

Oregon Tech

Fiscal Year 2019 Audit Presentation

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Agenda

Responsibilities Under Auditing Standards

Scope of Engagement and Audit Results

- Financial Statements
- Single Audit

Required Communications to Governance

Upcoming GASB Standards

Higher Education Industry Topics

Questions?

Responsibilities under US Generally Accepted Auditing Standards (GAAS)

Responsible for:

- Expressing opinions whether financial statements are in conformity with US GAAP in all material respects.
- Expressing opinions only over information identified in our report. Other information included in your financial statement package will be read/reviewed, but not subject to testing.
- Performing audit in accordance with required auditing standards.
- Communication of significant matters related to audit, information required by law/regulations, or other information agreed upon.

Responsibilities under GAAS (continued)

An audit in accordance with GAAS:

- Does not relieve management of responsibilities.
- Includes consideration of internal control as basis for audit procedures, but not to opine on effectiveness of internal controls.
- Is designed to obtain reasonable, but not absolute, assurance about whether statements are free of material misstatement.
- Includes Generally Accepted Government Auditing Standards.

Scope of Engagements

Financial Statement Audit

Single Audit
Student Financial Aid

Financial Statement Audit Results

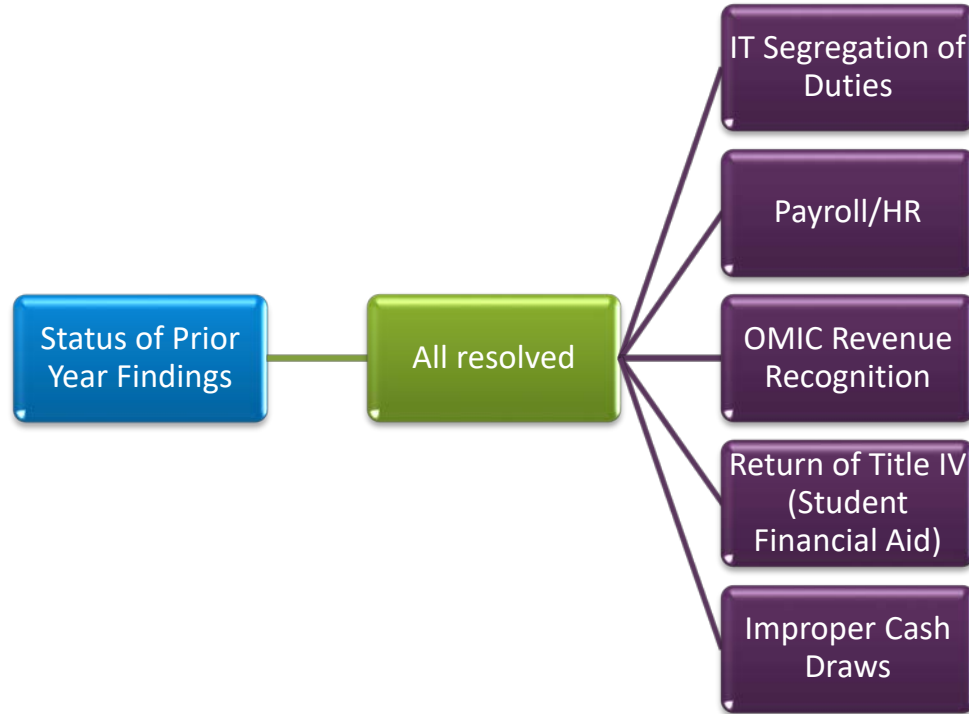
Opinion – unmodified

Findings – none

Single Audit Results



Single Audit Results



Required Communications to Governance

Qualitative Aspects of Accounting Practices

- Accounting Estimates
- Financial Statement Disclosures

Difficulties Encountered in Performing the Audit – None

Uncorrected Misstatements – See schedule

Corrected Misstatements – None

Required Communications to Governance

Disagreements with Management

- None

Management Representations

Management Consultations with other Independent Accountants

- None

Significant Issues Discussed with Management Prior to Engagement

- None

Audits of Group Financial Statements

- No concerns about component auditors' work

Questions?





Appendix

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Upcoming GASB Standards for Fiscal Year 2020 and Beyond

GASB Statement No. 84, *Fiduciary Activities* (FY2020)

- Impacts accounting of custodial funds (student groups, certain defined contribution plans, etc.)
- North Campus Village?

GASB Statement No. 86, *Leases* (FY2021)

- All leases will be required to recognize a right-to-use asset and related liability

Upcoming CLA Webinars and Resources

Higher Education Virtual Conference: February 20, 2020. Registration opening soon.

<https://www.claconnect.com/industries/higher-education#Resources>

- Tax exempt matters
- Graham Leach Bliley Act
- Fraud
- Student Financial Aid Changes
- Cybersecurity

Industry Trends: Higher Education





Economy: Moody's Fiscal Outlook

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Moody's Outlook for Higher Education

After two years at *negative*, upgraded to *stable*.

- Large comprehensive institutions expect 3 – 4% increase in operating revenue.
- Certain factors may disrupt stable outlook (market turndown; policy changes /could reduce international enrollment).

Business conditions “will remain difficult” next 12 – 18 months, but not expected to deteriorate materially.

- Tuition may continue to drag.
- Some institutions will fare better than others; potential closures.
- Expects institutions to continue to streamline operations (mergers).
- Online learning; way to reach other markets, but may become more saturated.



Enrollment and Student Demographics

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Enrollment and Demographics



Post-millennial
generation –
shifting southwest



Growth is slowing
in international
students

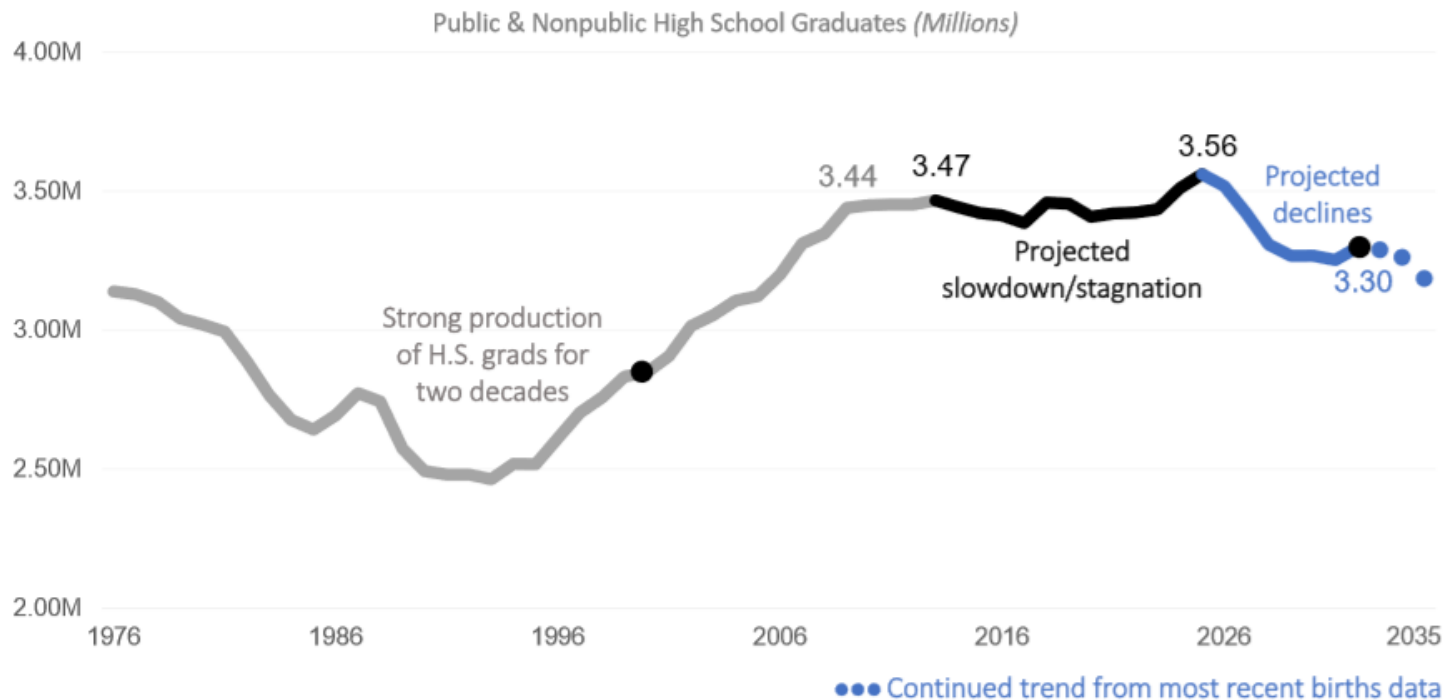


Changes in
diversity of the US



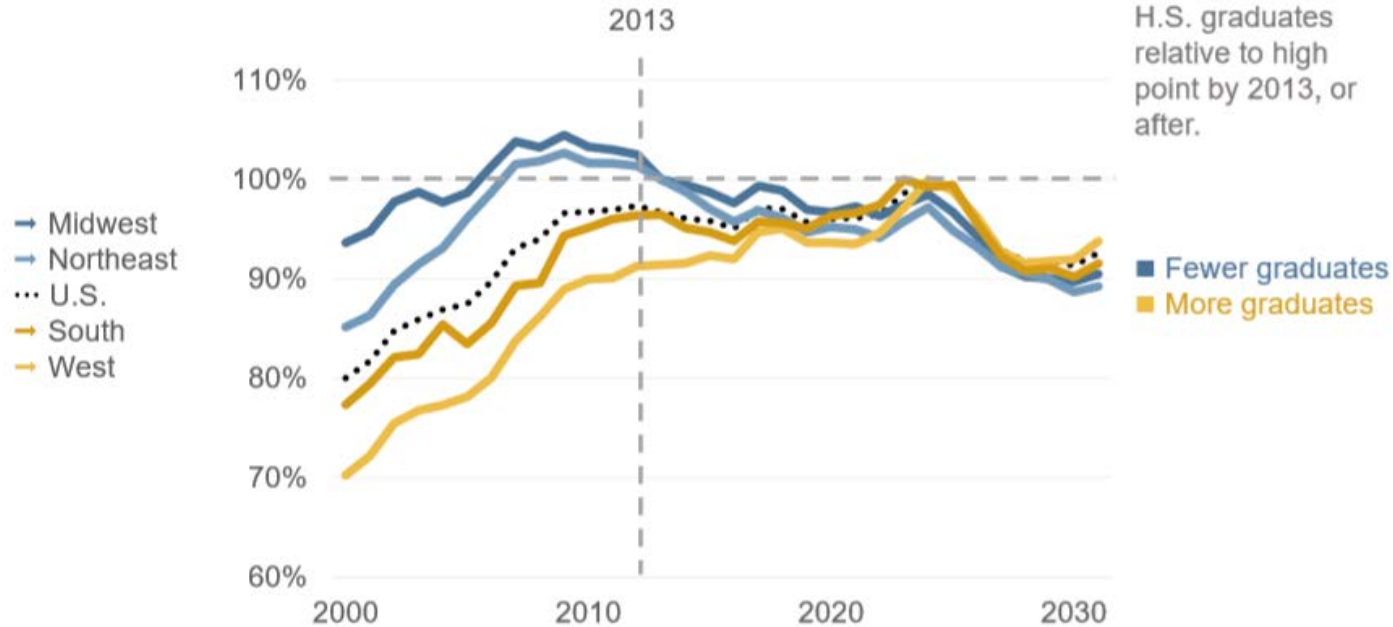
Public and Nonpublic High School Graduates

Slowdown & Decline of Traditional-Age Students



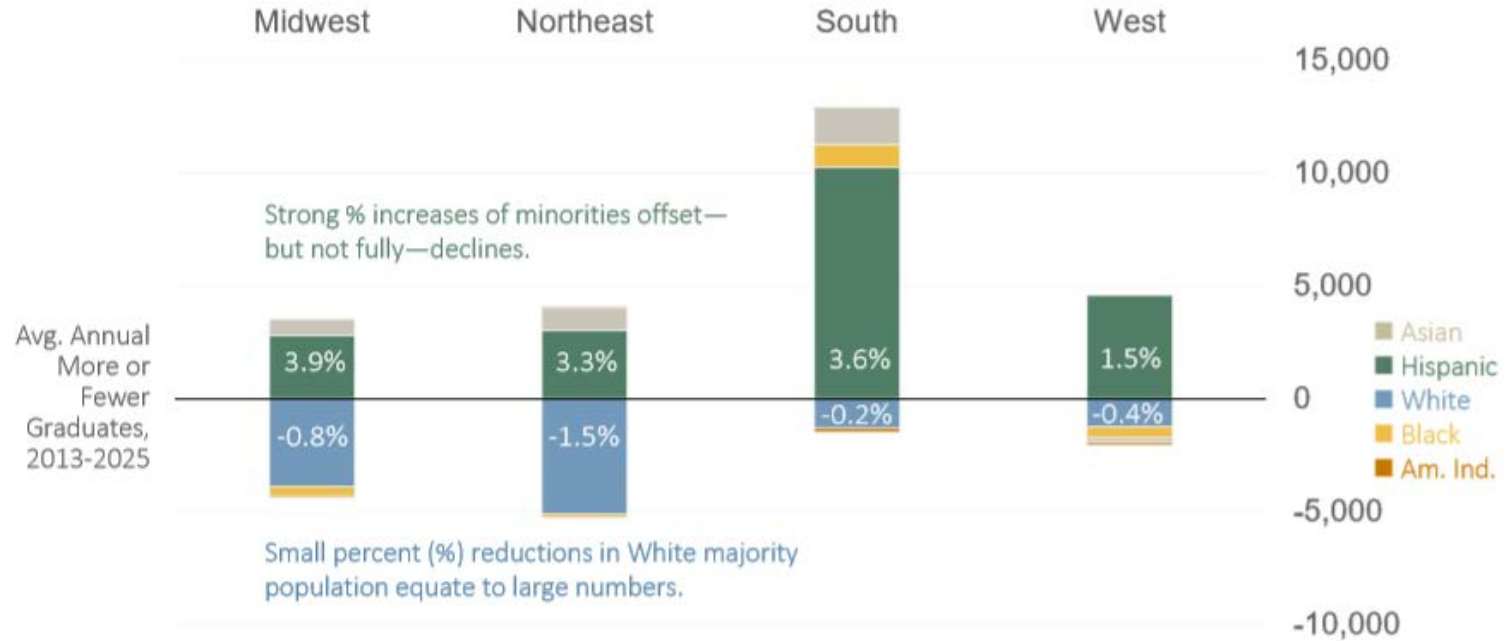
Source: WICHE's Knocking at the College Door: Demographics: Higher School Graduates & Demand for Higher Education

H.S. Grad Production in Each Region Past 2013



Source: WICHE's Knocking at the College Door: Demographics, Higher School Graduates & Demand for Higher Education

All Increase is Underrepresented Minority H.S. Grads

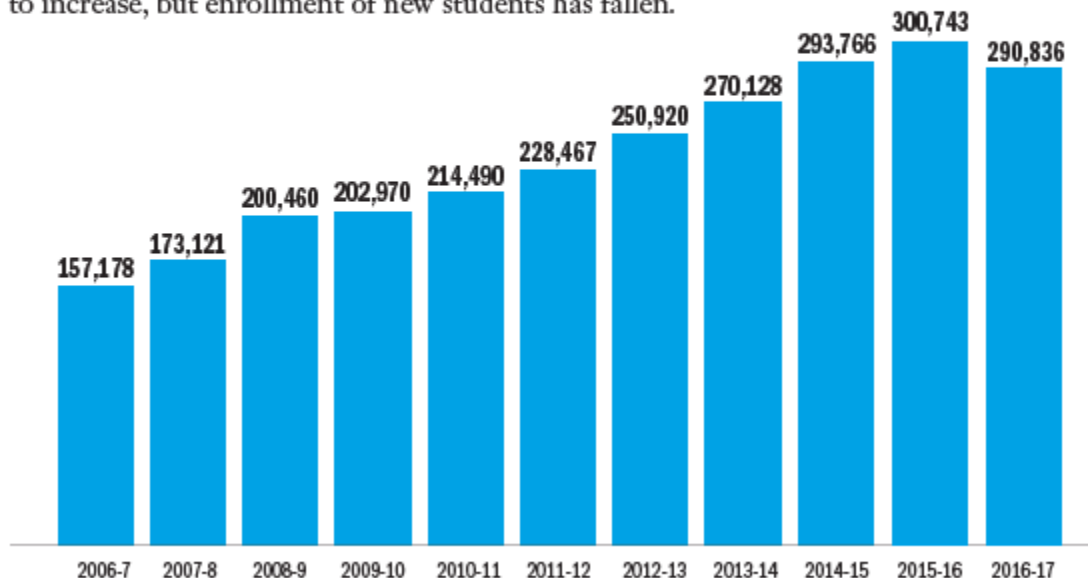


Race/Ethnicity for Public H.S. Graduates; Race/Ethnicity Not Available for Private Schools

Source: WICHE's Knocking at the College Door: Demographics: Higher School Graduates & Demand for Higher Education

Enrollment of New International Students Drops for First Time in a Decade

The number of international students in the United States continues to increase, but enrollment of new students has fallen.



SOURCE: INSTITUTE OF INTERNATIONAL EDUCATION



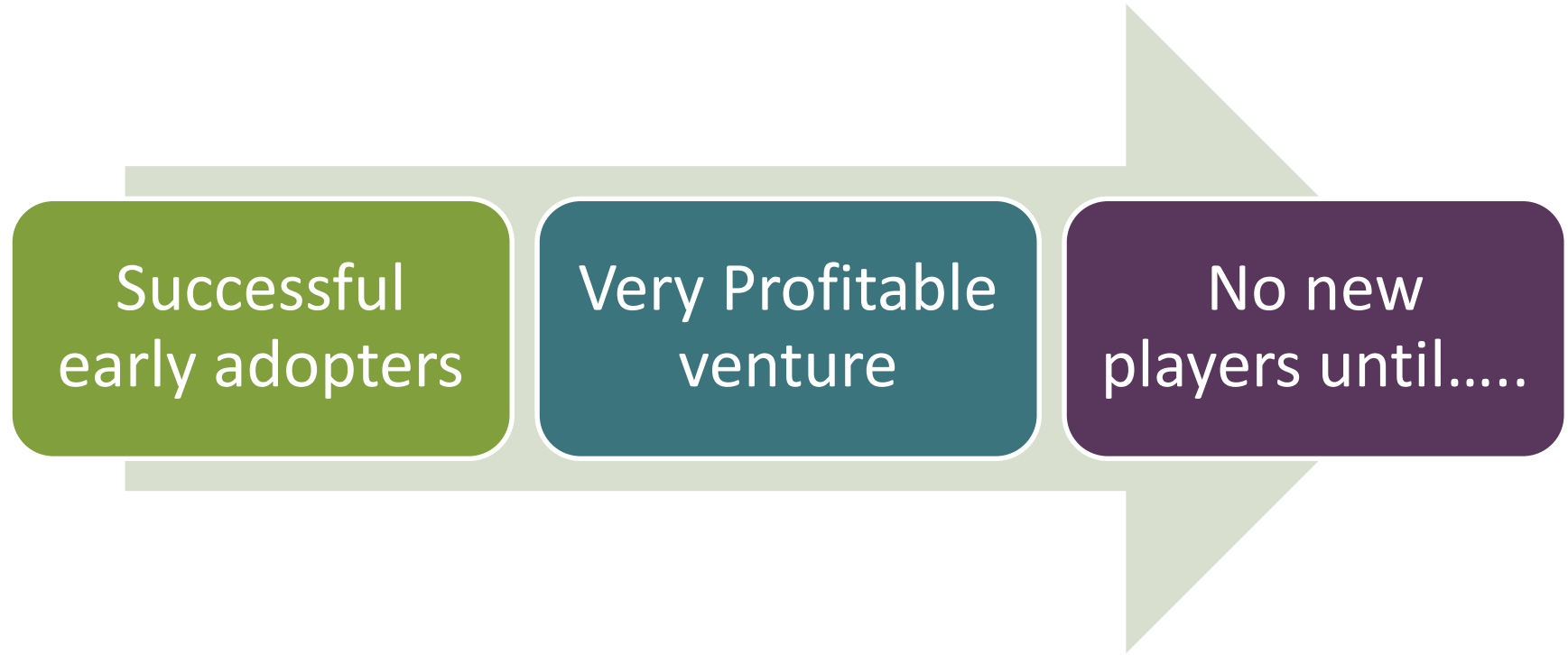


Online Education

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Online Education



University of Montana selects Wiley Education Services to expand online offerings

KEILA SZPALLER keila.szpaller@missoulain.com Jun 2, 2019

Notre Dame and College of the Holy Cross launch B.A., online M.S. degree program in data science

by Notre Dame News



March 29, 2019

©2019 CliftonLarsonAllen LLP

2U, Inc. and the UC Davis Graduate School of Management Expand Partnership to Deliver New Online Short Courses

UMass plans national online college aimed at adult learners

By [Deirdre Fernandes](#) Globe Staff, March 4, 2019, 4:59 p.m.



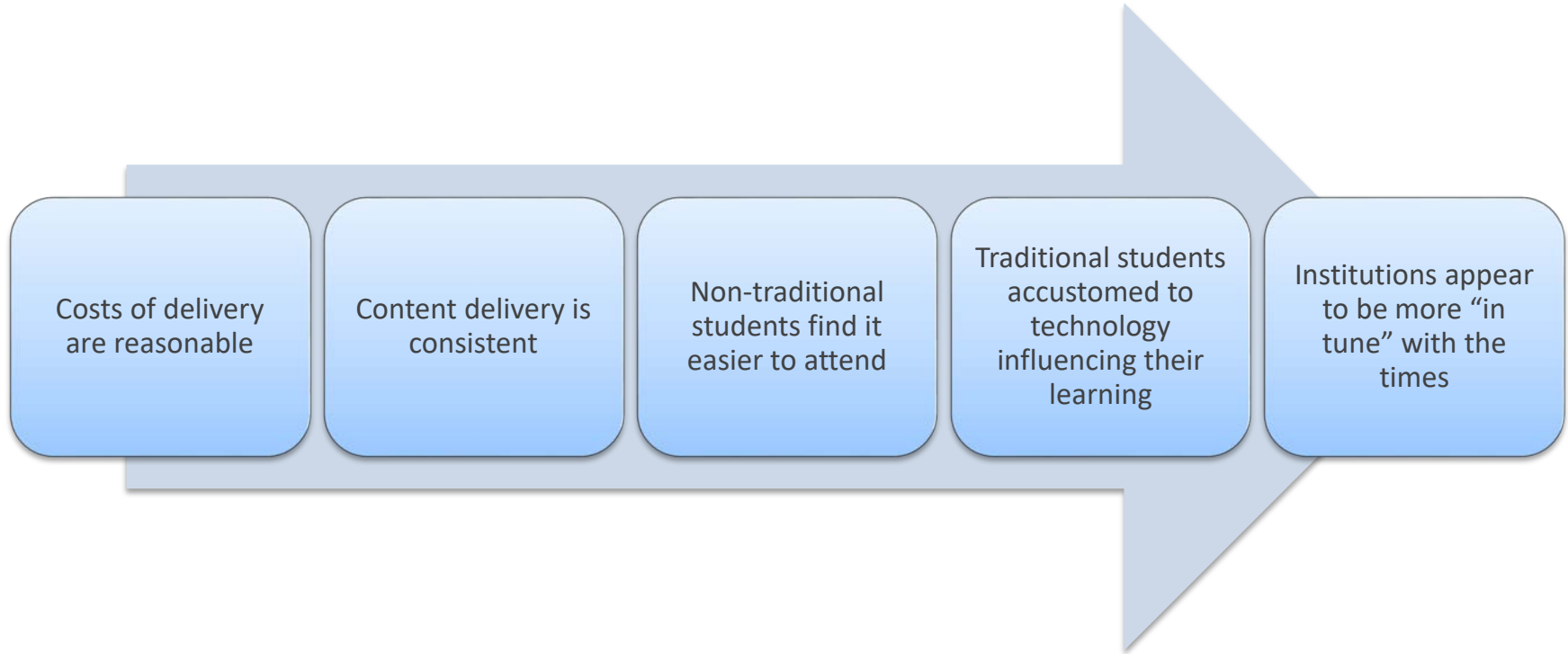
NEWS PROVIDED BY
[2U, Inc.](#) →
May 08, 2019, 09:00 ET

School of Law : Dayton Law Expanding Online-Based Courses

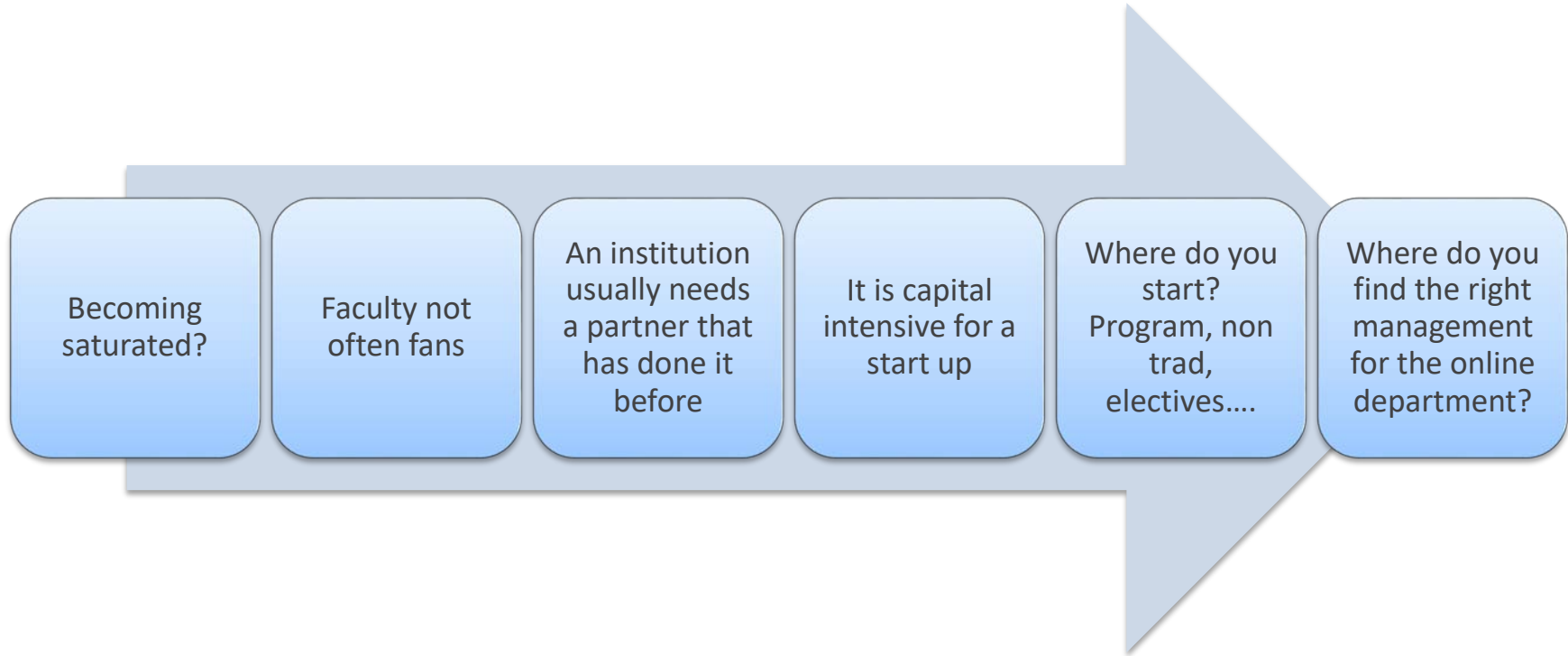


Create Opportunities

Why are Institutions Expanding or Entering into On-line Education



What are Barriers to Entering On-line Education?





2020 Election

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

2020 Election – the Unknown

Free college

Universal debt forgiveness

Large investments in HBCUs

Students expected to be a more influential voting bloc

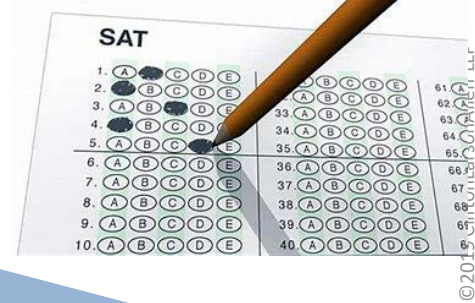


Standardized Testing and Admissions Scrutiny

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Standardized Testing and Admissions



More institutions foregoing SAT and ACT scores

- University of Chicago

Opponents

- Minority and low-income can not afford same prep as more affluent peers
- Advocacy groups sued University of California system

Varsity Blues scandal

- Reviewing systems to ensure not vulnerable to exploitation
- Lawsuits – affirmative action



Information Technology

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Information Technology – Paperless Environment



Environmental
stewardship



Efficient
reporting



Online
textbooks and
testing tools

Why do Institutions Struggle with Information Technology?

- Resources to be effective and efficient is extremely high
- Difficult to hire given higher education pay scale; recruiting
- Always changing; obsolete the second you turn system on!



Why do is it important for the Investment in Information Technology?

- Best means to become cost effective
- Student generation is demanding it
- A.I. is sweeping all industries
- Competition
- Cyber security is impossible to maintain without great systems



Information Technology - Cybersecurity

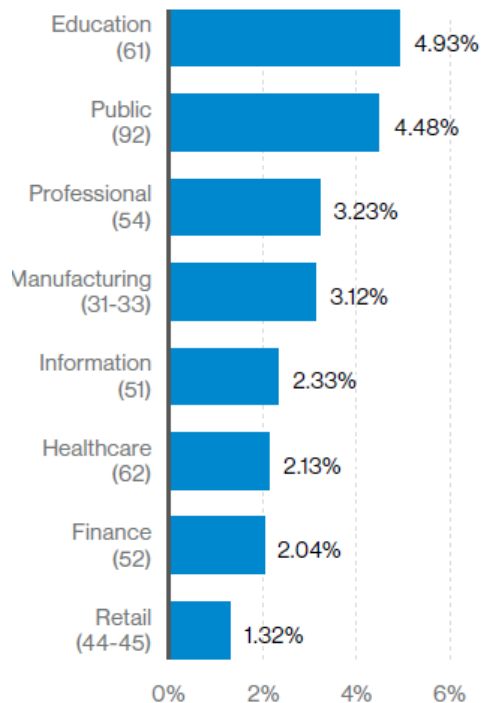


Figure 41. Click rate in phishing tests by industry

Education continues to be plagued by errors, social engineering and inadequately secured email credentials. With regard to incidents, DoS attacks account for over half of all incidents in Education.

Frequency	382 incidents, 99 with confirmed data disclosure
Top 3 patterns	Miscellaneous Errors, Web Application Attacks, and Everything Else represent 80% of breaches
Threat actors	External (57%), Internal (45%), Multiple parties (2%) (breaches)
Actor motives	Financial (80%), Espionage (11%), Fun (4%), Grudge (2%), Ideology (2%) (breaches)
Data compromised	Personal (55%), Credentials (53%), and Internal (35%) (breaches)

Source: Verizon 2019 Data Breach Investigations Report



CLAAconnect.com

Jean Bushong, CPA

Principal

jean.bushong@CLAAconnect.com

303-265-7884

