0058	49,000
U.S. Department of Veteran's Affairs:			
US Dept. of Veteran's Affairs - Reporting Fee	21.4206		1,288
National Science Foundation			
Education and Human Resources	47.076		60,821
Total Expenditures of Federal Awards			<u>\$ 7,585,979</u>

(1) Major Programs.

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KLAMATH COMMUNITY COLLEGE DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

1. Purpose of the Schedule:

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Klamath Community College District's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present either the financial position or changes in net position of the District.

2. Significant Accounting Policies:

Reporting Entity: The reporting entity is fully described in Note 1 to the District's financial statements. The Schedule includes all federal financial assistance programs administered by the District for the year ended June 30, 2019.

Basis of Presentation: The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal Financial Assistance: Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Basis of Accounting: The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Matching Costs: The Schedule does not include matching expenditures.

3. Subrecipients:

During the year ended June 30, 2019, the District provided federal awards to subrecipients as follows:

	<u>CFDA Number</u>	<u>Expenditures</u>
WIOA Youth Activities	17.259	\$ 28,007

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KLAMATH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Klamath Community College District.
2. There were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Klamath Community College District.
3. No instances of noncompliance material to the financial statements of Klamath Community College District were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance reported during the audit of the major federal award programs of Klamath Community College District.
5. The independent auditor's report on compliance for the major federal award programs of Klamath Community College District expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs of Klamath Community College District are reported in this schedule.
7. The programs tested as major programs are as follows:

<u>Program Name</u>	<u>CFDA Number</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
9. Klamath Community College District was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

C - FINDINGS AND QUESTIONED COSTS, MAJOR FEDERAL AWARD PROGRAMS
AUDIT:

None.

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