SOUTHWESTERN OREGON COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

SOUTHWESTERN OREGON COMMUNITY COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

COLLEGE OFFICIALS	1
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	16
STATEMENT OF CASH FLOWS	18
NOTES TO BASIC FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY	66
SCHEDULE OF CONTRIBUTIONS OF NET PENSION LIABILITY	66
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR OTHER POSTEMPLOYMENT BENEFITS	67
SUPPLEMENTARY INFORMATION	
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	
GENERAL FUND	69
SPECIAL REVENUE FUNDS	71
FINANCIAL AID FUND	72
SPECIAL PROJECTS FUND	73
RESERVE FUND	74
STUDENT CLUBS FUND	75
DEBT SERVICE FUND	76

SOUTHWESTERN OREGON COMMUNITY COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

CAPITAL PROJECTS FUND	78
PLANT FUND	79
ENTERPRISE FUNDS	80
INTERNAL SERVICE FUND	82
ACCOMPANYING INFORMATION	
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	83
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	85

SOUTHWESTERN OREGON COMMUNITY COLLEGE
COLLEGE OFFICIALS
JUNE 30, 2025

Marcia Jensen, Board Chair
68001 Rhoadie Road
North Bend, OR 97459

Susan Anderson
557 North 4th Court
Coos Bay, OR 97420

Maria Sudduth
PO Box 1343
Brookings, OR 97415

Jeremy Skinner
94375 Tom Cat Hill Road
Gold Beach, OR 97444

Christine Haynsworth
PO Box 63
Coquille, OR 97423

Calvin Mukumoto
680 S. 12th Court
Coos Bay, OR 97420

Kathy Erickson
93625 Links Lane
Coos Bay, OR 97420

Dr. Patty Scott
President/Clerk

Rachele Lyon
Vice President of Administrative Services

Leigh FitzHenry
Executive Director of Finance and Budget

Southwestern Oregon Community College
1988 Newmark Avenue
Coos Bay, OR 97420

INDEPENDENT AUDITORS' REPORT

Board of Directors
Southwestern Oregon Community College
Coos Bay, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Southwestern Oregon Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Southwestern Oregon Community College'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 the business-type activities and the discretely presented component unit of Southwestern Oregon Community College, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwestern Oregon Community College 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. The financial statements of the Southwestern Oregon Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Southwestern Oregon Community College'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.

Auditors' 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 auditors' 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 GAAS and *Government 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 for 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 GAAS 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 Southwestern Oregon Community College'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 Southwestern Oregon Community College'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 that 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, the schedule of proportionate share of the net pension liability, schedule of contributions of net pension liability, and schedule of changes in total OPEB liability and related ratios 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 GAAS, 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 Southwestern Oregon Community College's basic financial statements. The individual fund budgetary comparison schedules 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of college officials but does not include the basic financial statements and our auditors' 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.

Board of Directors
Southwestern Oregon Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of Southwestern Oregon Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southwestern Oregon Community College's 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 Southwestern Oregon Community College's internal control over financial reporting and compliance.

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations,* we have also issued our report dated December 2, 2025, on our consideration of Southwestern Oregon Community College's compliance with certain provisions of laws, regulations contracts, and grants, including provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations.* The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations* in considering Southwestern Oregon Community College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Bellevue, Washington
December 2, 2025

Jean Bushong, CPA
Principal
CPA License #98624
Oregon Municipal License #1662

Management prepares this section of the financial report assuming all responsibility of the completeness and reliability of its content. This discussion and analysis provides a narrative of the financial activities of Southwestern Oregon Community College (the College) for the fiscal years ended June 30, 2025 and 2024. This section assists the reader in identifying significant financial changes and provides an overview of the College's financial activities. In order for the reader to obtain a thorough understanding this section should be read in conjunction with the following financial statements and notes in their entirety.

Financial Highlights

The following are significant events impacting the College during fiscal year 2025:

- In 2024–2025, student enrollment posted the strongest single-year advance in since pre-pandemic. Headcount climbed 7.4 percent while state reimbursable FTE rose 7.3 percent, from 1,475 to 1,583. Students also loaded up on credits: total billing credits jumped 5.3 percent, with General Fund credits increasing 6.1 percent. Administration worked hard the last few years to bring alignment between budgeted versus actual billing credits to reflect a more conservative and attainable tuition and fee revenue.

- In fiscal year 2024-2025, the Higher Education Coordinating Commission (HECC) continued its student-focused funding model, setting aside an increased portion of total community college support for targeted Student Success and Student Support initiatives. This dedicated pool—drawn from the statewide allocation and calculated on a three-year rolling average of eligible outcomes—rewards colleges for credential completion and supports underrepresented students facing the greatest barriers to success.

- The College's proportional share of the main formula (approximately 2.6 percent) entitled the College to $337,500 in success/support dollars under traditional distribution. However, performance metrics delivered only 88 percent of that target, yielding $298,512. The resulting $38,988 shortfall reflects the model's incentive structure: funds follow measurable progress toward state attainment goals. The set-aside percentage will continue rising each biennium until it reaches a full 5 percent of total community college funding, further sharpening the focus on equity and completion.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to Southwestern Oregon Community College's annual financial report. The Basic Financial Statements are comprised of the college-wide Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Following the basic financial statements are the Notes, Supplementary Information section, and the Accompanying Information. The college-wide statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term financial information focusing on the financial condition of the College, the results of operations, and cash flows of the College as a whole. The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Embedded within the statements are the activities of "SWOCC QALICB," a blended component of the College. SWOCC QALICB (QALICB) was established in 2018 to manage the New Markets Tax Credit. In addition, the Southwestern Oregon Community College Foundation financial statement is included in the basic financial statements and notes.

Overview of the Financial Statements (Continued)

The Statement of Net Position presents information on all of the College's and QALICB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the sections reported as net position. Over time, increases or decreases in net position are indicators of stability or erosion of the College's financial health, when considered along with other non-financial factors such as enrollment levels, condition of the facilities, and or Oregon's economy.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year using the accrual basis of accounting, such that all changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation). The utilization of long-lived assets is reflected as depreciation, amortizing the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition and fees, grants, and contracts. State appropriations and property taxes are classified as non-operating revenues. The College reports operating expenses by functions such as instruction, college support, and instructional support. Interest is the main component of non-operating expenses.

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

The Notes to the Basic Financial Statements are required to complete the college-wide statements, and are an integral component of the basic financial statements, providing additional information that is essential to a full understanding of the financial data reported.

Analysis of the Statement of Net Position

Total assets and deferred outflows of resources held steady at $84.5 million in fiscal year 2025, reflecting a $2.3 million decrease from the prior year. Capital assets declined by $2.3 million as newly completed projects began depreciating, while deferred outflows rose by $1.7 million. Current assets fell $2 million, largely offsetting that gain.

Total liabilities and deferred inflows of resources decreased from about $72.5 million in fiscal year 2024 to almost $68.7 million in 2025, an improvement of $3.8 million. Current liabilities decreased 24.3 percent, or about $2.1 million, and noncurrent liabilities decreased $1.3 million. Long-term debt shrank by more than $3 million, though a matching $3 million increase in net pension liability tempered the benefit. Deferred inflows decreased $0.4 overall combined across pensions and leases.

As a result, the College's net positions at June 30, 2025 increased over $1.5 million to about $15.8 million, marking a 10.6 percent increase over the prior year.

Analysis of the Statement of Net Position (Continued)

Net position is broken into three parts 1) net investment in capital assets less any outstanding related debt used to acquire those assets, 2) restricted and 3) unrestricted net position. The College uses capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

	2025	2024	Change %
Assets:			
Current Assets	$ 12,408,949	$ 13,929,524	(10.9)%
Current Assets - Restricted	252,305	483,635	(47.8)
Capital Assets, Net of Depreciation	66,053,575	68,390,235	(3.4)
Other Noncurrent Assets	547,284	421,044	30.0
Total Assets	79,262,113	83,224,438	(4.8)
Deferred Outflows of Resources	5,265,062	3,594,530	46.5
Total Assets and Deferred Outflows	84,527,175	86,818,968	(2.6)
Liabilities:			
Current Liabilities	6,611,704	8,731,287	(24.3)
Noncurrent Liabilities	56,803,121	58,091,549	(2.2)
Total Liabilities	63,414,825	66,822,836	
Deferred Inflows of Resources	5,270,490	5,674,471	(7.1)
Total Liabilities and Deferred Inflows	68,685,315	72,497,307	(5.3)
Net Position:			
Net Investment in Capital Assets	27,840,236	28,077,105	(0.8)
Restricted - OPEB Asset	325,821	173,549	87.7
Unrestricted	(12,324,197)	(13,928,993)	(11.5)
Total Net Position	$ 15,841,860	$ 14,321,661	10.6

Current assets include pooled cash and investments, accounts receivable, prepaid expenses, and inventory. Current liabilities of the College are comprised of various payables for operation, short-term borrowing, payroll, current portion of long-term debt, and unearned revenues.

Noncurrent assets is primarily comprised of a net other post-employment benefit asset and the lease receivable. Deferred outflows of resources and deferred inflows of resources consist of amounts related to pensions, postemployment benefits, and deferred charges on debt refunding. Non-current liabilities include bonds payable, capital leases, other post-employment benefits, and net pension liability.

Currently, $27.8 million represents the net investment in capital assets after all of the capital project completions. The unrestricted net position is used for the College's operations.

Analysis of the Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the College as well as the nonoperating revenues and expenses. Annual State appropriations and property taxes, while budgeted for operations, generally accepted accounting principles require reporting them as nonoperating revenues.

Statement of Revenues, Expenses, and Changes in Net Position

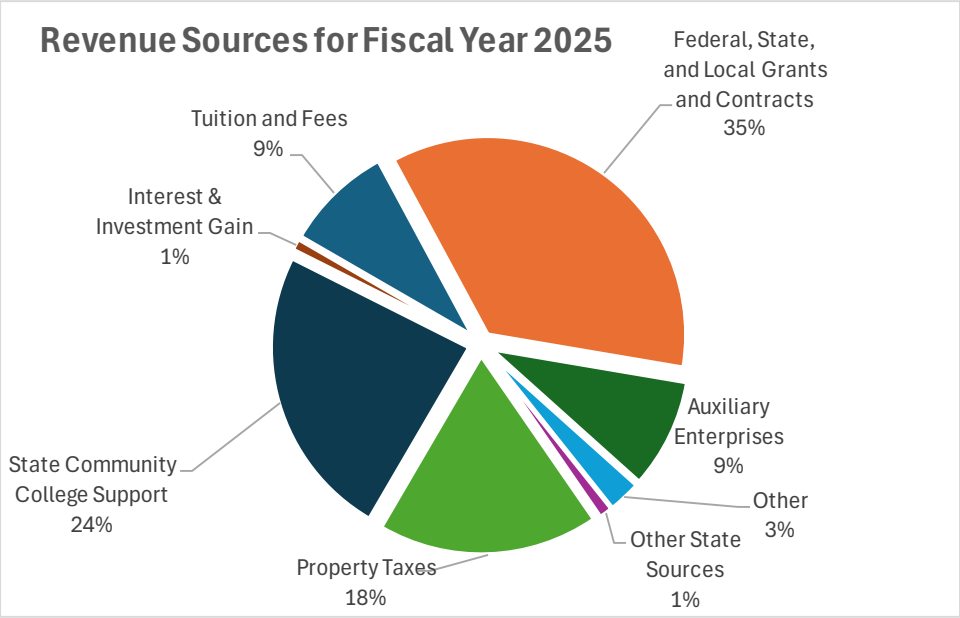
	2025	2024	Change %
Operating Revenues:			
Tuition and Fees, Net of Scholarship Allowances	$ 3,663,652	$ 3,614,136	1.4 %
Federal, State, and Local Grants and Contracts	11,113,855	11,886,147	(6.5)
Auxiliary Enterprises	3,733,019	3,818,679	(2.2)
Other Operating Revenue	863,872	1,337,242	(35.4)
Total Operating Revenues	19,374,398	20,656,204	(6.2)
Operating Expenses:			
Instruction	6,973,334	7,013,846	(0.6)
Instructional Support	1,262,860	1,147,195	10.1
College Support	6,681,411	8,014,364	(16.6)
Student Services	5,560,742	5,854,369	(5.0)
Plant Operations and Maintenance	1,605,517	1,446,291	11.0
Community Services	3,117,976	3,020,362	3.2
Student Financial Aid	5,171,982	4,357,954	18.7
Auxiliary Enterprises	3,454,767	3,591,076	(3.8)
Postemployment and Early Retirement Costs	804,685	6,962	11458.2
Depreciation and Amortization	4,254,578	3,630,839	17.2
Total Operating Expenses	38,887,852	38,083,258	2.1
Operating Loss	(19,513,454)	(17,427,054)	12.0
Nonoperating Revenues (Expenses):			
State Community College Support	9,986,240	9,255,725	7.9
Other State Sources	448,421	2,137,967	(79.0)
Property Taxes	7,498,232	7,273,156	3.1
Pell Grants	3,639,596	2,673,551	36.1
Gain (Loss) on Disposal of Assets	(17,835)	(5,918)	201.4
Interest Income	383,207	443,106	(13.5)
Federal Grants and Contracts	27,200	486,825	(94.4)
Donations	11,918	860,443	(98.6)
Interest Expense	(1,385,977)	(1,505,135)	(7.9)
Other Nonoperating Revenues (Expenses)	234,270	1,225,336	(80.9)
Total Nonoperating Revenues, Net	20,825,272	22,845,056	(8.8)
Changes in Net Position	1,311,818	5,418,002	(75.8)
Capital Donations and Gifts	208,381	-	
Net Position - Beginning of Year	14,321,661	8,903,659	60.9
Net Position - End of Year	$ 15,841,860	$ 14,321,661	10.6

Analysis of the Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The most significant sources of operating revenues for the College are federal, state, and local grants and contracts. Other significant sources are student tuition and fees and auxiliary services such as Student Housing, Oregon Coast Culinary Institute, Dining Services and the Campus Store. Auxiliary enterprises decreased overall by 2.2 percent, tuition and fees increased by 1.4 percent, and other operating revenue decreased by 35.4 percent.. As a whole, operating revenues decreased 6.2 percent in 2025 primarily due to over a 6.5 percent decrease in federal, state, and local grants and contracts.

Nonoperating revenues decreased over the prior year by over $2.1 million primarily due to decreases in state bonds for the construction project. The college also experienced an almost $1.5 million decrease between federal grants and contracts and other nonoperating revenues. There was a 7.9 percent increase in state community college support ($0.7 million) and 36.1 percent surge in Pell Grants almost ($1 million), which offset more than half of the decreases.

The following graph shows the allocation of revenues, both operating and nonoperating, for the College:

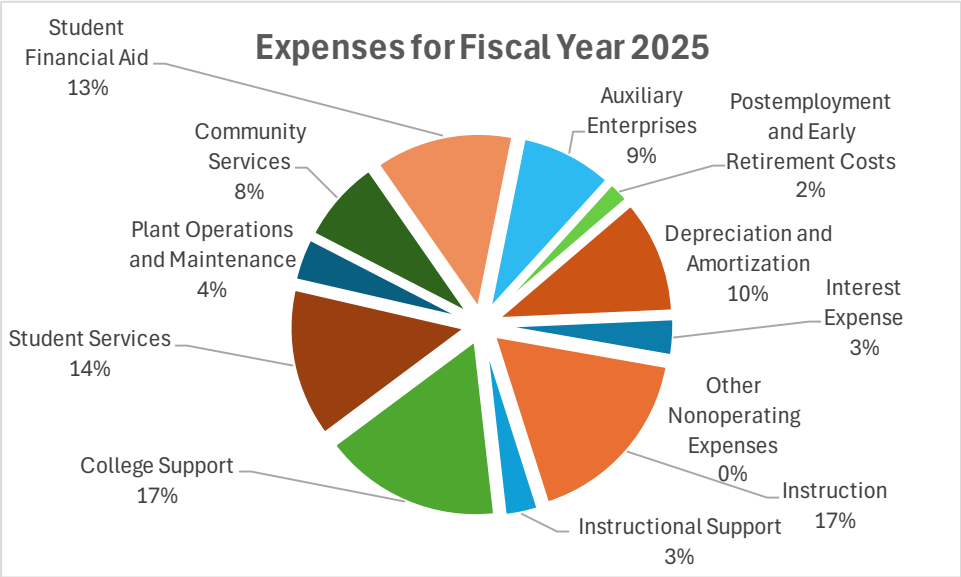


Operating expenses include salaries and benefits, materials and services, utilities, scholarships, and depreciation. Instruction, college support, and student services represent the largest portion of operating expenses. The most significant non-operating expense is interest on long-term debt.

Operating expenses saw an increase of $0.8 million. The operating categories varied on their percent change with college support expenses decreasing 16.6 percent and plant operations increasing by 11 percent. Student Financial Aid increased 18.7 percent as more students were eligible for grants. Post Employment and Early Retirement costs had a large increase of almost $0.8 million. These accounts largely contribute to the overall net increase in operating expenses.

Analysis of the Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The following graph shows the allocation of expenses, both operating and nonoperating, for the College:



Budgetary Highlights

The College adopts an annual budget at the organizational unit level, using the modified accrual basis of accounting for all funds. After the adoption of the budget transfers of appropriations between existing budgetary categories can be authorized by Board resolution providing the change is 10 percent or less than the total appropriations of the fund. Minor changes between the Adopted Budget and the Adjusted Budget included adjustments from personnel services to materials and services and to capital outlay.

Capital Assets and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2025 is almost $66.1 million net of accumulated depreciation. Investment in capital assets (depreciable and non-depreciable) includes land, buildings, improvements, construction in progress, equipment, art & historical treasures, intangible and right of use assets.

Additional information on capital assets can be found in Note 5 of the basic financial statements.

Capital Assets and Debt Administration (Continued)

Long-Term Debt

At the end of the fiscal year, the College had long-term debt instruments with a total outstanding principal of almost $40.7 million. Of this amount, almost $28.7 million is comprised of debt backed by the full faith and credit of the College (bonds), and the QALICB had $11.3 million in notes payable.

Oregon Revised Statutes Chapter 341 limits the amount of general obligation bonds which an Oregon community college may have outstanding at any time to 1.5 percent of the true cash value of the taxable property within the community college district. The College has no general obligation bonds outstanding at this time. However, subject to voter approval, the College could issue approximately $207.6 million of general obligation bonds and stay within the limit. Obligations secured by lease payments and other non-general obligations are not subject to the debt limitations described in this section.

Additional information on the College long-term debt can be found in Note 6, 7, and 9 of the notes to the basic financial statements.

Economic Factors and Next Year's Budget

The financial stability of Southwestern Oregon Community College is largely influenced by three primary factors: (1) the economic health of the State and its appropriations for community colleges, (2) local economic conditions that affect property values and new construction levels, impacting property tax revenues, and (3) enrollment trends. To project its revenues, the College relies on the State's revenue forecast, historical trend analysis, and economic projections for enrollment and property taxes. These methods enable the College to actively manage its financial health by developing programs that align with evolving job market demands, enhancing student retention, supporting athletic programs, and prioritizing student success.

Budget Strategy and Enrollment Projections

The HECC's outcomes-driven funding model, now in its second year, continues to shift dollars toward measurable student success and support. Southwestern has responded with a prudent 2025–26 budget that assumes flat year-over-year enrollment, preserving fiscal flexibility while we capture every dollar tied to credentials and equity metrics.

Southwestern introduced Diesel Mechanic Technology AAS program for up to 15 students thanks to $1.5 million in funding received from a U.S. Department of Labor Strengthening Community Colleges grant. The college and Foundation continue to fundraise match funds from the community and community partners to secure funding for a new 4-bay, 6,000 sq ft Diesel Technology Shop.

HECC set-aside dollars for student success and support are ring-fenced for high-impact advising, early-alert systems, and completion coaching—investments we track quarterly so next year's budget is built on data, not hope. Flash reports through Fall 2025 fifth-week census show headcount and FTE within 1 percent of prior-year levels—exactly the stable platform our conservative forecast requires.

Economic Factors and Next Year's Budget (Continued)

Future Financial Planning

Oregon's community colleges face a rare mid-biennium revenue-triggered cut this winter—the first since the Great Recession. A $1.2 billion state revenue shortfall (driven by federal corporate-tax changes and expiration of federal support of Medicaid and SNAP) will force the Legislature's general short session in early 2026 to slice 4–6 percent from State Agencies, including the Community College Support Fund (CCSF).

Until the Legislature restores funding, Southwestern is moving early and deliberately. By freezing nonessential purchases, reviewing every vacancy, and slowing discretionary travel now, we are stretching the coming cut over 18 months instead of the usual 12. Past biennia forced all reductions into the second year—a brutal one-year scramble. This time, proactive restraint in 2025–26 positions us to protect students, existing staff, and create efficiencies in the services we offer.

Strategic Priority Alignment and Process Improvements

To maintain financial stability and prioritize student needs and completion, the College regularly evaluates and adjusts its processes. During budget planning, the executive team reviews funding requests from deans and directors, allocating resources to initiatives that align with the College's Guiding Principles and Strategic Priorities, which include student success, enrollment, equity, and capital. In FY2025-2026, our key focus will continue to be on maintaining essential services while exploring automation and streamlining opportunities that support student success and enrollment growth giving the financial climate.

Request for Information

This financial report is designed to provide an overview of Southwestern Oregon Community College District's financial status. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Business Services
Southwestern Oregon Community College
1988 Newmark Avenue
Coos Bay OR 97420

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government	Component Unit
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,761,184	$ 205,268
Restricted Cash and Cash Equivalents	156,611	-
Restricted Cash and Cash Equivalents - QALICB	95,694	-
Receivables:		
Accounts, Net	9,503,075	-
Property Taxes	517,573	-
Leases Receivable	76,898	-
Prepaid Expenses	167,391	-
Inventory	382,828	-
Total Current Assets	12,661,254	205,268
NONCURRENT ASSETS		
Restricted Cash - Pension and Refunding Bonds	53,409	-
Long-Term Investments	-	6,982,133
Leases Receivable	168,054	-
Net OPEB Asset	325,821	-
Nondepreciable Capital Assets	1,356,707	10,350
Capital Assets, Net of Accumulated Depreciation	63,854,276	-
Right-of-Use Assets, Net of Accumulated Amortization	842,592	-
Total Noncurrent Assets	66,600,859	6,992,483
Total Assets	79,262,113	7,197,751
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	4,948,930	-
Deferred Amounts Related to OPEB	314,009	-
Deferred Charge on Refunding	2,123	-
Total Deferred Outflows of Resources	5,265,062	-

See accompanying Notes to Basic Financial Statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	Primary Government	Component Unit
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 1,051,025	$ 410
Accrued Payroll and Payroll Liabilities	990,462	-
Accrued Interest Payable	176,242	-
Deposits Payable	156,569	-
Unearned Revenues	251,338	-
Bonds Payable	3,265,000	-
Leases, SBITAs, and Financed Purchases Payable	430,612	-
Sick Leave Payable (Stipend)	156,857	-
Other Postemployment Benefits	133,599	-
Total Current Liabilities	6,611,704	410
NONCURRENT LIABILITIES		
Bonds Payable	25,425,001	-
Notes Payable	11,300,000	-
Leases, SBITAs, and Financed Purchases Payable	239,081	-
Unamortized Bond Discounts and Premiums	1,398,424	-
PERS Pre-SLGRP Pooled Liability	228,418	
Net Pension Liability	15,894,875	-
Compensated Absences Payable	520,127	-
Sick Leave Payable (Stipend)	176,880	-
Other Postemployment Benefits	1,620,315	-
Total Noncurrent Liabilities	56,803,121	-
Total Liabilities	63,414,825	410
DEFERRED INFLOW OF RESOURCES		
Deferred Amounts Related to Pensions	4,022,040	-
Deferred Amounts Related to OPEB	957,448	-
Deferred Gain on Refunding	47,344	-
Deferred Amounts Related to Leases	243,658	-
Total Deferred Inflows of Resources	5,270,490	-
NET POSITION		
Net Investment in Capital Assets	27,840,236	-
Restricted:		
Expendable	-	1,833,498
Nonexpendable	-	2,784,627
Expendable OPEB Asset	325,821	-
Unrestricted	(12,324,197)	2,579,216
Total Net Position	$ 15,841,860	$ 7,197,341

See accompanying Notes to Basic Financial Statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Primary Government	Component Unit
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowances	$ 3,663,652	$ -
Federal Grants and Contracts	6,527,347	-
State and Local Government Grants and Contracts	3,834,129	-
Nongovernment Grants, Contracts, and Special Fees	752,379	-
Auxiliary Enterprises, Including Tuition and Fees:		
Food Services	1,261,460	-
Campus Store, Net of Scholarship Allowances	352,222	-
Student Housing, Net of Scholarship Allowances	1,571,805	-
Conferences	15,035	-
Culinary Arts, Net of Scholarship Allowances	532,497	-
Other Operating Revenues	863,872	17,183
Total Operating Revenues	19,374,398	17,183
OPERATING EXPENSES		
Education and General:		
Instruction	6,973,334	-
Instructional Support	1,262,860	-
College Support	6,681,411	-
Other Support Services:		
Student Services	5,560,742	-
Plant Maintenance	1,605,517	-
Community Services	3,117,976	-
Student Financial Aid	5,171,982	-
Auxiliary Enterprises:		
Food Services	1,347,790	-
Campus Store	481,739	-
Student Housing	817,380	-
Newmark Center	181,672	-
Conferences	14,340	-
Culinary Arts	592,489	-
Other Auxiliary Enterprises	19,357	-
Depreciation and Amortization Expense	4,254,578	-
OPEB and PERS Expenses	804,685	-
Foundation Operating Expenses	-	710,203
Total Operating Expenses	38,887,852	710,203
OPERATING LOSS	(19,513,454)	(693,020)

See accompanying Notes to Basic Financial Statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Primary Government	Component Unit
NONOPERATING REVENUES (EXPENSES)		
State Community College Support	$ 9,986,240	$ -
Other State Sources	448,421	-
Federal Grants and Contracts	27,200	-
Property Taxes	7,498,232	-
Pell Grants	3,639,596	-
Loss on Disposal of Assets	(17,835)	-
Interest and Net Investment Income	383,207	610,732
Interest Expense	(1,385,977)	-
Other Nonoperating Revenues (Expenses)	234,270	-
Donations	11,918	786,711
Total Nonoperating Revenues	20,825,272	1,397,443
Capital Donations and Gifts	208,381	-
CHANGES IN NET POSITION	1,520,199	704,423
Net Position - Beginning of Year	14,321,661	6,492,918
NET POSITION - END OF YEAR	$ 15,841,860	$ 7,197,341

See accompanying Notes to Basic Financial Statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 3,594,952
Grants and Contracts	11,816,745
Payments to Suppliers for Goods and Services	(6,974,528)
Payments to Employees	(19,518,282)
Paid to Students	(5,171,982)
Direct Loans	2,049,684
Direct Loans to Students	(2,049,684)
Other Operating Revenues	863,872
Auxiliary Enterprises Revenue	3,535,396
Auxilary Enterprises - Payments to Vendors	(1,424,911)
Auxilary Enterprises - Payments to Employees	(1,965,469)
Net Cash Used by Operating Activities	(15,244,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local Property Taxes	7,451,216
State Community College Support	7,577,782
Donations	208,381
Other State Grants	448,421
Nonoperating Grants	3,666,796
Other Local Expense	(6,765)
Net Cash Provided by Noncapital Financing Activities	19,345,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(1,217,742)
Donations	11,918
Lease Payments Received	206,623
Principal Payments on Bonds and Short Term Debt	(4,733,679)
Principal Payments on Leases, SBITAs and Finance Purchase Agreements	(488,789)
Interest and Fiscal Agent Fees Paid	(1,642,682)
Net Cash Used by Capital and Related Financing Activities	(7,864,351)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	383,207
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,379,520)
Cash and Cash Equivalents - Beginning of Year (Including Restricted Cash of $535,506)	5,446,418
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,066,898
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENT OF NET POSITION	
Unrestricted Cash and Cash Equivalents	$ 1,761,184
Restricted Cash and Cash Equivalents	305,714
Total Cash and Cash Equivalents	$ 2,066,898

See accompanying Notes to Basic Financial Statements.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2025

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (19,513,454)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	4,254,578
Changes in Assets, Liabilities, and Deferred Outflows and Inflows of Resources:	
Accounts Receivables	676,335
Prepaid Expenses	75,630
Inventories	(56,906)
Accounts Payable	(814,526)
Accrued Payroll and Payroll Liabilities	442,743
Unearned Revenues	(239,768)
Other Current Liabilities	(475,184)
Net Pension Liability	3,024,125
Other Post Employment Benefits Asset	(152,272)
Deferred Outflows - Pension Related	(1,735,827)
Deferred Inflows - Pension Related	(654,416)
Other Postemployment Benefits Liability	(670,900)
Deferred Outflows - OPEB Related	64,819
Deferred Inflows - OPEB Related	530,816
Net Cash Used by Operating Activities	$ (15,244,207)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Capital Assets Acquired by Incurring Lease and SBITA Obligations	$ 519,487

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Southwestern Oregon Community College (the College), the primary government and municipal corporation, is a postsecondary institution which was established in 1961 to provide educational courses and programs to citizens on the south coast of Oregon. The College currently serves all of Coos County, western Douglas County, and Curry County.

In evaluating how to define the College for financial reporting purposes, management has considered all potential component units. The accompanying financial statements present the government and its component unit entity for which the government is considered to be financially accountable.

Blended Component Unit

As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), the College includes one blended component unit in its financial statements; the SWOCC QALICB (the QALICB). The QALICB is a nonprofit, nongovernmental organization, whose purpose is to provide for the financing and construction of the College's new health and science building. The QALICB is reported as an enterprise fund and does not issue separate financial statements.

Discretely Presented Component Unit

As defined by U.S. GAAP, the College includes one discretely presented component unit in its financial statements: the Southwestern Oregon Community College Foundation (the Foundation). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation had an audit for the fiscal year ended June 30, 2025. Separate financial statements for Southwestern Oregon Community College Foundation may be obtained through request of the Foundation Executive Director located at the Southwestern Oregon Community College Coos Bay campus.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB 34,* modified by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities. As a general rule, the effect of internal transactions between the College's functions has been eliminated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting. Under this method 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 revenues as soon as all eligibility requirements imposed by the grantor have been met.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, the State of Oregon Treasurer's Local Government Investment Pool (LGIP), and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is part of the Oregon Short-Term Fund (OSTF) and is stated at cost, which approximates fair value.

The Foundation considers all liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Foundation's investment portfolio, and where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Restricted Cash

Restricted cash for the College consists of funds for other grant projects and organizations. Restricted cash for the College also includes contributions and note proceeds which are externally restricted by agreements for construction of the Health and Science Building.

Investments

State statutes authorize the College to invest in banker's acceptances; time certificates of deposits; repurchase agreements; obligations of the U.S. Treasury and its agencies; the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, and California; the Oregon State Treasury's Local Government Investment Pool; demand deposits; and fixed or variable life insurance or annuity contracts for funding deferred compensation. As of June 30, 2025, all investments were held with the OSTF and considered cash and cash equivalents.

Investments are valued at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Unrealized and realized gains and losses are allocated to the unrestricted and temporarily restricted net position based upon the restrictions in the underlying investments. Unrealized losses are allocated to temporarily restricted net position only up to the point of previously recognized unrealized gains.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

All accounts, student loans, grants, and property taxes receivable are shown net of an allowance for uncollectible accounts. Receivables are analyzed for their collectability based on the terms and conditions of agreements, as well as current economic conditions and consideration of the creditors ability to pay. In addition to those receivables specifically identified as uncollectible, a general allowance is established for receivables older than one year.

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

Unreimbursed expenses qualified 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 revenues.

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

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the retail cost method for the campus store and first-in/first-out method for all inventory.

Capital Assets

Capital assets include land and land improvements, buildings and building improvements; equipment, vehicles, machinery; works of art and historical treasures; and infrastructure, which includes utility systems; leasehold improvements; and construction in progress. The College has defined capital assets as having an initial value or cost of at least $5,000 and an initial life extending beyond a single reporting period. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Library books are capitalized. Donated capital assets are recorded at acquisition value at the date of donation. 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. Land and construction in progress are not depreciated.

Buildings, equipment, vehicles, machinery, leasehold improvements, and land improvements of the College are depreciated using the straight-line method over the following lives:

Buildings and Building Improvements	20 to 60 Years
Equipment, Vehicles, and Machinery	7 to 25 Years
Land Improvements	10 to 30 Years
Library Books	43 Years
Right of Use Assets	3 to 10 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-to-Use Assets

Lease and Subscription-Based Information Technology Arrangements (SBITAs) assets represent the College's right to use another entity's nonfinancial asset for the lease or subscription term, as specified in the contract, in an exchange or exchange-like transaction. These assets are recognized at the commencement date based on the initial measurement of the related liability, plus any payments made to the vendor at or before commencement. The College applies a capitalization threshold of $5,000 or more for right-to-use assets.

Right-to-use lease assets are initially measured at the present value of payments expected during the lease term, adjusted for payments made at or before commencement and certain initial direct costs. Lease assets are subsequently amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected during the subscription term, payments made at commencement, and capitalizable implementation costs, less any vendor incentives received. These assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Accrued Wages and Payroll Costs

Contracts for faculty begin in September and end in mid-June. All other employee agreements begin July 1 for the ensuing fiscal year and end June 30. All salaries are paid over 12 months. The salary amounts due for payment in July and August are included in accrued liabilities. Benefit payments for July and August are not accrued but rather expensed as paid.

Compensated Absences

The College recognizes a liability for compensated absences in accordance with GASB Statement No. 101. This liability includes (1) leave that has not been used and is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and (2) leave that has been used but not yet paid or settled. The College's policy permits employees to accumulate earned but unused vacation leave, which is recognized as an expense and accrued when earned. Accumulated but unused sick leave is eligible for payout under certain conditions. The total vacation liability is included in compensated absences on the statement of net position, while the sick leave liability is reported as both current and long-term liabilities. Measurement includes salary-related payments directly and incrementally associated with leave payouts.

Tuition and Fees and Unearned Revenue

Tuition and fees include all assessments to students for educational and general purposes. It is stated net of institutional aid provided to students. The College's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2025 for the College's 2024-2025 summer and fall terms are recorded as deposits payable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

The College contributes to the Oregon State Public Employees Retirement System (PERS). The expense and liability for contributions to PERS are recorded in accordance with GASB 68 Accounting and Financial Reporting for Pensions.

Pre-SLGRP Pooled Liability

An actuarially determined liability recorded in the statement of net position based on the College's entry into the Oregon Public Employees Retirement System (PERS) State and Local Government Rate Pool. The transition liability is reduced each year by contributions to PERS and increased for interest charged by PERS and included as part of the College's net pension liability.

Other Postemployment Benefits Obligation (OPEB)

The College reports their proportionate share of the net PERS Retirement Health Insurance Account (RHIA) OPEB asset and the total Oregon Educators Benefit Board (OEBB) OPEB liability along with the associated deferred outflows of resources and deferred inflows of resources. See Note 17 Other Postemployment Benefits (OPEB) for a detailed description of each plan and the proportionate share methodology for each.

Deferred Outflows and Inflows

Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows relate to PERS, OPEB, and loss on refunding. Deferred inflows relate to PERS and OPEB.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted – This includes resources derived from student tuition and fees, state appropriations, and sales and services or educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Basis

The financial operations of the various funds of the College on a budgetary basis are presented in individual schedules of revenues, expenditures, and changes in fund balance compared with budget, in the supplemental information section of the financial statements.

Federal Financial Assistance Programs

The College participates in federally funded programs, including primarily Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Loans, and TRIO Programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability of the applicable funds. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in the financial statements.

Classification of Revenues

Operating revenue includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions (a transaction in which the College receives value without directly giving equal value in return). This includes (1) local property taxes, (2) state appropriations, (3) certain federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions.

Classification of Expenses

Operating expenses include the costs of faculty, administration, sales, and services for food services, student housing, and campus store operations and depreciation. All other expenses, not meeting this definition are reported as nonoperating expenses.

Scholarship Allowances

Student tuition and fees and campus housing revenues included in auxiliary enterprise revenues are reported net of scholarship allowances. A scholarship allowance is the difference between the College's stated rates and charges and the amounts actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the College are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the College's financial statement. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the College has reported a corresponding scholarship allowance. Total scholarship allowance for the year ended June 30, 2025 is $5,020,820.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

New Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, to enhance the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023. The provisions of GASB 101 require recognition of liabilities for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or otherwise paid or settled. Upon evaluation, the implementation of GASB 101 did not result in a material change to the financial statements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. This Statement requires governments to disclose vulnerabilities arising from certain concentrations or constraints that could result in a substantial impact on financial condition or service delivery. Based on management's evaluation of existing concentrations and constraints, none met the criteria required for disclosure under GASB 102.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

In accordance with Oregon Revised Statutes, the College adopts annual budgets and makes appropriations on a fund basis using the modified accrual basis of accounting.

A budget is prepared for all College funds in the main categories required by Oregon Local Budget Law on an object class basis – personnel services, materials and services, capital outlay, debt service, transfers, and contingency. The College's legal spending authority is defined by a resolution passed by the Board of Education making the appropriations and adopting the budget on an object class basis.

The College begins its budget process each year with the establishment of the budget committee. Recommendations are developed through early spring and the budget committee approves the budget in late spring. Public notices of the budget committee meetings and the public hearing prior to adoption are published in accordance with Oregon Local Budget Law. The Board of Education may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than 10%. The budget is then adopted, appropriations are made, and the tax levy is declared no later than June 30.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

Expenditures cannot legally exceed the appropriation levels, which are adopted by Board resolution. The Board of Education can change the budget throughout the year by appropriation transfers between levels of control and supplemental budgets as authorized by Oregon Revised Statutes. The budget basis financial schedules reflect the original budget plus all approved supplemental appropriations and appropriation transfers. Annual appropriations lapse at fiscal year-end on June 30.

For the fiscal year ended June 30, 2025, the plant fund materials and services expenditures exceeded appropriations by $34,224.

NOTE 3 CASH AND INVESTMENTS

Total cash and investments at June 30, 2025, were comprised of the following:

	Total Primary Government	Component Unit
Cash and Cash Equivalents:		
Cash on Hand	$ 3,100	$ -
Deposits	1,824,990	205,268
Investments	238,808	6,982,133
Total	$ 2,066,898	$ 7,187,401

The College's deposits were held with banks and investments were held in custody with the Oregon State Treasury (State Treasury). These invested assets are managed through a commingled investment pool by the State Treasury. The underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the investment pool.

Custodial Credit Risk – Deposits

Current state statutes (ORS Chapter 295) require that all bank deposits in excess of FDIC and FSLIC insurance (currently $250,000) be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program (PFCP). ORS 295 created a shared liability structure for participating depositories though not guaranteeing that all funds are 100% protected. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2025 bank balance was exposed to custodial credit risk because it was adequately insured and collateralized. The state provides a list of qualified depositories, and the College Board approves a list of depositories from this list in July each year. The cash balances held on deposit at the State Treasury are invested continuously, therefore, custodial credit risk exposure to the State Treasury is low.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with State Local Government Investment Pool

These deposits at the State Treasury are held on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The State Treasurer of the state of Oregon maintains the OSTF, of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The State Treasury invests these deposits in high-grade short-term investment securities. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At the fiscal year ended June 30, 2025, the College cash and cash equivalents on deposit at State Treasury were $238,808. At June 30, 2025, the cost of College deposits with LGIP approximates fair value. The amount is reported as investments in the table above.

For full disclosure regarding cash and investments held in the State Treasury, a copy of the State Treasury audited annual financial report may be obtained by writing to the Oregon State Treasury, 350, Winter St. NE, Suite 100, Salem, OR 9701-3896 or via the internet at: www.oregon.gov/treasury/news-data/pages/treasury-news-reports.aspx#annualrep.

Policies

The College makes investments in accordance with the Oregon Revised Statutes.

Concentration of Credit Risk

College investments are entirely maintained in the local government investment pool (LGIP). OSTF follows their rules on the maximum that may be invested in any one issuer, as a percentage of the OSTF's total investments. On June 30, 2025, they were within the required limits.

Foreign Currency Risk

OSTF rules prohibit investments that are not U.S. dollar-denominated; therefore, it is not exposed to this risk.

Fair Value of Financial Instruments

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

At June 30, 2025, all of the OSTF investments were considered Level 2 investments.

Foundation Investments

The following is a reconciliation of the Foundation's investments measured at fair value to total investments at June 30, 2025:

Measured at Fair Value:	
Corporate Stocks	$ 1,716,659
Exchange-Traded, Closed-Ended Funds	2,616,330
Government Securities	499,725
Mutual Fund	931,444
Fixed-Income Funds	200,239
Total Investments at Fair Value - Level 1	5,964,397
Measured at Cost:	
Cash Equivalents	108,375
Measured at Net Asset Value:	
Alternative Investments	909,361
Total Investments	$ 6,982,133

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Foundation Investments (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Foundation measures the fair value of investments that do not have readily determinable fair values on the basis of the net asset value (NAV) per share, or its equivalent, as a practical expedient for measuring fair value. The Foundation performs due diligence reviews of the NAV in the capital accounts with its investment managers to ensure conformity with U.S. GAAP. Certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. Investments measured at net asset value (NAV) primarily represent investments in limited partnerships or other products with varying restrictions on liquidity or requirement commitments.

NOTE 4 RECEIVABLES

Receivables at the end of the year are as follows:

Receivables:	
Governmental Receivables	$ 8,499,350
Property Taxes	517,573
Leases Receivable	244,952
Student Receivables	2,418,037
A/R Allowance - Student	(1,636,742)
Other Receivables	222,430
Total	$ 10,265,600

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos, County of Douglas, and County of Curry and remittance to the College is made at periodic intervals. For fiscal year 2024-2025, the College imposed a tax rate of $0.7017 per $1,000 of assessed value. This resulted in a net levy of $7,670,734 after reduction for compression loss due to constitutional limits, and after increases due to additional taxes, penalties, and other adjustments.

Property taxes are recorded on the accrual basis in the basic financial statements. No allowance for uncollectible property taxes is shown in the financial statements since unpaid property taxes are a permanent lien and the amount of property taxes ultimately not collected is immaterial. Interest on delinquent property taxes is recognized when received.

NOTE 4 RECEIVABLES (CONTINUED)

Leases Receivable

The College leases office and common space facilities (of which the total base monthly lease amounts currently include a payment for utilities and custodial fees) under two separate agreements, one to a local tribe and the other to a maritime training company. Both agreements use an incremental borrowing rate of 3.50% per year. These agreements are scheduled to expire in fiscal year 2028 and 2029.

During the fiscal year ended June 30, 2025, total rental income of $233,636 was recognized by the College, as lessor, under the arrangements. If lessee is not in default at the end of the above lease term, options exist for one five-year renewal with adjusted rent schedules. Expected rents for the next year from the other organizations are $81,860.

NOTE 5 CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 1,184,000	$ -	$ -	$ 1,184,000
Construction in Progress	5,052,036	-	(5,052,036)	-
Art Works Collection	172,707	-	-	172,707
Total Capital Assets Not Being Depreciated	6,408,743	-	(5,052,036)	1,356,707
Capital Assets Being Depreciated and Amortized:				
Land Improvements	2,275,331	-	-	2,275,331
Library Books	505,463	15,559	(5,091)	515,931
Buildings	89,575,946	5,733,982	-	95,309,928
Equipment and Vehicles	7,222,946	725,896	(77,000)	7,871,842
Intangible Assets	-	-	-	-
Right-of-Use Assets - Leases	95,524	81	(40,496)	55,109
Right-of-Use Assets - SBITAs	1,508,147	519,406	(121,040)	1,906,513
Subtotal	101,183,357	6,994,924	(243,627)	107,934,654
Less: Accumulated Depreciation and Amortization for:				
Land Improvements	(1,266,576)	(83,928)	-	(1,350,504)
Library Books	(266,277)	(11,998)	2,619	(275,656)
Buildings	(31,995,175)	(3,075,987)	-	(35,071,162)
Equipment and Vehicles	(5,060,956)	(422,114)	61,636	(5,421,434)
Right-of-Use Assets - Leases Amortization	(41,451)	(27,860)	40,415	(28,896)
Right-of-Use Assets - SBITAs Amortization	(571,430)	(632,691)	113,987	(1,090,134)
Subtotal	(39,201,865)	(4,254,578)	218,657	(43,237,786)
Total Capital Assets Being Depreciated and Amortized, Net	61,981,492	2,740,346	(24,970)	64,696,868
Total Capital Assets, Net	$ 68,390,235	$ 2,740,346	$ (5,077,006)	$ 66,053,575

NOTE 6 SHORT-TERM DEBT

The College has statutory authority to negotiate temporary loans for periods not to extend beyond one year. The College borrows funds to pay debt service and required pension contributions due before the receipt of property taxes. The College has a taxable nonrevolving line of credit with Umpqua bank, which provides for borrowings up to $3.5 million. The note is pledged by ad valorem property taxes. At no time will the amount drawn exceed eight percent (80%) of the amount of ad valorem property taxes and other revenue, except grant moneys. As of June 30, 2025, the College had $3.5 million available for future borrowings.

Short-term debt activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Short-Term Borrowing	$ 1,500,000	$ -	$ 1,500,000	$ -	$ -

NOTE 7 LONG-TERM DEBT

Limited Tax Bonds – Direct Placement

The College issues limited tax bonds. Limited tax bonds include limited tax revenue bonds, full faith and credit obligations, and limited tax pension bonds.

The limited tax bonds financed the following:

Pension Bonds

The College issued limited tax pension bonds in February 2004 (the Pension Bonds). Net proceeds of the Pension Bonds were deposited into a lump sum payment account at PERS for the benefit of the College. This Pension Bond was issued as part of a larger pool of pension obligations. The College's Pension Bonds refinanced a portion of the Unfunded Actuarial Liability allocated to the College in the Oregon Public Employees Retirement System (see "Pension System" herein). The Pension Bonds were issued in the principal amount of $13,075,000. Such lump sum payment reduced the College's current payroll contribution rates (see "Pension System" herein), and, if returns on the account exceed the cost of the borrowing, will result in a net benefit to the College. Payments are due semi-annually and mature in June 2028. Interest rates range from 3.35% to 5.53%.

Limited tax pension bonds financed a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. All limited tax bonds are backed by the full faith and credit of the College, within the limitations of Article XI of the Oregon Constitution, and are to be repaid from existing revenue sources.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Limited Tax Bonds – Direct Placement

Pension Bonds (Continued)

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,480,000	$ 215,117	$ 1,695,117
2027	1,645,000	133,273	1,778,273
2028	765,000	42,305	807,305
Total	$ 3,890,000	$ 390,695	$ 4,280,695

Other Limited Tax Obligations – Direct Placement

The College originally issued other Full Faith and Credit Obligations for a variety of projects as described below:

On May 15, 2019, the College issued $7,530,000 Full Faith and Credit Obligations Series 2019 for the purpose of financing the construction of the Health & Science Building, fund deferred maintenance projects, and energy savings projects. These bonds have interest rates of 3.00% - 4.00%.

Limited Tax Bonds – Direct Placement

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ 340,000	$ 228,650	$ 568,650
2027	400,000	215,050	615,050
2028	430,000	199,050	629,050
2029	465,000	181,850	646,850
2030	420,000	163,250	583,250
2031-2035	1,875,000	579,050	2,454,050
2036-2040	1,685,000	191,650	1,876,650
2041-2045	90,000	16,200	106,200
Total	$ 5,705,000	$ 1,774,750	$ 7,479,750

On November 19, 2018, the College issued $9,445,000 Full Faith and Credit Obligations Series 2018 for the purpose of financing of energy savings projects. These bonds have interest rates of 4.00% - 4.50%.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Limited Tax Bonds – Direct Placement (Continued)

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 403,275	$ 403,275
2027	-	403,275	403,275
2028	-	403,275	403,275
2029	-	403,275	403,275
2030	85,000	403,275	488,275
2031-2035	2,835,000	1,805,775	4,640,775
2036-2040	3,810,000	1,128,825	4,938,825
2041-2045	2,715,000	247,950	2,962,950
Total	$ 9,445,000	$ 5,198,925	$ 14,643,925

On December 2, 2016, the College issued $8,660,000 Full Faith and Credit Refunding Obligations Series 2016 for the purpose of refunding certain portions of the Full Faith and Credit Obligations Series 2005, the Full Faith and Credit Obligations Series 2006, and the Full Faith and Credit Obligations Series, 2010 and to pay the costs of issuance related to the sale and delivery of the obligation. These bonds have an interest rate of 4.00%. The refunding of these bonds resulted in addition debt service expense of $1,659,379 with a net present value of $68,853.

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ 455,000	$ 346,400	$ 801,400
2027	1,515,000	328,200	1,843,200
2028	1,575,000	267,600	1,842,600
2029	1,640,000	204,600	1,844,600
2030	1,705,000	139,000	1,844,000
2031-2035	1,770,000	70,800	1,840,800
Total	$ 8,660,000	$ 1,356,600	$ 10,016,600

In March 2017, the College issued $7,690,000 Full Faith and Credit Refunding Obligations Series 2017 for the purpose of refunding certain portions of the Full Faith and Credit Refunding Obligation Series 2007 and to pay the costs of issuance related to the sale and delivery of the obligation. These bonds have interest rates of 3.00% - 4.00%. The refunding of these bonds results in a cash savings of $1,334,936 with a net present value of $679,803.

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ 990,001	$ 39,600	$ 1,029,601
Total	$ 990,001	$ 39,600	$ 1,029,601

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable – Direct Borrowing

On June 25, 2019, the Segment Unit, QALICB, borrowed $6,880,000 from Dakotas XXVI, LLC, a South Dakota limited liability company, for the purpose of constructing the Health and Science Building. This note has an interest rate of 1.4959%.

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 102,916	$ 102,916
2027	252,582	101,506	354,088
2028	256,382	97,706	354,088
2029	260,239	93,849	354,088
2030	264,154	89,934	354,088
2031-2035	1,381,584	388,856	1,770,440
2036-2040	1,488,673	281,767	1,770,440
2041-2045	1,604,064	166,376	1,770,440
2046-2050	1,372,322	44,030	1,416,352
Total	$ 6,880,000	$ 1,366,940	$ 8,246,940

On June 25, 2019, the Segment Unit, QALICB, borrowed $2,720,000 from Dakotas XXVI, LLC, a South Dakota limited liability company, for the purpose of constructing the Health and Science Building. This note has an interest rate of 1.4959%.

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 40,688	$ 40,688
2027	99,859	40,129	139,988
2028	101,360	38,628	139,988
2029	102,884	37,104	139,988
2030	104,433	35,555	139,988
2031-2035	546,207	153,733	699,940
2036-2040	588,545	111,395	699,940
2041-2045	634,164	65,776	699,940
2046-2050	542,548	17,408	559,956
Total	$ 2,720,000	$ 540,416	$ 3,260,416

On June 25, 2019, the Segment Unit, QALICB, borrowed $1,169,600 from CNMC SUB-CDE 169, LLC, a Delaware limited liability company, for the purpose of constructing the Health and Science Building. This note has an interest rate of 1.4959%.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable – Direct Borrowing (Continued)

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 17,496	$ 17,496
2027	42,940	17,256	60,196
2028	43,584	16,612	60,196
2029	44,240	15,956	60,196
2030	44,906	15,290	60,196
2031-2035	234,870	66,110	300,980
2036-2040	253,074	47,906	300,980
2041-2045	272,689	28,291	300,980
2046-2050	233,297	7,489	240,786
Total	$ 1,169,600	$ 232,406	$ 1,402,006

On June 25, 2019, the Segment Unit, QALICB, borrowed $530,400 from CNMC SUB-CDE 169, LLC, a Delaware limited liability company, for the purpose of constructing the Health and Science Building. This note has an interest rate of 1.4959%.

The future debt maturity requirements are as follows at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 7,936	$ 7,936
2027	19,472	7,824	27,296
2028	19,766	7,533	27,299
2029	20,063	7,233	27,296
2030	20,376	6,930	27,306
2031-2035	106,502	29,978	136,480
2036-2040	114,766	21,714	136,480
2041-2045	123,660	12,820	136,480
2046-2050	105,795	3,389	109,184
Total	$ 530,400	$ 105,357	$ 635,757

NOTE 8 FINANCED PURCHASE AGREEMENTS

Financed Purchase Agreements

On May 1, 2024, the College entered into a financed purchase agreement with BayCap LLC to acquire fitness equipment in the amount of $45,519. Payments are due monthly in the amount of $1,497. The interest rate is 11.990%.

NOTE 8 FINANCED PURCHASE AGREEMENTS (CONTINUED)

The value of future payments for the equipment at June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 15,252	$ 2,708	$ 17,960
2027	14,176	791	14,967
Total	$ 29,428	$ 3,499	$ 32,927

On November 18, 2024 the College entered into a finance purchase agreement with the Ford Motor Credit Company LLC to acquire two 2024 15 Passenger Vans in the amount of $106,675, or $53,337 each. Payments are due annually in the amount of $15,044 per vehicle. The interest rate is 6.890%.

The value of the future payments for the equipment at June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 24,978	$ 5,110	$ 30,088
2027	26,728	3,360	30,088
2028	28,602	1,488	30,090
Total	$ 80,308	$ 9,958	$ 90,266

NOTE 9 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

College as a Lessee

The College leases six pieces of office equipment from external parties, in which the College is the lessee. The general terms of these agreements include an incremental borrowing rate of 4.75% with monthly payments. The leases are set to expire in various dates between FY 2026 and Fiscal year 2029.

The following is a schedule of principal and interest payments on these agreements:

Year Ending June 30,	Principal	Interest	Total
2026	$ 24,978	$ 5,110	$ 30,088
2027	26,728	3,360	30,088
2028	28,602	1,488	30,090
Total	$ 80,308	$ 9,958	$ 90,266

Subscription-Based Information Technology Arrangements (SBITAs)

The College has entered into subscription-based information technology agreements with vendors that provide IT software for various terms under long-term, noncancellable contracts with interest rates ranging from 4.75% to 7.08%.

NOTE 9 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

A summary of the Colleges SBITA terms and interest rates are as follows:

During the year ended June 30, 2025, the College added $519,406 of new SBITAs and made principal payments of $408,348 plus interest. The SBITAs range in contract length with the last one ending January 2030. Certain SBITAs provide for increases in future minimum annual payments based on defined increases stated in the agreements and no agreements contain variable payments.

The total future subscription payments under SBITA agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 381,642	$ 21,085	$ 402,727
2027	60,587	8,764	69,351
2028	33,149	5,451	38,600
2029	41,847	2,753	44,600
2030	13,182	392	13,574
Total	$ 530,407	$ 38,445	$ 568,852

NOTE 10 CHANGES IN LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in the amounts reported in long-term liabilities:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences and PERS					
Compensated Absences*	$ 421,475	$ 98,652	$ -	$ 520,127	$ -
Sick Leave Payable (Stipend)	303,723	30,014	-	333,737	156,857
PERS Pre-SLGRP Pooled Liability	457,099	-	228,681	228,418	-
Direct Placement					
Full Faith and Credit Obligations:					
Refunding 2013:					
Student Housing	98,056	-	98,056	-	-
Culinary Institute	16,874	-	16,874	-	-
Student Recreation Center	61,230	-	61,230	-	-
Performing Arts Center	18,840	-	18,840	-	-
Refunding 2016:					
Student Housing	1,496,727	-	-	1,496,727	78,670
Neighborhood Facility	199,237	-	-	199,237	10,464
Student Recreation Center	1,195,419	-	-	1,195,419	62,790
Curry Campus	5,768,617	-	-	5,768,617	303,076
Refunding 2017:					
Student Housing	611,516	-	334,444	277,072	277,071
Culinary Institute	541,268	-	296,025	245,243	245,243
Performing Arts Center	25,214	-	13,789	11,425	11,425
Student Recreation Center	941,670	-	515,009	426,661	426,661
Dryvit	65,330	-	35,730	29,600	29,600
Series 2018 - Energy Savings	9,445,000	-	-	9,445,000	-
Series 2019:					
Energy Savings	830,000	-	25,000	805,000	75,000
Health & Science Building	3,685,000	-	185,000	3,500,000	190,000
Deferred Maintenance	1,475,000	-	75,000	1,400,000	75,000
Pension Bond (PERS) - Direct Placement	5,220,000	-	1,330,000	3,890,000	1,480,000
Direct Borrowing					
Finance Purchase Agreements:					
Recreation Center Equipment	44,468		15,040	29,428	15,252
2024 Ford 15 Pass Transit	-	53,610	13,456	40,154	12,489
2024 Ford 15 Pass Transit	-	53,610	13,456	40,154	12,489
Lease Liability and SBITAs	594,528	383,309	417,880	559,957	390,382
SWOCC QALICB (Direct Borrowing):					
Loan A-1 Dakotas XXVI, LLC	6,880,000	-	-	6,880,000	-
Loan B-1 Dakotas XXVI, LLC	2,720,000	-	-	2,720,000	-
Loan A-2 CNMC Sub-CDE 169, LLC	1,169,600	-	-	1,169,600	-
Loan B-2 CNMC Sub-CDE 169, LLC	530,400	-	-	530,400	-
Total Debt	44,816,291	619,195	3,693,510	41,741,976	3,852,469
Unamortized Discounts and Premiums	1,568,730	-	170,306	1,398,424	-
Total	$ 46,385,021	$ 619,195	$ 3,863,816	$ 43,140,400	$ 3,852,469

*Compensated Absences are presented as a net increase.

NOTE 11 RESTRICTED NET POSITION

Southwestern Oregon Community College Foundation

Restricted net position – expendable of $1.8 million and restricted net position – nonexpendable of $2.7 million in the Foundation are primarily for scholarships and program support.

NOTE 12 CONTINGENT LIABILITIES

The College is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Management is of the opinion that the outcome of such matters will not have a material effect on the financial statements.

NOTE 13 RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the College carries commercial insurance. Workers' compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the College has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

NOTE 14 CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The College's operations are concentrated in Coos, western Douglas, and Curry Counties within Oregon. These counties have economic conditions, including unemployment, worse than average in Oregon. In addition, a significant portion of the College's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the College receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 15 SCHOLARSHIP ALLOWANCES

Scholarship allowances represent the portion of financial aid computed on a college-wide 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. Scholarship allowances eliminate the double counting of revenue that results from receipt of outside aid. They are applied against revenue on a pro-rata basis as shown below:

Scholarship Allowances Applied to:	
Student Tuition and Fees	$ 2,809,392
Bookstore Charges	167,627
Student Housing Charges	1,555,592
Culinary Arts Tuition and Fees	488,209
Total	$ 5,020,820

NOTE 16 EMPLOYEE RETIREMENT SYSTEM

Public Employee Retirement System (PERS)

College employees participate in one or more Oregon PERS plans (OPERS) that provide pension, death, disability, and postemployment health care benefits to members or their beneficiaries. The pension plan is a multiemployer, cost-sharing plan. In 1995, the Legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the Public Employment Retirement Board (PERB).

PERS's financial statements are prepared on the basis of a fiscal year ended June 30. The Oregon State Treasurer has statutory responsibility for custody and investment of PERS assets. As a result of this fiduciary responsibility, PERS is included as part of the primary government in the State of Oregon Annual Comprehensive Financial Report.

PERS is administered under Oregon Revised Statutes (ORS) Chapter 238. ORS 238.620 establishes the PERB as the governing body of PERS. PERS issues a publicly available financial report, which can be obtained by writing to PERS, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

Copies of the Oregon Public Employees Retirement System's Annual Comprehensive Financial Report and Actuarial Valuations may be obtained from the Oregon PERS website at: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

Summary of Significant Accounting Policies

Employers participating in the plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Proportionate Share Allocation Methodology

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

Changes Subsequent to Measurement Date

The College is not aware of any changes to benefit terms subsequent to the June 30, 2024 measurement date.

Pension Plan Liability

The components of the plan's collective net pension liability as of the measurement date of June 30, 2024 are as follows (dollars in millions):

Total Pension Liability	$	107,327
Plan Fiduciary Net Position		85,100
Employers' Net Pension Liability	$	22,227

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

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

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

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Tier One/Tier Two Retirement Benefit (Chapter 238) (Continued)

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a nonduty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a nonduty 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 2.0%.

Oregon Public Service Retirement Plan (OPSRP) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

1. The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rate for the OPSRP defined benefit pension plan at June 30, 2015 is 3.72%, adjusted for the side account rate relief (11.02%).

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Tier One/Tier Two Retirement Benefit (Chapter 238) (Continued)

Benefit Changes After Retirement (Continued)

2. The defined contribution pension plan (called the Individual Account Program) (IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 will be deposited in the member's IAP, not into the member's PERS account.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% 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% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first $60,000 of annual benefit and 0.15% on annual benefits above $60,000.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

OPSRP Pension Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

Upon the death of a nonretired 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.

Pension Plan Contributions

PERS and OPSRP employee contribution requirements are established by ORS 238.200 and ORS 238A.330, respectively, and are credited to an employee's account in the IAP and maybe amended by an act of the Oregon Legislature. 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 for the fiscal year ended June 30, 2025 were based on the December 31, 2021 actuarial valuation. The College requires members of PERS to contribute 6% of their salary covered under the plan. In addition, the College is required to contribute at an actuarially determined rate. The rate at June 30, 2025 is 11.11% for PERS Tier One/Two and 7.92% for OPSRP.

Employer contributions for the year ended June 30, 2025 were $873,809 excluding amounts to fund employer specific liabilities.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability

At June 30, 2025, the College reported a liability of $15,894,875 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The basis for the College's proportion is actuarially determined by comparing employers' projected long-term contribution effort to the plan with the total projected long-term contribution effort of all employers. At June 30, 2025, the College's proportionate share was 0.07151% which was an increase of 0.00280% from its last measurement.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For fiscal year ended June 30, 2025, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual pension plan investment earnings
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement Period Ended June 30, 2024 - 5.3 Years
- Measurement Period Ended June 30, 2023 - 5.4 Years
- Measurement Period Ended June 30, 2022 - 5.5 Years
- Measurement Period Ended June 30, 2021 - 5.4 Years
- Measurement Period Ended June 30, 2020 - 5.3 Years

The difference between projected and actual pension plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the College's total pension expense for fiscal year 2025.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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

Pension expense for the year ended June 30, 2025 was $1,507,690. At June 30, 2025, the College reported deferred outflows 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	$ 941,624	$ 37,936
Changes in Assumptions	1,598,076	2,047
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,009,769	-
Changes in Proportionate Share	525,652	1,762,312
Differences Between Employer Contributions and Proportionate Share of System Contributions	-	2,219,745
Total (Prior to Post Measurement Date Contributions)	4,075,121	4,022,040
Contributions Subsequent to the Measurement Date	873,809	-
Total	$ 4,948,930	$ 4,022,040

Of the amount reported as deferred outflows of resources, $873,809 are related to contributions subsequent to the measurement date and will be recognized as reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (1,064,104)
2027	751,552
2028	102,234
2029	189,999
2030	73,400
Total	$ 53,081

Actuarial Methods and Assumptions

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.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The following methods and assumptions were used in developing total pension liability:

Actuarial Methods:	
As of	June 30, 2025
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022 published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40%
Long-Term Expected Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Cost-of-Living Adjustments	Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality:	
Healthy 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 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

(Source: June 30, 2024 PERS ACFR; p. 83)

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB Statement No. 68 (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 (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. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. 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 Oregon PERS:

- Oregon 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 of return and there are no 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.

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Depletion Date Projection (Continued)

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.

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	Target Range
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Private Equity	15.0	27.5	20.0
Real Estate	7.5	17.5	12.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0 %

(Source: June 30, 2024 PERS ACFR; p. 116)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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.

Asset Class	Target	Compound Annual Return
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Funds of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
Assumed Inflation - Mean		2.35 %

(Source: June 30, 2024 PERS ACFR; p. 88)

NOTE 16 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Sensitivity Analysis

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate Share of the Net Pension Liability (Asset)	$ 25,073,519	$ 15,894,875	$ 8,207,311

The above is an analysis of the College's proportionate share of the net pension asset to changes in the discount rate. It presents the College's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90% as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

See Schedule of Changes in Net Pension (Asset) Liability on page 92 of the PERS June 30, 2024 ACFR.

Transition Liability

The College reports a separate liability to the plan with a balance of $228,418 at June 30, 2025. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.76% of covered payroll for payment of this transition liability.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Public Employees Retirement Plan (PERS)

Plan Description

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of eligible PERS members. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers a separate defined benefit other postemployment benefit (OPEB) plan: the Retirement Health Insurance Account (RHIA). Only Tier One and Tier Two PERS members are eligible to participate in the RHIA. Refer to Note 16 for details concerning Tier One and Tier Two membership in PERS.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Plan Description (Continued)

The RHIA is a cost-sharing, multiemployer defined benefit OPEB plan in which the College participates. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to $60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, 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 Public Employees Retirement Plan (PERS) (Continued)the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan.

The RHIA plan is closed to employees hired on or after August 29, 2003, who had not established PERS membership prior to that date.

OPEB Plan Report

The PERS RHIA defined benefit OPEB plan is reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the state's Annual Comprehensive Financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at: https://www.oregon.gov/pers/pages/financials/actuarial-financial-information.aspx.

Basis of Accounting

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Plan investments are reported at fair value.

Summary of Significant Accounting Policies

Employers participating in PERS are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Summary of Significant Accounting Policies (Continued)

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Proportionate Share Allocation Methodology

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers.

OPEB Plan (Asset)/Liability

The components of the total collective PERS Net OPEB (Asset)/Liability for the OPEB plan as of the measurement date of June 30, 2024 is as follows:

Net OPEB - RHIA (Asset) (in Millions):		
Total OPEB - RHIA Liability	$	334.9
Plan Fiduciary Net Position		738.8
Plan Net OPEB - RHIA (Asset)	$	(403.9)

Changes Subsequent to Measurement Date

The PERS Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. The rate is then adopted in an administrative rule at the time the Board sets the new rate. The college is not aware of any changes to benefit terms subsequent to the June 30, 2024 measurement date.

Contributions

The OPEB plan administered by PERS is funded through actuarially determined employer contributions. For the fiscal year ended June 30, 2025, the College contributes 0.05% of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. The required employer contribution was approximately $2 for the year ended June 30, 2025. The actual contribution equaled the annual required contribution for the fiscal year.

Net OPEB Asset/Liability

At June 30, 2025, the College reported an asset of $325,821 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2025 was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. The College's proportion of the net OPEB asset was based on the College's contributions received by RHIA during the measurement period, relative to the total employer contributions received from all of RHIA's participating employers. At June 30, 2025, the College's proportionate share was .080667% which was an increase of .003327% from its last measurement.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Net OPEB Asset/Liability (Continued)

For the year ended June 30, 2025, the College recorded total OPEB expense reduction of $83,003 due to the change in the net RHIA OPEB asset and changes to deferred outflows and deferred inflows.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For fiscal year ended June 30, 2025, deferred items include:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- A difference between projected and actual earnings

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of the measurement period are as follows:

- Measurement Period Ended June 30, 2024 – 2.1 Years
- Measurement Period Ended June 30, 2023 – 2.3 Years
- Measurement Period Ended June 30, 2022 – 2.5 Years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the College’s total OPEB expense for fiscal year 2025.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Deferred Items (Continued)

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 6,373
Changes in Assumptions	-	4,121
Net Difference Between Projected and Actual Earnings on Investments	9,200	-
Changes in Proportionate Share	2,875	61,705
Total (Prior to Post Measurement Date Contributions)	12,075	72,199
Contributions Subsequent to the Measurement Date	21	-
Total	$ 12,096	$ 72,199

Of the amount reported as deferred outflows of resources, $21 is related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2026.

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (71,690)
2027	5,527
2028	4,977
2029	1,062
Total	$ (60,124)

Actuarial Methods and Assumptions

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 below are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Actuarial Methods and Assumptions (Continued)

The following key methods and assumptions were used to measure the total OPEB liability:

Actuarial Methods:	
As of	June 30, 2025
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022 published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40%
Long-Term Expected Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Retiree Healthcare Participation:	
Healthy Retirees	25.0%
Disabled Retirees	15%
Healthcare Cost Trend Rate	Not applicable
Mortality:	
Healthy 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 Disabled retirees, 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 liability/(asset) was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the OPEB plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90%, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate Share of the Net OPEB - RHIA Liability (Asset)	$ 301,611	$ 325,821	$ 346,667

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	Target Range
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Private Equity	15.0	27.5	20.0
Real Estate	7.5	17.5	12.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0 %

(Source: June 30, 2024 PERS ACFR; p. 116)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset 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. The table below shows a summary of long-term expected rate of return by asset class. 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 PERSs' audited financial statements at: https://www.oregon.gov/pers/pages/financials/actuarial-financial-information.aspx.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Long-Term Expected Rate of Return (Continued)

The following table shows long-term expected rate of return by asset class:

Asset Class	Target	Compound Annual Return
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Funds of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
Assumed Inflation - Mean		2.35 %

(Source: June 30, 2024 PERS ACFR; p. 88)

Depletion Date Projection

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, generally requires that a blended discount rate be used to measure the Total OPEB 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 (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.

Determining the discount rate under GASB Statement No. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 75 (paragraph 39) 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 Oregon PERS:

- Oregon PERS has a formal written policy to calculate an actuarially determined contribution (ADC), which is articulated in the actuarial valuation report.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Depletion Date Projection (Continued)

- 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 Statement No. 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Early Retirement Plan (ERP)

Plan Description

Southwestern Oregon Community College maintains a single-employer defined benefit postemployment healthcare benefits plan. The Early Retirement OPEB plan is comprised of two agreements between the College and separate groups of employees. The first agreement covers those employees hired before March 1, 2002 (the 1997 Plan), and the second agreement covers all other employees (the 2002 Plan). This program covers all full-time certified, classified, and eligible administrative personnel of the College. This program was established in accordance with ORS 243.303, which requires that all eligible retirees be allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. The statutory requirement under ORS 243.303 can result in "implicit subsidy" (the difference between expected early retiree claim costs and the premium paid for the retiree).

The College does not issue a standalone report for this plan. The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Funding Policy

The plan is established pursuant to two early retirement policies: the 1997 Plan and the 2002 Plan. Each policy stipulates a cap limiting the total amount of early retiree healthcare benefits the College will pay each year. Annual healthcare benefits for the 1997 Plan shall not exceed $150,000. Similarly, annual healthcare benefits for the 2002 Plan are capped at $250,000. Benefits paid for sick leave hours are not counted toward plan caps. Requests for early retirement under an early retirement policy will not be granted if the total annual healthcare benefits are expected to exceed the policy's cap in the next academic year. Requests are considered in order based on years of service.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (ERP) (Continued)

OPEB Funding Policy (Continued)

1997 Plan – $150,000 Annual Cap on Healthcare Benefits

Eligibility

For employees hired prior to July 1, 1997

- Age 55 with 10 years of employment with the College at 0.5 FTE or more, and
- Eligible to retire under PERS

For employees hired between July 1, 1997 and March 1, 2002

- Age 58 with 20 years of full-time employment with the College, and
- Eligible to retire under PERS

Medical Benefits

Benefits before age 65

Payment for full medical, dental, and vision for retiree, spouse, and eligible children until retiree turns 65 or dies. Payment limited to 75% of cost if hired after July 1, 1997.

Benefit after age 65

Payments up to $62 each per month for retiree and spouse until age 70 or retiree's death. Retiree and spouse must show proof of Medicare Supplemental insurance. All benefits to the spouse end upon the retiree's death. The spouse may continue coverage on a self-pay basis.

2002 Plan – $250,000 Annual Cap on Healthcare Benefits

Eligibility

- Hired on or after March 1, 2002; and
- Retire prior to attainment of Full Social Security Retirement Age; and
- Age 58 with 20 years of full-time employment with the College, or
- 30 years of full-time employment with the College

Medical Benefits

Benefit before age 65

Contribution toward family medical and vision insurance until retiree turns age 65 or dies. Contribution amounts below are as of the 2002 Calendar year. Contribution amounts are increased each year on January 1 by 3% or the July-June Portland Consumer Price Index, whichever is less.

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (ERP) (Continued)

OPEB Funding Policy (Continued)

2002 Plan – $250,000 Annual Cap on Healthcare Benefits (Continued)

Requirement	Contribution
20-25 YOS or 41,600-51,999 Hours	$250/Month
25-30 YOS or 52,000-62,399 Hours	$300/Month
30+ YOS or 62,400+ Hours	$350/Month

Benefit after age 65

Payment of up to $62 per month until retiree turns 70 or dies. Retiree must show proof of Medicare Supplemental insurance.

Summary of Significant Accounting Policies

Employers participating in OEBB are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Changes in Total OPEB Plan Liability

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date.

	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2024	$ 2,424,814
Changes for the Year:	
Service Cost	71,518
Interest on Total OPEB Liability	83,956
Effect of Changes to Benefit Terms	-
Effect of Assumptions Changes or Inputs	(194,343)
Effect of Experience (Gain)/Loss	(382,718)
Benefit Payments	(249,313)
Net Changes	(670,900)
Balance as of June 30, 2025	$ 1,753,914

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (ERP) (Continued)

Changes in Total OPEB Plan Liability (Continued)

For the year ended June 30, 2025, the College recognized postemployment health care benefits liability expense of $721,682.

Deferred Items

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2025.

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to the Early Retirement OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 101,356	$ 589,922
Changes in Assumptions	200,557	295,327
Total (Prior to Post Measurement Date Contributions)	301,913	885,249
Contributions Subsequent to the Measurement Date	-	-
Total	$ 301,913	$ 885,249

Changes in Total OPEB Plan Liability

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to Early Retirement OPEB plan will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (50,782)
2027	(50,782)
2028	(50,782)
2029	(66,403)
2030	(82,014)
2031-2035	(282,573)
Total	$ (583,336)

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (ERP) (Continued)

Actuarial Methods and Assumptions

The actuarial information is from a valuation dated June 30, 2024. The actuarial method used to determine the plan liability and service cost is the entry age normal level percentage of pay cost method. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level dollar basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year. The actuarial assumptions included: (a) a discount rate of 3.65%, (b) an assumed inflation rate of 2.5% for all future years, (c) 3.5% salary increases per annum for all employees, (d) a medical premium annual trend rate of 3.4% increase in all years, and (e) a dental premium annual trend rate of 3% increase in all years.

Discount Rate

A 2.16% discount rate is used to roll-forward the OPEB liabilities from the June 30, 2025 valuation date to the June 30, 2024 measurement date in accordance with GASB Statement No. 75. The 3.65% discount rate is the June 30, 2025 rate in the 20-Year General Obligation Municipal Bond index published by Bond Buyer.

Plan Assets

The College's Early Retirement OPEB Plan is currently "unfunded" in accordance with the relevant GASB statements.

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's total OPEB liability calculated using the discount rate of 3.65%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
OPEB Liability	$ 1,875,302	$ 1,753,914	$ 1,643,042

The sensitivity analysis below shows the sensitivity of the College's total OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
OPEB Liability Using Current Healthcare Cost Trend Rates	$ 1,622,037	$ 1,753,914	$ 1,910,034

NOTE 18 SEGMENT INFORMATION

A segment is an identifiable activity reported as a standalone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately.

QALICB issues notes to finance the construction of the Health and Science Building.

Summary financial information for QALICB for the fiscal year ended June 30, 2025 follows:

Condensed Statement of Net Position

Assets:	
Current Assets	$ 95,694
Capital Assets	22,861,326
Total Assets	22,957,020
Liabilities:	
Current Liabilities	-
Noncurrent Liabilities	11,300,000
Total Liabilities	11,300,000
Net Position:	
Restricted	$ 11,657,020

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	$ 485,504
Other Operating Expenses	(1,040,208)
Net Operating Revenue	(554,704)
Nonoperating Revenues:	
Interest Income	1,066
Interest Expenses	(169,037)
Total Nonoperating Revenues	(167,971)
Change in Net Position	(722,675)
Net Position - Beginning of Year	12,379,695
Net Position - End of Year	$ 11,657,020

NOTE 18 SEGMENT INFORMATION (CONTINUED)

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:		
Operating Activities	$	80,333
Capital and Related Financing Activities		(169,037)
Investment Activities		1,066
Net Increase in Cash and Cash Equivalents		(87,638)
Cash and Cash Equivalents - Beginning of Year		183,332
Cash and Cash Equivalents - End of Year	$	95,694

NOTE 19 COMPONENT UNIT REPORTING

The Southwestern Oregon Community College Foundation (the Foundation) is a legally separate, tax-exempt organization that is reported as a discretely presented component unit of the College. The Foundation was established to support the College's mission and programs through fundraising and other activities.

The Foundation follows the FASB standards, while the College follows the Governmental Accounting Standards Board (GASB) standards. There are several significant differences in accounting policies between the Foundation and the College due to the different accounting standards they follow. These differences include, but are not limited to:

Revenue Recognition

The Foundation recognizes contributions and grants as revenue when they are received or unconditionally pledged, in accordance with FASB standards. The College recognizes revenue when it is earned and becomes measurable and available, in accordance with GASB standards.

Net Asset Classification

The Foundation classifies its net assets into two categories: with donor restriction and without, as required by FASB standards. The College classifies its net position into three categories: net investment in capital assets, restricted, and unrestricted, as required by GASB standards.

The differences in accounting policies between the Foundation and the College do not have a material impact on the overall financial position or results of operations of the College. However, users of the financial statements should be aware of these differences when comparing the financial information of the Foundation and the College.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2025

Measurement Date Ended June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2015	0.072755 %	$ 4,177,200	$ 10,557,954	(39.56)%	91.90 %
2016	0.076792	11,528,202	10,469,817	(110.11)	80.53
2017	0.079923	10,773,688	10,825,012	(99.53)	83.12
2018	0.083107	12,589,590	11,222,063	(112.19)	82.10
2019	0.083637	14,467,207	11,762,580	(122.99)	80.20
2020	0.084890	18,525,894	12,188,959	(151.99)	75.80
2021	0.088365	10,574,217	11,864,665	(89.12)	87.60
2022	0.083161	12,733,619	11,217,574	(113.51)	84.50
2023	0.068715	12,870,750	11,301,677	(113.88)	81.70
2024	0.071511	15,894,875	11,911,398	(133.44)	79.30

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS OF NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2025

Fiscal Year Ended June 30,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2015	$ 505,068	$ 505,068	$ -	$ 10,469,817	4.82 %
2017	492,978	492,978	-	10,825,012	4.55
2018	674,107	674,107	-	11,222,063	6.01
2019	687,923	687,923	-	11,762,580	5.85
2020	1,015,651	1,015,651	-	12,188,959	8.33
2021	1,123,286	1,123,286	-	11,864,665	9.47
2022	1,221,639	1,221,639	-	11,217,574	10.89
2023	1,230,747	1,230,747	-	11,301,677	10.89
2024	896,899	896,899	-	11,911,398	7.53
2025	873,809	873,809	-	10,051,087	8.69

The amounts presented for each fiscal year were actuarially determined at December 31, and rolled forward to the measurement date.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2025

Schedule of College's Proportionate Share of the Net PERS RHIA OPEB Liability*

Measurement Date Ended June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2016	0.106884 %	$ (29,026)	$ 10,469,817	0.28 %	94.15 %
2017	0.103582	43,229	10,825,012	(0.40)	108.88
2018	0.095138	106,199	11,222,063	(0.95)	124.00
2019	0.104918	202,740	11,762,580	(1.72)	144.40
2020	0.096161	195,938	12,188,959	(1.61)	150.10
2021	0.059227	203,387	11,864,665	(1.71)	183.90
2022	0.054517	193,718	11,217,574	(1.73)	194.60
2023	0.047396	(173,549)	11,301,677	1.54	201.60
2024	0.080667	(325,821)	11,911,398	2.74	220.60

Schedule of College's PERS RHIA OPEB Employer Contribution

Fiscal Year Ended June 30,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2016	$ 47,657	$ 47,657	$ -	$ 10,469,817	0.46 %
2017	51,569	51,569	-	10,825,012	0.48
2018	46,066	46,066	-	11,222,063	0.41
2019	47,269	47,269	-	11,762,580	0.40
2020	6,723	6,723	-	12,188,959	0.06
2021	2,062	2,062	-	11,864,665	0.02
2022	1,174	1,174	-	11,217,574	0.01
2023	930	930	-	11,301,677	0.01
2024	141	141	-	11,911,398	0.00
2025	21	21	-	10,051,087	0.00

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

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Schedule of College's Total Early Retirement OPEB Liability*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	$ 71,518	$ 116,410	$ 112,473	$ 131,065	$ 126,633	$ 98,532	$ 96,129	$ 98,897	$ 98,897
Interest	83,956	85,106	52,481	52,967	58,373	95,207	84,708	86,405	86,405
Changes in Assumptions - Discount Rate	-	-	-	-	-	-	-	-	-
Changes in Assumptions - Other	(194,343)	-	(165,338)	-	(257,722)	-	327,931	-	-
Contributions - Employer - Implicit Subsidy	-	-	-	-	-	-	-	-	-
Experience (Gain)/Loss	(382,718)	-	119,672	-	-	-	-	-	-
Contributions - Employer	-	-	-	-	-	-	-	-	-
Benefit Payments	(249,313)	(217,043)	(217,765)	(169,765)	(210,348)	(212,640)	(204,962)	(152,299)	(152,299)
Net Change in Total OPEB Liability	(670,900)	(15,527)	(98,477)	14,267	(283,064)	(18,901)	303,806	33,003	33,003
Total OPEB Liability - Beginning	2,424,814	2,440,341	2,538,818	2,524,551	2,807,615	2,826,516	2,522,710	2,489,707	972,036
Total OPEB Liability - Ending	$ 1,753,914	$ 2,424,814	$ 2,440,341	$ 2,538,818	$ 2,524,551	$ 2,807,615	$ 2,826,516	$ 2,522,710	$ 1,005,039
Covered Employee Payroll	$ 10,617,519	$ 11,043,331	$ 10,669,885	$ 10,580,198	$ 10,222,405	$ 11,179,722	$ 10,907,046	$ 12,553,493	$ 12,247,310
Total OPEB Liability as a Percentage of the Covered Employee Payroll	16.5%	22.0%	22.9%	24.0%	24.7%	25.1%	25.9%	20.1%	8.2%

Note: The College has no assets that are accumulated in a trust fund for the payment of these OPEB Benefits.

* These tables will eventually contain 10 years of data. Only the data shown above is available at this time.

GENERAL FUND

The general fund is used to account for and report resources and activities directly associated with carrying out those operations related to the College's basic educational objectives. Included are all resources and activities which are not accounted for in another fund.

Resources are primarily from state operational support, local property taxes, and student tuition and fees. The majority of general fund expenditures are salaries, fringe benefits, and supplies used to provide student instruction, instructional support, and general operations for the College.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Support	$ 7,445,844	$ 7,445,844	$ 7,498,234	$ 52,390
State Support	9,254,288	9,254,288	9,687,728	433,440
Federal Support	3,500	3,500	10,603	7,103
Tuition and Fees	5,981,832	5,981,832	5,959,530	(22,302)
Other	757,696	757,696	835,947	78,251
Total Revenues	23,443,160	23,443,160	23,992,042	548,882
EXPENDITURES				
Personnel Services	16,984,732	16,984,732	15,561,269	1,423,463
Materials and Services	5,699,940	5,699,940	5,280,506	419,434
Debt Service	3,535,000	3,535,000	1,539,229	1,995,771
Capital Outlay	80,000	80,000	71,594	8,406
Total Expenditures	26,299,672	26,299,672	22,452,597	3,847,075
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,856,512)	(2,856,512)	1,539,445	4,395,957
OTHER FINANCING SOURCES (USES)				
Transfers In	1,970,515	1,970,515	189,515	(1,781,000)
Transfers Out	(3,926,480)	(3,926,480)	(2,605,499)	1,320,981
Issuance of Debt, Short-Term	3,500,000	3,500,000	-	(3,500,000)
Total Other Financing Sources (Uses)	1,544,035	1,544,035	(2,415,984)	(3,960,019)
NET CHANGE IN FUND BALANCE	(1,312,477)	(1,312,477)	(876,540)	435,937
Fund Balance - Beginning of Year	3,112,477	3,112,477	4,755,955	1,643,478
FUND BALANCE - END OF YEAR	$ 1,800,000	$ 1,800,000	$ 3,879,415	$ 2,079,415

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report resources and activities that are required legally or by sound financial management to be accounted for in separate funds.

DESCRIPTION OF FUNDS

Financial Aid – This fund is used to account for and report federal and state loans, grants, stipends, or other aid to enrolled students. Pell grants, Direct Loans, SEOG funds, and FWS funds are the primary revenue sources.

Special Projects – This fund is used to account for and report proceeds of specific revenue sources that are legally restricted to specific purposes other than direct student financial aid. Special projects, grants, and other contracts for designated purposes are the primary revenue sources. Expenditures are restricted to those items designated or stipulated for in the agreements by each grant, project, or contract.

Reserve – This fund is used to account for and report resources set aside to provide additional protection for the College in case of uninsured losses. Earnings on investments and transfers from other funds are the primary revenue sources.

Student Clubs – This fund is used to account for and report resources generated by students and College staff from special events and sales for travel, materials, and services. Expenditure of funds is determined by the organization for whom the funds are held. Contributions and club receipts are the primary revenue sources.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FINANCIAL AID FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
State Support	$ 2,425,000	$ 2,425,000	$ 2,010,914	$ (414,086)
Federal Support	7,919,000	7,919,000	5,833,953	(2,085,047)
Other	300,000	300,000	136,506	(163,494)
Total Revenues	10,644,000	10,644,000	7,981,374	(2,662,626)
EXPENDITURES				
Personnel Services	94,000	94,000	35,901	58,099
Materials and Services	10,550,000	10,550,000	7,945,472	2,604,528
Total Expenditures	10,644,000	10,644,000	7,981,374	2,662,626
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
State Support	$ 2,873,854	$ 3,170,526	$ 2,121,729	$ (1,048,797)
Federal Support	5,349,121	5,312,245	3,797,948	(1,514,297)
Tuition and Fees	503,267	503,267	513,515	10,248
Other	1,560,159	1,560,159	1,189,697	(370,462)
Total Revenues	10,286,401	10,546,197	7,622,889	(2,923,308)
EXPENDITURES				
Personnel Services	4,914,464	5,136,052	3,619,225	1,516,827
Materials and Services	7,269,051	7,307,259	2,963,741	4,343,518
Capital Outlay	1,177,047	1,177,047	399,504	777,543
Total Expenditures	13,360,562	13,620,358	6,982,470	6,637,888
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,074,161)	(3,074,161)	640,419	3,714,580
OTHER FINANCING SOURCES (USES)				
Transfers In	1,331,000	1,331,000	406,648	(924,352)
Transfers Out	(1,251,000)	(1,251,000)	(100,099)	1,150,901
Total Other Financing Sources (Uses)	80,000	80,000	306,549	226,549
NET CHANGE IN FUND BALANCE	(2,994,161)	(2,994,161)	946,969	3,941,130
Fund Balance - Beginning of Year	3,594,161	3,594,161	9,242,932	5,648,771
FUND BALANCE - END OF YEAR	$ 600,000	$ 600,000	$ 10,189,901	$ 9,589,901

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RESERVE FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Support	$ -	$ -	$ -	$ -
Other	26,000	26,000	26,631	631
Total Revenues	26,000	26,000	26,631	631
EXPENDITURES				
Personnel Services	15,000	15,000	-	15,000
Materials and Services	347,866	347,866	30,874	316,992
Capital Outlay	560,000	560,000	-	560,000
Total Expenditures	922,866	922,866	30,874	891,992
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(896,866)	(896,866)	(4,243)	892,623
OTHER FINANCING SOURCES (USES)				
Transfers In	392,546	392,546	-	(392,546)
Transfers Out	(250,000)	(250,000)	-	250,000
Total Other Financing Sources (Uses)	142,546	142,546	-	(142,546)
NET CHANGE IN FUND BALANCE	(754,320)	(754,320)	(4,243)	750,077
Fund Balance - Beginning of Year	754,320	754,320	726,855	(27,465)
FUND BALANCE - END OF YEAR	$ -	$ -	$ 722,613	$ 722,613

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT CLUBS FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Tuition and Fees	$ 35,000	$ 35,000	$ -	$ (35,000)
Other	253,000	253,000	272,826	19,826
Total Revenues	288,000	288,000	272,826	(15,174)
OPERATING EXPENSES				
Personnel Services	13,000	13,000	4,317	8,683
Materials and Services	347,000	347,000	264,265	82,735
Capital Outlay	50,000	50,000	28,881	21,119
Total Operating Expenses	410,000	410,000	297,463	112,537
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(122,000)	(122,000)	(24,637)	97,363
OTHER FINANCING SOURCES (USES)				
Transfers In	2,000	2,000	2,099	99
Transfers Out	(30,000)	(30,000)	-	30,000
Total Other Financing Uses	(28,000)	(28,000)	2,099	30,099
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	(22,538)	127,462
Fund Balance - Beginning of Year	150,000	150,000	268,133	118,133
FUND BALANCE - END OF YEAR	$ -	$ -	$ 245,596	$ 245,596

DEBT SERVICE FUND

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest.

DESCRIPTION OF FUND

Bonded Debt – This fund is used to account for principal and interest on lease and bond indebtedness. The primary sources of revenue are transfers from the General Fund, the PERS intercept portion of state school support, and the federal government interest subsidy on federally taxable recovery zone development obligations.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Support	$ 1,618,666	$ 1,618,666	$ 1,572,049	$ (46,617)
Federal Support	-	-	-	-
Other Income	-	-	48,156	48,156
Total Revenues	1,618,666	1,618,666	1,620,204	1,538
EXPENDITURES				
Debt Service	3,575,248	3,575,248	3,569,373	5,875
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,956,582)	(1,956,582)	(1,949,169)	7,413
OTHER FINANCING SOURCES (USES)				
Transfers In	2,020,685	2,020,685	2,014,810	(5,875)
NET CHANGE IN FUND BALANCE	64,103	64,103	65,641	1,538
Fund Balance - Beginning of Year	-	-	740,658	740,658
FUND BALANCE - END OF YEAR	$ 64,103	$ 64,103	$ 806,299	$ 742,196

CAPITAL PROJECTS FUND

CAPITAL PROJECTS FUND

Capital projects funds are used to account for and report the acquisition and construction of major capital facilities.

DESCRIPTION OF FUND

Plant – This fund is used to account for and report financial resources to be used for acquisition or construction of major capital facilities, the purchase of major initial equipment, and major remodeling. Borrowed funds, state support, earnings on investments, and transfers from other funds are the primary revenue sources.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PLANT FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Support	$ 600,000	$ 600,000	$ 448,421	$ (151,579)
Federal Support	600,000	600,000	551,635	(48,365)
Other Income	-	-	103,924	103,924
Total Revenues	1,200,000	1,200,000	1,103,980	(96,020)
EXPENDITURES				
Personnel Services	-	-	-	-
Materials and Services	286,000	286,000	320,224	(34,224)
Debt Service	-	-	-	-
Capital Outlay	1,429,871	1,429,871	736,143	693,728
Total Expenditures	1,715,871	1,715,871	1,056,367	659,504
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(515,871)	(515,871)	47,613	563,484
OTHER FINANCING SOURCES (USES)				
Transfers In	456,000	456,000	506,000	50,000
Transfers Out	(250,000)	(250,000)	-	250,000
Issuance of Debt, Long-Term	-	-	-	-
Total Other Financing Sources (Uses)	206,000	206,000	506,000	300,000
NET CHANGE IN FUND BALANCE	(309,871)	(309,871)	553,613	863,484
Fund Balance - Beginning of Year	309,871	309,871	31,489	(278,382)
FUND BALANCE - END OF YEAR	$ -	$ -	$ 585,102	$ 585,102

ENTERPRISE FUNDS

DESCRIPTION OF FUNDS

Enterprise – This fund is used to account for and report the operations of the College's campus store, the Newmark Center, student housing, food service, conferencing, and culinary arts. Sales of books and supplies, lease rental payments, and tuition and fees are the primary revenue sources.

Internal Service Fund – Internal service funds are used to account for and report the financing of goods or services provided by one department of the College to the other departments on a cost reimbursement basis.

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Tuition and Fees	$ 2,178,042	$ 2,178,042	$ 1,021,011	$ (1,157,031)
Other	6,043,330	6,043,330	5,183,676	(859,654)
Total Operating Revenues	8,221,372	8,221,372	6,204,688	(2,016,684)
OPERATING EXPENSES				
Personnel Services	2,604,398	2,604,398	2,126,555	477,843
Materials and Services	4,450,417	4,450,417	3,655,144	795,273
Capital Outlay	865,054	865,054	864,676	378
Debt Service	115,000	115,000	12,544	102,456
Total Operating Expenses	8,034,869	8,034,869	6,658,920	1,375,949
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	186,503	186,503	(454,232)	(640,735)
OTHER FINANCING SOURCES (USES)				
Transfers In	34,622	34,622	-	(34,622)
Transfers Out	(604,123)	(604,123)	(426,955)	177,168
Total Other Financing Sources (Uses)	(569,501)	(569,501)	(426,955)	142,546
NET CHANGE IN FUND BALANCE	(382,998)	(382,998)	(881,187)	(498,189)
Fund Balance - Beginning of Year	1,125,000	1,125,000	(5,039,610)	(6,164,610)
FUND BALANCE - END OF YEAR	$ 742,002	$ 742,002	$ (5,920,797)	$ (6,662,799)

SOUTHWESTERN OREGON COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for Services	$ 315,695	$ 315,695	$ 309,893	$ (5,802)
OPERATING EXPENSES				
Personnel Services	137,928	137,928	111,147	26,781
Materials and Services	247,002	247,002	185,177	61,825
Capital Outlay	35,000	35,000	27,050	7,950
Total Operating Expenses	419,930	419,930	323,374	96,556
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(104,235)	(104,235)	(13,481)	90,754
OTHER FINANCING SOURCES (USES)				
Transfers In	104,235	104,235	13,481	(90,754)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Southwestern Oregon Community College
Coos Bay, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Southwestern Oregon Community College (the College) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 2, 2025.

Compliance and Other Matters

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

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)

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors, management of Southwestern Oregon 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 2, 2025

Jean Bushong

Jean Bushong, CPA
Principal
CPA License #98624
Oregon Municipal License #1662

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Education
Southwestern Oregon Community College
Coos Bay, 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 the business-type activities and the discretely presented component unit of Southwestern Oregon Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Southwestern Oregon Community College's basic financial statements, and have issued our report thereon dated December 2, 2025. Our report includes the financial statements of the Southwestern Oregon Community College Foundation. This component unit was not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwestern Oregon Community College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Oregon Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwestern Oregon Community College's internal control.

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

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

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Oregon Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Bellevue, Washington
December 2, 2025

Jean Bushong, CPA
Principal
CPA License #98624
Oregon Municipal License #1662

Global
INDEPENDENT
NETWORK MEMBER

CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an
SEC-registered investment advisor.