BLUE MOUNTAIN
COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

	Page
DISTRICT OFFICIALS	i
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	A-D
MANAGEMENT'S DISCUSSION AND ANALYSIS	a-j
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Revenues, Expenses, and Changes in Net Position	2
Statement of Cash Flows	3-4
Notes to the Basic Financial Statements	5-35
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Proportionate Share of the Net Pension Liability (Asset)	36
Schedule of Contributions to the Oregon PERS Retirement System	36
Schedule of the Proportionate Share of Net OPEB Liability (Asset) - PERS	37
Schedule of Contributions to the OPERS Retirement Health Insurance Account	37
Schedule Changes in the District's OPEB Liability and Related Ratios	38
Notes to Required Supplementary Information	39-40
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) -	
Governmental Funds:	
General Fund	41
Special Revenue Fund	42
Capital Projects Fund	43
Debt Service Fund	44
Proprietary Funds:	
Enterprise Fund	45
Internal Service Fund	46
Fiduciary Funds:	
Agency Fund	47

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

	Page

STATISTICAL SECTION

College Bonded Indebtedness, and Projected Debt Service Requirements	48
Summary of Overlapping Debt	49-50
Outstanding General Obligation Debt and Financial Information	50
Future Debt Plans, Property Valuation, and Property Taxes Levied & Received	51
Percent of Tax Collection Recorded – Year of Levy and Major Taxpayers	52-53

INDEPENDENT AUDITOR'S COMMENTS AND REPORTS

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	54-55
Independent Auditor's Report Required by Oregon State Regulations	56-57

FEDERAL FINANCIAL ASSISTANCE PROGRAM COMPLIANCE

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	58-60
Note to Schedule of Expenditures of Federal Awards	61
Schedule of Expenditures of Federal Awards	62
Summary Schedule of Prior Audit Findings	63-66
Schedule of Findings and Questioned Costs	67-68

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

DISTRICT OFFICIALS
June 30, 2023

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 Director	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 Vice Chair	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

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INDEPENDENT AUDITOR'S REPORT

March 25, 2024

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, 2023, 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 of Blue Mountain Community College District, and its discretely presented component unit, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance 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 Responsibilities for the Audit of the Financial Statements 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, 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, based on 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 25, 2024, 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 25, 2024, 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. 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.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

March 25, 2024

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, 2023 and 2022. 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, 2023, with regards to the District's financial position:

- The District increased tuition 1.75%, from $112 to $114 per credit beginning Summer Term 2022. The Board of Education approved the increase for fiscal year 2022-23 to offset a portion of the anticipated cost increases in utility costs, goods, services and personnel which includes PERS.
- For fiscal year 2022-23, tuition and fee revenue increased by $44,920 as a result of slightly increased traditional enrollments, an increase in early college credit enrollments, and the tuition and fee increase noted above.
- For fiscal year 2022-23, the District received the final federal funding to assist college's response to the COVID-19 pandemic and to assist with associated expenses. As a result, the District received $63,425 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 2022-23, total full-time equivalent students (FTE) increased. Total reimbursable FTE increased by 25 or 2.1% with reimbursable FTE totaling 1,170 in 2021-22 and 1,195 in 2022-23. Trends across the state and nationwide continue to show a slight increase of FTE coming out of the Pandemic. Statewide Oregon community colleges experienced an average increase in reimbursable FTE in 2022-23 of 1.15% which amounts to an increase of 699 reimbursable FTE. 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 2022-23 in the slight increase in FTE.
- FTE reimbursement received from the State of Oregon decreased by 47% from $6.15 million to $3.27 million. The decrease was caused primarily by the Oregon Legislature's deferral of its fiscal year 2022-23 fourth quarter reimbursement from April 2023 to July 2023. When comparing actual state funding levels between years as opposed to revenue received, state funding decreased by $789,065 or 9.95% as funding levels were $4,916,753 in 2021-22 and $4,127,688 in 2022-23. 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 three quarters of FTE reimbursement as opposed to five quarters of FTE reimbursement reported in fiscal year ended June 30, 2022.
- Cash and cash equivalents decreased by $1.7 million during the current fiscal year due mostly to the 2022-23 fourth quarter State FTE reimbursement payment not being received until the 2023-24 fiscal year.
- 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 $21.29 million to $22.19 million.
- One of the District's largest components of net position, $33.43 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, 2023

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.

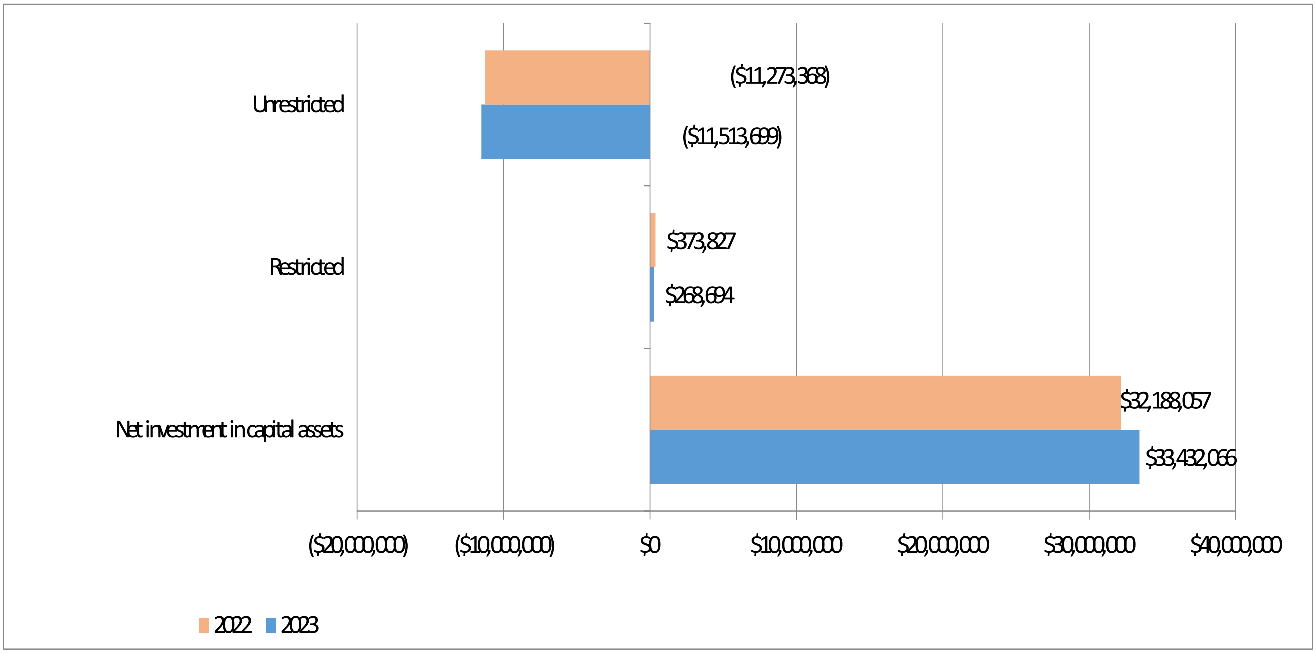
	2023	2022	Increase (Decrease)
Assets			
Current assets	$ 11,242,717	$ 12,167,421	$ (924,704)
Capital assets, net of depreciation & Net OPEB asset	50,112,423	48,887,293	1,225,130
Deferred Outflows	4,843,541	6,228,325	(1,384,784)
Total assets and deferred outflows	$ 66,198,681	$ 67,283,039	$ (1,084,358)
Liabilities			
Current maturities of long-term debt	$ 2,968,059	$ 2,311,335	$ 656,724
Other current liabilities	1,658,012	2,030,084	$ (372,072)
Total Pension and OPEB Liabilities	13,555,827	11,060,249	$ 2,495,578
Other long-term debt	18,206,575	19,736,470	(1,529,895)
Total liabilities	$ 36,388,473	$ 35,138,138	$ 1,250,335
Deferred Inflows	$ 7,623,147	$ 10,856,385	$ (3,233,238)
Net Position			
Net investment in capital assets	$ 33,432,066	$ 32,188,057	$ 1,244,009
Restricted	268,694	373,827	(105,133)
Unrestricted	(11,513,699)	(11,273,368)	(240,331)
Total net position	22,187,061	21,288,516	898,545
Total Liabilities and Net Position	$ 66,198,681	$ 67,283,039	$ (1,084,358)

At June 30, 2023, the District's assets were approximately $66.2 million. The District's current assets decreased by $925K mainly as a result of a $1.7 million decrease of cash and cash equivalents due mostly to the 2022-23 fourth quarter State FTE reimbursement payment not being received until the 2023-24 fiscal year. The District's 2022 current assets of $11.24 million were sufficient to cover current liabilities of $4.63 million. This represents a current ratio of 2.42 compared to the current ratio in 2022 of 2.80. Receivables consist of taxes, student accounts, intergovernmental, and various operating receivables.

The District's investment in capital assets is $48.31 million, net of accumulated depreciation. This is a decrease in net capital assets of $.31 million from fiscal year 2021-22, 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 2022-23, there was a large increase in Accounts Payable due to construction costs related to the Blue Mountain Equine Center and to timing differences of when payables were paid. 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 2022-23 there was a significant increase in the net pension liability. Lastly, as a result of the implementation of GASB 96 in regards to the recognition of IT Subscriptions, there was a net subscription liability for 2022-23 of $1.44 million.

Deferred Inflows as of June 30, 2023 was $7.6 million. Within net position, the “net investment in capital assets” amount is $33.4 million, an increase of $1.2 million. Unrestricted net position consists of amounts for the continuing operation of the District. The unrestricted net position decreased by $240K in 2022-23 in large part due to the 2022-23 fourth quarter State FTE reimbursement payment being received in the 2023-24 fiscal year.



Analysis of the Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

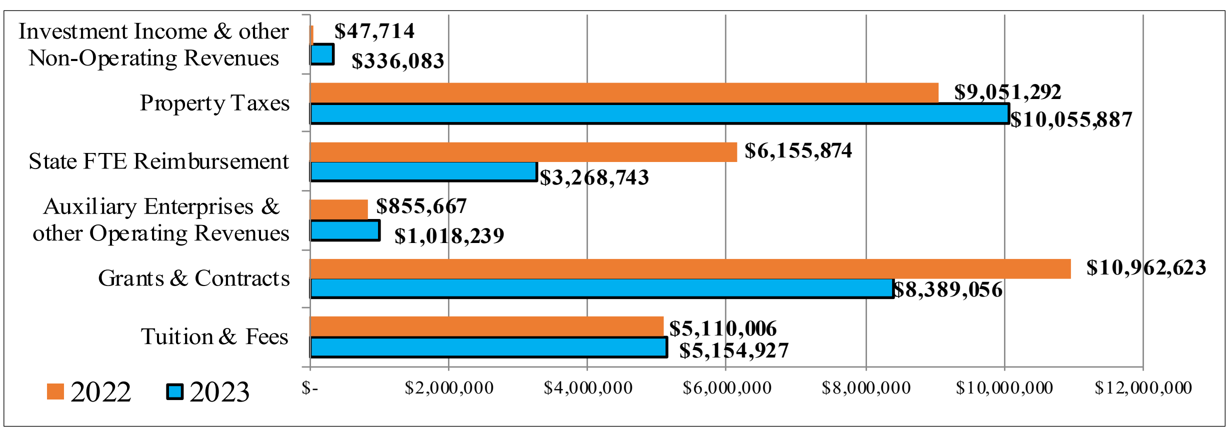
The *Statement of Revenues, Expenses, and Changes in Net Position* (page 2) presents the operating results of the District, as well as the nonoperating revenues and expenses. Annual state reimbursements and property taxes, while budgeted for operations, are considered nonoperating revenues according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

	2023	**2022**
Total operating revenues	$ 14,562,222	$ 16,928,296
Total operating expenses	27,917,426	28,126,918
Operating loss	(13,355,204)	(11,198,622)
Nonoperating revenues, net	12,862,898	13,611,744
Capital Contributions	1,139,609	487,911
Total increase in net position	647,303	2,901,033
Net position, beginning of year (as restated)	21,539,758	18,387,483
Net position, end of year	**$ 22,187,061**	**$ 21,288,516**

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 $5.15 million, net of scholarship allowances. Tuition and fees increased from fiscal year 2021-22 by $44,921. Tuition rates increased between years with a $2 per credit increase implemented summer term 2022 for in-state tuition rates. In addition, the Technology Fee increased by $6.20 per credit and the Distance Education Fee was eliminated. The remainder of the fee schedule was consistent with fiscal year 2021-22. Federal financial aid grants totaled approximately $2.51 million. This is a decrease of $916K from fiscal year 2021-22. Revenue from federal, state, and local grants and contracts was approximately $5.88 million. This is a decrease of $1.66 million from fiscal year 2021-22. Both of these decreases in grant funding are the result of the COVID relief funds ending and the change in grant and contract make-up. Auxiliary Enterprises & Other Operating Revenues amounted to $1.02 million for the year. This is an increase of $163K from fiscal year 2021-22 as a result of increased insurance claim reimbursements during the year.

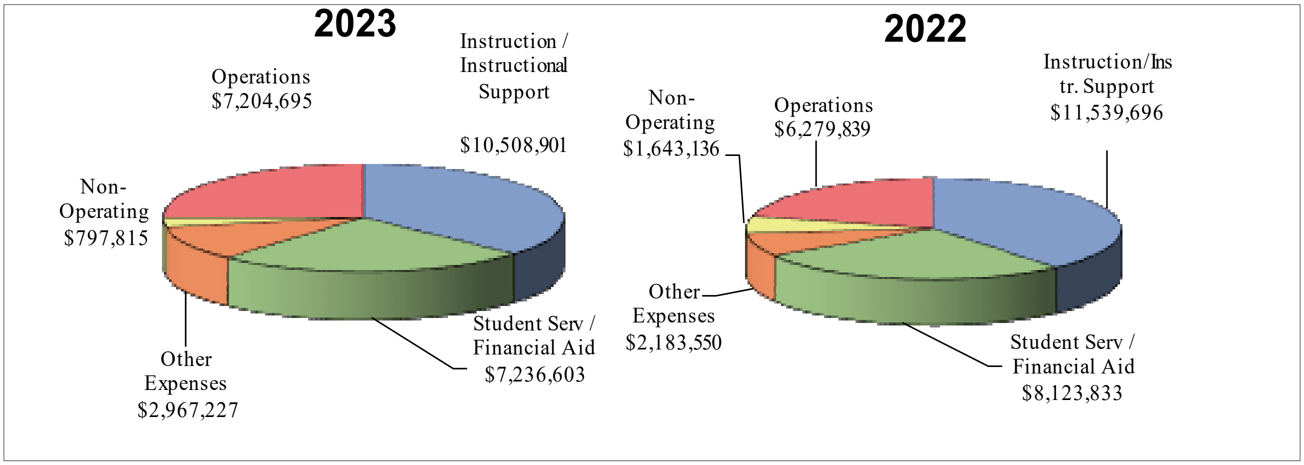
Approximately $10.06 million in non-operating revenues were received from property tax levies, an increase of $1,004,595 from fiscal year 2021-22. The second largest non-operating revenue source for fiscal year 2022-23 is from the State of Oregon in the form of FTE reimbursement. The District received $3.27 million in FTE reimbursement this fiscal year. This represents a decrease of $2.89 million from the prior year as a result of receiving the fiscal year 2022-23 fourth quarter payment in the 2023-24 fiscal year (Three quarterly payments received in 2022-23 versus five received in 2021-22). Investment income & Other Non-Operating Revenues increased by $288,369 in the current fiscal year. This increase is a result of an increase in interest rates.



Expenses:

Operating expenses totaling $27.92 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 2022-23 at $10.51 million or 38% of total expenses. Student services, including student support and student financial aid, represent $7.24 million or 26% of total expenses. Other expenses, including auxiliary enterprises, depreciation, amortization, facilities acquisition & construction, and community services, represent $2.97 million or 10% of total expenses. Operations which include college support services and plant operations and maintenance represent $7.2 million or 26% of total expenses.

There was one non-operating expenses in fiscal year 2022-23 which was interest expense, representing a total of $798K or 2.8% of total expenses. The following graph shows the allocation of expenses for the District:



Net Position:

Net position increased by $0.65 million during fiscal year 2022-23. This is in large part due to an increase in Subscription Based Information Technology Agreements and a decrease in Deferred Inflows offset by a decrease in Cash & Cash Equivalents and a decrease in Deferred Outflows.

Analysis of the Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

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.

	2023	2022	Increase (Decrease)
Cash Provided By (Used In):			
Operating Activities	$ (11,392,534)	$ (9,285,160)	$ (2,107,374)
Noncapital Financing Activities	10,174,480	12,243,087	(2,068,607)
Capital Financing Activities	(795,867)	(110,946)	(684,921)
Investing Activities	319,468	47,714	271,754
Net increase (decrease) in cash	(1,694,453)	2,894,695	(4,589,148)
Cash – Beginning of year	8,886,750	5,992,055	2,894,695
Cash – End of year	**$ 7,192,297**	**$ 8,886,750**	**$ (1,694,453)**

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 decreased by 46.9% from fiscal year 2021-22, due to the deferred fourth quarter reimbursement and decrease in state funding discussed under "Financial Highlights". 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 increased primarily because the purchase of assets in 2022-23 was significantly higher compared to 2021-22, principal & interest for SBITA liabilities were included for 2022-23 but were not included for 2021-22, and the principal amount paid on the general obligation bonds increased in 2022-23 compared to 2021-22. These increased uses were partially offset by an increase in the amount of capital grants received in 2022-23 as compared to 2021-22.

Cash flows from investing activities include earnings on investments of $319,468.

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 2022-23, budget adjustments between functional categories were approved by the Board of Education to accommodate increased Instruction, Instructional Support and Plant Operations & Maintenance in the General Fund; increased Instruction, Community Service, Plant Operations and Maintenance and Plant Additions in the Special Revenue Fund; increased Instructional Support and Plant Operations & Maintenance in the Building Fund, and increased Community Services in the Enterprise Fund. These increases were offset by decreased Student Services and College Support Services in the General Fund; decreased Instructional Support in the Special Revenue Fund; decreased Plant Additions in the Building 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, 2023, amounts to $48.3 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 (pages 13 & 14).

Long-Term Debt

At the end of the 2022-23 fiscal year, the District had total debt outstanding of $19,091,755. Of this amount, $18,720,000 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 $371,755 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 $279,200,650 which is significantly higher than the District's outstanding general obligation debt. The District's outstanding debt subject to the limitations is about 7.08% 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 14-16) and the Statistical Section (page 48-53).

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

During the past two fiscal years, the District has experienced minor increases in Student FTE which has been a welcome change to the decreasing FTE that had been experienced since the 2011-12 fiscal year. Any financial benefit as a result of these increases have been neutralized by 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. 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 2022-23 fourth quarter reimbursement from April 2023 to July 2023 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 2022-23 fiscal year.

The fourth quarter State FTE reimbursement payment for fiscal year 2022-23 was delayed until July 2023 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 2022-23 fiscal year, tuition rates for were increased $2 per credit from $112 to $114. Tuition rates for 2023-24 were again increased $2 per credit from $114 to $116.

During fiscal year 2022-23, the District experienced an increase in reimbursable Full-Time Equivalent students (FTE). The District had 1,195 total reimbursable FTE in 2022-23, which was up 25 FTE (2.1%) from 2021-22. 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. 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, 2021-22, and 2022-23 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 were scheduled to start Spring 2023. The current faculty contract is effective through June 2023. The negotiations for the new faculty contract were scheduled to start Spring 2023 and negotiations are currently still on going.

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 2023-25 PERS and OPSRP rates will decrease to 14.2% and 11.01% respectively mainly due to the offset resulting from the District's side account with PERS that will expire in December 2027.

The District proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. The fiscal year 2023-24 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, 2023, that included increasing tuition 1.75%, from $114 to $116 per credit beginning Summer Term 2023. 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 stable enrollment. The college also took strides to align expenditures with revenues for the 2023-24 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:

	2023	2022
Current Assets	$ 307,826	$ 305,843
Non-Current Assets	5,401,276	5,005,397
Total Assets	$ 5,709,102	$ 5,311,240
Current Liabilities	$ 104,056	$ 270,770
Restricted Net Position	5,047,627	4,512,959
Unrestricted Net Position	557,419	527,511
Total Liabilities and Net Position	$ 5,709,102	$ 5,311,240
Operating Revenues	$ 645,589	$ 383,210
Operating Expenses	468,838	430,865
Operating Income (Loss)	176,751	(47,655)
Non-Operating Revenues (Expenses) net	387,825	(444,351)
Increase in Net Position	564,576	(492,006)
Net Position, Beginning of Year	5,040,470	5,532,476
Net Position, End of Year	$ 5,605,046	$ 5,040,470

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

BASIC FINANCIAL STATEMENTS

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2023

	Primary Government	Component Unit
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,957,604	$ 307,826
Restricted cash and cash equivalents	230,989	-
Restricted cash in escrow	3,704	-
Receivables:		
Taxes	297,986	-
Intergovernmental	3,164,839	-
Student accounts, net	137,502	-
Lease receivables	97,447	
Other accounts	132,254	-
Due from component unit	104,056	-
Prepayments	111,250	-
Inventories	5,086	-
Total current assets	11,242,717	307,826
NONCURRENT ASSETS		
Net OPEB asset	270,723	-
Long-term investments	-	1,421,125
Long-term investments held by others	-	3,730,151
Leased assets, net of accumulated amortization	131,563	-
Subscription assets, net of accumulated amortization	1,402,145	
Capital assets, non-depreciable	2,037,498	250,000
Capital assets, depreciable - net of accumulated depreciation	46,270,494	-
Total noncurrent assets	50,112,423	5,401,276
Total assets	61,355,140	5,709,102
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	4,742,561	-
Related to OPEB	100,980	-
Total deferred outflows of resources	4,843,541	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	619,508	-
Payroll liabilities	563,955	-
Accrued interest payable	21,670	-
Unearned revenues	42,716	-
Compensated absences	371,755	-
Due to primary government	-	104,056
Due to others	38,408	-
Current portion of long-term liabilities	2,968,059	-
Total current liabilities	4,626,071	104,056
NONCURRENT LIABILITIES		
Lease liability, net of current maturities	104,043	-
Subscription liability, net of current maturities	996,112	
Bonds payable, net of current maturities	16,230,000	-
Bonds payable premium	876,420	-
Net pension liability	12,557,341	-
Pension transition liability	534,702	-
Net OPEB liability	463,784	-
Total noncurrent liabilities	31,762,402	-
Total liabilities	36,388,473	104,056
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	7,174,047	-
Related to OPEB	351,653	
Related to lease receivables	97,447	-
Total deferred inflows of resources	7,623,147	-
NET POSITION		
Invested in capital assets, net of related debt	33,432,066	-
Restricted:		
Farm II Project	223,816	-
Debt service	44,878	-
Permanent endowment	-	1,548,770
Temporary endowment and scholarships	-	3,498,857
Unrestricted	(11,513,699)	557,419
Total net position	$ 22,187,061	$ 5,605,046

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, 2023

	Primary Government	Component Unit
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $477,123	$ 5,154,927	$ -
Federal student financial aid grants	2,506,413	-
Federal, state and local grants and contracts	5,882,643	-
Auxiliary enterprises	168,138	-
Foundation contributions	-	638,002
Other operating revenues	850,101	7,587
Total operating revenues	14,562,222	645,589
OPERATING EXPENSES		
Educational and general:		
Instruction	7,002,483	-
Instructional support	3,506,418	-
Other support services:		
Student services	3,420,700	-
Community services	94,155	-
College support services	4,665,578	-
Plant operations and maintenance	2,539,117	-
Student financial aid	3,815,903	-
Facilities acquisition and construction	271,660	-
Auxiliary enterprises	114,427	-
Foundation programs	-	468,838
Amortization expense	885,497	-
Depreciation expense	1,601,488	-
Total operating expenses	27,917,426	468,838
OPERATING INCOME (LOSS)	(13,355,204)	176,751
NONOPERATING REVENUES (EXPENSES)		
State community college support	3,268,743	-
Property taxes	10,055,887	-
Interest and investment income	319,468	387,825
Gain (loss) on disposal of capital assets	16,615	-
Interest expense	(797,815)	-
Net nonoperating revenues (expenses)	12,862,898	387,825
Net income before contributions	(492,306)	564,576
CAPITAL CONTRIBUTIONS	1,139,609	-
Change in net position	647,303	564,576
NET POSITION, beginning of year (as restated, see Note IV.F)	21,539,758	5,040,470
NET POSITION, end of year	$ 22,187,061	$ 5,605,046

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, 2023

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tuition and fees	$ 5,234,417
Receipts from federal student financial aid grants and loans	3,010,107
Receipts from federal, state and local grants and contracts	4,565,175
Receipts from auxillary enterprises sales	214,688
Other cash receipts	864,269
Payments to employees for services	(17,024,147)
Payments to suppliers for goods and services	(3,639,774)
Payments for student scholarships, grants and loans	(4,617,269)
Net cash provided (used) by operating activities	(11,392,534)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from State community college support	3,268,743
Cash received from property taxes	7,990,307
Principal paid on pension bonds	(815,000)
Interest paid on pension bonds	(269,570)
Net cash provided (used) by noncapital financing activities	10,174,480
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	2,058,333
Capital grants received	1,139,609
Proceeds from sale of capital assets	49,118
Purchase of capital assets	(1,320,597)
Principal paid on lease liabilities	(39,824)
Interest paid on lease liabilities	(4,587)
Principal paid on SBITA liabilities	(550,993)
Interest paid on SBITA liabilities	(65,620)
Principal paid on general obligation bonds	(1,475,000)
Interest paid on general obligation bonds	(586,306)
Net cash provided (used) by capital financing activities	(795,867)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	319,468
Net cash provided (used) by investing activities	319,468
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,694,453)
Cash and cash equivalents - beginning of year	8,886,750
Cash and cash equivalents - end of year	$ 7,192,297
RECONCILIATION TO AMOUNTS SHOWN ON THE STATEMENT OF NET POSITION	
Unrestricted cash and cash equivalents	$ 6,957,604
Restricted cash and cash equivalents	230,989
Restricted cash in escrow	3,704
	$ 7,192,297

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, 2023

	Primary Government
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (13,355,204)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	1,601,488
Amortization expense	885,497
(Increase) decrease in:	
Receivables (net)	(978,479)
Due from others	143,955
Prepayments	118,848
Inventories	50,621
Net OPEB asset	(39,292)
Deferred outflows related to pensions	1,326,689
Deferred outflows related to OPEB	58,095
Increase (decrease) in:	
Operating accounts payable	234,883
Payroll liabilities	(119,712)
Unearned revenues	(496,453)
Compensated absences	(4,186)
Due to others	15,823
Net pension liability	3,052,212
Pension transition liability	(249,858)
Net OPEB liability	(306,776)
Deferred inflows related to pensions	(3,530,838)
Deferred inflows related to OPEB	200,153
Net cash provided (used) by operating activities	$ (11,392,534)
Non-cash investing, capital, and financing activities:	
Interest expense	$ 125,843
Amortization of bonds payable premium	(125,843)
	$ -

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. Subscription-Based Information Technology Arrangement (SBITA) Assets

Subscription-based information technology arrangements (SBITAs) are contracts that convey control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a term of more than one year. The value of the intangible right-to-use subscription asset is determined by the net present value of future subscription payments at the District's incremental borrowing rate at the time of commencement of the arrangement, amortized over the term of the arrangement.

M. 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.

N. 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.

O. 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.

P. SBITAs Payable

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

Q. 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.

R. 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.

S. 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).

T. 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.

U. 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.

V. 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.

W. 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.

During the year ended June 30, 2023, 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, 2023. 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, 2023, the carrying amount of the District's deposits and cash in escrow was $675,336 and the bank balance was $1,095,722. All deposits are held in the name of the District. Of the bank balance, $269,110 was covered by federal depository insurance. The remaining $826,612 was collateralized under ORS 295. This balance was exposed to custodial credit risk as of June 30, 2023, 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, 2023 was $3,704. 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 $223,816 and an additional $7,173 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, 2023 were: 65.6% mature within 93 days, 15.5% mature from 94 days to one year, and 18.9% 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	$	31,742
Deposits with financial institutions		671,633
Cash and cash equivalents, in escrow		3,704
Local Government Investment pool		6,485,217
Total cash and cash equivalents	$	7,192,296

Foundation Investments and Beneficial Interest in Assets Held by The Oregon Community Foundation - The Foundation's investments of $1,421,125 at June 30, 2023 consist primarily of investments held in various mutual funds. The Foundation also has a $3,730,151 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, 2023, The Foundation's investments in mutual funds are reported at fair value as Level 1 investments. At June 30, 2023, 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 2022-23 included realized earnings of $36,629 reported in net assets without donor restrictions. Unrealized gains on investments of $124,978 reported $49,894 in net assets without donor restrictions and $75,084 in net assets with donor restrictions and change in beneficial interest in assets held by the Oregon Community Foundation of $226,218 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	$ 297,986	$ 137,419	$ 1,383,765	$ 3,164,839	$ 4,984,009
Less allowance for uncollectibles	-	(5,165)	(1,246,263)	-	(1,251,428)
Net total receivables	$ 297,986	$ 132,254	$ 137,502	$ 3,164,839	$ 3,732,581

The District also recorded receivables of $104,056 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, 2022	Additions	Decreases	Outstanding June 30, 2023
Building Space Leases	$ 148,935	$ -	$148,935	$ (51,488)	$ 97,447
Total	$ 148,935	$ -	$148,935	$ (51,488)	$ 97,447

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, 2023.

Tuition and fees	$ 24,903
Grant received in advance	17,815
	$ 42,718

E. Capital Assets

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 1,035,419	$ -	$ -	$ 1,035,419
Art and historical treasures	135,100	-	-	135,100
Construction in progress	60,000	806,979		866,979
Total capital assets not being depreciated	1,230,519	806,979	-	2,037,498
Capital assets being depreciated:				
Buildings and improvements	57,550,415	-	-	57,550,415
Equipment and machinery	7,449,601	476,681	(256,011)	7,670,271
Library collections	247,134	937	(8,728)	239,343
Other improvements	1,231,200	-	-	1,231,200
Infrastructure	3,285,532	36,000	-	3,321,532
Total capital assets being depreciated	69,763,882	513,618	(264,739)	70,012,761
Less accumulated depreciation for:				
Buildings and improvements	15,476,751	961,799	-	16,438,550
Equipment and machinery	4,936,226	516,173	(223,506)	5,228,893
Library collections	232,310	3,481	(8,728)	227,063
Other improvements	984,687	29,776	-	1,014,463
Infrastructure	743,039	90,259	-	833,298
Total accumulated depreciation	22,373,013	1,601,488	(232,234)	23,742,267
Total capital assets being depreciated, net	47,390,869	(1,087,870)	(32,505)	46,270,494
Total capital assets, net	$ 48,621,388	$ (280,891)	$ (32,505)	$ 48,307,992

Changes in the Foundation capital assets are as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
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, 2023 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	139,975	-	171,024
Accumulated amortization	(29,920)	(42,886)	-	(72,806)
Leased assets, net	$ 34,474	$ 97,089	$ -	$ 131,563

G. SBITA Assets

SBITA asset activity for the District for the year ended June 30, 2023 was as follows:

Description	**Beginning Balance**	**Additions**	**Deletion/ Transfer**	**Ending Balance**
Software	$ 2,138,677	$ 106,079	$ -	$ 2,244,756
Accumulated amortization	-	(842,611)	-	(842,611)
SBITA assets, net	$ 2,138,677	$ (736,532)	$ -	$ 1,402,145

H. 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
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	2,115,000	273,200
2029-2030	4,715,000	286,200
	$ 13,955,000	$ 2,320,438

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
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
	$ 4,765,000	$ 673,925

3. Changes in Long-Term Liabilities

Activity for the year ending June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 15,430,000	$ -	$ 1,475,000	$ 13,955,000	$ 1,595,000
GO Bonds Premium	1,002,263	-	125,843	876,420	-
Limited Tax Pension Bonds	5,580,000	-	815,000	4,765,000	895,000
Total Bonds Payable	22,012,263	-	2,415,843	19,596,420	2,490,000
Compensated Absences	375,942	349,973	354,160	371,755	371,755
Pension Transition Liability	784,560	-	249,858	534,702	-
Total Long-term Liabilities	23,172,765	349,973	3,019,861	20,502,877	2,861,755
Lease Liabilities	35,542	139,975	39,824	135,693	31,650
SBITA Liabilities	1,887,435	106,079	550,993	1,442,521	446,409
Total Long-Term Obligations	$ 25,095,742	$ 596,027	$ 3,610,678	$ 22,081,091	$ 3,339,814

I. Leases Payable

Leases payable transactions for the year ended June 30, 2023 are as follows:

Description	Beginning Balance	Increases	Deletion/ Decreases	Ending Balance	Due Within One Year
Office Space	$ 20,301	$ -	$ (6,114)	$ 14,187	$ 4,529
Software	1,926		(1,926)	-	-
Equipment	13,315	139,975	(31,784)	121,506	27,121
Total	$ 35,542	$ 139,975	$ (39,824)	$ 135,693	$ 31,650

J. SBITAs Payable

SBITAs payable transactions for the year ended June 30, 2023 are as follows:

Description	Beginning Balance	Increases	Deletion/ Decreases	Ending Balance	Due Within One Year
Software	$ 1,887,435	$ 106,079	$ (550,993)	$ 1,442,521	$ 446,409
Total	$ 1,887,435	$ 106,079	$ (550,993)	$ 1,442,521	$ 446,409

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 $210,582 in 2022 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 $210,582 in 2022 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. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2023 were $1,531,687 excluding amounts to fund employer specific liabilities and $1,507 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2023, excluding RHIA rate of .05% Tier One/Tier Two and .00% OPSRP, were 17.33% for Tier One/Tier Two General Service Member, 13.69% for OPSRP Pension Program General Service Members (net of 10.06 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 $248,649 for the year ended June 30, 2023 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 $3,333 per month on January 1, 2022) 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, 2023, the Blue Mountain Community College District reported a liability of $12,557,341 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.08662734 percent, which was decreased from its proportion of 0.09395481 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District's recognized pension expense (income) of $2,001,376. At June 30, 2023, 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	$ 643,878	$ 82,719
Changes of assumptions	2,081,254	19,014
Net difference between projected and actual earnings on investments	-	2,371,414
Changes in proportionate share	485,742	2,154,524
Differences between employer contributions and proportionate share of system contributions	-	2,546,376
Total (prior to post-MD contributions)	3,210,874	7,174,047
Contributions subsequent to the measurement date	1,531,687	-
Total	$ 4,742,561	$ 7,174,047

$1,531,687 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, 2023. 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:	
2024	$ (1,007,335)
2025	(1,335,262)
2026	(1,767,972)
2027	464,030
2028	(316,634)
Total	$ (3,963,173)

Actuarial assumptions

The employer contribution rates effective July 1, 2022, through June 30, 2023, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
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 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

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	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
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)	$22,816,178	$ 12,557,341	$ 3,971,180

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 $280,524 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

Pension Transition Liability

The District reports a separate liability to the plan with a balance of $534,702 at June 30, 2023. The liability represents the District's allocated share of the pre-SLGRP pooled liability. The District is being assessed an employer contribution rate of 1.52 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).

Early Retirement Plan

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, 2023 employees covered by the plan consisted of 114 active employees and 8 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 $463,784 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2023 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, 2023
Measurement Date	June 30, 2023 and June 30, 2024
Fiscal Year Ends	June 30, 2023 and June 30, 2024
Actuarial Cost Method	Entry Age Normal, level percent of salary
Assumptions	
Interest Rate for Discounting Future Liabilities	3.65% 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
	2024+	3.40%	3.00%	3.00%

Rates of mortality, retirement and withdrawal are the same rates that were used in the December 31, 2021 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.
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, 2022	$ 770,560
Changes for the year:	
Service cost	14,938
Interest on total OPEB liability	15,876
Change in assumptions	(56,298)
Experience (gain) loss	(210,198)
Benefit payments - explicit medical	(28,900)
Benefit payments - implicit medical	(42,194)
Net changes	(306,776)
Balance at June 30, 2023	$ 463,784

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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 484,109	$ 463,784	$ 444,215

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	$ 444,653	$ 463,784	$ 485,557

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

For the year ended June 30, 2023, the District recognized OPEB expense of $3,259. At June 30, 2023, 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	$ 37,019	$ 188,528
Changes of assumptions or other input	30,599	112,723
Total	$ 67,618	$ 301,251

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:	
2024	(27,555)
2025	(27,555)
2026	(29,380)
2027	(29,852)
2028	(29,207)
Thereafter	(90,084)
	$ (233,633)

<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, 2023, 2022, and 2021 were $1,507, $1,878, and $1,803, 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, 2023, the District reported an asset of $270,723 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the District's proportion was .07618796 percent, which increased from its proportion of .06739386 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District's recognized OPEB income of $18,483. At June 30, 2023, 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	$ -	$ 7,336
Changes of assumptions	2,120	9,024
Net difference between projected and actual earnings on investments	-	20,646
Changes in proportionate share	29,735	13,396
Total (prior to post-MD contributions)	31,855	50,402
Contributions subsequent to the measurement date	1,507	-
Net Deferred Outflow/(Inflow) of Resources	$ 33,362	$ 50,402

$1,507 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:	
2024	$ 4,903
2025	(17,034)
2026	(13,029)
2027	6,613
	$ (18,547)

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, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
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:
http://www.oregon.gov/pers/documents/financials/ACFR/2022

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	$(243,997)	$(270,723)	$(293,632)

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 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	$ 463,784	$ 67,618	$ 301,251	$ 3,259
Retirement Health Insurance Account (RHIA)	(270,723)	33,362	50,402	(18,483)
Aggregate amounts related to OPEB	$ 193,061	$ 100,980	$ 351,653	$ (15,224)

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 entered into agreements with Anthology (formerly Campus Management) to purchase software, project management, implementation, and consulting services at a cost of $1,701,372, to bring the finance and student information system modules on line. There was 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 implementation of the finance portion on a permanent hold. The cost of that module was written off in that year. The remaining portions of the software have been fully implemented. The District is currently involved in the development of a new Student Information System to replace Anthology, to be implemented by June 30, 2024. In addition, the District is in the process of identifying a new Finance System that will be implemented July 1, 2025.

3. Building Construction

The District is currently in the process of constructing the Blue Mountain Equine Center (formerly referred to as FARM II) in partnership with the Pendleton Round-Up Foundation and the City of Pendleton. This facility will support animal science programs, including Veterinary Assistant/Technician, Equine, and the Livestock Judging and Rodeo Teams. This project began in the 2022-23 year and is anticipated to be completed in the Fall of 2024 with an estimated cost of $13,000,000.

4. Other

The District has been notified of a tort claim that has been filed by an employee with the District named as a defendant. This claim is still pending but has not developed into a case. 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 affect the District directly at June 30, 2023. Tax abatements that affect the District indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Baker County - Food Processor	Gold Rush Malt	$ 84
Morrow County - Enterprise Zone	Columbia River Tech	47,347
Morrow County - Enterprise Zone	Lamb Weston Inc. LTR	105,448
Morrow County - Enterprise Zone	Lamb Weston Inc.	2,598
Morrow County - Enterprise Zone	Amazon (L&C)	98,835
Morrow County - Enterprise Zone	Amazon (Rippee Rd)	261,610
Morrow County - Enterprise Zone	Amazon (LTR)	1,941,104
Morrow County - Enterprise Zone	MCGG	4,187
Morrow County - Enterprise Zone	WOW PNW Threemile	29,221
Morrow County - Strategic Investment Program	Willow Creek Energy	16,165
Morrow County - Strategic Investment Program	Echo Project	5,135
Morrow County - Strategic Investment Program	Caithness Shepard Flats	194,162
Morrow County - Strategic Investment Program	PGE Carty	331,929
Morrow County - Strategic Investment Program	Orchard Wind	32,777
Morrow County - Strategic Investment Program	Wheatridge Wind	424,648
Umatilla County - Enterprise Zone - Pendleton	Atkore	12,337
Umatilla County - Enterprise Zone - Pendleton	Amazon	82,301
Umatilla County - Enterprise Zone - Pendleton	Hill Meat	4,665
Umatilla County - Strategic Investment Program	Eurus Combine Hills 2	19,066
Umatilla County - Strategic Investment Program	Amazon Web Service	2,117,018
Umatilla County - Rural Long Term Enterprise Zone	Lamb Weston Hermiston	268,254
Umatilla County - Commercial Facility Under Construction	Amazon	68,215
Umatilla County - Commercial Facility Under Construction	Food Processing	31,483
Umatilla County - Commercial Facility Under Construction	Housing Authority	10,769
Umatilla County - Commercial Facility Under Construction	Special Assessment Low Income Housing	8,923
		$ 6,118,197

The District received $31,822 in Strategic Investment Program monies and $42,633 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. 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 was implemented by the District for fiscal year ending June 30, 2023. On implementation, the District recorded intangible subscription assets of $2,138,677 and corresponding subscription liabilities of $1,887,435. Implementation resulted in a net restatement for the District of $251,242.

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. The College will implement a new student information system – Focal, May 2024 and a financial aid processing system – PowerFaids, beginning with the 2024-25 aid year.

The College is in the planning phase to move to a new financial system with implementation of July 1, 2025; a vendor has not been chosen at this time.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.08662734%	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)	$ 12,557,341	$ 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	$ 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	$ 9,740,796
District's proporationate share of the net pension liabilty (asset) as a percentage of its covered-employee payroll	123.16%	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	84.55%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 1,531,687	$ 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	(1,531,687)	(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	$ 10,728,018	$ 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	14.28%	14.27%	14.33%	13.23%	10.35%	11.81%	7.43%	7.24%	7.95%	7.61%

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
2022	0.07618796%	$ (270,723)	$ 10,196,061	-2.66%	194.66%
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,	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 1,507	$ 1,878	$ 1,803	$ 9,018	$ 50,594	$ 52,973	$ 51,586
Contributions in relation to the contractually required contributions	(1,507)	(1,878)	(1,803)	(9,018)	(50,594)	(52,973)	(51,586)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distritct's covered payroll	$ 10,728,018	$ 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	0.01%	0.02%	0.02%	0.08%	0.45%	0.53%	0.54%

*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.

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$ 14,938	$ 29,182	$ 28,195	$ 28,691	$ 27,721	$ 35,649	$ 34,443
Interest on total OPEB liability	15,876	16,538	15,949	26,692	29,225	29,814	29,202
Changes in assumptions	(56,298)	-	69,011	-	(125,729)	-	15,402
Experience gain	(210,198)	-	7,390	-	61,244	-	5,743
Benefit payments	(71,094)	(81,659)	(87,187)	(80,935)	(57,521)	(68,979)	(66,452)
Net change in total OPEB liability	(306,776)	(35,939)	33,358	(25,552)	(65,060)	(3,516)	18,338
Total OPEB liability - beginning	770,560	806,499	773,141	798,693	863,753	867,269	848,931
Total OPEB liability - ending	$ 463,784	$ 770,560	$ 806,499	$ 773,141	$ 798,693	$ 863,753	$ 867,269
Covered payroll	$ 7,572,250	$ 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	6.12%	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, 2023 and June 30, 2024 reporting dates is 3.65 percent, which increased from 2.16 percent from 2021 and 2022.

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, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 7,598,707	$ 7,598,707	$ 7,981,577	$ 382,870
Tuition and fees	4,550,981	4,550,981	4,428,671	(122,310)
State sources	4,352,180	4,352,180	3,689,610	(662,570)
Private sources	90,000	90,000	90,000	-
Other sources	543,508	543,508	745,775	202,267
Total revenues	17,135,376	17,135,376	16,935,633	(199,743)
EXPENDITURES				
Instruction	5,168,644	5,618,644	5,252,071	366,573
Instructional Support	1,952,053	2,452,053	2,289,411	162,642
Student Services	3,085,077	2,760,077	2,657,592	102,485
College Support Services	3,669,964	3,344,964	3,215,589	129,375
Plant Operations & Maintenance	2,282,133	2,315,133	2,259,761	55,372
Financial Aid	491,573	491,573	419,306	72,267
Contingency	333,011	11	-	11
Total expenditures	16,982,455	16,982,455	16,093,730	888,725
REVENUES OVER (UNDER) EXPENDITURES	152,921	152,921	841,903	688,982
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	(421,153)	(421,153)	(421,153)	-
Total other financing sources (uses)	(371,153)	(371,153)	(421,153)	(50,000)
NET CHANGE IN FUND BALANCE	(218,232)	(218,232)	420,750	638,982
FUND BALANCE, July 1, 2022	2,083,461	2,083,461	2,692,049	608,588
FUND BALANCE, June 30, 2023	$ 1,865,229	$ 1,865,229	$ 3,112,799	$ 1,247,570

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, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local sources	$ 470,935	$ 470,935	$ 244,091	$ (226,844)
Tuition and fees	1,525,956	1,525,956	1,203,379	(322,577)
State sources	6,045,400	6,045,400	5,224,365	(821,035)
Federal sources	10,564,489	10,564,489	4,236,080	(6,328,409)
Private sources	1,063,518	1,063,518	243,996	(819,522)
Other sources	413,413	413,413	712,344	298,931
Total revenues	20,083,711	20,083,711	11,864,255	(8,219,456)
EXPENDITURES				
Instruction	1,803,597	2,453,597	2,332,040	121,557
Instructional Support	8,296,413	7,011,413	2,209,383	4,802,030
Student Services	1,242,932	1,242,932	1,098,765	144,167
Community Services	51,979	151,979	86,950	65,029
College Support Services	2,634,662	2,634,662	1,432,509	1,202,153
Plant Operations & Maintenance	-	435,000	308,530	126,470
Financial Aid	6,901,522	6,901,522	4,618,177	2,283,345
Plant Additions	-	100,000	61,326	38,674
Total expenditures	20,931,105	20,931,105	12,147,680	8,783,425
REVENUES OVER (UNDER) EXPENDITURES	(847,394)	(847,394)	(283,425)	563,969
OTHER FINANCING SOURCES (USES)				
Transfers in	171,153	171,153	171,153	-
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	121,153	121,153	171,153	50,000
NET CHANGE IN FUND BALANCE	(726,241)	(726,241)	(112,272)	613,969
FUND BALANCE, July 1, 2022	4,601,372	4,601,372	6,224,551	1,623,179
FUND BALANCE, June 30, 2023	$ 3,875,131	$ 3,875,131	$ 6,112,279	$ 2,237,148

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, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources	$ 211,000	$ 211,000	$ 25	$ (210,975)
State sources	13,000,000	13,000,000	-	(13,000,000)
Federal sources	-	-	769,791	769,791
Other sources	-	-	47,156	47,156
Total revenues	13,211,000	13,211,000	816,972	(12,394,028)
EXPENDITURES				
Instructional Support	-	7,000	900	6,100
Plant Operations & Maintenance	-	93,000	27,296	65,704
Plant Additions	13,618,000	13,518,000	1,069,573	12,448,427
Total expenditures	13,618,000	13,618,000	1,097,769	12,520,231
REVENUES OVER (UNDER) EXPENDITURES	(407,000)	(407,000)	(280,797)	126,203
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Total other financing sources (uses)	250,000	250,000	250,000	-
NET CHANGE IN FUND BALANCE	(157,000)	(157,000)	(30,797)	126,203
FUND BALANCE, July 1, 2022	157,000	157,000	229,614	72,614
FUND BALANCE, June 30, 2023	$ -	$ -	$ 198,817	$ 198,817

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, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 2,066,580	$ 2,066,580	$ 2,058,323	$ (8,257)
Other sources	862,260	862,260	930,680	68,420
Total revenues	2,928,840	2,928,840	2,989,003	60,163
EXPENDITURES				
Debt service	3,145,885	3,145,885	3,145,876	9
NET CHANGE IN FUND BALANCE	(217,045)	(217,045)	(156,873)	60,172
FUND BALANCE, July 1, 2022	1,165,560	1,165,560	1,167,047	1,487
FUND BALANCE, June 30, 2023	$ 948,515	$ 948,515	$ 1,010,174	$ 61,659

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, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Sales	$ 360,000	$ 360,000	$ 12,061	$ (347,939)
Tuition and fees	587,500	587,500	128,878	(458,622)
Private sources	-	-	3,360	3,360
Other	50,000	50,000	24,686	(25,314)
Total Revenues	997,500	997,500	168,985	(828,515)
EXPENDITURES				
Instruction	610,370	575,370	63,469	511,901
Instructional Support	22,125	47,125	23,564	23,561
Student Services	260,000	260,000	55,624	204,376
Community Services	-	10,000	3,360	6,640
Total expenditures	892,495	892,495	146,017	746,478
REVENUES OVER (UNDER) EXPENDITURES	105,005	105,005	22,968	(82,037)
NET CHANGE IN FUND BALANCE	105,005	105,005	22,968	(82,037)
FUND BALANCE, July 1, 2022	12,000	12,000	(11,844)	(23,844)
FUND BALANCE, June 30, 2023	$ 117,005	$ 117,005	$ 11,124	$ (105,881)

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, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Sales	$ 160,000	$ 160,000	$ 71,441	$ (88,559)
Other sources	1,000	1,000	3,489	2,489
Total revenues	161,000	161,000	74,930	(86,070)
EXPENDITURES				
College Support Services	100,601	100,601	61,964	38,637
Plant Operations & Maintenance	35,500	35,500	25,036	10,464
Total expenditures	136,101	136,101	87,000	49,101
REVENUES OVER (UNDER) EXPENDITURES	24,899	24,899	(12,070)	(36,969)
NET CHANGE IN FUND BALANCE	24,899	24,899	(12,070)	(36,969)
FUND BALANCE, July 1, 2022	-	-	(28,949)	(28,949)
FUND BALANCE, June 30, 2023	$ 24,899	$ 24,899	$ (41,019)	$ (65,918)

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, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales	$ 1,000	$ 1,000	$ -	$ (1,000)
Private sources	16,250	16,250	1,967	(14,283)
Other sources	89,800	89,800	58,715	(31,085)
Total revenues	107,050	107,050	60,682	(46,368)
EXPENDITURES				
Student Services	44,871	44,871	2,875	41,996
Community Services	75,500	75,500	38,299	37,201
College Support Services	4,800	4,800	3,686	1,114
Total expenditures	125,171	125,171	44,860	80,311
NET CHANGE IN FUND BALANCE	(18,121)	(18,121)	15,822	33,943
FUND BALANCE, July 1, 2022	20,310	20,310	22,585	2,275
FUND BALANCE, June 30, 2023	$ 2,189	$ 2,189	$ 38,407	$ 36,218

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, 2023

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 (01-01-2022)	$ 10,276,935,811
Morrow County Real Market Value (01-01-2022)	5,963,437,531
Baker County Real Market Value (01-01-2022)	2,373,003,328
Real Market Value (01-01-2022) *	$ 18,613,376,670
General Obligation Debt Capacity (1.5% of Real Market Value)	$ 279,200,650
Less: Outstanding Debt subject to limit as of June 30, 2023	(18,720,000)
Remaining Legal Debt Capacity	$ 260,480,650

** 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
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
	$4,765,000	$673,925	$13,955,000	$2,320,438	$21,714,363

NOTE: Totals may not foot due to rounding.

** Fiscal years ending June 30.

Summary of Overlapping Debt
(As of June 30, 2023)

Overlapping District	Real Market Valuation	Percent Overlap	Gross Property-tax Backed Debt (1)	Net Property-tax Backed Debt (2)
Baker County SD 5J (Baker)	1,916,666,628	99.59%	26,411,147	26,411,147
Boardman Park & Recreation Dist.	3,486,887,685	100.00%	10,980,000	10,980,000
Boardman RFPD	4,928,707,332	100.00%	8,197,008	8,197,008
City of Baker City	952,846,528	100.00%	1,489,245	1,489,245
City of Boardman	1,216,696,920	100.00%	19,265,000	0
City of Heppner	81,342,182	100.00%	2,492,712	2,492,712
City of Hermiston	1,593,351,656	100.00%	40,195,000	27,970,000
City of Ione	23,620,532	100.00%	465,000	0
City of Irrigon	106,515,307	100.00%	4,458,262	358,262
City of Lexington	16,793,858	100.00%	94,779	94,779
City of Milton-Freewater	424,695,834	100.00%	7,822,755	6,747,005
City of Pendleton	1,450,277,993	100.00%	18,959,906	11,532,502
City of Richland	14,634,610	100.00%	55,709	55,709
City of Stanfield	140,573,977	100.00%	1,013,450	1,013,450
City of Sumpter	52,894,530	100.00%	623,125	0
City of Ukiah	13,505,542	100.00%	494,917	494,917
City of Umatilla	966,310,866	100.00%	1,965,203	1,965,203
Echo RFPD 7-403	392,301,180	100.00%	410,668	0
Helix Park & Recreation District	261,073,870	100.00%	970,000	0
Heppner RFPD	155,946,335	100.00%	281,766	281,766
Intermountain ESD	21,950,067,082	84.80%	2,685,127	0
Milton-Freewater Water Control Dist.	668,600,880	100.00%	1,161,311	1,161,311
Morrow & Umatilla Radio District	15,474,018,597	100.00%	2,373,881	2,373,881
Morrow County	5,963,437,531	100.00%	6,190,000	6,190,000
Morrow County Health District	5,963,437,531	100.00%	1,599,493	1,599,493
Morrow County SD 1	5,682,783,860	100.00%	22,875,000	22,875,000
Morrow County SD 2 (Ione)	305,868,028	91.76%	16,996,208	16,996,208
Oregon Trail Library District	5,450,009,234	100.00%	275,915	275,915
Port of Morrow	5,963,437,531	100.00%	113,582,395	113,582,395
Umatilla County	10,276,935,811	100.00%	6,762,683	207,683
Umatilla County Fire District #1	5,031,297,331	100.00%	13,720,000	7,035,000
Umatilla County SD 1 (Helix)	257,925,546	100.00%	2,645,000	2,645,000
Umatilla County SD 2 (Pilot Rock)	240,702,755	100.00%	10,961,554	10,961,554
Umatilla County SD 5R (Echo)	319,291,662	100.00%	8,191,053	8,191,053
Umatilla County SD 6R (Umatilla)	1,224,005,412	100.00%	68,486,582	68,486,582
Umatilla County SD 8 (Hermiston)	3,285,198,043	100.00%	190,154,537	190,154,537
Umatilla County SD 16R (Pendleton)	2,450,545,708	100.00%	64,633,477	64,633,477
Umatilla County SD 29J (Athena-Weston)	602,977,320	99.93%	1,458,978	1,458,978
Umatilla County SD 61 (Stanfield)	738,787,114	100.00%	13,643,431	13,643,431
Umatilla Co USD 7 (Milton-Freewater)	1,114,871,137	100.00%	26,081,630	26,081,630

Union County SD 8J (North Powder)	182,712,340	23.83%	609,979	609,979
Union-Baker ESD	5,715,519,010	41.52%	994,370	0
			$722,728,256	$659,246,812

(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

Outstanding General Obligation Debt
(As of June 30, 2023)

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	$4,765,000
General Obligation Bonds				
Series 2015	08/11/2015	06/15/2030	$23,000,000	$13,955,000

Financial Information

2022-2023:	
Real Market Valuation (1)	$18,613,376,670
Assessed Valuation (1)	$13,038,110,696
Estimated Population (Baker, Morrow, and Umatilla Counties)	109,453
Debt Information (2)	
Net Property-tax Backed Debt	$ 18,720,000
Net Overlapping Debt	659,246,812
Total Net Property-tax Backed Debt and Net Overlapping Debt	$ 677,966,812
Bonded Debt Ratios	
Net Property-tax Backed Debt to Real Market Valuation	0.10%
Net Property-tax Backed and Net Overlapping Debt to Real Market Valuation	3.64%
Per Capita Real Market Valuation	$ 170,058
Per Capita Net Property-tax Backed Debt	$ 171
Per Capita Total Net Property-tax Backed and Net Overlapping Debt	$ 6,194

(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.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

FUTURE DEBT PLANS, PROPERTY VALUATION, AND PROPERTY TAXES LEVIED & RECEIVED
For the Fiscal Year Ended June 30, 2023

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, 2023)

	Real Market Value			
Fiscal Year	**Umatilla Co**	**Morrow Co.**	**Baker Co**	**Total**
2023	$10,276,935,811	$5,963,437,531	$2,373,003,328	$18,613,376,670
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

	Assessed Value				Percent of
Fiscal Year	**Umatilla Co.**	**Morrow Co**	**Baker Co**	**Total**	**RMV**
2023	$7,477,744,489	$3,776,634,098	$1,783,732,109	$13,038,110,696	70%
2022	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%

Property Taxes Levied and Received
(Fiscal Year Ending June 30, 2023)

	Operations	Debt Service
Property Taxes Levied (rate or amount)	$0.6611 / $1,000	$ 2,123,255
Property Taxes Received (1)	$ 7,979,856	$ 2,058,323

(1) Operations includes a $132,098 payment in lieu of taxes from the Columbia River Enterprise Zone.

Percent of Tax Collection Recorded – Year of the Levy

Collection Year	Umatilla County	Morrow County	Baker County
2022-23	98.32	99.10	97.99
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

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
(2022-2023)

Baker County

Taxpayer	Business	Taxes	Assessed Property Value	Percent of Value
Idaho Power Company	Utility	$ 2,124,179	$ 202,153,000	11.33%
Ash Grove Cement Company	Cement Processor	899,279	86,754,025	4.86%
Union Pacific Railroad Co.	Rail Transportation	882,862	71,567,834	4.01%
D.E. Shaw Renewable Inv LLC	Utility	682,187	71,342,000	4.00%
Marvin Wood Products Inc.	Lumber	431,596	27,524,502	1.54%
Lumen Technologies Inc	Telecommunications	327,702	29,175,404	1.64%
Oregon Telephone Corp.	Telecommunications	313,475	28,744,000	1.61%
Northwest Pipeline Corp	Utility	311,488	28,979,261	1.63%
Baker City Solare Center LLC	Utility	168,321	16,450,000	0.92%
PacificCorp	Utility	139,675	13,540,000	0.76%
Subtotal - Ten of County's largest taxpayers		$ 6,280,764	$ 576,230,026	32.30%
All other County Taxpayers			1,207,502,083	67.70%
Total County taxpayers			$ 1,783,732,109	100.00%

Source: Baker County Assessor's Office

Major Taxpayers
(2022-2023)

Umatilla County

Taxpayer	Business	Taxes	Assessed Property Value	Percent of Value
Amazon Data Services	Data Center	$ 5,757,150	$ 396,987,010	5.31%
Amazon Data Services, Inc.	Data Center	4,437,802	297,911,271	3.98%
PacifiCorp.	Utility	2,868,743	206,594,000	2.76%
Union Pacific Railroad Co	Rail Transportation	2,814,380	219,955,950	2.94%
Hermiston Power LLC	Utility	2,799,050	195,000,000	2.61%
Hermiston Generating Co	Utility	1,435,410	100,000,000	1.34%
Wal-Mart Stores East LP	Retail Sales	696,690	38,968,575	0.52%
Lumen Technologies Inc	Telecommunications	675,196	45,761,000	0.61%
Shearers Foods SA Inc	Snack Food Processing	631,640	44,004,160	0.59%
Smith Canning & Freezing Co	Food Processing	606,611	37,147,990	0.50%
Subtotal - Ten of County's largest taxpayers		$ 22,722,672	$1,582,329,956	21.16%
All other County Taxpayers			5,895,414,533	78.84%
Total County taxpayers			$7,477,744,489	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	$ 20,691,726	$ 1,561,640,110	41.35%
Avista Corporation	Utility	3,343,707	207,160,000	5.49%
Threemile Canyon Farms, LLC.	Agriculture	3,140,767	246,859,935	6.54%
Lamb-Weston, Inc.	Food Processing	2,545,166	157,528,390	4.17%
Portland General Electric	Utility	2,149,639	139,896,860	3.70%
Gas Transmission Northwest Corp	Utility	1,210,342	81,353,112	2.15%
Columbia River Processing, Inc.	Food Processing	746,573	56,518,670	1.50%
Port of Morrow	Economic Development	515,423	36,298,039	0.96%
Port View Apartments, LLC	Multifamily Housing	433,011	23,942,920	0.63%
Farmland Reserve, Inc.	Agriculture	388,723	29,503,233	0.78%
Subtotal - Ten of County's largest taxpayers		$ 35,165,077	$ 2,540,701,269	67.27%
All other County Taxpayers			1,235,932,829	32.73%
Total County taxpayers			$3,776,634,098	100.00%

Source: Morrow County Assessor's Office

INDEPENDENT AUDITOR'S COMMENTS AND REPORTS

Dickey and Tremper, LLP
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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 25, 2024

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, 2023, 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 25, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 25, 2024

Dickey and Tremper, LLP
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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, 2023 and have issued our report thereon dated March 25, 2024. 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 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 2022 fiscal year audit was delayed and this information did not get posted until 4/1/2023. The College did post a Failure to Provide Financial Information notice on 3/27/23.

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 25, 2024

FEDERAL FINANCIAL ASSISTANCE PROGRAM COMPLIANCE

Dickey and Tremper, LLP
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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, 2023. 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, 2023.

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.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 25, 2024

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

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, 2023. 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, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	2022-23 PROGRAM OR AWARD AMOUNT	FEDERAL EXPENDITURES
Small Business Administration				
Passed Through Oregon Small Business Development Center Network (at Lane CC):				
Small Business Development Center	59.037	SBA-2022-140	35,000	$17,500
Small Business Development Center	59.037	SBA-2023-140	53,000	26,900
Total Small Business Administration				**44,400**
U.S.Department of Education				
DIRECT PROGRAMS:				
Student Financial Assistance Cluster				
Federal Work-Study Program 22-23	84.033	-	63,720	32,587
Federal Work-Study Program 21-22	84.033	-	63,720	3,352
Federal PELL Grant Program 22-23	84.063	-	1,697,320	1,697,320
Federal Supplemental Educational Opportunity Grants (SEOG) 22-23	84.007	-	49,023	69,205
Federal Supplemental Educational Opportunity Grants (SEOG) 21-22	84.007	-	60,652	6,065
Federal Direct Student Loans 22-23	84.268	-	800,211	800,211
Federal Direct Student Loans 21-22	84.268	-	611,617	1,155
Total Student Financial Assistance Cluster				**2,609,895**
TRIO Cluster				
TRIO Student Support Services 21-22	84.042A	-	275,698	35,329
TRIO Student Support Services 22-23	84.042A	-	275,698	216,247
Total TRIO Cluster				**251,576**
Education Stabilization Fund:				
Direct Program: Department of Education: HEERF Program				
HEERF Institutional Portion	84.425F	COVID-19	3,705,969	155,156
HEERF Student Aid Portion	84.425E	COVID-19	2,768,316	709,717
HEERF Minority Serving Institutions	84.425L	COVID-19	363,483	-
Sub-total				**864,873**
Passed Through Eastern Oregon University:				
Governor's Emergency Education Relief Fund	84.425C	COVID-19	498,467	234,775
Passed Through Higher Education Coordinating Commission				
Governor's Emergency Education Relief Fund	84.425C	COVID-19	3,500,000	769,791
Governor's Emergency Education Relief Fund	84.425C	COVID-19	9,900	9,180
Passed Through Linn Benton Community College:				
Elementary and Secondary Schools Emergency Relief Fund	84.425U	COVID-19	495,000	27,241
Sub-total				**1,040,986**
Total Education Stabilization Fund Cluster				**1,905,859**
Passed through Intermountain Education Service District:				
Carl Perkins - CTE Grant 21-22	84.048	-	39,722	835
Carl Perkins - CTE Grant 22-23	84.048		107,321	94,852
Passed through Portland Community College				
Disability Innovation Fund-Career Advancement Initiative Model Demonstration Projects	84.421C		540,906	77,947
Passed through Higher Education Coordinating Commission				
Adult Education & Family Literacy Act State Grant	84.002A		1,600	1,600
Other Passed through total				**175,234**
TOTAL US DEPARTMENT OF EDUCATION				**4,942,563**
U.S.Department of Agriculture				
Direct Programs:				
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226		53,117	38,032
Passed through Oregon State University:				
Agriculture and Food Research Initiative	10.310	C0618A-A	118,327	-
TOTAL US DEPARTMENT OF AGRICULTURE				**38,032**
Total Federal Expenditures			**Totals**	**$5,024,995**

See Notes to the Schedule of Federal Awards

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 documented. In addition, unusual outstanding items should be investigated and corrected as soon as possible.

Current Status: The corrective action identified during the 2021-22 financial audit was implemented during the 2022-23 fiscal year as outlined below.

Corrective Action Taken: Business Office staff have taken steps to ensure that bank reconciliations are prepared on a timely basis. Following the end of the month, staff reviews that transactions on the bank statements and compares them with the general ledger to identify adjustments that need to be made. Once the bank reconciliations are completed, they are reviewed and signed off by a second staff member in the Business Office and needed entries are made.

Completion Date: Corrective Action was implemented in March 2023.

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 found 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 very 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.

Current Status: The corrective action identified during the 2021-22 financial audit was implemented during the 2022-23 fiscal year as outlined below.

Corrective Action Taken: For official withdrawals, the Enrollment Services Office sends a copy of the withdrawal form to the Financial Aid Office email after it has been submitted by the student and processed by Enrollment Services. Financial Aid will continue to run the Return of Title IV report (R2T4) 3 or 4 times a quarter and process R2T4 to ensure the refund is processed within the 45 day window.

For unofficial withdrawals, BMCC requires faculty to post a last day of attendance for any student that ceased attendance at any time during the term which at times may be over the 45 days because BMCC faculty are not required to take attendance. To assist our faculty in reporting students, BMCC has the DropOut Detective tool that they can use to report students in trouble, or those that have stopped attending at any time during the quarter. If faculty were to report a student as not attending earlier, then student services could reach out and have the student officially withdraw from their class or get them back in attendance. This would help Financial Aid identify more students as officially withdrawn rather than being an unofficial withdrawal at the end of the term.

Completion Date: The withdrawal notification to Financial Aid has been in place since the beginning of the 2023/2024 academic year. BMCC has had DropOut Detective in place since 2016. We have had some faculty turnover (especially with adjunct) so we all have additional training on the continued use of that tool.

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.

Current Status: The corrective action identified during the 2021-22 financial audit was implemented during the 2022-23 fiscal year as outlined below.

Corrective Action Taken: We submitted an incident report to Anthology Student (BMCC's system administrator) to fix the issue with the DRI flag not switching to 'true' in COD. Anthology Student indicated to us that the issue had been resolved. In addition, the Financial Aid office continues to review COD disbursement information by student to verify that Pell and Student Loan disbursements are reported correctly and identify any potential problems.

Completion Date: Anthology Student resolved this incident on July 8, 2022.

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.

Current Status: The corrective action identified during the 2021-22 financial audit was implemented during the 2022-23 fiscal year as outlined below.

Corrective Action Taken: During the 2022-23 fiscal year, the blanket disbursement of Education Stabilization Fund Student Aid to all eligible students was discontinued and students were required to request student aid and show a need for the funds. This change reduced the amount of funds that were returned from Bank Mobile. In addition, the College bank accounts are reviewed on a regular basis and any electronically deposited funds are entered on a monthly report by bank account. The funds are researched and notated as to what they are for and include any returns from Bank Mobile. The reports are also available to assist with the bank reconciliation process which is being completed on a more timely basis.

Completion Date: Corrective action was implemented in March 2023.

BLUE MOUNTAIN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

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 or significant deficiencies 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. No significant deficiencies or 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. There were no audit findings reported in accordance with 2 CFR Section 200.516(a).

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 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
Governor's Emergency Education Relief Fund	84.425C
Elementary and Secondary Schools Emergeny Relief Fund	84.425U

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

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None