BLUE MOUNTAIN
COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

Page

STATISTICAL SECTION

INDEPENDENT AUDITOR'S COMMENTS AND REPORTS

FEDERAL FINANCIAL ASSISTANCE PROGRAM COMPLIANCE

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

DISTRICT OFFICIALS
June 30, 2022

Board of Education	Address	Term Expires
Don Rice Chair	79333 Prindle Loop Road Hermiston, OR 97838	2023
Chris Brown Director	72717 Bunker Hill Lane Heppner, OR 97836	2023
Jane Hill Vice-Chair	414 N Main Pendleton, OR 97801	2023
Kim Puzey Director	970 S.E 5th Hermiston, OR 97838	2025
Kent Madison Director	28647 Madison Rd Echo, OR 97826	2025
Bill Markgraf Director	42791 Nye Road Baker City, OR 97814	2023
Abe Currin Director	1025 SE 2nd Ave Milton-Freewater, OR 97862	2025

Chief Executive Officer and President

Mark Browning

Administrative Office

2411 N.W. Carden Ave.
Pendleton, OR 97801

FINANCIAL SECTION

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

March 31, 2023

To the Governing Body of Blue Mountain Community College District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Blue Mountain Community College District (the District) and it's discretely presented component unit, Blue Mountain Community College Foundation (the Foundation), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position Blue Mountain Community College District, and its discretely presented component unit, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards appliable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note IV.F to the financial statements, in the fiscal year ending June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the Proportionate Share of the Net Pension Liability (Asset) and the Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions to the OPERS Retirement Health Insurance Account, and the Schedule of Changes in the District's OPEB Liability and Related Ratios, and Notes to Required Supplementary information as listed in the table of contents to 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents and schedule of expenditures of federal awards as required by Title 2. U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, base don the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated March 31, 2023, on our consideration of the Blue Mountain 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 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 Blue Mountain Community College District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 31, 2023, on our consideration of the Blue Mountain Community College District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

March 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Board of Education
Blue Mountain Community College District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Blue Mountain Community College District's (the District) Annual Financial Report (AFR) presents an analysis of the financial activities of the District for the fiscal years ended June 30, 2022 and 2021. This discussion and analysis has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities, known facts, and any resulting changes.

Overview of the Financial Statements

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

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

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

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

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

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

Financial Highlights

These are the major events of the fiscal year ended June 30, 2022, with regards to the District's financial position:

- The District increased tuition 1.82%, from $110 to $112 per credit beginning Summer Term 2021. This increase is slightly higher than the CPI-Western Region cost-of-living index increase for the 12 months ended December 2020 of 1.7%. When compared to the HEPI (Higher Education Price Index) for 2-year public institutions, the increase in tuition is higher than the 12 months ended December 2020 of -.1%. After reviewing this information along with projections of future finances, the Board of Education approved the increase for fiscal year 2021-22 to offset a portion of the anticipated cost increases in utility costs, goods, services and personnel which includes PERS. The subsequent price index increases for the 12 months ended December 2021 was a 7.1% increase for the CPI-Western Region, and a 1.3% increase for 2-year public institutions.
- For fiscal year 2021-22, tuition and fee revenue decreased by $178,700 as a result of reduced traditional enrollments, buffered by an increase in early college credit enrollments. This decrease in revenue occurred despite the fact that there were tuition and fee increases. This is partially due to the COVID-19 pandemic which started Spring Term 2020 and continued throughout the 2021-2022 fiscal year.
- For fiscal year 2021-22, the District received federal funding to assist colleges response to the COVID-19 pandemic and to assist with associated expenses. As a result, the District received $581,617 for lost revenue spread across the General Fund; Special Revenue Fund; Internal Services Fund; and Enterprise Fund. These funds are one-time funds and will not continue in future years.
- During fiscal year 2021-22, total full-time equivalent students (FTE) decreased. Total reimbursable FTE increased by 6 or .51% with reimbursable FTE totaling 1,164 in 2020-21 and 1,170 in 2021-22. This increase in total FTE was a net result of a decrease in traditional college enrollments, but a higher increase in early college credit enrollment from high school students. Trends across the state and nationwide continue to show a slowing down or reduction of FTE. Statewide Oregon community colleges experienced an average decrease in reimbursable FTE in 2021-22 of 6.10% which amounts to a loss of 3,951 reimbursable FTE. This is partially due to the pandemic which started Spring Term 2020. Prior to Spring Term 2020, BMCC was experiencing a loss of 9.66% in reimbursable FTE. When the pandemic coincided with spring term, it caused an accelerated FTE drop of 17.77% FTE. Since the pandemic started, the college has made great strides in outreach to students who have stopped out, assisting them with locating resources to return and continue their education. The result of these efforts were seen in 2021-22 in the slight increase in FTE.
- FTE reimbursement received from the State of Oregon increased by 34.46% from $4.57 million to $6.15 million. The increase was caused primarily by the Oregon Legislature's deferral of its fiscal year 2020-21 fourth quarter reimbursement from April 2021 to July 2021. When comparing actual state funding levels between years as opposed to revenue received, state funding decreased by $900,757 or 15.48% as funding levels were $5,817,510 in 2020-21 and $4,916,753 in 2021-22. The deferrals were enacted in 2003 and are scheduled to occur on alternate years so that the State can balance its biennial budget. In accordance with accounting standards, the District recognizes this deferred payment when it is received. As a result, current year revenues in these financial statements reflect five quarters of FTE reimbursement as opposed to three quarters of FTE reimbursement reported in fiscal year ended June 30, 2021.
- Cash and cash equivalents increased by $2.9 million during the current fiscal year due mostly to the 2020-21 fourth quarter State FTE reimbursement payment not being received until the 2021-22 fiscal year but also due to federal and state grants received as well as an increase in federal financial aid.

- Net position may serve over time as a useful indicator of the District's financial position. The District has increased its net position in the current fiscal year from $18.38 million to $21.28 million.

- One of the District's largest components of net position, $32.18 million, reflects the amount invested in capital assets, e.g. land, buildings, machinery and equipment, less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District'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 these liabilities.

Analysis of the Statement of Net Position

As of June 30, 2022

The *Statement of Net Position* (page 1) includes all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting presentation used by most private colleges. Net position is defined and calculated as the difference between assets and liabilities, and is one measure of the financial condition of the District.

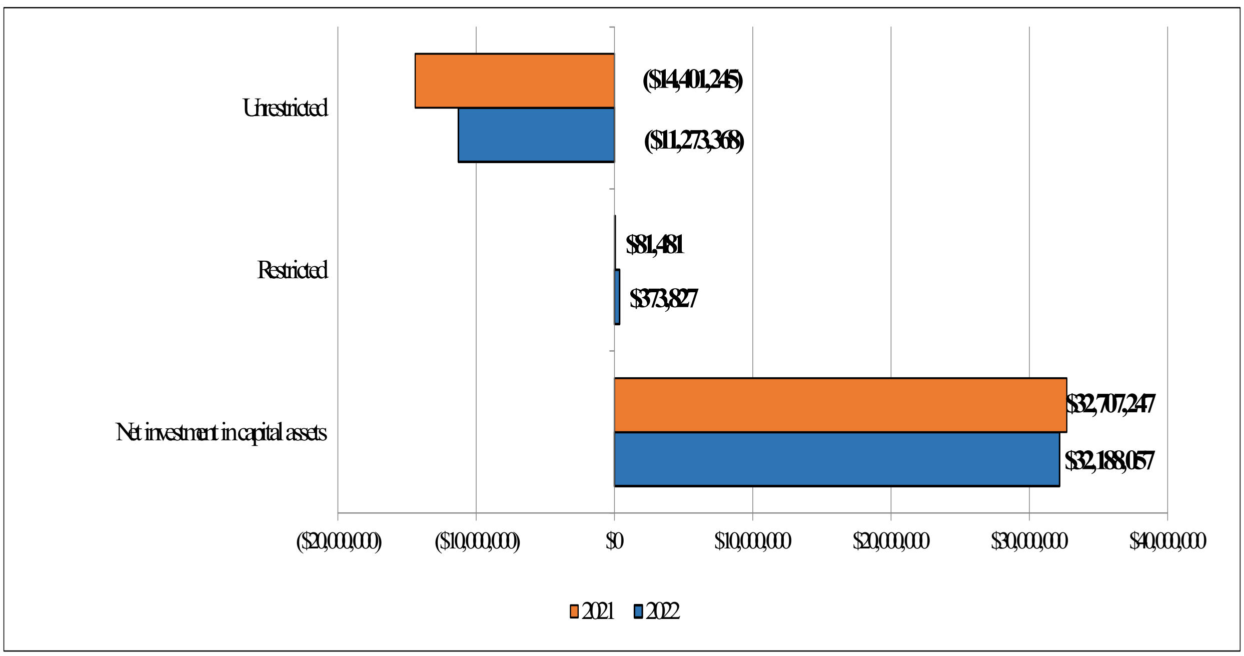
	2022	2021	Increase (Decrease)
Assets			
Current assets	$ 12,167,421	$ 9,710,258	$ 2,457,163
Capital assets, net of depreciation & Net OPEB asset	48,887,293	50,882,670	(1,995,377)
Deferred Outflows	6,228,325	6,550,862	(322,537)
Total assets and deferred outflows	$ 67,283,039	$ 67,143,790	$ 139,249
Liabilities			
Current maturities of long-term debt	$ 2,311,335	$ 2,095,000	$ 216,335
Other current liabilities	2,030,084	1,935,835	$ 94,249
Total Pension and OPEB Liabilities	11,060,249	19,711,613	$ (8,651,364)
Other long-term debt	19,736,470	22,138,106	(2,401,636)
Total liabilities	$ 35,138,138	$ 45,880,554	$ (10,742,416)
Deferred Inflows	$ 10,856,385	$ 2,875,753	$ 7,980,632
Net Position			
Net investment in capital assets	$ 32,188,057	$ 32,707,247	$ (519,190)
Restricted	373,827	81,481	292,346
Unrestricted	(11,273,368)	(14,401,245)	3,127,877
Total net position	21,288,516	18,387,483	2,901,033
Total Liabilities and Net Position	$ 67,283,039	$ 67,143,790	$ 139,249

At June 30, 2022, the District's assets were approximately $67.28 million. The District's current assets increased by $.13 million mainly as a result of an increase of cash and cash equivalents due mostly to the 2020-21 fourth quarter State FTE reimbursement payment not being received until the 2021-22 fiscal year but also due to an increase in federal and state grants received and federal financial aid. The District's 2022 current assets of $12.16 million were sufficient to cover current liabilities of $4.34 million. This represents a current ratio of 2.80 compared to the current ratio in 2021 of 2.40. Receivables consist of taxes, student accounts, intergovernmental, and various operating receivables.

The District's investment in capital assets is $48.6 million, net of accumulated depreciation. This is a decrease in net capital assets of $2 million from fiscal year 2020-21, indicating that new acquisitions and improvements were less than the increase in accumulated depreciation. This is due to the completion in prior fiscal years of most of the capital projects funded by the Bond funds received in August 2015.

For both years, the District's current liabilities consist primarily of payroll liabilities, compensated absences, various payables for operations, unearned revenues, and the current portion of long-term debt. For fiscal year 2021-22, there was a large decrease in Accounts Payable simply due to a timing difference of when payables were paid (just prior to the end of the fiscal year in 2021-22 and just after the end of fiscal year 2020-21). Noncurrent liabilities consist of long-term debt from the issuance of limited tax pension obligation bonds in June, 2005, as well as the issuance of general obligation bonds in August 2015. In addition, for fiscal year 2021-22 there was a decrease in the net pension liability. Lastly, as a result of GASB 87 in regards to the recognition of long-term leases, there was a net lease liability for 2021-22.

Deferred Inflows as of June 30, 2022 was 10.85 million and is a result of a change in pension reporting.
Within net position, the "net investment in capital assets" amount is $32.1 million, a decrease of $0.52 million. Unrestricted net position consists of amounts for the continuing operation of the District. The unrestricted net position increased by $3.12 million in 2021-22 in large part due to the 2020-21 fourth quarter State FTE reimbursement payment being received in the 2021-22 fiscal year but also as a result of overall revenue increasing and overall expenses decreasing.



Analysis of the Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2022

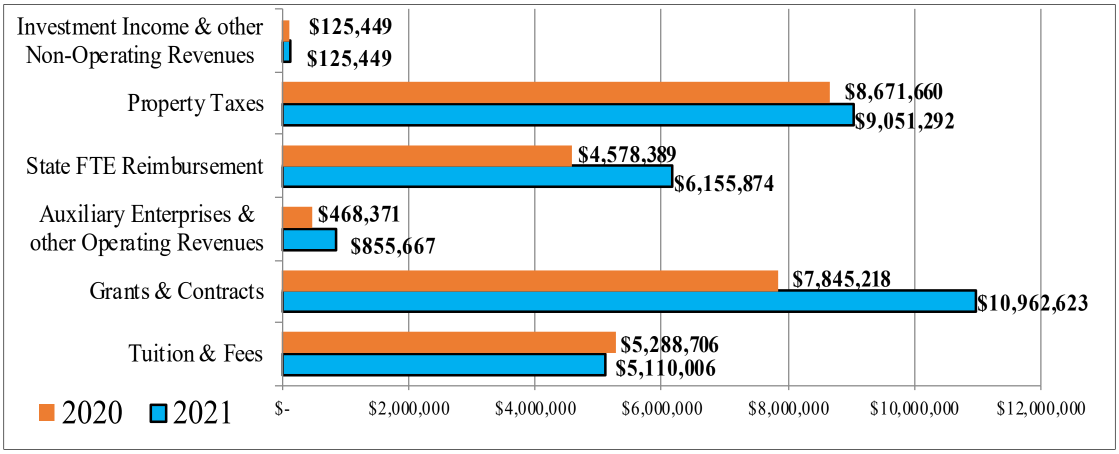
The *Statement of Revenues, Expenses, and Changes in Net Position* (page 2) presents the operating results of the District, as well as the nonoperating revenues and expenses. Annual state reimbursements and property taxes, while budgeted for operations, are considered nonoperating revenues according to accounting principles generally accepted in the United States of America (GAAP).

	2022	2021
Total operating revenues	$ 16,928,296	$ 13,602,295
Total operating expenses	28,126,918	28,374,522
Operating loss	(11,198,622)	(14,772,227)
Nonoperating revenues, net	13,611,744	12,442,019
Capital Contributions	487,911	56,886
Total increase in net position	2,901,033	(2,273,322)
Net position, beginning of year	18,387,483	20,660,805
Net position, end of year	**$ 21,288,516**	**$ 18,387,483**

Revenues:

The most significant sources of operating revenue for the District are tuition and fees, student financial aid grants, and grants and contracts from Federal, State, and local sources. Tuition and fees include all amounts paid for educational purposes and totaled $5.11 million, net of scholarship allowances. Tuition and fees decreased from fiscal year 2020-21 by $178,700. Tuition rates increased between years with a $2 per credit increase implemented summer term 2021 for in-state tuition rates. In addition, the Technology Fee was increased by .25 per credit and the pass-through Kaplan Testing Fee was increased $13.34 per term for 1st year nursing students and $6.67 per term for 2nd year nursing students. The remainder of the fee schedule was consistent with fiscal year 2020-21. Despite these increases in tuition & fees, total Tuition & Fee Revenue decreased due to reductions in enrollment of traditional college students (non-early college students). Federal financial aid grants totaled approximately $3.42 million. This is a increase of $1.22 from fiscal year 2020-21 as a result Federal Student Aid available as part of the COVID relief funds. Revenue from federal, state, and local grants and contracts was approximately $7.54 million. This is an increase of $1.89 million from fiscal year 2020-21 as a result of a change in grant and contract make-up. Additional federal and state grants were also available to address pandemic related expenses and assist with increasing student success that took a drop during the pandemic. Auxiliary enterprises consist of operations that furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services. They consist of the bookstore, continuing education, and student union operations and are intended to be self-supporting. Auxiliary enterprise revenue amounted to $224,189 for the year. This is a increase of $107,668 from fiscal year 2020-21 as a result of increased workforce development and employer trainings offered through partnerships with local employers, as well as increased sales in the Bookstore due to a decrease in pandemic related closures of in-person instruction. The on-campus Bookstore also held sales in anticipation of closing the on-campus Bookstore in the 2022-23 fiscal year.

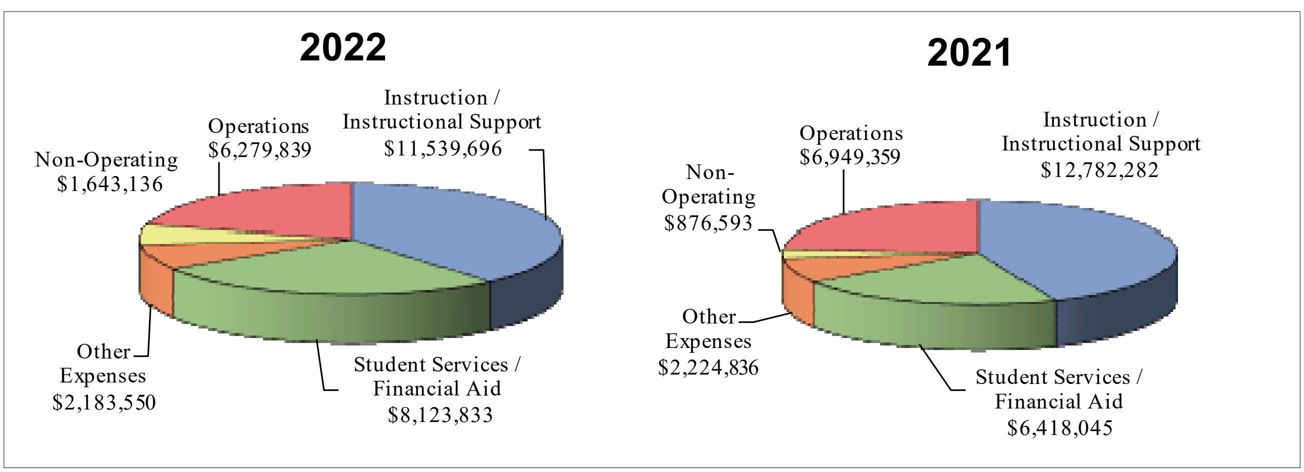
Approximately $9.05 million in non-operating revenues were received from property tax levies, an increase of $379,632 from fiscal year 2020-21. The second largest non-operating revenue source for fiscal year 2021-22 is from the State of Oregon in the form of FTE reimbursement. The District received $6.15 million in FTE reimbursement this fiscal year. This represents a increase of $1.57 million from the prior year as a result of receiving the fiscal year 2020-21 fourth quarter payment in the 2021-22 fiscal year (Three quarterly payments received in 2020-21 versus five received in 2021-22). Investment income decreased by $16,986 in the current fiscal year. This decrease is a result of a decrease in interest rates for the Local government Investment Pool.



Expenses:

Operating expenses totaled $28.12 million include salaries and benefits, materials and services, repairs and maintenance, utilities, student financial assistance, and depreciation. Instruction and instructional support represent the largest percentage of total expenses for fiscal year 2021-22 at $11.54 million or 39% of total expenses. Student services, including student support and student financial aid, represent $8.12 million or 27% of total expenses. Other expenses, including auxiliary enterprises, depreciation, facilities acquisition & construction, and community services, represent $2.18 million or 7% of total expenses. Operations which includes college support services and plant operations and maintenance represent $6.28 million or 21% of total expenses.

There were two non-operating expenses in fiscal year 2021-22 which was interest expense and loss on disposal of capital assets, representing a total of $1.64 million or 6% of total expenses. The following graph shows the allocation of expenses for the District:



Net Position:

Net position increased by $2.9 million during fiscal year 2021-22. This is in large part due to the 2020-21 fourth quarter State FTE reimbursement payment not being received until the 2021-22 year in addition to increases in; federal financial aid; federal, state and local grants and contracts; and auxiliary enterprise revenues offset by a decrease in student tuition and fees. In addition there was an overall decrease to operating expenses and an overall increase to non-operating revenues for the 2021-22 fiscal year.

Analysis of the Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

The *Statement of Cash Flows* (pages 3 & 4) provides an assessment of the financial health of the District. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the District during a period. The *Statement of Cash Flows* also helps users assess the District's ability to meet obligations as they come due, and the need for external financing.

	2022	2021	Increase (Decrease)
Cash Provided By (Used In):			
Operating Activities	$ (9,285,160)	$ (11,766,040)	$ 2,480,880
Noncapital Financing Activities	12,243,087	10,382,939	1,860,148
Capital Financing Activities	(110,946)	(1,148,865)	1,037,919
Investing Activities	47,714	64,700	(16,986)
Net increase (decrease) in cash	2,894,695	(2,467,266)	5,361,961
Cash – Beginning of year	5,992,055	8,459,321	(2,467,266)
Cash – End of year	**$ 8,886,750**	**$ 5,992,055**	**$ 2,894,695**

The major sources of funds included in operating activities include student tuition and fees, federal financial aid grants, grants and contracts, and auxiliary enterprises sales. Major uses were payments made to employees, to suppliers, and for student scholarships & grants.

State FTE reimbursement and property taxes are the primary sources of non-capital financing activities. Accounting principles generally accepted in the United States of America (GAAP) require that we reflect these sources of revenue as non-operating even though the District's budget depends on these revenues to continue the current level of operations. Cash flow from State reimbursements increased by 34.46% from fiscal year 2020-21, due to the deferred fourth quarter reimbursement and increase in state funding discussed under "Financial Highlights". However, when comparing actual state funding levels as opposed to monies received, State reimbursements decreased by 15.48%. Major uses of funds included in non-capital financing activities were principal and interest paid on pension bonds.

Net cash flows used in capital financing activities decreased primarily because the purchase of assets in 2021-22 was significantly less compared to 2020-21 and the amount of capital grants received was significantly more in 2021-22 as compared to 2020-21. Additionally, the principal amount paid on the general obligation bonds increased in 2021-22 compared to 2020-21.

Cash flows from investing activities include earnings on investments of $47,714.

Supplemental Information in the Financial Report

The Supplemental Information section of this report is not a required component of the Annual Financial Report. It is included to provide the reader with additional information pertaining to the District's finances. This section includes Schedules of Revenues, Expenditures, and Changes in Fund Balance prepared on the Non-GAAP Budgetary Basis in addition to other financial information.

Budgetary Highlights

Blue Mountain Community College District adopts and appropriates an annual budget at the fund level, which is under the modified accrual basis of accounting for all funds. During fiscal year 2021-22, budget adjustments between functional categories were approved by the Board of Education to accommodate increased Instruction and Student Services in the General Fund; increased Plant Operations and Maintenance in the Special Revenue Fund; and increased Student Services in the Enterprise Fund. These increases were offset by decreased Instructional Support and Plant Operations and Maintenance in the General Fund; decreased Instructional Support in the Special Revenue Fund; and decreased Instruction in the Enterprise Fund. No supplemental budget was adopted and there were no other significant changes to the budget during the fiscal year.

Capital Assets and Long-Term Debt

Capital Assets

The District's investment in capital assets as of June 30, 2022, amounts to $48.6 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, library collections, infrastructure, and construction in progress.

Additional information on the District's capital assets can be found in Note III-E of the notes to the basic financial statements (page 13).

Long-Term Debt

At the end of the 2021-22 fiscal year, the District had total debt outstanding of $21,385,941. Of this amount, $21,010,000 comprises debt backed by the full faith and credit of the District within the limitations of Sections 11 and 11(b) of Article XI of the Oregon Constitution and $375,941 for compensated absences.

State statutes limit the amount of general obligation debt the District may issue to 1.5% of real market value of properties within the District. The current legal debt limit is $264,525,823 which is significantly higher than the District's outstanding general obligation debt. The District's outstanding debt subject to the limitations is about 7.95% of the legal debt limit. Additional information on the District's long-term debt can be found in Note III-G of the notes to the basic financial statements (page 14-15) and the Statistical Section (page 44-49).

The District's prior General Obligation Bond, Series 1999 matured in June 2014. District administration took a new general obligation bond levy initiative to the voters in May 2015 which was approved by District voters in Umatilla and Morrow counties. On August 11, 2015 the College issued the bonds to finance capital expenditures. The Bonds will be retired from property taxes levied by the District.

Economic Factors and Next Year's Budget

After five years of declining state revenues (2008-2013) resulting from the full equalization of public funding for Community Colleges and reductions in total state funding for Community Colleges, the District received increases in state funding each biennium from the 2013-15 to the 2021-23 biennium. These previous increases in state funding have been neutralized by decreasing student tuition and fees revenue resulting from declining student enrollment as well as external cost drivers from PERS, Federal and State reporting requirements and new requirements related to payroll costs such as paid sick leave, Affordable Care Act, and others. The slight increase in funding in the 2021-23 biennium was significantly lower than the current service level cost and essentially amounted to a decrease in available resources as costs continue to rise and enrollment continues to decline. As a result, it is necessary for the District to replace funds with other sources of revenue or make changes in services offered which continues to be a major challenge for the District. These revenue changes impact the speed and nimbleness of the District to meet the mission to provide responsive and high-quality, innovative educational programs and services that promote personal and professional growth to strengthen our communities in Northeastern Oregon.

For the 2021-23 biennium, Oregon Community Colleges received a slight increase in funding from $640.9 million in the 2019-21 biennium, to $699 million in the 2021-23 biennium. However, due to the Oregon Legislature's deferral of its fiscal year 2020-21 fourth quarter reimbursement from April 2021 to July 2021 as noted in the Financial Highlights section, the District received five quarters of FTE reimbursement in the 2021-22 fiscal year as opposed to three quarters of FTE reimbursement in 2020-21 fiscal year.

The fourth quarter State FTE reimbursement payment for fiscal year 2020-21 was delayed until July 2021 as described in the Financial Highlights section. This delay of fourth quarter payments in alternating years has an impact on the District's cash flows, but is not anticipated to create any financial problems for the District in the next fiscal year as the District knows how to allocate resources to meet the cash flow.

As a result of increased costs and insufficient levels in state funding over the past several years, the District has made increases in tuition rates in order to maintain services provided to students. With only a slight increase in state funding for the 2021-23 biennium, and declining FTE the college made significant budget cuts in order to keep tuition rate increases lower than they would otherwise have been had the cuts not been made. However, tuition increases have not been totally eliminated. Increased costs from unfunded mandates; PERS; and employment contracts; combined with decreasing enrollments, resulted in the need to increase tuition and fee rates to maintain services provided to students. During the 2021-22 fiscal year, tuition rates were increased $2 per credit from $110 to $112. Tuition rates for 2022-2023 were again increased $2 per credit from $112 to $114.

During fiscal year 2021-22, the District experienced a slight increase in reimbursable Full-Time Equivalent students (FTE). The District had 1,170 total reimbursable FTE in 2021-22, which was up 6 FTE (.51%) from 2020-21. This increase in FTE will impact the funds distributed through the State funding formula for the next three years as the State uses a 3-year rolling average for funding. The District will continue to place emphasis on services to students that will assist in retaining current students and recruiting new students in order to continue to stabilize FTE and regain students that have stopped out. The college's FTE was greatly affected by the pandemic starting in 2019-20. The college received significant resources from federal grants aimed at both; gaining back enrollment lost; as well as support for expenses, due to the pandemic. The college recovered some of the lost revenue due to the pandemic in 2020-21 and 2021-22 though the funds will not continue into future years.

Each year, grant dollars continue to be an important part of the budget. The District has been successful in obtaining funding for new and innovative programs and activities and continues to explore multiple avenues of funding alternatives. The District expects to continue to grow our available grant dollars in a deliberate and tactical manner.

Contract negotiations with the classified association began in May 2022 and the contract was finalized in August 2022. This contract is effective through June 2024 with the exception of salary and fringe benefits. Negotiations with the classified association for salary and fringe benefits for the 2023-24 fiscal year are scheduled to start Spring 2023. The current faculty contract is effective through June 2023. The negotiations for the new faculty contract are scheduled to start Spring 2023.

Effective July 1, 2009, the District's employer PERS and OPSRP rates were reduced to 0.72% and 1.36% respectively. These rates were based on PERS investment balances as of December 31, 2007, prior to the significant investment losses that were experienced in 2008. As a result, the PERS and OPSRP rates experienced significant increases in July of each biennium since 2011. In anticipation of these increases, funds were set aside in a PERS Reserve account during the 2009-11 biennium to help smooth the impact of these rate fluctuations. During fiscal year 2016-17, an additional $500,000 was set aside from the college reserves to help finance future rate increases. The District's PERS and OPSRP rates increased to

14.75% and 8.17% respectively for the 2017-19 biennium, 18.16% and 12.07% respectively for the 2019-21 biennium, and 17.38% and 13.69% respectively for the 2021-23 biennium.

The District proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. The fiscal year 2022-23 budget was designed around a multi-year forecast to project the effects of anticipated changes in revenues received and expenditures made. By using the multi-year forecast, the District continues to work at stabilizing itself financially in order to weather swings in both enrollment and state funding. The District is required by the Oregon Local Budget Law to present and adopt a balanced budget each year. This will be an ongoing challenge for the District in the future if the state does not continue to fund Community Colleges at higher levels. The District adopted a balanced budget for the fiscal year beginning July 1, 2022, that included increasing tuition 1.78%, from $112 to $114 per credit beginning Summer Term 2022. Justification for the increase was to offset a portion of the anticipated cost increases in utility costs, goods, services and personnel which includes PERS, along with reductions in enrollment. The college also took strides to align expenditures with revenues for the 2022-23 budget, and continues to project forward to bring them into alignment, bringing financial stability to the college.

Component Unit

Using the analysis set forth in GASB Statement No. 39 “Determining Whether Certain Organizations Are Component Units,” the District determined that the Blue Mountain Community College Foundation (the Foundation) should be included in the entity-wide financial statements beginning in fiscal year ended June 30, 2004. Incorporated on May 28, 1963, the Blue Mountain Community College Foundation is registered as a separate not-for-profit corporation with the State of Oregon. Their Articles of Incorporation establish that the purpose of the Foundation is to support the District. The Foundation has a 501 (C)(3) status under the provisions of Internal Revenue Code and is exempt from Federal Income Tax. Contributions to the Foundation are tax deductible as defined by the IRS regulations. Bylaws govern the internal affairs of the Foundation. A Board of Directors sets policies for the Foundation operations.

The Foundation operates within a written agreement with the District that clearly defines Foundation activities and establishes District support of the Foundation.

The Blue Mountain Community College Foundation receives, administers, and disposes of property given to benefit the District, coordinates fundraising efforts, and assists in promoting Blue Mountain Community College District to the public.

Financial information for the component unit is found in the *Statement of Net Position* and *Statement of Revenues, Expenses, and Changes in Net Position* (pages 1 & 2) in a discrete column. Summary information follows:

Blue Mountain Community College District
For the Fiscal Year Ended June 30, 2022

	2022	2021
Current Assets	$ 305,843	$ 107,660
Non-Current Assets	5,005,397	5,448,194
Total Assets	$ 5,311,240	$ 5,555,854
Current Liabilities	$ 270,770	$ 23,378
Restricted Net Position	4,512,959	4,975,886
Unrestricted Net Position	527,511	556,590
Total Liabilities and Net Position	$ 5,311,240	$ 5,555,854
Operating Revenues	$ 383,210	$ 323,177
Operating Expenses	430,865	364,849
Operating Income (Loss)	(47,655)	(41,672)
Non-Operating Revenues (Expenses) net	(444,351)	1,447,877
Increase in Net Position	(492,006)	1,406,205
Net Position, Beginning of Year	5,532,476	4,126,271
Net Position, End of Year	$ 5,040,470	$ 5,532,476

Requests for Information

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

Projects & Reporting Accountant
Blue Mountain Community College District
P.O. Box 100
Pendleton, OR 97801
(541) 278-5785
tod.case@bluecc.edu

Chief Finance Officer
Blue Mountain Community College District
P.O. Box 100
Pendleton OR 97801
(541) 278-5780
cetate@bluecc.edu

BASIC FINANCIAL STATEMENTS

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2022

	Primary Government	Component Unit
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,653,941	$ 305,843
Restricted cash and cash equivalents	232,731	-
Restricted cash in escrow	78	-
Receivables:		
Taxes	290,739	-
Intergovernmental	2,009,885	-
Student accounts, net	253,259	-
Other accounts	192,972	-
Due from component unit	248,011	-
Prepayments	230,098	-
Inventories	55,707	-
Total current assets	12,167,421	305,843
NONCURRENT ASSETS		
Net OPEB asset	231,431	-
Long-term investments	-	959,780
Long-term investments held by others	-	3,795,617
Leased assets, net of accumulated amortization	34,474	-
Capital assets, non-depreciable	1,230,519	250,000
Capital assets, depreciable - net of accumulated depreciation	47,390,869	-
Total noncurrent assets	48,887,293	5,005,397
Total assets	61,054,714	5,311,240
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	6,069,250	-
Related to OPEB	159,075	-
Total deferred outflows of resources	6,228,325	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	384,625	22,759
Payroll liabilities	683,667	-
Accrued interest payable	24,095	-
Unearned revenues	539,171	-
Compensated absences	375,941	-
Due to primary government	-	248,011
Due to others	22,585	-
Current portion of long-term liabilities	2,311,335	-
Total current liabilities	4,341,419	270,770
NONCURRENT LIABILITIES		
Lease liability, net of current maturities	14,207	-
Bonds payable, net of current maturities	18,720,000	-
Bonds payable premium	1,002,263	-
Net pension liability	9,505,129	-
Pension transition liability	784,560	-
Net OPEB liability	770,560	-
Total noncurrent liabilities	30,796,719	-
Total liabilities	35,138,138	270,770
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	10,704,885	-
Related to OPEB	151,500	-
Total deferred inflows of resources	10,856,385	-
NET POSITION		
Invested in capital assets, net of related debt	32,188,057	-
Restricted:		
Farm II Project	231,674	-
Debt service	142,153	-
Permanent endowment	-	1,540,245
Temporary endowment and scholarships	-	2,972,714
Unrestricted	(11,273,368)	527,511
Total net position	$ 21,288,516	$ 5,040,470

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

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

	Primary Government	Component Unit
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $545,619	$ 5,110,006	$ -
Federal student financial aid grants	3,422,752	-
Federal, state and local grants and contracts	7,539,871	-
Auxiliary enterprises	224,189	-
Foundation contributions	-	356,560
Other operating revenues	631,478	26,650
Total operating revenues	16,928,296	383,210
OPERATING EXPENSES		
Educational and general:		
Instruction	6,588,725	-
Instructional support	4,950,971	-
Other support services:		
Student services	3,629,021	-
Community services	40,666	-
College support services	4,227,735	-
Plant operations and maintenance	2,052,104	-
Student financial aid	4,494,812	-
Facilities acquisition and construction	186,145	-
Auxiliary enterprises	242,658	-
Foundation programs	-	430,865
Amortization expense	29,920	-
Depreciation expense	1,684,161	-
Total operating expenses	28,126,918	430,865
OPERATING INCOME (LOSS)	(11,198,622)	(47,655)
NONOPERATING REVENUES (EXPENSES)		
State community college support	6,155,874	-
Property taxes	9,051,292	-
Interest and investment income	47,714	(444,351)
Gain (loss) on disposal of capital assets	(824,449)	-
Interest expense	(818,687)	-
Net nonoperating revenues (expenses)	13,611,744	(444,351)
Net income before contributions	2,413,122	(492,006)
CAPITAL CONTRIBUTIONS	487,911	-
Change in net position	2,901,033	(492,006)
NET POSITION, beginning of year	18,387,483	5,532,476
NET POSITION, end of year	$ 21,288,516	$ 5,040,470

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

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tuition and fees	$ 5,297,075
Receipts from federal student financial aid grants and loans	4,644,637
Receipts from federal, state and local grants and contracts	7,834,324
Receipts from auxillary enterprises sales	217,677
Other cash receipts	496,845
Payments to employees for services	(17,546,918)
Payments to suppliers for goods and services	(5,137,890)
Payments for student scholarships, grants and loans	(5,090,910)
Net cash provided (used) by operating activities	(9,285,160)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from State community college support	6,155,874
Cash received from property taxes	7,127,291
Principal paid on pension bonds	(735,000)
Interest paid on pension bonds	(305,078)
Net cash provided (used) by noncapital financing activities	12,243,087
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	1,936,328
Capital grants received	487,911
Proceeds from sale of capital assets	-
Purchase of capital assets	(504,605)
Principal paid on lease liabilities	(28,891)
Interest paid on lease liabilities	(983)
Principal paid on general obligation bonds	(1,360,000)
Interest paid on general obligation bonds	(640,706)
Net cash provided (used) by capital financing activities	(110,946)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	47,714
Net cash provided (used) by investing activities	47,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,894,695
Cash and cash equivalents - beginning of year	5,992,055
Cash and cash equivalents - end of year	$ 8,886,750
RECONCILIATION TO AMOUNTS SHOWN ON THE STATEMENT OF NET POSITION	
Unrestricted cash and cash equivalents	$ 8,653,941
Restricted cash and cash equivalents	232,731
Restricted cash in escrow	78
	$ 8,886,750

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

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

	Primary Government
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (11,198,622)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	1,684,161
Amortization expense	29,920
(Increase) decrease in:	
Receivables (net)	715,223
Due from others	(248,011)
Prepayments	(81,190)
Inventories	39,183
Net OPEB asset	25,887
Deferred outflows related to pensions	356,237
Deferred outflows related to OPEB	(33,700)
Increase (decrease) in:	
Operating accounts payable	(141,711)
Payroll liabilities	30,327
Unearned revenues	250,941
Compensated absences	(922)
Due to others	(42,151)
Net pension liability	(8,389,149)
Pension transition liability	(226,276)
Net OPEB liability	(35,939)
Deferred inflows related to pensions	7,981,497
Deferred inflows related to OPEB	(865)
Net cash provided (used) by operating activities	$ (9,285,160)
Non-cash investing, capital, and financing activities:	
Interest expense	$ 126,187
Amortization of bonds payable premium	(126,187)
	$ -

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

1. Financial Reporting Entity

The Blue Mountain Community College District (the District), a municipal corporation, is a post-secondary institution that was established on June 10, 1962 to provide educational courses and programs to citizens of Eastern Oregon. The District currently serves all of Umatilla, Morrow, Baker, Union, Wallowa, and Grant Counties. The services are funded through tax levies in Umatilla, Morrow and Baker Counties, and the use of "Out of District" contracts for the needs of Union, Wallowa and Grant Counties.

2. Discretely Presented Component Unit

Blue Mountain Community College Foundation, Inc. (the Foundation) is an Oregon non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established in 1963 and was originally named the Blue Mountain Community College Scholarship and Development Association. On May 22, 1996, the name was changed to Blue Mountain Community College Foundation. The Foundation supports the objectives of Blue Mountain Community College and its mission is to raise private funds for student financial aid, faculty development, special projects, facilities, and equipment needs that will lead to enhanced learning and benefit of the community. Separate financial statements for Blue Mountain Community College Foundation, Inc. may be obtained through request of the Foundation Executive Director located on the Blue Mountain Community College District Pendleton campus.

B. Basis of Presentation

The basic 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, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The District follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a one-column look at the District's financial activities. As a general rule, the effect of internal transactions between the District's functions has been eliminated.

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 at the time liabilities are incurred. Property taxes are recognized as revenues in the years 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.

D. 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.

E. 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 certain assets, liabilities, and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Cash, Cash Equivalents, and Investments

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

Oregon Revised Statutes authorize local municipal governments to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, banker's acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port, or school district in Oregon (subject to specific standards), and the state local government investment pool, among others.

The District maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the District is to invest in the Local Government Investment Pool (LGIP) and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The District allocates earnings on investments to selected funds based on the average monthly balances throughout the year.

G. Receivables

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

Student loans receivables are recorded as tuition is assessed or as amounts are advanced to students under various student financial assistance programs.

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. Grant funds received prior to the occurrence of qualifying expenses are recorded as unearned revenue.

H. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, reduced by principal payments received.

I. Inventories and Prepaid items

Inventories are determined by physical count and are stated at the lower of cost (first in, first out) or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect costs applicable to future accounting periods and are reflected as prepayments.

J. Capital Assets

Capital assets include land and land improvements; art and historical treasures; buildings and building improvements; equipment and machinery; infrastructure (utility systems, parking lots and streets); library collections; other improvements; and construction in progress. The District's capitalization threshold for equipment is $5,000, and $25,000 for assets to include land, buildings, infrastructure and improvements and having useful lives in excess of one year. Such 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 asset received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. There was no interest capitalized during the year.

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

▪ Buildings and building improvements	60 years
▪ Equipment and machinery	5 to 20 years
▪ Infrastructure	25 to 60 years
▪ Library collections	10 years
▪ Other improvements	25 years

K. Lease Assets

Lease assets are assets which the District leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

L. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation, "comp time", and sick leave benefits. No liability is reported for unpaid accumulated sick leave benefits since the District does not have a policy to pay sick leave when employees separate from service with the District. All vacation and comp time is accrued as incurred in the basic financial statements.

M. Long-Term Obligations

Long-term obligations are recorded as liabilities in the basic financial statements as incurred. Bond premiums and discounts are deferred and amortized over the lives of the bonds.

N. Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

O. 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 sale of educational material. Operating expenses include the cost of instruction, administration, student services, bookstore operations and depreciation. All other revenues, including state educational support and expenses not meeting this definition are reported as nonoperating revenues and expenses.

P. Scholarship Allowances

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans and funds provided to students as awarded by third parties are accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a District basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Q. Federal Financial Assistance Program

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal direct loans, Perkins Loan programs and other Federal Programs. 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).

R. Property Taxes

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become an enforceable lien on that date for real property and for personal property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if amounts due are received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes, including delinquent amounts, are considered substantially collectable or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes are recognized as revenues when levied.

S. Net Position

Restricted net position reported in the Statement of Net Position represent amounts for which constraints were imposed by creditors, grantors, contributors or laws or regulations. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

T. Pension Plans

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.

U. Other Postemployment Benefits

1. Public Employees Retirement System

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.

2. Early Retirement Plan

For eligible early retirees, the District contributes a set monthly amount toward health insurance premiums; the retiree pays any premium for their selected coverage which is in excess of the District contribution. The health insurance contribution ceases at age 65.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted, by fund using the modified accrual basis of accounting. The Special Revenue Fund also included transfers to/from the Agency Fund.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The District begins its budgeting process by appointing budget committee members in early fall of each year. Recommendations are developed through early spring and the Budget Committee usually approves the budget in late spring. Public notice of the budget hearing is generally published in late May, and the public hearing is held in early June. The budget is adopted, appropriations are made and the tax rate is declared no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of specific purpose grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the legal limit for which expenditures cannot legally exceed. The level of budgetary control is established at the total instruction, instructional support, student services, community services, college support services, plant operations and maintenance, financial aid, debt service, transfers, and contingency. Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the District's Board of Education. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain Board authorization for all appropriation transfers and supplementary budgetary appropriations.

At the function levels listed above, expenditures exceeded appropriations in the following amounts:

General Fund	
Instructional Support Services	$ 196,844
Special Revenue Fund	
College Support Services	$ 227,833
Enterprise Fund	
Student Services	$ 8,653

During the year ended June 30, 2022, appropriation reclassification or transfers were approved. Appropriations are limited to a single fiscal year; therefore, all spending authority of the District lapses as of fiscal year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2022. If bank deposits at year end are not entirely insured or collateralized with securities held by the district or by its agent in the District's name, the District must disclose the custodial credit risk that exists. The District's deposits with financial institutions are comprised entirely of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2022, the carrying amount of the District's deposits and cash in escrow was $1,006,607 and the bank balance was $1,235,008. All deposits are held in the name of the District. Of the bank balance, $265,870 was covered by federal depository insurance. The remaining $969,138 was collateralized under ORS 295. This balance was exposed to custodial credit risk as of June 30, 2022, because deposits in excess of FDIC insurance were uncollateralized and/or were collateralized but not held by the third-party custodian bank in the District's name.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The District follows State law with respect to custodial credit risk and has not adopted a separate policy.

Restricted Cash and Cash Equivalents in Escrow - The District is responsible for Limited Tax Pension Obligations issued for financing of payment of the District's Oregon Public Employee Retirement System (PERS) unfunded liability. The State of Oregon withholds a portion of the District's Community College Funding payment and transfers this portion to a trustee escrow account administered by the State of Oregon for the purpose of repayment of scheduled bond principal and interest, as required since the bonds were issued by the Oregon Community College Districts. The amount held in the escrow account for payment of future scheduled payments at June 30, 2022 was $78. These cash and cash equivalents consisted of investments in U.S. Government Securities and have original maturity dates of three months or less.

The District also has restricted cash and cash equivalents for expenses related to the District's Farm II project $231,674 and an additional $1,057 restricted for debt service.

Investments - The District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon 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.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statues and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2022 were: 67.7% mature within 93 days, 12.6% mature from 94 days to one year, and 19.6% mature from one to three years.

Credit Risk - State statutes authorize the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk - The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

A reconciliation of cash and cash equivalents shown on the combined balance sheet is as follows:

Cash on hand and other	$ 12,142
Deposits with financial institutions	1,006,529
Cash and cash equivalents, in escrow	78
Local Government Investment pool	7,868,001
Total cash and cash equivalents	$ 8,886,750

Foundation Investments and Beneficial Interest in Assets Held by The Oregon Community Foundation - The Foundation's investments of $959,780 at June 30, 2022 consist primarily of investments held in various mutual funds. The Foundation also has a $3,795,617 beneficial interest in assets held by The Oregon Community Foundation (OCF).

The Foundation's assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). At June 30, 2022, The Foundation's investments in mutual funds are reported at fair value as Level 1 investments. At June 30, 2022, the Foundation's beneficial interest in assets held by The Oregon Community Foundation are reported at fair value (Level 3) using information received from OCF.

Net investment earnings during 2021-22 included realized earnings of $85,409 reported in net assets without donor restrictions. Unrealized gains on investments of $315,229 reported $181,572 in net assets without donor restrictions and $133,651 in net assets with donor restrictions and change in beneficial interest in assets held by the Oregon Community Foundation of $214,531 reported in net assets with donor restrictions.

B. Receivables

Receivables as of year-end are as follows:

	Taxes	Accounts	Student Accounts	Intergovernmental	Total
Total receivables	$ 290,739	$ 198,245	$ 1,533,121	$ 2,009,885	$ 4,031,990
Less allowance for uncollectibles	-	(5,273)	(1,279,862)	-	(1,285,135)
Net total receivables	$ 290,739	$ 192,972	$ 253,259	$ 2,009,885	$ 2,746,855

The District also recorded receivables of $248,011 due from the Foundation.

C. Lease Receivables

Lease related inflows of resources are recognized in the same manner as the lease receivable principal balance. Lease receivables as of the fiscal year-end for the District are as follows:

Description	Original Amount	Outstanding July 1, 2021	Additions	Decreases	Outstanding June 30, 2022
Building Space Leases	$ 34,458	$ 34,458	$ -	$ (34,458)	$ -
Total	$ 34,458	$ 34,458	$ -	$ (34,458)	$ -

D. Unearned Revenue

Unearned revenue, in the basic financial statements, is reported for revenues that have been received, but not yet earned. Unearned revenues consist of tuition and fees collected in advance on June 30, 2022.

Tuition and fees	$ 61,170
Grant received in advance	478,001
	$ 539,171

E. Capital Assets

The following presents the changes in the various capital asset categories:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 1,035,419	$ -	$ -	$ 1,035,419
Art and historical treasures	135,100	-	-	135,100
Construction in progress	812,663	60,000	(812,663)	60,000
Total capital assets not being depreciated	1,983,182	60,000	(812,663)	1,230,519
Capital assets being depreciated:				
Buildings and improvements	57,550,415	-	-	57,550,415
Equipment and machinery	7,051,195	1,255,967	(857,561)	7,449,601
Library collections	257,722	1,340	(11,928)	247,134
Other improvements	1,231,200	-	-	1,231,200
Infrastructure	3,285,532	-	-	3,285,532
Total capital assets being depreciated	69,376,064	1,257,307	(869,489)	69,763,882
Less accumulated depreciation for:				
Buildings and improvements	14,517,576	959,175	-	15,476,751
Equipment and machinery	4,368,633	600,707	(33,114)	4,936,226
Library collections	239,625	4,613	(11,928)	232,310
Other improvements	954,991	29,696	-	984,687
Infrastructure	653,069	89,970	-	743,039
Total accumulated depreciation	20,733,894	1,684,161	(45,042)	22,373,013
Total capital assets being depreciated, net	48,642,170	(426,854)	(824,447)	47,390,869
Total capital assets, net	$ 50,625,352	$ (366,854)	$ (1,637,110)	$ 48,621,388

Changes in the Foundation capital assets are as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 250,000	$ -	$ -	$ 250,000

Real property consists of land donated during the 2020 fiscal year. The land has restrictions on use for the BMCC Rodeo Team only. If the property is not used for the rodeo team it is required to be sold with the proceeds disbursed to various non-profit organizations.

F. Lease Assets

Lease asset activity for the District for the year ended June 30, 2022 was as follows:

Description	Beginning Balance	Additions	Deletion/ Transfer	Ending Balance
Office Space	$ 25,722	$ -	$ -	$ 25,722
Software	7,623	-	-	7,623
Equipment	31,049	-	-	31,049
Accumulated amortization	-	(29,920)	-	(29,920)
Leased assets, net	$ 64,394	$ (29,920)	$ -	$ 34,474

G. Long-Term Debt

1. General Obligation Bonds

Blue Mountain Community College District, Umatilla and Morrow Counties issued General Obligation (G.O.) Bonds, Series 2015 dated August 11, 2015, in the aggregate amount of $23,000,000 for the constructing, acquiring, remodeling and upgrading of educational facilities. Bonds bear various interest rates from 2.0% to 4.0%.

The District's future maturities for the general obligation bonds issue are as follows:

Year ending June 30	Principal	Interest
2023	$ 1,475,000	$ 586,306
2024	1,595,000	527,307
2025	1,725,000	463,506
2026	1,835,000	418,225
2027	1,970,000	352,000
2028-2030	6,830,000	559,400
	$ 15,430,000	$ 2,906,744

2. Limited Tax Pension Bonds

The District issued Limited Tax Pension Bonds during the fiscal year 2004-05, with interest rates ranging from 4.643% to 4.831%. This bond issuance is secured by the full faith and credit of the District, with final payments due June 30, 2028. These bonds were issued to finance the payment of the District's Oregon Public Employee Retirement System (PERS) unfunded liability.

The District's future maturities for the limited tax pension bonds issue are as follows:

Year ending June 30	Principal	Interest
2023	$ 815,000	$ 269,570
2024	895,000	230,197
2025	985,000	186,960
2026	1,080,000	139,374
2027	1,180,000	87,200
2028	625,000	30,194
	$ 5,580,000	$ 943,495

3. Changes in Long-Term Liabilities

Activity for the year ending June 30, 2022 is as follows:

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 16,790,000	$ -	$ 1,360,000	$ 15,430,000	$ 1,475,000
GO Bonds Premium	1,128,106	-	125,843	1,002,263	-
Limited Tax Pension Bonds	6,315,000	-	735,000	5,580,000	815,000
Total Bonds Payable	24,233,106	-	2,220,843	22,012,263	2,290,000
Compensated Absences	376,863	350,121	351,042	375,942	
Pension Transition Liability	1,010,836	-	226,276	784,560	-
Total Long-term Liabilities	$ 25,620,805	$ 350,121	$ 2,798,161	$ 23,172,765	$ 2,290,000
Lease Liabilities				35,542	21,355
Total Long-Term Obligations				$ 23,208,307	$ 2,311,355

H. Leases Payable

Leases payable transactions for the year ended June 30, 2022 are as follows:

Description	Beginning Balance	Increases	Deletion/ Decreases	Ending Balance	Due Within One Year
Office Space	$ 25,722	$ -	$ (5,421)	$ 20,301	$ 6,114
Software	7,623		(5,697)	1,926	1,926
Equipment	31,049	-	(17,734)	13,315	13,315
Total	$ 64,394	$ -	$ (28,852)	$ 35,542	$ 21,355

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years.

B. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Employees of the Blue Mountain Community College District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the

system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:
http://www.oregon.gov/pers/emp/Pages/actuarial-financial-information.aspx.

Benefits Provided

1. 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. Monthly payments must be a minimum of $200 per month or the member will receive a lump sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

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 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. The COLA is capped at 2%.

2. **OPSRP Defined Benefit 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

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 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under the current law, the cap of the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and $750 plus 0.15 percent on annual benefits above $60,000.

3. **OPSRP Individual Account Program (OPSRP IAP)**

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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. The accounts fall under internal revenue code Section 401(a).

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. Installment amounts vary with market returns, as the account remains invested while in distribution. 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

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer 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, 2019 actuarial valuation, which became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employees to pay on contributions for re-employed PERS retirees salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were $1,454,625 excluding amounts to fund employer specific liabilities and $1,878 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2022, excluding RHIA rate of .065% Tier One/Tier Two and .00% OPSRP, were 17.35% for Tier One/Tier Two General Service Member, 13.69% for OPSRP Pension Program General Service Members (net of 9.85 percent side account rate relief), and 6% for the OPSRP Individual Account Program.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the member's behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, by the District, the district has opted to pick-up the contributions on behalf of some employees; contributions were $275,636 for the year ended June 30, 2022 and are not included in employer contributions above.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than $2,500 per month (increased to $2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Blue Mountain Community College District reported a liability of $9,505,129 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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. At June 30, 2021, the District's proportion was 0.09395481 percent, which was increased from its proportion of 0.09171799 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District's recognized pension expense (income) of $1,630,842. At June 30, 2022, 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	$ 1,052,425	$ -
Changes of assumptions	2,814,481	29,588
Net difference between projected and actual earnings on investments	-	8,323,168
Changes in proportionate share	747,719	1,153,415
Differences between employer contributions and proportionate share of system contributions	-	1,198,714
Total (prior to post-MD contributions)	4,614,625	10,704,885
Contributions subsequent to the measurement date	1,454,625	-
Total	$ 6,069,250	$ 10,704,885

$1,454,625 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Year ended June 30:		
2023	$	(1,230,123)
2024		(1,301,260)
2025		(1,657,535)
2026		(2,155,046)
2027		253,704
Total	$	(6,090,260)

Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2022, 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 actuarily determined amount for funding a disability benefit component and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	**Health retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation **Active Members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation **Disabled retirees**: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

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 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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.

	OIC Assumed Asset Allocation		
Asset Class/Strategy	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100%	
Assumed Inflation - Mean		2.40%

Discount rate

The discount rate used to measure the total pension liability was 6.9 percent. 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 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.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are not future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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 6.9 percent, 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
District's proportionate share of the net pension liability (asset)	$20,340,768	$ 9,505,129	$ 439,636

Pension plan fiduciary net position

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

Payables to the pension plan

The District reports payables in the amount of $290,936 to the pension plan.

Changes in Plan Provisions During the Measurement Period

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

Pension Transition Liability

The District reports a separate liability to the plan with a balance of $784,560 at June 30, 2022. The liability represents the District's allocated share of the pre-SLGRP pooled liability. The District is being assessed an employer contribution rate of 1.71 percent of covered payroll for payment of this transition liability.

C. Other Post-Employment Benefits (OPEB)

The OPEB for the District combines two separate plans. The District provides an implicit rate subsidy and explicit benefits under its Early Retirement Plan, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account (RHIA).

<u>Early Retirement Plan</u>

Plan Description

The District maintains a single-employer defined benefit other postemployment benefits plan (OPEB). The OPEB plan is comprised of several arrangements between the District and separate groups of employees which provide subsidized health benefits to certain active and retired employees, to include:

- For faculty retiring after July 1, 2000 and prior to September 7, 2011, the District pays up to 92% (not to exceed $450) of the monthly actual health care insurance premiums for coverage for retiree and spouse until the later of either retiree or spouse becomes eligible for Medicare. Benefits are available for a maximum of 120 months.
- For faculty retiring on or after September 7, 2011 and hired prior to July 1, 2012, the District pays up to $500 of the monthly actual health care premiums for coverage of retiree and spouse until the retiree becomes eligible for Medicare. Benefits are available for a maximum of 120 months.
- Specific agreements with two prior employees not based on years of service.

Additionally, the District makes the same healthcare benefit plans offered to current employees available to retirees and their dependents (regardless of eligibility for the explicit benefits described above) until such time as the retirees are eligible for Medicare. Although the District does not pay any portion of the plan premiums for retirees not eligible for the explicit benefit, 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 plans pay lesser premiums than they would had they bought coverage elsewhere. The District Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The District does not issue a stand-alone report for this plan.

Employees Covered by Benefit Terms

At June 30, 2021 employees covered by the plan consisted of 135 active employees and 11 retirees.

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. The District collects insurance premiums from retirees each month. The District then pays healthcare insurance premiums for retirees at the appropriate rate for each classification. There are no administrative costs attributable to the plan and the plan's activities are reported in the financial statements.

Total OPEB Liability

The District's total OPEB liability of $770,560 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021 and June 30, 2022
Fiscal Year Ends	June 30, 2021 and June 30, 2022
Actuarial Cost Method	Entry Age Normal, level percent of salary
Assumptions	
Interest Rate for Discounting Future Liabilities	2.16% per year, based on all years discounted at municipal bond rate (based Bond Buyer 20-Bond General Obligation Index
Inflation Rate	2.5 percent per year
Salary Scale	3.5 percent per year

Future health premiums for current employees are based on blended rates for current plans with the assumption that their election patterns will follow those of current retirees. Beginning with the 2019/20 premium year, OEBB will be offering a new set of medical plans. It is assumed that retirees will elect the plan with the most comparable plan provisions to their current plan. It is assumed that all current and future retirees receiving an explicit health insurance subsidy from the College will use the maximum available subsidy.

Future premiums are projected assuming annual increases due to health care benefit cost inflation at the medical trend rates described below. The Oregon Legislative Assembly passed a law (Senate Bill 1067) that limits the annual increases in premiums paid by OEBB to 3.4%.

Annual Premium Increase Rate	Year	Medical	Dental	Vision
	2022+	3.40%	3.00%	3.00%

Rates of mortality, retirement and withdrawal are the same rates that were used in the December 31, 2019 actuarial valuation of the Oregon Public Employees Retirement System for School District employees.

Other assumptions:

Entrance	100% of retirees eligible to receive an explicit College subsidy will elect to continue their health coverage. 35% of retirees who are only eligible for self-pay coverage are assumed to continue healthcare coverage upon retirement.
Covered Dependents	50% of future retirees will elect to cover a spouse or domestic partner. This rate has increased from 45% in the prior valuation.
Spouse's Age	Male spouses are assumed to be 2 years older than female spouses when date of birth is not provided.
Persistence	Retirees receiving an explicit College Subsidy will only drop coverage due to death. Each year, 7% of retirees continuing coverage on a self-pay basis are assumed to voluntarily drop their health insurance coverage for reasons other than death.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	$ 806,499
Changes for the year:	
Service cost	29,182
Interest on total OPEB liability	16,538
Change in assumptions	-
Experience (gain) loss	-
Benefit payments - explicit medical	(32,563)
Benefit payments - implicit medical	(49,096)
Net changes	(35,939)
Balance at June 30, 2021	$ 770,560

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$ 808,450	$ 770,560	$ 733,716

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend Rate	1% Increase
Total OPEB liability	$ 729,701	$ 770,560	$ 817,198

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $45,639. At June 30, 2022, 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	$ 44,515	$ -
Changes of assumptions or other input	35,722	74,929
Total	$ 80,237	$ 74,929

Amounts reported as deferred outflows and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(81)
2024	(81)
2025	(81)
2026	(1,906)
2027	(2,378)
Thereafter	9,835
	$ 5,308

<u>Retirement Health Insurance Account (RHIA)</u>

As a member of Oregon Public Employees Retirement System (OPERs) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statue (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 shall by paid by the eligible retired member in the manner provided in ORS 238.410. The plan was closed to new entrants hired after August 29, 2003. 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.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.05% of annual covered payroll for Tier I and Tier II employees and 0.00% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2022, 2021, and 2020 were $1,878, $1,803, and $9,018, which equaled the required contributions each year.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District reported an asset of $223,431 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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 plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's proportion was .06739386 percent, which decreased from its proportion of .12628481 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District's recognized OPEB income of $6,524. At June 30, 2022, 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	$ -	$ 6,439
Changes of assumptions	4,555	3,443
Net difference between projected and actual earnings on investments	-	55,000
Changes in proportionate share	72,405	11,689
Total (prior to post-MD contributions)	76,960	76,571
Contributions subsequent to the measurement date	1,878	-
Net Deffered Outflow/(Inflow) of Resources	$ 78,838	$ 76,571

$1,878 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2023	$ 11,677
2024	18,641
2025	(12,557)
2026	(17,374)
	$ 387

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a $60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	**Health retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation **Active Members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation **Disabled retirees**: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

Discount rate

The discount rate used to measure the total OPEB asset was 6.9 percent. 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:
https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-CAFR.pdf

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. The actuary's opinion is that the plans Fiduciary Net Position is projected to be sufficient to cover benefit payments and administrative expenses.

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

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.9 percent, 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 (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB (asset) liability	$(204,667)	$(231,431)	$(254,294)

Pension plan fiduciary net position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2021 measurement period that require disclosure, except that the discount rate decreased from 7.2 percent to 6.9 percent.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The Net OPEB Asset/Liability was reported separately as a net asset and liability in the financial statements and Deferred Outflows/Inflows were aggregated. A summary for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
Early Retirement Plan	$ 770,560	$ 80,237	$ 74,929	$ 45,639
Retirement Health Insurance Account (RHIA)	(223,431)	78,838	76,571	(6,524)
Aggregate amounts related to OPEB	$ 547,129	$ 159,075	$ 151,500	$ 39,115

D. Commitments and Contingencies

1. Intergovernmental

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

2. Software Development

The District implemented a new campus wide software in various stages and entered into agreements with Anthology (formerly Campus Management) to purchase the software, project management, implementation, and consulting for $1,701,372. There is also a seven-year licensing agreement related to the software starting July 1, 2018 with quarterly payments of $49,334. During the 2021-2022 year, the College made the decision to place the finance portion of the software system on a permanent hold and not implement that portion. The cost of that portion of the software has been disposed of at an amount of $812,663. The remaining portions of the software have been fully implemented.

3. Other

The District has been notified of a tort claim that has been filed by an employee with the District named as a defendant. The process is currently in the discovery stage and the ultimate outcome is not presently determinable. No amount for damages has been listed at this time.

E. Tax Abatement Disclosures

The GASB issued Statement No. 77, Tax Abatement Disclosures in August, 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 is effective for the District for fiscal year ending June 30, 2017. The Blue Mountain Community College District has no tax abatements that effect the District directly at June 30, 2022. Tax abatements that affect the District indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Baker County - Enterprise Zone	Hops Heaven Inc	45
Baker County - Enterprise Zone	Hops Heaven Inc	161
Baker County - Food Processor	Gold Rush Malt	97
Morrow County - Enterprise Zone	Columbia River Tech	57,713
Morrow County - Enterprise Zone	Lamb Weston Inc. LTR	129,426
Morrow County - Enterprise Zone	Lamb Weston Inc.	3,176
Morrow County - Enterprise Zone	VADATA (L&C)	578,639
Morrow County - Enterprise Zone	VADATA (Rippee Rd)	703,998
Morrow County - Enterprise Zone	VADATA (LTR)	1,549,318
Morrow County - Enterprise Zone	MCGG	5,497
Morrow County - Enterprise Zone	WOW PNW Threemile	29,716
Morrow County - Enterprise Zone	Boardman Sleep Inn	3,988
Morrow County - Strategic Investment Program	Willow Creek Energy	21,153
Morrow County - Strategic Investment Program	Echo Project	8,024
Morrow County - Strategic Investment Program	Caithness Shepard Flats	171,333
Morrow County - Strategic Investment Program	PGE Carty	385,557
Morrow County - Strategic Investment Program	Orchard Wind	34,001
Morrow County - Strategic Investment Program	Wheatridge Wind	389,180
Umatilla County - Enterprise Zone - Pendleton	Atkore	3,238
Umatilla County - Enterprise Zone - Pendleton	Amazon	224,806
Umatilla County - Strategic Investment Program	Echo Wind	3,392
Umatilla County - Strategic Investment Program	Eurus Combine Hills 2	21,665
Umatilla County - Strategic Investment Program	Amazon Web Service	1,431,280
Umatilla County - Rural Long Term Enterprise Zone	Lamb Weston Hermiston	241,425
Umatilla County - Commercial Facility Under Construction	Atkore	6,701
Umatilla County - Commercial Facility Under Construction	Amazon	45,014
Umatilla County - Commercial Facility Under Construction	Food Processing	32,304
Umatilla County - Commercial Facility Under Construction	Housing Authority	1,260
Umatilla County - Commercial Facility Under Construction	Special Assessment Low Income Housing	8,996
		$ 6,090,800

The District received $32,610 in Strategic Investment Program monies and $44,713 of Enterprise Zone monies during the year.

F. GASB Pronouncements

It is the District's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements which may have an effect on the District are listed below:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 was implemented by the District for fiscal year ending June 30, 2022. On implementation, the District recorded beginning lease receivables of $34,458 and an equivalent amount of deferred inflows of resources. Lease assets and offsetting lease liabilities were recorded for $64,394. Implementation resulted in a zero net restatement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement was issued May 2020 to establish a definition for SBITAs, provide uniform guidance for accounting and financial reporting for transactions that meet the definition, and result in greater consistency in practice. This Statement establishes that a SBITA results in a right-to-use subscription intangible asset with a corresponding subscription liability and provides criteria for the capitalization of outlays including implementation costs. GASB Statement No. 96 will be effective for the District for fiscal year ending June 30, 2023.

G. Subsequent Events

The District has evaluated all events after year end through the date of the release of the financial statements and no significant items other than the following were noted.

The College is in the process of switching accounting and student information systems. Anthology Student went live during 2020-21 and Anthology Finance was placed on permanent hold. The college has formed a collaboration between the college and an outside developer and together they are developing a new student information system which is planned to be in place January 2024. The college will also begin transitioning to a new finance system during the 2023-2024 fiscal year though a vendor has not been chosen at this time.

The college is in the process of implementing Power Faids for financial aid processing and moving away from Anthology Student Financial Aid. Implementation will begin April 2023 and should be complete by December 2023 with financial aid processing in the new system to begin with the 2024-2025 aid year.

REQUIRED SUPPLEMENTARY INFORMATION

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.09395481%	0.09171799%	0.10074587%	0.09713861%	0.09646793%	0.09445003%	0.10026437%	0.10963119%	0.10963119%
District's proportionate share of the net pension liability (asset)	$ 9,505,129	$ 17,894,278	$ 15,569,421	$ 12,025,013	$ 10,431,716	$ 11,686,284	$ 3,324,359	$ (5,600,106)	$ 2,655,824
District's covered payroll	$ 11,097,931	$ 12,020,969	$ 11,180,686	$ 10,073,351	$ 9,520,859	$ 10,315,404	$ 9,622,236	$ 9,740,796	$ 9,740,796
District's proporationate share of the net pension liabilty (asset) as a percentage of its covered-employee payroll	85.65%	148.86%	139.25%	119.37%	109.57%	113.29%	34.55%	-57.49%	27.26%
Plan fiduciary net position as a percentage of the total pension liability	87.60%	75.79%	80.23%	82.07%	83.12%	80.50%	91.90%	103.60%	91.97%

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 1,454,625	$ 1,590,666	$ 1,590,427	$ 1,157,313	$ 1,189,474	$ 707,842	$ 746,926	$ 765,423	$ 741,447
Contributions in relation to the contractually required contributions	(1,454,625)	(1,590,666)	(1,590,427)	(1,157,313)	(1,189,474)	(707,842)	(746,926)	(765,423)	(741,447)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,196,061	$ 11,097,931	$ 12,020,969	$ 11,180,686	$ 10,073,351	$ 9,520,859	$ 10,315,404	$ 9,622,236	$ 9,740,796
Contributions as a percentage of covered-employee payroll	14.27%	14.33%	13.23%	10.35%	11.81%	7.43%	7.24%	7.95%	7.61%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years*

Measurement Date June 30,	(a) District's proportion of the net OPEB pension liability (asset)	(b) District's proportionate share of the net OPEB pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.06739386%	$ (231,431)	$ 11,097,931	-2.09%	183.90%
2020	0.12628481%	$ (257,318)	$ 12,020,969	-2.14%	150.08%
2019	0.10208289%	$ (197,261)	$ 11,180,686	-1.76%	144.36%
2018	0.10940275%	$ (122,123)	$ 10,073,351	-1.21%	124.00%
2017	0.10574502%	$ (44,132)	$ 9,520,859	-0.46%	108.88%
2016	0.10822459%	$ 29,390	$ 10,315,404	0.28%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year been compiled, information is presented only for the years for which the required supplementary information is available.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CONTRIBUTIONS TO THE
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years*

Reporting date June 30,	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 1,878	$ 1,803	$ 9,018	$ 50,594	$ 52,973	$ 51,586
Contributions in relation to the contractually required contributions	(1,878)	(1,803)	(9,018)	(50,594)	(52,973)	(51,586)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Distritct's covered payroll	$ 10,196,061	$ 11,097,931	$ 12,020,969	$ 11,180,686	$ 10,073,351	$ 9,520,859
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.08%	0.45%	0.53%	0.54%

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
EARLY RETIREMENT PLAN
Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 29,182	$ 28,195	$ 28,691	$ 27,721	$ 35,649	$ 34,443
Interest on total OPEB liability	16,538	15,949	26,692	29,225	29,814	29,202
Changes in assumptions	-	69,011	-	(125,729)	-	15,402
Experience gain	-	7,390	-	61,244	-	5,743
Benefit payments	(81,659)	(87,187)	(80,935)	(57,521)	(68,979)	(66,452)
Net change in total OPEB liability	(35,939)	33,358	(25,552)	(65,060)	(3,516)	18,338
Total OPEB liability - beginning	806,499	773,141	798,693	863,753	867,269	848,931
Total OPEB liability - ending	$ 770,560	$ 806,499	$ 773,141	$ 798,693	$ 863,753	$ 867,269
Covered payroll	$ 9,111,669	$ 8,803,545	$ 10,399,886	$ 10,048,199	$ 10,676,550	$ 10,315,507
Total OPEB liability, as a percentage of covered payroll	8.46%	9.16%	7.43%	7.95%	8.09%	8.41%

* The amounts presented for the fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

A. Net Pension Liability (Asset)

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions of future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contributions rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning 2021, annual salary in excess of $197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, Tier 1/Tier 2 and OPSRP benefits for certain active members are not projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 precent and lowering the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the health mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. The PERS Board selected a lower long-term expected rate of investment return assumption of 6.9 percent (reduced from 7.2 percent) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.4 percent and 3.4 percent respectively. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

B. Other Post-Employment Benefits

Changes in Benefit Terms

There were no significant changes in benefit terms for Other Post-Employment Benefits.

Changes of Assumptions

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and assumptions.

The assumptions regarding future healthcare premium increase were revised in the June 30, 2019 valuation for the Early Retirement Plan OPEB liability calculation due to changes in law and a decrease in the medical trend. In addition, there were changes to the health care claims costs assumptions from the prior year. The District uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2021 and June 30, 2022 reporting dates is 3.5 percent, which increased from 2.25 percent from 2020 and 2021.

SUPPLEMENTAL INFORMATION

Supplemental information consists of schedules required by the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are presented on a Non GAAP budgetary basis for each College fund required to be budgeted in accordance with Oregon Local Budget Law.

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary sources of revenue are property taxes, State community college support, tuition, and fees.

Special Revenue Fund - The Special Revenue Fund is used to account for resources and activities that are required legally or by sound financial management to be accounted for in separate funds.

Capital Projects Fund – The Capital Projects Fund accounts for major capital outlay expenditures relating to the acquisition, construction and remodeling of capital facilities. Principal financing sources are the sale of General Obligation Bonds, intergovernmental revenue, and transfers from other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the repayment of long-term debt principal and interest. The principal resources are property tax levies, charges to other funds, and earnings from investments.

Enterprise Fund – The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, including the operations of the District's Bookstore, Contracted Training, Continuing Education, and Student Union, where the intent of the District's Board of Directors is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the District's Board of Directors has decided that periodic determination of net income is appropriate for accountability purposes.

Internal Service Fund – The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis, and include the District's transportation vehicles and print center operations.

Agency Fund – The Agency Fund is used to account for assets held by the District in trust or as an agent for individuals, private organizations, other governmental units, and/or other funds (e.g. student clubs and service organizations). Expenditure of funds are determined by the organization for which the funds are held. Contributions and club receipts are the primary revenue sources.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 7,169,950	$ 7,169,950	$ 7,117,780	$ (52,170)
Tuition and fees	5,032,180	5,032,180	4,665,114	(367,066)
State sources	4,221,317	4,221,317	4,600,143	378,826
Private sources	89,500	89,500	90,000	500
Other sources	553,420	553,420	1,145,316	591,896
Total revenues	17,066,367	17,066,367	17,618,353	551,986
EXPENDITURES				
Personnel services	13,298,841	13,298,841	13,279,728	19,113
Materials and services	3,609,304	3,608,209	2,978,430	629,779
Capital outlay	1,276	2,371	1,241	1,130
Contingency	338,188	338,188	-	338,188
Total expenditures	17,247,609	17,247,609	16,259,399	988,210
REVENUES OVER (UNDER) EXPENDITURES	(181,242)	(181,242)	1,358,954	1,540,196
OTHER FINANCING SOURCES (USES)				
Transfers in	121,934	121,934	121,934	-
Transfers out	(1,294,760)	(1,294,760)	(1,223,878)	70,882
Total other financing sources (uses)	(1,172,826)	(1,172,826)	(1,101,944)	70,882
NET CHANGE IN FUND BALANCE	(1,354,068)	(1,354,068)	257,010	1,611,078
FUND BALANCE, July 1, 2021	3,045,010	3,045,010	2,435,039	(609,971)
FUND BALANCE, June 30, 2022	$ 1,690,942	$ 1,690,942	$ 2,692,049	$ 1,001,107

See auditor’s report

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local sources	$ 240,100	$ 240,100	$ 271,752	$ 31,652
Tuition and fees	1,382,258	1,382,258	990,511	(391,747)
State sources	6,206,173	6,206,173	3,727,680	(2,478,493)
Federal sources	11,851,405	11,851,405	7,477,615	(4,373,790)
Private sources	394,500	394,500	780,858	386,358
Other sources	233,844	233,844	483,725	249,881
Total revenues	20,308,280	20,308,280	13,732,141	(6,576,139)
EXPENDITURES				
Personnel services	4,499,041	4,499,041	4,192,753	306,288
Materials and services	16,634,004	16,616,653	8,919,704	7,696,949
Capital outlay	65,000	82,351	503,404	(421,053)
Total expenditures	21,198,045	21,198,045	13,615,861	7,582,184
REVENUES OVER (UNDER) EXPENDITURES	(889,765)	(889,765)	116,280	1,006,045
OTHER FINANCING SOURCES (USES)				
Transfers in	1,219,760	1,219,760	1,148,878	(70,882)
Transfers out	(121,934)	(121,934)	(121,934)	-
Total other financing sources (uses)	1,097,826	1,097,826	1,026,944	(70,882)
NET CHANGE IN FUND BALANCE	208,061	208,061	1,143,224	935,163
FUND BALANCE, July 1, 2021	4,581,521	4,581,521	5,081,327	499,806
FUND BALANCE, June 30, 2022	$4,789,582	$ 4,789,582	$ 6,224,551	$ 1,434,969

See auditor's report.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 241,000	$ 241,000	$ 90,334	$ (150,666)
State sources	133,000	133,000	-	(133,000)
Other sources	15,000	15,000	9,979	(5,021)
Total revenues	389,000	389,000	100,313	(288,687)
EXPENDITURES				
Materials and services	600,000	678,088	186,145	491,943
Capital outlay	100,000	21,912	-	21,912
Total expenditures	700,000	700,000	186,145	513,855
REVENUES OVER (UNDER) EXPENDITURES	(311,000)	(311,000)	(85,832)	225,168
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Total other financing sources (uses)	75,000	75,000	75,000	-
NET CHANGE IN FUND BALANCE	(236,000)	(236,000)	(10,832)	225,168
FUND BALANCE, July 1, 2021	277,000	277,000	240,446	(36,554)
FUND BALANCE, June 30, 2022	$ 41,000	$ 41,000	$ 229,614	$ 188,614

See auditor’s report

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 1,929,210	$ 1,929,210	$ 1,936,328	$ 7,118
Other sources	932,538	932,538	904,057	(28,481)
Total revenues	2,861,748	2,861,748	2,840,385	(21,363)
EXPENDITURES				
Debt service	3,040,790	3,040,790	3,040,784	6
NET CHANGE IN FUND BALANCE	(179,042)	(179,042)	(200,399)	(21,357)
FUND BALANCE, July 1, 2021	1,435,000	1,435,000	1,367,446	(67,554)
FUND BALANCE, June 30, 2022	$ 1,255,958	$ 1,255,958	$ 1,167,047	$ (88,911)

See auditor’s report

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales	$ 150,000	$ 150,000	$ 140,966	$ (9,034)
Tuition and fees	143,000	143,000	56,951	(86,049)
Other	25,000	25,000	83,719	58,719
Total Revenues	318,000	318,000	281,636	(36,364)
EXPENDITURES				
Personnel services	171,371	91,371	53,827	37,544
Materials and services	156,989	236,989	246,637	(9,648)
Total expenditures	328,360	328,360	300,464	27,896
REVENUES OVER (UNDER) EXPENDITURES	(10,360)	(10,360)	(18,828)	(8,468)
NET CHANGE IN FUND BALANCE	(10,360)	(10,360)	(18,828)	(8,468)
FUND BALANCE, July 1, 2021	7,331	7,331	6,984	(347)
FUND BALANCE, June 30, 2022	$ (3,029)	$ (3,029)	$ (11,844)	$ (8,815)

See auditor's report

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales	$ 185,000	$ 185,000	$ 55,807	$ (129,193)
Other sources	1,000	1,000	21,306	20,306
Total revenues	186,000	186,000	77,113	(108,887)
EXPENDITURES				
Personnel services	54,725	54,725	50,774	3,951
Materials and services	96,100	96,100	55,288	40,812
Total expenditures	150,825	150,825	106,062	44,763
REVENUES OVER (UNDER) EXPENDITURES	35,175	35,175	(28,949)	(64,124)
NET CHANGE IN FUND BALANCE	35,175	35,175	(28,949)	(64,124)
FUND BALANCE, July 1, 2021	(166,000)	(166,000)	-	166,000
FUND BALANCE, June 30, 2022	$ (130,825)	$ (130,825)	$ (28,949)	$ 101,876

See auditor's report

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Sales	$ 1,000	$ 1,000	$ -	$ (1,000)
Private sources	25,111	25,111	-	(25,111)
Other sources	93,500	93,500	41,184	(52,316)
Total revenues	119,611	119,611	41,184	(78,427)
EXPENDITURES				
Personnel services	-	-	163	(163)
Materials and services	134,604	134,604	42,813	91,791
Total expenditures	134,604	134,604	42,976	91,628
NET CHANGE IN FUND BALANCE	(14,993)	(14,993)	(1,792)	13,201
FUND BALANCE, July 1, 2021	24,158	24,158	24,377	219
FUND BALANCE, June 30, 2022	$ 9,165	$ 9,165	$ 22,585	$ 13,420

See auditor's report

STATISTICAL SECTION

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

COLLEGE BONDED INDEBTEDNESS AND PROJECTED DEBT SERVICE REQUIREMENTS
For the Fiscal Year Ended June 30, 2022

College Bonded Indebtedness

Debt Limitation

ORS 341.675 limits the amount of general obligation bonds that an Oregon community college may have outstanding at any time to one and one-half percent (1.5%) of the real market value of all taxable property within the College District.

Debt Capacity

The following table shows the debt capacity of the College.

Umatilla County Real Market Value (01-01-2021)	$ 9,510,954,752
Morrow County Real Market Value (01-01-2021)	5,948,202,442
Baker County Real Market Value (01-01-2021)	2,175,897,668
Real Market Value (01-01-2021) *	$ 17,635,054,862
General Obligation Debt Capacity (1.5% of Real Market Value)	$ 264,525,823
Less: Outstanding Debt subject to limit as of June 30, 2022	(21,010,000)
Remaining Legal Debt Capacity	$ 243,515,823

** Source: Debt Management Division, State of Oregon*

Projected Debt Service Requirements

Fiscal	Pension Bonds Series 2005		GO Bonds Series 2015		Total
Year**	Principal	Interest	Principal	Interest	Debt Services
2022-2023	815,000	269,570	1,475,000	586,306	3,145,876
2023-2024	895,000	230,197	1,595,000	527,307	3,247,504
2024-2025	985,000	186,960	1,725,000	463,506	3,360,466
2025-2026	1,080,000	139,374	1,835,000	418,225	3,472,599
2026-2027	1,180,000	87,200	1,970,000	352,000	3,589,200
2027-2028	625,000	30,194	2,115,000	273,200	3,043,394
2028-2029	-	-	2,275,000	188,600	2,463,600
2029-2030	-	-	2,440,000	97,600	2,537,600
	$5,580,000	$943,495	$15,430,000	$2,906,744	$24,860,239

NOTE: Totals may not foot due to rounding.

** Fiscal years ending June 30.

Summary of Overlapping Debt
(As of June 30, 2022)

Overlapping District	Real Market Valuation	Percent Overlap	Gross Property-tax Backed Debt (1)	Net Property-tax Backed Debt (2)
Baker County SD 5J (Baker)	1,774,594,078	99.60%	28,266,225	28,266,225
Boardman Park & Recreation Dist.	3,198,908,991	100.00%	11,230,000	11,230,000
Boardman RFPD	4,737,641,285	100.00%	8,395,000	8,395,000
City of Baker City	850,068,578	100.00%	1,489,245	1,489,245
City of Boardman	691,367,999	100.00%	19,871,640	46,640
City of Echo	38,310,736	100.00%	19,215	19,215
City of Heppner	76,831,578	100.00%	2,530,596	2,530,596
City of Hermiston	1,429,480,659	100.00%	42,550,000	29,370,000
City of Ione	22,093,562	100.00%	485,000	0
City of Irrigon	97,142,237	100.00%	4,710,549	375,549
City of Lexington	16,358,177	100.00%	103,177	103,177
City of Milton-Freewater	397,125,143	100.00%	7,904,545	6,757,005
City of Pendleton	1,372,128,144	100.00%	21,291,861	12,945,593
City of Richland	13,350,770	100.00%	55,709	55,709
City of Stanfield	132,876,350	100.00%	1,086,321	1,086,321
City of Sumpter	50,136,400	100.00%	642,133	0
City of Ukiah	12,672,047	100.00%	531,198	531,198
City of Umatilla	811,717,648	100.00%	2,034,504	2,034,504
Echo RFPD 7-403	379,145,732	100.00%	455,912	0
Heppner RFPD	140,331,432	100.00%	281,766	281,766
Intermountain ESD	20,634,556,964	85.46%	3,026,673	0
Milton-Freewater Water Control Dist.	610,155,150	100.00%	1,449,864	1,449,864
Morrow & Umatilla Radio District	14,753,663,814	100.00%	2,664,615	2,664,615
Morrow County	5,948,202,442	100.00%	6,280,000	6,280,000
Morrow County Health District	5,948,202,442	100.00%	1,907,535	1,907,535
Morrow County SD 1	5,416,198,902	100.00%	23,920,000	23,920,000
Morrow County SD 2 (Ione)	621,628,619	85.58%	16,126,395	16,126,395
Oregon Trail Library District	5,221,403,342	100.00%	275,915	275,915
Port of Morrow	5,948,202,442	100.00%	86,726,095	86,726,095
Umatilla County	9,510,954,752	100.00%	8,136,242	471,242
Umatilla County Fire District #1	4,559,333,561	100.00%	7,575,000	7,575,000
Umatilla County SD 1 (Helix)	258,757,218	100.00%	3,115,000	3,115,000
Umatilla County SD 2 (Pilot Rock)	234,280,912	100.00%	11,413,554	11,413,554
Umatilla County SD 5R (Echo)	302,873,248	100.00%	8,605,475	8,605,475
Umatilla County SD 6 (Umatilla)	1,057,803,768	100.00%	25,021,824	25,021,824
Umatilla County SD 8 (Hermiston)	3,036,956,204	100.00%	197,754,285	197,754,285
Umatilla County SD 16R (Pendleton)	2,308,261,016	100.00%	67,601,337	67,601,337
Umatilla County SD 29J (Athena-Weston)	560,636,128	99.93%	1,888,598	1,888,598
Umatilla County SD 61 (Stanfield)	656,454,342	100.00%	14,031,871	14,031,871
Umatilla Co USD 7 (Milton-Freewater)	1,055,208,860	100.00%	27,393,473	27,393,473

Union County SD 8J (North Powder)	167,869,710	24.66%	654,832	654,832
Union-Baker ESD	5,174,617,770	42.05%	1,133,231	0
			$670,636,410	$610,394,653

(1) "Gross Property-tax Backed Debt" includes all General Obligation (GO) bonds and Full Faith & Credit bonds.
(2) "Net Property-tax Backed Debt" is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax GO and less Self-supporting Full Faith & Credit Debt.
Source: Debt Management Division, Oregon State Treasury

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

OUTSTANDING GENERAL OBLIGATION DEBT AND FINANCIAL INFORMATION
For the Fiscal Year Ended June 30, 2022

Outstanding General Obligation Debt
(As of June 30, 2022)

Long Term Borrowing

Full Faith & Credit Obligation Pension Bonds	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Series 2005	06/28/2005	06/30/2028	$10,875,000	$5,580,000
General Obligation Bonds				
Series 2015	08/11/2015	06/15/2030	$23,000,000	$15,430,000

Financial Information

2021-2022:	
Real Market Valuation (1)	$17,635,054,862
Assessed Valuation (1)	$11,683,446,368
Estimated Population (Baker, Morrow, and Umatilla Counties)	109,138
Debt Information (2)	
Net Property-tax Backed Debt	$ 21,010,000
Net Overlapping Debt	610,394,653
Total Net Property-tax Backed Debt and Net Overlapping Debt	$ 631,404,653
Bonded Debt Ratios	
Net Property-tax Backed Debt to Real Market Valuation	0.12%
Net Property-tax Backed and Net Overlapping Debt to Real Market Valuation	3.58%
Per Capita Real Market Valuation	$ 161,585
Per Capita Net Property-tax Backed Debt	$ 193
Per Capita Total Net Property-tax Backed and Net Overlapping Debt	$ 5,785

(1) The definition of Real Market Value and Assessed Value was changed by the 1997 Legislative Assembly.
(2) Net Property-tax Backed Debt and Net Overlapping Debt include all tax-supported bonds. Self-supporting bonds are excluded.

Future Debt Plans

The College currently has no plans to issue additional general obligation bonds at this time.

Property Valuation
(Fiscal Year Ending June 30, 2022)

	Real Market Value			
Fiscal Year	Umatilla Co	Morrow Co.	Baker Co	Total
2022	$9,510,954,752	$5,948,202,442	$2,175,897,668	$17,635,054,862
2021	9,510,954,752	5,948,202,442	2,175,897,668	17,635,054,862
2020	8,887,800,834	5,360,848,866	1,957,885,020	16,206,534,720
2019	8,074,012,084	4,678,184,628	1,834,986,928	14,587,183,640
2018	7,855,806,854	4,298,799,569	1,752,841,190	13,907,447,613
2017	7,379,352,516	3,705,439,330	1,649,182,430	12,733,974,276
2016	7,052,119,258	3,254,273,989	1,590,886,045	11,897,279,292
2015	6,737,612,703	2,703,965,886	1,505,749,604	10,947,328,193
2014	6,054,392,007	2,877,019,573	1,460,838,885	10,392,250,465
2013	6,018,445,445	2,137,135,582	1,468,966,572	9,624,547,599

	Assessed Value				Percent of
Fiscal Year	Umatilla Co.	Morrow Co	Baker Co	Total	RMV
2021	$7,051,945,990	$2,946,622,312	$1,684,878,066	$11,683,446,368	66%
2021	6,748,407,844	2,592,991,849	1,607,770,592	10,949,170,285	62%
2020	6,367,794,022	2,479,101,995	1,525,204,476	10,372,100,493	64%
2019	5,946,023,195	2,256,377,737	1,461,864,249	9,664,265,181	66%
2018	5,682,915,542	2,075,646,128	1,403,645,419	9,162,207,089	66%
2017	5,398,822,897	2,261,706,244	1,354,297,838	9,014,826,979	71%
2016	5,193,608,374	2,047,974,373	1,319,185,542	8,560,768,289	72%
2015	5,003,500,611	1,778,004,712	1,262,676,371	8,044,181,694	73%
2014	4,829,505,323	1,684,796,590	1,214,998,928	7,729,300,841	74%
2013	4,711,962,365	1,574,354,332	1,189,560,370	7,475,877,067	78%

Property Taxes Levied and Received
(Fiscal Year Ending June 30, 2022)

	Operations	Debt Service
Property Taxes Levied (rate or amount)	$0.6611 / $1,000	$ 1,978,035
Property Taxes Received (1)	$ 7,116,463	$ 1,936,328

(1) Operations includes a $110,889 payment in lieu of taxes from the Columbia River Enterprise Zone.

PERCENT OF TAX COLLECTION RECORDED – YEAR OF LEVY AND MAJOR TAXPAYERS
For the Fiscal Year Ended June 30, 2022

Percent of Tax Collection Recorded – Year of the Levy

Collection Year	Umatilla County	Morrow County	Baker County
2021-22	98.35	98.86	97.98
2020-21	98.34	98.90	98.01
2019-20	97.34	98.65	97.68
2018-19	97.09	98.41	89.16
2017-18	97.27	96.90	96.68
2016-17	96.70	98.20	97.20
2015-16	97.03	98.70	96.50
2014-15	97.22	98.80	95.30
2013-14	96.65	98.60	96.20
2012-13	96.44	98.50	95.60

NOTE: Percentage of total Tax Levy. Pre-payment discounts are considered to be collected when outstanding taxes are calculated.

Source: Umatilla, Morrow, and Baker Counties' Assessors' Departments

Major Taxpayers
(2021-2022)

Baker County

Taxpayer	Business	Taxes	Assessed Property Value	Percent of Value
Idaho Power Company	Utility	$ 2,000,290	$ 183,804,700	10.91%
Union Pacific Railroad Co.	Rail Transportation	848,071	68,841,403	4.09%
Ash Grove Cement Company	Cement Processor	755,650	73,123,312	4.34%
D.E. Shaw Renewable Inv LLC	Utility	693,118	72,464,000	4.30%
Marvin Wood Products Inc.	Lumber	364,349	23,285,412	1.38%
Lumen Technologies Inc	Telecommunications	330,131	29,243,364	1.73%
Northwest Pipeline Corp	Utility	315,999	29,446,254	1.75%
Oregon Telephone Corp.	Telecommunications	289,966	26,634,000	1.58%
Baker City Solare Center LLC	Utility	169,527	16,620,000	0.99%
Verizon Communications	Telecommunications	125,861	10,493,000	0.62%
Subtotal - Ten of County's largest taxpayers		$ 5,892,962	$ 533,955,445	31.69%
All other County Taxpayers			1,150,922,621	68.31%
Total County taxpayers			$ 1,684,878,066	100.00%

Source: Baker County Assessor's Office

Major Taxpayers
(2021-2022)

Umatilla County

Taxpayer	Business	Taxes	Assessed Property Value	Percent of Value
Amazon Data Services	Data Center	$ 6,161,078	$ 428,244,320	6.07%
Amazon Data Services, Inc.	Data Center	3,437,545	232,679,700	3.30%
Hermiston Power LLC	Utility	2,934,669	203,000,000	2.88%
PacifiCorp.	Utility	2,738,949	195,649,000	2.77%
Union Pacific Railroad Co	Rail Transportation	2,551,753	200,663,040	2.85%
Hermiston Generating Co	Utility	1,156,520	80,000,000	1.13%
Lumen Technologies Inc	Telecommunications	725,281	48,953,000	0.69%
Wal-Mart Stores East LP	Retail Sales	632,895	35,655,258	0.51%
Gas Transmission NW Corp	Utility	578,018	43,375,000	0.62%
Shearers Foods SA Inc	Snack Food Processing	561,515	38,841,720	0.55%
Subtotal - Ten of County's largest taxpayers		$ 21,478,223	$1,507,061,038	21.37%
All other County Taxpayers			5,544,884,952	78.63%
Total County taxpayers			$7,051,945,990	100.00%

Source: Umatilla County Assessor's Office

Morrow County

Taxpayer	Business	Taxes	Assessed Property Value	Percent of Value
Amazon Data Services. Inc.	Data Center	$ 11,476,341	$ 857,928,370	29.12%
Avista Corporation	Utility	3,726,004	208,351,000	7.07%
Threemile Canyon Farms, LLC.	Agriculture	2,857,266	224,326,566	7.61%
Lamb-Weston, Inc.	Food Processing	2,153,723	120,402,530	4.09%
Portland General Electric	Utility	1,987,441	119,822,730	4.07%
Gas Transmission Northwest Corp	Utility	1,642,669	112,982,000	3.83%
Columbia River Processing, Inc.	Food Processing	692,872	51,565,300	1.75%
Port of Morrow	Economic Development	480,828	32,161,542	1.09%
Port View Apartments, LLC	Multifamily Housing	436,858	23,307,340	0.79%
Union Pacific Railroad Co	Rail Transportation	370,804	28,214,290	0.96%
Subtotal - Ten of County's largest taxpayers		$25,824,806	$ 1,779,061,668	60.38%
All other County Taxpayers			1,167,560,644	39.62%
Total County taxpayers			$2,946,622,312	100.00%

Source: Morrow County Assessor's Office

INDEPENDENT AUDITOR'S COMMENTS AND REPORTS

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

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

March 31, 2023

Board of Education
Blue Mountain Community College District
Pendleton, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Blue Mountain Community College District and it's discretely presented component unit, Blue Mountain Community College Foundation, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Blue Mountain Community College District's basic financial statements and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Mountain Community College District's internal control over financial reporting (internal control) as a basis for designing 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 Blue Mountain Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Mountain 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blue Mountain 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

March 31, 2023

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

To the Governing Body of Blue Mountain
Community College District:

We have audited the basic financial statements of Blue Mountain Community College District as of and for the year ended June 30, 2022 and have issued our report thereon dated March 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

The District has been adopting the budget for the Enterprise Fund and Internal Service Fund showing a negative fund balance, which is an exception to the Oregon Budget Law.

Expenditures exceeded appropriations in the following amounts:

General Fund	
Instructional Support Services	$ 196,844
Special Revenue Fund	
College Support Services	$ 227,833
Enterprise Fund	
Student Services	$ 8,653

The College is required to provide continuing disclosure information and post the annual financial report on EMMA no later than 270 days after fiscal year end. The 2021 fiscal year audit was delayed and this information did not get posted until 3/31/22. The College did post a Failure to Provide Financial Information notice on 3/25/22.

OAR 162-10-0230 <u>Internal Control</u>

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

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP

March 31, 2023

FEDERAL FINANCIAL ASSISTANCE PROGRAM COMPLIANCE

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

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

Board of Education
Blue Mountain Community College District
Pendleton, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Blue Mountain 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 the Blue Mountain Community College District's major federal programs for the year ended June 30, 2022. The Blue Mountain Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blue Mountain Community College District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Blue Mountain Community College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Blue Mountain Community College District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Blue Mountain Community College District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

March 31, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Blue Mountain Community College District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Blue Mountain Community College District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Blue Mountain Community College District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Direct loans (CFDA No. 84.268) are loans held by the Federal Government and are not included in loans receivable for the District. Direct loans disbursed during the year are included in the federal expenditures presented in the Schedule. The College has elected not to use the ten percent de minimum indirect cost rate allowed under the Uniform Guidance.

Note 3 – Subrecipients

There were no awards provided to subrecipients during the fiscal year.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL EXPENDITURES
Small Business Administration				
Passed Through Oregon Small Business Development Center Network:				
Small Business Development Center	59.037	SBA-2022-140	34,000	$ 34,000
Small Business Development Center - CARES Act - COVID-19	59.037	SBAHQ-20-C-0074	100,000	28,250
Total Small Business Administration				**62,250**
U.S.Department of Education				
DIRECT PROGRAMS:				
Student Financial Assistance Cluster				
Federal Work-Study Program 21-22	84.033		63,720	23,595
Federal Work-Study Program 20-21	84.033		63,720	5,776
Federal PELL Grant Program 21-22	84.063		1,716,040	1,716,040
Federal Supplemental Educational Opportunity Grants (SEOG) 21-22	84.007		60,652	91,360
Federal Supplemental Educational Opportunity Grants (SEOG) 20-21	84.007		67,604	6,760
Federal Direct Student Loans 21-22	84.268		682,782	610,462
Federal Direct Student Loans 20-21	84.268		682,782	(14,364)
Total Student Financial Assistance Cluster				**2,439,629**
TRIO Cluster				
TRIO Student Support Services 20-21	84.042A		275,698	34,430
TRIO Student Support Services 21-22	84.042A		275,698	235,321
Total TRIO Cluster				**269,751**
Education Stabilization Fund:				
Direct Program: Department of Education: HEERF Program				
HEERF Institutional Portion	84.425F	COVID-19	3,705,969	2,619,565
HEERF Student Aid Portion	84.425E	COVID-19	2,768,316	1,572,677
HEERF Minority Serving Institutions	84.425L	COVID-19	363,483	188,729
Sub-total				**4,380,971**
Passed Through Higher Education Coordinating Commission:				
Governor's Emergency Education Relief Fund-Distance Learning Support	84.425C	COVID-19	81,018	77,993
Governor's Emergency Education Relief Fund - Student Support	84.425C	COVID-19	130,984	130,984
Sub-total				**208,977**
Total Education Stabilization Fund				**4,589,948**
Passed Through Higher Education Coordinating Commission:				
Adult Education Comprehensive Services Grant	84.002A		221,472	68,357
Passed through Intermountain Education Service District:				
Carl Perkins - CTE Grant 21-22	84.048		38,887	38,887
Other Passed through total				**107,244**
TOTAL US DEPARTMENT OF EDUCATION				**7,406,572**
National Endowment for the Humanities				
Passed Through Oregon Arts Commission, State of Oregon				
Promotion of the Arts Partnership Agreements	45.025	1863327-61-20	2,356	1,421
National Endowment for the Humanities totals				**1,421**
Total Federal Expenditures			**Totals**	**$ 7,470,243**

See Notes to the Schedule of Federal Awards

2021-001

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster CFDA# 84.033, 84.063, 84.007, and 84.268
Special Tests and Provisions – Enrollment Reporting
Material Weakness in Internal Control over Compliance

Criteria: Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Maintenance page is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition: During our testing over the NSLDS reporting requirements, we noted that 12 students enrollment status out of the 50 students tested where the reporting was either missing or did not agree to the actual enrollment status submitted to NSLDS.

Cause: The College changed student information systems and Financial Aid staff during the year and did not have adequate and/or functioning controls in place to ensure the reporting of enrollment information under the Pell grant and Direct and FFEL loan programs via NSLDS was timely and accurate. It appears that the student status errors were not getting corrected allowing for the status to be fully updated. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

Effect: The College is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs: None reported

Context/Sampling: The College disbursed Federal financial aid to approximately 558 students in the 2020-2021 school year. A non-statistical sampling of 50 students was selected for testing.

Repeat Finding: No

Auditor's recommendation: The College should implement additional processes to review, update, and verify student enrollment statuses, program information, and the effective dates that appear in the enrollment reporting in the NSLDS and assign staff to follow up on student status errors in NSLDS.

Current Status: The Corrective Action Plan identified during the 2020-21 financial audit was implemented during the 2021-22 fiscal year as outlined below.

Corrective Action Taken: The Financial Aid Director came on board in July 2020. She was not aware that the reporting was not occurring as there was a gap in the reporting process. This process has now been updated and implemented to correct the gap which resulted in some required reporting not being completed.

Completion Date: The required reporting was corrected for prior needs as of February 1, 2022 and going forward these are up to date as required. Error files are received by Financial Aid staff who work them as soon as they are received.

2021-002

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster CFDA# 84.033, 84.063, 84.007, and 84.268
Allowable Costs – Cost of Attendance
Material Weakness in Internal Control over Compliance

Criteria: Awards for most of the Federal Student Aid programs are based on some form of financial need including cost of attendance (COA). Institutions are required to establish costs for different categories of students and set these cost categories in the student information system to determine awards and package aid.

Condition: During our testing we could not verify or recalculate COA and management was not fully aware on how it was calculating or how the budgets were initially set up in the system.

Cause: The College implemented a new student information system and changed the way COA is calculated and applied because the new system only performs an annual calculation instead of term by term. In addition, Financial Aid staff changed during the year and the prior Director set up the budgets in the new system.

Effect: Management was required to recalculate COA and unmet need for all students in the sample. There were no students found where aid exceeded financial need but 30 of the 50 students sampled had differences between COA in the system and the hand recalculation.

Questioned Costs: None reported

Context/Sampling: The College disbursed Federal financial aid to approximately 558 students in the 2020-2021 school year. A non-statistical sampling of 50 students was selected for testing.

Repeat Finding: No

Auditor's recommendation: The College should implement additional processes to review, update, and verify student cost of attendance calculations used in the student information system as a basis to package aid to ensure the calculation is accurate and consistently applied.

Current Status: The Correction Action Plan identified during the 2020-21 financial audit was implemented during the 2021-22 fiscal year as outlined below.

Corrective Action Taken: The college reviewed their policy for cost of attendance to accommodate the limitations imposed by moving to the new system. This change enabled the college to award financial aid at the student's initial enrollment level and only make upward enrollment adjustments to the cost of attendance. This has prevented any over-awarding but also provides consistency in COA calculations and the ability to verify system accuracy in a global COA environment.

Completion Date: This change in policy was completed March 2022 and was in place for the subsequent term Summer Term 2022.

2021-003

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster CFDA# 84.033, 84.063, 84.007, and 84.268
Special Tests and Provisions – Common Origination and Disbursement (COD) Reporting
Material Weakness in Internal Control over Compliance

Criteria: Institutions are required to submit disbursement records to the COD that are accurate. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition: During our testing of the information submitted to COD we noted 2 students out of the 50 students tested where the disbursement date per the College's records and the processing date at COD fell outside the mandatory 15-day reporting window.

Cause: The College changed student information systems and Financial Aid staff during the year that caused delays when the information was submitted to COD, as well as impacting the accuracy of the information being reported.

Effect: The College is not in compliance with the federal COD reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs: None reported

Context/Sampling: The College disbursed Federal financial aid to approximately 558 students in the 2020-2021 school year. A non-statistical sampling of 50 students was selected for testing.

Repeat Finding: No

Auditor's recommendation: The College should implement additional processes to review, update, and verify student disbursements are reported to COD accurately and timely.

Current Status: The Correction Action Plan identified during the 2020-21 financial audit was implemented during the 2021-22 fiscal year as outlined below.

Corrective Action Taken: There was a bug in the new system (Anthology) which caused some disbursement dates to be incorrect in the system and consequently reported incorrectly to COD. This bug was then fixed. In addition, this reporting has been automated and occurs on a daily basis, not depending upon manual reporting but happens automatically. This automatic reporting is checked periodically to ensure that it is operating correctly.

Completion Date: This automatic reporting was implemented on March 28, 2022 after a testing period and has been subsequently checked for accuracy after implementation and continues to be checked regularly for accuracy.

2021-004

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster
CFDA# 84.063 Federal Pell Grant Program
Allowable Costs
Significant Deficiency in Internal Control over Compliance

Criteria: Awards for most of the Federal Pell Grant Program are based upon several factors, including student enrollment status. The enrollment status must be accurate to calculate the correct award.

Condition: The student information system has controls requiring the package status and expected enrollment status on awards to agree or the system won't disburse funds. However, there is currently not an error check comparing to the actual enrollment status. During our testing there was an instance discovered where the enrollment status carried forward from summer and was the same status as the actual enrollment status for fall but different than the packaged aid status level causing an over award of Pell.

Cause: The College implemented a new student information system in Fall of 2020 and changed Financial Aid staff during the year. The instance noted above was during the transition between the old system used in Summer and the new system used in Fall.

Effect: Management did a review of all students that could have been affected and increased some awards and decreased others for a net reduction of $8,890. This amount was refunded to Department of Education on 12/1/2021 and the FISAP was amended to reflect the revised amount.

Questioned Costs: None over the questioned cost threshold.

Context/Sampling: The College disbursed Federal Pell Grant financial aid to approximately 513 students in the 2020-2021 school year. A non-statistical sampling of 50 students was selected for testing with one exception discovered.

Repeat Finding: No

Auditor's recommendation: The College should implement additional processes to review, update, and verify student enrollment status and grant awards.

Current Status: The Correction Action Plan identified during the 2020-21 financial audit was implemented during the 2021-22 fiscal year as outlined below.

Corrective Action Taken: The college reviewed all Pell eligible students in 2020-21 and corrected any award differences which resulted in the net reduction of $8,890. The college has also changed how they award students. The college now changes each award level for all future terms to the current enrollment level. For example, for Fall quarter if a student enrolls half time, the financial aid staff changes the enrollment level for Winter and Spring Terms to half time as well which changes the award levels. This includes Pell as well as state grants and other federal monies. This prevents any over awarding. If the student subsequently enrolls Winter Term at Full Time then their award level for Winter Term is adjusted to full time and the enrollment is again checked in Spring. In addition, going forward, before any Pell is disbursed, each student is checked to verify that their enrollment level matches their award level and that the Pell award amount is correct.

Completion Date: These corrections and change in process was completed in December 2021 at the end of Fall Term 2021.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Blue Mountain Community College District.
2. No material weakness and one significant deficiency in internal control were disclosed by the audit of the basic financial statements of the Blue Mountain Community College District.
3. No instances of noncompliance material to the financial statements of the Blue Mountain Community College District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. Three significant deficiencies and no material weaknesses in internal control over major federal award programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for Blue Mountain Community College expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs of Blue Mountain Community College District are reported in this schedule.
7. The programs tested as major programs include:

Program Name	CFDA NUMBER
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal PELL Grant Program	84.063
Federal Direct Student Loans	84.268
Education Stabilization Fund:	
HEERF Institutional Portion	84.425F
HEERF Student Aid Portion	84.425E
HEERF Minority Serving Institutions	84.425L
Govenor's Emergency Education Relief Fund - Distance Learning Support	84.425C

8. The threshold for distinguishing Types A and B programs was $750,000.
9. The Blue Mountain Community College District was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies

2022-001

Criteria: The bank reconciliation process should include investigating unusual outstanding items and correcting them in the District's records. The process should also be performed in a timely manner and include a documented review process.

Condition: The bank reconciliations reviewed contained only the preparer's initials and there was no indication of a review process. In addition, several of the bank accounts were carrying adjustments identified as needed but not yet posted to the accounting records. The June bank reconciliation included a clean up of outstanding payments to students dating back to the beginning of the fiscal year that were moved to a clearing account but not resolved until discussion during the audit.

Cause: The College's financial and student information systems have gone through several changes in the last few years and recent grant programs have required additional staff time. Finance has been behind on accounting and reporting activities.

Auditor's recommendation: We recommend that bank reconciliations be prepared and reviewed shortly after year end and that the process and dates performed be documents. In addition, unusual outstanding items should be investigated and corrected as soon as possible.

Management's response: Software implementations, vacancies and staff turnover, in addition to additional grant programs have taxed the capacity of the Business Office. However, during 2021-22 a grants manager was hired which has helped as well as utilizing part time staff and restructuring of responsibilities to ensure that essential duties are completed in a timely manner and review dates are documented. At this time, bank reconciliations are reviewed again by a second staff member, initialed and dated, and monthly bank reconciliations will be completed within 45 days of the end of the month being reconciled.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2022-002

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster CFDA# 84.033, 84.063, 84.007, and 84.268
Special Tests and Provisions - Refunds
Significant Deficiency in Internal Control over Compliance

Criteria: A school must return unearned funds for which it is responsible as soon as possible but no later than 45 days after the date of determination of a student's withdrawal.

Condition: During our testing we found three students that officially withdrew from classes and owed refunds, but the refund to Department of Education was past the 45 day period.

Cause: The College does not have an adequate process in place to notify financial aid of official withdrawals and the exceptions noted above were discovered by the college during the review of final grades, which was already past the 45 day period. The college also relies on the CNS import date as a control over these procedures but has fount that the import date is not always reliable.

Effect: The College is not in compliance with the federal refund requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs: None reported

Context/Sampling: The College disbursed Federal financial aid to approximately 515 students in the 2021-2022 school year. A non-statistical sampling of 40 students was selected for testing but only 2 refunds were found in that testing. The College does not issue vary many refunds, so we selected 7 additional items for an infrequently operating control.

Repeat Finding: No

Auditor's recommendation: We recommend the school implement a process to insure that withdrawals are communicated to financial aid immediately so they are aware of the refund calculations. Most of the refunds are for inadvertent over awards and notification of the withdrawal will assist in this issue as well.

Management's response: Students who officially withdraw from courses are required to fill out a Docusign form that is then submitted to the Academic Records department. Upon receipt of this form AR will process the withdrawal and make notes in Campus Nexus as to the date of withdraw (this is the current process as well). Financial Aid will be added to that process and those Docusign forms will be automatically forwarded to financial aid once they are processed. This way we will be able to make sure we stay within the day window for refunds. Financial aid continues to run the R2T4 report multiple times throughout the term to ensure there is plenty of time to process refunds within the 45 day mark. Additionally, our Conclusive system now has a total withdraw report available. Academic Records will give the financial aid director permission to run that report directly. The director will run this report along side the R2T4 report out of Campus Nexus to ensure we are capturing all students in a timely fashion.

Students who unofficially withdraw (students who receive an FA grade at the end of the term) are not reported until the end of the term since students do have the ability to return at any time throughout the term to try and pass the class. The financial aid director has been working with the office of instruction to make sure this process is more clear and to offer trainings to faculty. We have been able to clean up the definition of an FA grade for faculty this past year, faculty have been asked to report attendance in week 9 of the quarter and this has helped with the last date of attendance reporting for Fall 2022- current term.

2022-003

US DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster CFDA# 84.033, 84.063, 84.007, and 84.268
Special Tests and Provisions – Common Origination and Disbursement (COD) Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: Institutions are required to submit disbursement records to the COD that are accurate. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition: During our testing of the information submitted to COD we noted one student out of the 40 students tested where the disbursement date per the College's records and the processing date at COD fell outside the mandatory 15-day reporting window.

Cause: The College changed student information systems and Financial Aid staff during the prior year that caused delays when the information was submitted to COD, as well as impacting the accuracy of the information being reported.

Effect: The College is not in compliance with the federal COD reporting requirements described in the OMB Compliance Supplement and required by the Department of Education.

Questioned Costs: None reported

Context/Sampling: The College disbursed Federal financial aid to approximately 515 students in the 2021-2022 school year. A non-statistical sampling of 40 students was selected for testing.

Repeat Finding: Yes

Auditor's recommendation: The College should implement additional processes to review, update, and verify student disbursements are reported to COD accurately and timely.

Management's response: The students' loans were not processed in COD (only) due to the DRI flag being set at False when in fact it should have been True because her money did disburse in April of 2022. This was an issue that was not working in CNS in Spring of 2022, the issue was fixed in CNS and we corrected the files in COD. Financial Aid performs reconciliation as required, but these students also did not show up on the reconciliation report out of CNS. This has also been fixed per Anthology.

2022-004

US DEPARTMENT OF EDUCATION

Education Stabilization Fund
CFDA# 84.425E HEERF Student Aid Portion
Allowable Costs
Significant Deficiency in Internal Control over Compliance

Criteria: The Student Aid Portion of the Education Stabilization Fund program focuses on distributing funds to students to assist in expenses related to the pandemic and the College must have a process to reliably distribute the funds.

Condition: BMCC distributes student stipends via Bank Mobile in most cases. It was found during the audit that some funds did not get fully transferred to Bank Mobile or Bank Mobile returned funds for student stipends that they were not able to get to the students. In our review of the bank reconciliations and clearing accounts during fieldwork it was found that there was about $45,000 in outstanding payments to students that had not been cashed. $26,456 of these payments were voided and not reissued and the remaining items were either just errors or were reissued to the students.

Cause: Most of the funds were distributed to all eligible students as part of the College's plan to implement the program and some students were unaware that the funds were coming and did not respond to notices in the traditional manner. The controls in place to track the outstanding items noted that there were significant funds outstanding but there was not sufficient time to follow up with each individual student.

Effect: Grant expenditures and revenues related to the program were reduced and students that had initially had funds awarded had these amounts rescinded.

Questioned Costs: None over the questioned cost threshold after adjustments above.

Auditor's recommendation: The College should implement additional processes to review, update, and verify student enrollment status and grant awards.

Management's response: For traditional financial aid and grant funds, awards are noted on a student award letter after verifying enrollment levels. For aid sent to students from the Education Stabilization Fund, aid awarded was not reflected on a student award letter and the aid was initially being sent to students without being requested by the student. This practice was discontinued during 2021-22 and any aid sent to students from the Education Stabilization Fund is now only done so upon request from the student. This helps to ensure students are expecting the funds and aware the funds are coming which has helped to ensure that the checks are subsequently cashed by the student or otherwise picked up by the student. In addition, as bank reconciliations are and will be done on a more timely basis, any issues with funds not getting fully transferred, or funds returned are addressed in a more timely manner.