



Rogue Community College

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December 17, 2002

The Board of Education
Rogue Community College
Grants Pass, Oregon

The Comprehensive Annual Financial Report of Rogue Community College (College) for the fiscal year ended June 30, 2002, is submitted in accordance with Oregon Revised Statutes (ORS) 297.405 and 297.990, known as Municipal Audit Law. The College's Business Services Department prepared this report. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the management of Rogue Community College. Except as stated in the Independent Auditor's Report we believe the enclosed data is presented accurately in all material respects, along with disclosures necessary to ensure that the reader may gain a maximum understanding of the College's financial affairs. All disclosures necessary to enable the reader to gain an understanding of Rogue Community College have been included.

The Comprehensive Annual Financial Report is organized in five sections, as follows:

1. The Introductory Section contains the letter of transmittal with the financial highlights, a listing of principal officials, and organization chart.
2. The Financial Section includes the independent auditor's report, general-purpose financial statements, including notes to the financial statements, detailed combining and individual fund financial statements and schedules and required supplementary schedules.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
4. The Audit Comments Section includes the independent auditor's comments required by the Minimum Standards for Audits of Oregon Municipal Corporations.
5. The Government Auditing Standards Section includes information related to the Single Audit Act and Government Auditing Standards, including the schedule of expenditures of federal awards and the various independent auditor's reports. The College is required to have an annual single audit in conformity with the provisions of the Federal Single Audit Act of 1984 and United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

About the College

Rogue Community College was established in November 1970 by the vote of the electorate of Josephine County. On May 21, 1996, voters in Jackson and Josephine Counties approved the expansion of the College's boundaries to encompass Josephine and Jackson Counties. The annexation was effective July 1, 1997.

The College was named for the Rogue River, which starts at Crater Lake and extends for 215 miles to the Pacific Ocean. As the river leaves the Cascade Mountains, it winds its way through the Rogue Valley that consists of Josephine and Jackson Counties. The Rogue Valley is located midway between Seattle and San Francisco on the Interstate 5 corridor and extends to the Oregon-California border.

The College's full-time equivalent (FTE) number of students for 2001-02 was 5,027 and the unduplicated headcount for the same period was 16,895.

District Demographics

The Rogue Community College District covers a 4,453 square mile area encompassing Josephine and Jackson Counties. Total population for the two counties in 2001 is estimated at 264,087, which is a 25.1% increase since 1990.

The College's main campus is located on an 88 acre wooded site five miles west of the city of Grants Pass. The campus was originally constructed in the late 1960's as a federal training facility known as the Fort Vannoy Jobs Corps Training Center. Remodeled in 1989, the spacious campus of wood framed buildings creates an informal atmosphere with several more recently constructed buildings providing additional classrooms and modern laboratory space.

Due to the annexation of Jackson County into the College district, the Riverside Center was established in downtown Medford. The original four building complex contains 44,270-sq. ft. of classrooms, labs, learning center and office space. The College also maintains many satellite facilities. The VA Domiciliary in White City houses the College's Workforce Training Center. The Adult Basic Education and English as a Second Language programs reside at the Fir St. Learning Center in West Medford, and the Crater Lake Technical Center in Medford contains construction and diesel mechanics programs.

The college has purchased a 35,000-square-foot building, located in Medford at the corner of Eighth and Central known by generations of area residents as the Montgomery Ward store. The building houses administrative offices and classrooms. The structure was refurbished and opened in fall term of 2000.

Governing Bodies

The members of Rogue Community College (Board of Education) are duly elected representatives of the people, pursuant to the statutes of Oregon and consistent with the rules of the Oregon Board of Education. They have statutory charge and control of all activities, operations and programs of the College including its property, personnel, and finances. The College is not a component unit of any other entity, nor does it have oversight of any component units.

The Board of Education is composed of seven (7) qualified members elected for four (4) year terms. Members are elected from established zones within the two-county district. Rogue Community College board members do not receive compensation for their services to the College.

Oregon State Board of Education

The Oregon State Board of Education, a seven-member board appointed by the governor, is the agency that supervises and regulates Oregon’s public education system. The Oregon Community Service Commission serves as an administrative officer for community college matters. This group establishes state standards for educational programs and facilities and prescribes courses of study.

College Management

The President, appointed by the Board of Education, is the Chief Executive Officer of the College and President/Clerk of the Rogue Community College Board. The Executive Team comprised of the President and Deans, administer policies set by the Rogue Community College Board of Education and collectively work toward achieving the mission of the college.

The College is divided into six major administrative divisions: Instructional/Vocational/Technical Programs, Business and Community Learning, Student Services, Administrative Services, Developmental Studies and Human Resources and College Advancement.

During 2001-02, the College employed:

Annually contracted faculty	106
Salaried classified staff	152
Management	51
Total salaried staff	<u>309</u>
Part-time faculty	364
Part-time classified staff	59

Reporting Entity

For financial reporting purposes, the College includes all funds of the College subject to appropriation by the Board of Education, as well as related account groups and an agency fund not subject to appropriation. In addition, the College did not have any component units at June 30, 2002, and was not a component unit of any other governmental entity.

Economic Outlook

The Rogue Valley has an extensive history with logging and mining operations. However, much of the local economy has shifted. The timber harvest in the two counties continues to decline with a slight reduction from the previous year. Over the last decade, non-manufacturing employment increased 36%. Employment in manufacturing sectors other than wood products increased by about 23% during the last decade. Growth has occurred in industries such as secondary wood products, agricultural processing, fabricated metals and machinery, electronic and other high tech equipment, printing and publishing, and transportation equipment.

There is also a large trade sector at both the wholesale and retail level as the Rogue Valley has established itself as a regional shopping area for both Southern Oregon and Northern California. This is partly because Oregon does not have a sales tax. The number of jobs in non-manufacturing increased nearly 22,720 over the last ten years. Employment in wholesale and retail trade increased 23% from 1992 to 2002. Target, Costco, Fred Meyer, Wal-Mart, Albertsons, Safeway and Circuit City have opened new or additional stores in the region within the last ten years.

The Rogue River, Crater Lake National Park and the Oregon Caves National Monument provide for many recreational opportunities in the region. Performing arts are also popular in the region including the world-famous Shakespeare Festival in Ashland, the Britt Music Festival in Jacksonville and Rogue Music Theater in Grants Pass. These recreational opportunities support a large tourism service economy.

The Josephine and Jackson Counties civilian labor force is 121,798 in 2001-02 with 112,582 employed. Unemployment in the area is seasonal and is usually highest in January and lowest in September. Current unemployed is estimated at 9,216 or 7.6%.

Financial Information

Rogue Community College management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the College are protected from loss, theft, or misappropriation and to ensure that adequate accounting information is available for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and local financial assistance, Rogue Community College is responsible for ensuring that adequate internal controls are established to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management. As a part of Rogue Community College's single audit, tests were made to determine adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that Rogue Community College has complied with applicable laws and regulations. The results of Rogue Community College's single audit for fiscal year ended June 30, 2002 provided no instances of material weaknesses in the internal control, or violations of applicable laws and regulations.

Budgeting Controls

The budget committee is comprised of fourteen (14) members: seven (7) members of the advisory committee and seven (7) elected Board of Education members, each representing one of seven zones. In the 1996 regular session of the Oregon General Assembly, House Bill 2972 was enacted creating new provisions for the annexed Rogue Community College District. One of the provisions was that the Rogue Community College Board of Education appoint an advisory committee of seven members, including three from Josephine County and three from Jackson County and one at-large member from persons nominated by the advisory committee. Members of the advisory committee are then appointed to the Rogue Community College District budget committee. Appointed members serve three-year terms.

It is the duty of the budget committee to analyze and approve the College's proposed operating budget and forward its recommendations to the Board for final consideration. As a part of the budget review and approval process, the budget committee holds public meetings at which citizens of the community are invited to give testimony on the budget before it is approved by the budget committee.

Following approval of the budget committee, the Rogue Community College Board of Education holds a public hearing on the budget. The purpose of this hearing is to provide the citizens of the community an opportunity to give testimony on the budget approved by the budget committee before it is adopted by the Rogue Community College Board of Education. The budget committee does not act on educational and personnel matters but only on fiscal matters.

Rogue Community College maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Rogue Community College Board of Education. Activities of all funds are included in the annual appropriated budget.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) for the General Fund and the Enterprise Fund is established at the object level. The level of budgetary control for other funds is established at the program, project, specific debt obligation or fund level. Transfers of appropriations between existing budget categories can be authorized by resolution of the Rogue Community College Board of Education.

As demonstrated by the statements and schedules included in the financial section of this report, Rogue Community College continues to meet its responsibilities for sound financial management.

Accreditation

The Northwest Association of Schools and Colleges (NASC) first granted full accreditation to Rogue Community College in 1970. Accreditation is reviewed every ten years thereafter. Furthermore, the Oregon Department of Education has approved all professional-technical programs and college transfer courses. Professional associations have also accredited those professional-technical programs requiring approval.

The College completed a successful three-day onsite visitation by NASC in 2001-02. The 12-member review team praised the staff for their openness and honesty. The team stated their optimism about the future of RCC and was impressed with Rogue's exceptionally talented and dedicated staff, faculty and management. They also praise the college for taking risks inherent with expansion and for building partnerships such as the linkage with Jackson County Library.

The Budget

The approximate breakdown of the College's General Fund resources is as follows:

State Funding	44%
Local Taxes	29%
Tuition and Fees	25%
Other	2%

Local taxes have been impacted by the 1996 Oregon vote to pass Measure 47, and then Measure 50, a clarification of the previous measure. The two measures rollback property tax values to 90% of the 1995-96 assessed values and require a statewide average decrease in tax levies of 17% (excluding bonded debt). Once levies were reduced, each taxing district was given a tax rate that replaces Oregon's traditional levy system. This rate is a permanent tax limit on the district's taxing authority for operating taxes. The Rogue Community College District permanent tax rate is \$.5128/\$1,000 assessed value.

The 2001-02 General Fund budgeted expenditures have decreased by .4% from last year.

College Funds:

General

The General Fund includes all the activities directly associated with carrying out the operations related to the College's basic educational objectives. All monies not included in some other specific fund are included in the General Fund. Costs associated with the generation of reimbursable full-time equivalent are reflected in this fund.

Special Revenue

Special Revenue Funds, which account for revenues and expenditures for specific projects that are legally restricted for a specific purpose, includes the Unemployment Reserve Fund, the Contract and Grant Fund, Self Support Fund, Intra-College Fund and the Student Financial Aid Fund.

Capital Projects

The Capital Projects Fund accounts for the receipt and disbursement of resources related to building, buying, or maintaining College facilities and equipment.

Debt Service

The Debt Service Fund was established to account for the accumulation of resources for and payment of principal and interest on long-term debt obligations.

Proprietary

The Auxiliary Services Fund accounts for the Bookstore, Cafeteria, and Daycare. And the Other Auxiliary Activity Fund accounts for Auto Artist, Black, White and The Blues, Friends of the Library, Facility Rental, Van Pool and Instructional Media.

Agency

The Agency Fund includes the Southern Oregon Library Information System (SOLIS).

Accounting Changes

There was no accounting changes implemented in 2001-02.

Cash Management

The College maintains a cash management program with the aim of maximizing interest earnings while safeguarding capital. Available cash resources are invested and collateralized in accordance with the Rogue Community College Board of Education guidelines and the applicable Oregon Revised Statutes. The College is restricted by Oregon Revised Statutes as to the types of investments in which it may invest its cash balances. Statutes authorize the College to invest in obligations of the United States Treasury, agencies, and instrumentalities; commercial paper; bankers' acceptances; repurchase agreements; and the state treasurer's investment pool. All deposits and investments of the College are adequately secured either by collateral held by an outside party or by federal deposit insurance. The College also invests funds in the Oregon State Treasurer's Local Government Investment Pool (LGIP). College funds are pooled and invested to the fullest extent possible. Interest earnings on pooled cash and investments are allocated to the various funds based upon monthly interfund balances. The College recorded in the General Fund interest revenues of \$181,441 on all cash investments in the year ended June 30, 2002.

Debt Administration

The College has no issues of general obligation bonds through fiscal year 2001-02.

Risk Management

Ongoing review and recommended changes in liability insurance, workers compensation loss review and recommendation of an agent of record to facilitate handling of claims is charged to the Dean of Administrative Services. The Dean of Administrative Services, in conjunction with the Safety Committee, reviews potential hazards and accidents and recommends corrections.

The Safety Committee's ongoing goal is to maintain a commitment and interest by all employees in occupational safety matters. In support of this goal, the following programs are in place: blood borne pathogens handling and training and an emergency procedure manual for every building.

In addition, a very active Wellness Committee provides programs and information including a monthly health newsletter distributed to all members of the health insurance plan via e-mail.

Revenues

The following schedule summarizes the General, Special Revenue, Debt Service, and Capital Projects Funds revenues for the year ended June 30, 2002, together with the amount and percentage change from last year:

Revenues	Amount	Percent of Total	Increase (Decrease) From 2000-01	Percent Increase (Decrease)
Federal Sources	\$ 6,817,182	19.3%	\$ 1,398,073	25.8%
State Sources	12,312,914	34.9%	543,213	4.6%
Property Taxes	7,136,213	20.2%	599,653	9.2%
Tuition and Fees	7,595,901	21.5%	676,046	9.8%
Other	1,424,804	4.1%	583,795	69.4%
Total	<u>\$ 35,287,014</u>	<u>100.0%</u>	<u>\$ 3,800,780</u>	

The increase in Property Taxes is due to the increased value of the tax bases of Josephine and Jackson County. The increase in Tuition and Fees was due to the number of FTE increased from 4,791 in 2000-01 to 4,982 in 2001-02. The increase in Other revenues is due to the increase from Contract and Grant Fund.

Expenditures

The following schedule summarizes the General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the year ended June 30, 2002, together with the amount and percent change from last year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2000-01</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 11,208,692	32.5%	\$(787,465)	(6.6)%
Community services	492,346	1.4%	6,367	1.3%
Instructional support services	5,304,157	15.4%	343,682	6.9%
Student services	3,680,181	10.7%	259,116	7.6%
College support services	6,028,906	17.5%	437,932	7.8%
Plant operations and maint.	1,055,610	3.1%	(266,188)	(20.1)%
Student financial aid	5,672,398	16.5%	1,353,762	31.4%
Plant additions	122,074	.4%	(3,215,239)	(96.3)%
Debt service	874,015	2.5%	136,873	18.6%
Total	<u>\$ 34,438,379</u>	<u>100.0%</u>	<u>\$(1,731,160)</u>	

The majority of the increases in expenditures result from the associated increases in program and service delivery. Student financial aid expenditures continue to increase as a direct result of increases in enrollment. The decrease in Plant additions is from the purchase of a building in 2000-01.

Programs

Rogue Community College provides comprehensive educational opportunities in the areas of professional-technical training, college transfer courses, non-credit lifelong learning, developmental skill-building classes and specialized training for business and industry.

College credit may be earned by enrolling in web-based online instruction, telecourses, and in the traditional classroom. Web-based courses allow the student to take classes at their convenience from their home or workplace. Telecourses allow the student to view broadcasts at home or at designated locations via Ed-Net satellite-based transmission. Most classrooms are also equipped with Internet access via RogueNet.

As one of the fastest growing community colleges in Oregon, Rogue Community College excels in its use of innovation in technology. Developed internally by information technology professionals and department "dream teams", RogueNet, the Rogue Community College administrative software network, provides state of the art software applications via high-speed telephone lines to all College sites across two counties. Enhancements included web-based registration and telephone registration. Students are able to register, pay for classes, and buy books over the Internet without ever standing in line.

The Virtual Teacher Learning Center has been established for the improvement and enhancement of classroom and web-based instruction. The center will continue to expand its access to videoconferences and on-line skills workshops. Access to the center is via the Rogue Community College web page.

The Financial Aid Department continues to expand their capabilities of internal electronic processing of all aid applications. The staff uses document-imaging equipment that interfaces to their "Kool-Aid" financial aid software. Financial aid applications are accepted at any location with imaging capabilities for immediate review by the staff at the main campus. Documents are then tracked in electronic in-boxes until files are complete and aid is awarded.

LINKS a new RCC program will give young women a chance to enjoy a wilderness experience, develop personal insights, and prepare for college success.

Developmental Studies: includes two major categories – Adult Basic Skills which assist adult students to bring basic academic skills up to high school diploma equivalency; and Developmental Education which assists students with basic skills needed to succeed in their college courses.

Rogue Community College participates in the network of thirteen community colleges, which have joined to form the Oregon Advanced Technology Center (OATC). The OATC's mission is to improve competitiveness through training in advanced technology and through technology transfer, which aims to reduce the time lag between innovation and actual application in the work place. The College is also partnering with neighboring counties to obtain funding for locating a regional OATC at the College's Workforce Training Center at the VA Domiciliary in White City.

The Counseling Department continues to expand its successful College Student Success Program. The program consists of five basic retention services for students:

- 1) Early Warning - reinforces enrollment and preparation steps and provides hints for academic planning;
- 2) At Risk - identifies barriers and resources for students including how to change a schedule, talk to an instructor, apply for financial aid;
- 3) Academic probation - includes transcript review and academic strategies as well as goal identification and intention statement;
- 4) Retention - monitors the number and reasons for withdraw and provides re-enrollment information; and
- 5) Unsuccessful Progress - assists students with additional career and academic planning.

Other Information

Distinction at Rogue Community College

In addition to excellence in program offerings, Rogue Community College staff has also earned a reputation for their expertise. They are dedicated to responding to the needs of business and community. A short list of awards, recognition and certifications follow:

Linda Barnes, Sara Jameson and Mitzi Miles-Kubota (Counselor and Instructors): honored in the Fall Poetry Contest sponsored by the Oregon State Poetry Association. Sara won third place in the "Members Only" category. Mitzi and Linda received honorable mention in the "Duelling Judges" category.

Kori Bieber (Head of the Counseling Dept): inducted into the Sports Hall of Fame at Butte Community College in Chico. Kori was an all-conference player in volleyball and basketball at BCC, playing on several state college championship teams.

Neva Harris (Allied Health Instructor): named the 2002 Miracle Maker by Three Rivers Community Hospital. Award honors a doctor and a hospital staff member who have provided exceptional services, care and compassion to children and their families.

Bobbie Kidder (Humanities Instructor): received the Spears 2001 Applegate River Educator Award for her work with local youth, presented by Three Rivers Community Hospital.

Rick Levine (President): accepted the Spears 2001 Marjorie Holzgang Award for Outstanding Community Service on behalf of the college. The award was presented by Three Rivers Community Hospital in recognition of RCC's civic contributions.

Marie Mueller (Bus. And Office Tech Instructor): selected from a field of 15 outstanding RCC instructors nominated for the 2002 Excellence Award. This recognition, presented by the National Institute for Staff and Organizational Development, is given to faculty who exemplify a commitment to teaching excellence and open access

Serena St. Clair (Moving on Instructor/Coordinator of Discovery Programs): was named a semifinalist in the category of Outstanding First –Year Student Advocates. This tribute came from the National Resource Center for the First-Year Experience and Student in Transition.

Diana Versluis (Adult Basic Ed Instructor): earned a doctor of education degree from Oregon State University. Her dissertation was titled "Exploring college students' understanding of diversity: The effect of experience, interventions, and encapsulation."

RCC/SOU: a poster promoting the ties between Rogue Community College and Southern Oregon University captured a bronze medallion in recent District VII of the National Council for Marketing and Public Relations.

Discovery Programs: were honored for their work in helping displaced homemakers and workers make transitions to college and the workforce. The National Council on Student Development named Discovery Programs to receive the group's Exemplary Practice Award for 2002.

Phi Theta Kappa (PTK): for the third straight year the RCC honor society chapter has captured first place regional honors for its scholarship achievements. The PTK also received Five-Star status, the highest rank given to chapters internationally, and won a distinguished chapter award.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Rogue Community College Board of Education selected the accounting firm of Kenneth Kuhns & Co. In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-133.

Acknowledgments

The staff in the Business Services and Information Technology Department prepared this report. This document could not have been completed without their dedication and cooperation. Their efforts and contributions are reflected by this report. We also thank the Rogue Community College Board of Education for their support and dedication to the financial operations of the College.

Sincerely,

Richard L. Levine, President

Lynda Warren, Dean of Administrative Services