

**Clatsop Community College**  
Clatsop County, Oregon

**Annual Financial Statements**

**Year Ended June 30, 2009**



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**Clatsop Community College  
Clatsop County, Oregon**

**Annual Financial Statements**

**Year Ended June 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the accompanying statement of net assets of Clatsop Community College as of June 30, 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Clatsop Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

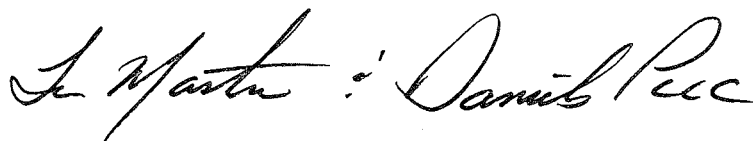
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clatsop Community College as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report date January 18, 2010, on our consideration of Clatsop Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 33 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 31-32 is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 46-47 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Bellevue, Washington  
January 18, 2010



John T. Fisher, CPA, CGFM  
Member of the Firm  
Oregon license #9781  
Municipal license #1305

## Management's Discussion and Analysis

### Introduction

This section of Clatsop Community College's annual audit presents an analysis of the financial activities of the College for the fiscal years ended June 30, 2009, 2008, and 2007. It is designed to focus on current activities, resulting changes and current known facts. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes responsibility for the completeness and reliability of all information presented in this report.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Clatsop Community College's basic financial statements, which are comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The entity-wide financial 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 Statement of Net Assets presents information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets are indicators of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. All changes in net assets are reported under accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when the cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations and property taxes are classified as non-operating revenues.

The Statement of Cash Flows presents information on cash flows from operating activities, noncapital financial activities, capital and related financing activities and investing activities. 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 Financial Statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

In May 2002, the Government Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations are Component Units." This Statement amends Statement No. 14, "The Financial Reporting Entity", to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Beginning in the year ended June 30, 2003, the College elected to include the Clatsop Community College Foundation (the Foundation) in its financial statements as a component unit. The Foundation qualifies for this treatment because it raises funds for the direct benefit of Clatsop Community College students. The College has not identified any other organizations that might be considered additional component units under GASB Statement No. 39. The financial information presented for the Foundation is unaudited as of June 30, 2009.

## Financial Analysis of the College as a Whole

### Analysis of the Statement of Net Assets As of June 30, 2009, 2008, and 2007

The Statement of Net Assets includes all assets and liabilities of the College using the accrual basis of accounting, which is similar to the accounting presentation used by most private colleges. Net assets is the difference between assets and liabilities, and is one measure of the financial condition of the College.

	2009	2008	% change 2009-2008	2007	% change 2008-2007
<b>ASSETS</b>					
Current Assets	\$ 21,842,286	\$ 4,733,176	361%	\$ 4,294,922	10%
Non-Current Assets					
Other non-current assets	15,255,259	14,216,733	7%	14,977,374	-5%
Capital Assets, Net of Depreciation	17,448,707	11,302,929	54%	10,486,342	8%
<b>Total Assets</b>	<b>\$ 54,546,252</b>	<b>\$ 30,252,838</b>	<b>80%</b>	<b>\$ 29,758,638</b>	<b>2%</b>
<b>LIABILITIES</b>					
Current Liabilities	\$ 4,231,165	\$ 2,932,933	44%	\$ 2,329,137	26%
Long-term debt, non-current portion	30,010,900	14,291,470	110%	14,705,873	-3%
<b>Total Liabilities</b>	<b>34,242,065</b>	<b>17,224,403</b>	<b>99%</b>	<b>17,035,010</b>	<b>1%</b>
<b>NET ASSETS</b>					
Investment in Capital Assets	17,236,703	10,973,749	57%	9,856,334	11%
Temporarily Restricted	1,252,333	(185,526)	-775%	1,083,194	-117%
Unrestricted	1,815,151	2,240,212	-19%	1,784,100	26%
<b>Total Net Assets</b>	<b>20,304,187</b>	<b>13,028,435</b>	<b>56%</b>	<b>12,723,628</b>	<b>2%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 54,546,252</b>	<b>\$ 30,252,838</b>	<b>80%</b>	<b>\$ 29,758,638</b>	<b>2%</b>

**Fiscal year 2009 compared to 2008.** At June 30, 2009, the College's assets were approximately \$54.5 million. The College's current assets of \$21.8 were sufficient to cover current liabilities of \$4.2 million. This represents a current ratio of 5.16, in comparison to 1.61 in the prior year. The increase in the current ratio is related to additional cash availability for the construction project currently underway. Cash and investments of \$17.9 million make up most of the current assets while \$2.9 million is made up of receivables from property taxes, governmental receivables and student receivables. Non-current assets increased by \$1.0 million. Capital assets increased by \$6.1 million reflecting capital investments in facilities.

The College's current liabilities of \$4.2 million consist primarily of payroll, various payables for operations, deferred revenues and the current portion of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations. Non-current liabilities increased by \$15.7 million and consist of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations.

Within net assets, the "investment in capital assets" amounts to \$17.2 million, an increase of \$6.2 million over the prior year. This increased amount represents the College's plant and equipment less accumulated depreciation and related debt. The \$1.2 million temporarily restricted amount is restricted for student housing (\$1.0 million), -\$0.7 million in pension bond obligations, and \$1.0 million for the construction project. Unrestricted net assets of \$1.8 million consists of amounts for the continuing operations of the College.

	2008	2007	% change 2008-2007	2006	% change 2007-2006
<b>ASSETS</b>					
Current Assets	\$ 4,733,176	\$ 4,294,922	10%	\$ 4,589,166	-6%
Non-Current Assets					
Other non-current assets	14,216,733	14,977,374	-5%	7,999,989	87%
Capital Assets, Net of Depreciation	11,302,929	10,486,342	8%	10,266,455	2%
Total Assets	<u>\$ 30,252,838</u>	<u>\$ 29,758,638</u>	2%	<u>\$ 22,855,610</u>	30%
<b>LIABILITIES</b>					
Current Liabilities	\$ 2,932,933	\$ 2,329,137	26%	\$ 2,215,675	5%
Long-term debt, non-current portion	14,291,470	14,705,873	-3%	7,668,862	92%
Total Liabilities	<u>17,224,403</u>	<u>17,035,010</u>	1%	<u>9,884,537</u>	72%
<b>NET ASSETS</b>					
Investment in Capital Assets	10,973,749	9,856,334	11%	9,527,679	3%
Temporarily Restricted	450,382	1,083,194	-58%	933,839	16%
Unrestricted	1,604,304	1,784,100	-10%	2,509,555	-29%
Total Net Assets	<u>13,028,435</u>	<u>12,723,628</u>	2%	<u>12,971,073</u>	-2%
Total Liabilities and Net Assets	<u>\$ 30,252,838</u>	<u>\$ 29,758,638</u>	2%	<u>\$ 22,855,610</u>	30%

**Fiscal year 2008 compared to 2007.** At June 30, 2008, the College's assets were approximately \$30.2 million. The College's current assets of \$4.7 million were sufficient to cover current liabilities of \$2.9 million. This represents a current ratio of 1.61, in comparison to 1.86 in the prior year. The decrease in the current ratio is related to the expenditure of funds for capital improvements. Cash and investments of \$3.0 million make up most of the current assets while \$1.2 million is made up of receivables from property taxes, governmental receivables and student receivables. Non-current assets decreased by \$.7 million. Capital assets increased by \$.8 million reflecting capital investments in facilities.

The College's current liabilities of \$2.9 million consist primarily of payroll, various payables for operations, deferred revenues and the current portion of long-term debt: waterline to MERTS, pension bond obligations, mortgage on rental property, the management information system loan, and facilities bond obligations. Non-current liabilities decreased by \$.4 million and consist of long-term debt: waterline to MERTS, pension bond obligations, management information system loan, and a mortgage on rental property, and facilities bond obligations. The College borrowed \$7.5 million during FY07 to improve campus facilities. Once this amount is spent, an additional \$7.5 million will be available from the State of Oregon for campus improvements.

Within net assets, the "investment in capital assets" amounts to \$10.9 million, an increase of \$1.1 million over the prior year. This increased amount represents the College's plant and equipment less accumulated depreciation and related debt. The \$.4 million temporarily restricted amount is restricted for student housing (\$1.0 million) and -\$0.5 million in pension bond obligations. Unrestricted net assets of \$1.6 million consist of amounts for the continuing operation of the College.

#### **Analysis of the Statement of Revenues, Expenses, and Change in Net Assets For the Year Ended June 30, 2009, 2008, and 2007**

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

**Fiscal year 2009 compared to 2008.**

	2009	2008	% change 2009-2008	2007	% change 2008-2007
Total operating revenues	\$ 6,013,811	\$ 6,169,129	-3%	\$ 7,253,739	-15%
Total operating expenses	15,351,072	13,704,129	12%	14,884,615	-8%
Operating loss	(9,337,261)	(7,535,000)	24%	(7,630,876)	-1%
Non-operating revenues, net	16,613,013	7,839,807	112%	7,383,431	6%
Total increase (decrease) in net assets	7,275,752	304,807	2287%	(247,445)	-223%
Net assets, beginning of year	13,028,435	12,723,628	2%	12,971,073	-2%
Net assets - end of year	\$ 20,304,187	\$ 13,028,435	56%	\$ 12,723,628	2%

**Revenues**

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from Federal, State, other local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled \$2.4 million, net of scholarship allowances. Federal financial aid, grants and contracts totaled \$2.7 million. Auxiliary services consist of operations that furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services. They consist of food services, bookstore, and vessel/vehicle operations. Auxiliary services revenue amounted to \$0.5 million. Other local sources were \$.7 million.

The College's major sources of non-operating revenue are from property taxes and timber revenues (\$4.7 million), funding from the State of Oregon (\$3.2 million), and Pell grants for students (\$.9 million). Other sources included a State grant for facilities (\$7.5 million), the proceeds from general obligation bonds (\$5.0 million) and proceeds from a New Markets Tax Credits transaction (\$2.8 million). Investment income of \$.5 was received on invested funds for the capital construction project.

**Expenses**

Operating expenses totaling \$15.3 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is for direct and indirect instruction (36%). Student services expenses (13%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (16%) represents the operational aspects of the College including the administration, business office, and computer services. Student financial aid includes federal, state, and institutional aid to students to pay the costs of educations. The following chart shows the percentage of expenses for the College:

	2009	2008	% change	2007	% change
	Actual Expense in Dollars	Actual Expense in Dollars	2009-2008	Actual Expense in Dollars	2008- 2007
Educational and general					
Instruction	\$ 4,119,751	\$ 3,593,476	15%	\$ 3,621,457	-1%
Instructional support	1,565,988	1,329,175	18%	1,360,320	-2%
Student services	2,172,904	2,501,185	-13%	2,324,194	8%
Institutional support	2,646,788	2,486,200	6%	2,215,455	12%
Operation and maintenance of plant	953,059	832,669	14%	877,127	-5%
Auxiliary enterprises	488,263	415,685	17%	443,493	-6%
Community services	172,505	58,136	197%	94,693	-39%
Student financial aid	2,284,405	1,790,207	28%	1,641,584	9%
Other expense	88,217	15,637	464%	1,449,706	-99%
Pension amortization expense	123,607	148,324	-17%	181,192	-18%
Cost of NMTC financing	236,269	-	n/a	-	n/a
Depreciation expense	499,316	533,435	-6%	675,394	-21%
Total operating expenses	\$ 15,351,072	\$ 13,704,129	12%	\$ 14,884,615	-8%



## Fiscal year 2008 compared to 2007.

	2008	2007	% change 2008-2007	2006	% change 2007-2006
Total operating revenues	\$ 6,169,129	\$ 7,253,739	-15%	\$ 7,164,344	1%
Total operating expenses	13,704,129	14,884,615	-8%	14,022,485	6%
Operating loss	(7,535,000)	(7,630,876)	-1%	(6,858,141)	11%
Non-operating revenues, net	7,839,807	7,383,431	6%	13,377,623	-45%
Total increase (decrease) in net assets	304,807	(247,445)	-223%	6,519,482	-104%
Net assets, beginning of year	12,723,628	12,971,073	-2%	6,451,591	101%
Net assets - end of year	\$ 13,028,435	\$ 12,723,628	2%	\$ 12,971,073	-2%

### Revenues

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from Federal, State, and local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled \$1.9 million, net of scholarship allowances. Federal financial aid, grants and contracts totaled approximately \$3.5 million. Auxiliary services consist of operations that furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services. They consist of food services, bookstore, and vessel/vehicle operations. Auxiliary services revenue amounted to \$0.3 million. Local sources of \$2.2 included \$1.8 million invested in the facilities of the College.

The largest non-operating revenue the College receives is from County property taxes and timber revenues. The College received \$4.1 million from this source. Annually, the State of Oregon appropriates funding for K-16 education. The College received \$3.8 million for FTE reimbursement allocation in this fiscal year. Investment income of \$.5 was received due to increased funds on hand for facilities improvements.

### Expenses

Operating expenses totaling \$13.7 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is for direct and indirect instruction (35%). Student services expenses (18%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (18%) represents the operational aspects of the college including the administration, business office, and computer services. Student financial aid includes federal, state, and institutional aid to students to pay the costs of educations. The following chart shows the percentage of expenses for the College:

	2008	2007	% change	2006	
	Actual Expense in Dollars	Actual Expense in Dollars	2007-2006	Actual Expense in Dollars	2006-2005
Educational and general					
Instruction	\$ 3,593,476	\$ 3,621,457	-1%	\$ 3,662,945	-1%
Instructional support	1,329,175	1,360,320	-2%	1,453,962	-6%
Student services	2,501,185	2,324,194	8%	2,229,223	4%
Institutional support	2,486,200	2,215,455	12%	2,279,062	-3%
Operation and maintenance of plant	832,669	877,127	-5%	837,107	5%
Auxiliary enterprises	415,685	443,493	-6%	407,228	9%
Community services	58,136	94,693	-39%	97,636	-3%
Student financial aid	1,790,207	1,641,584	9%	1,786,891	-8%
Other expense	15,637	1,449,706	-99%	815,156	78%
Pension amortization expense	148,324	181,192	-18%	223,018	-19%
Depreciation expense	533,435	675,394	-21%	230,257	193%
Total operating expenses	<u>\$ 13,704,129</u>	<u>\$ 14,884,615</u>	<u>-8%</u>	<u>\$ 14,022,485</u>	<u>6%</u>

Nonoperating expenses include interest paid on outstanding debt.

#### Analysis of the Statement of Cash Flows for the year ended June 30, 2009, 2008, and 2007.

This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period. The Statement of Cash Flows also helps users assess the ability to meet obligations as they come due and the need for external financing.

#### Fiscal year 2009 compared to 2008.

	2009	2008	% change	2007	2008-2007
			2009-2008		
Cash Provided by (used in):					
Operating Activities	\$ (8,319,339)	\$ (6,065,452)	37%	\$ (6,827,228)	-11%
Noncapital Financing Activities	6,903,237	8,883,153	-22%	6,658,374	33%
Capital Financing Activities	9,560,689	(2,650,155)	-461%	5,615,008	-147%
Investing Activities	328,394	506,035	-35%	558,475	-9%
Net increase (decrease) in cash	8,472,981	673,581	1158%	6,004,629	-89%
Cash - Beginning of year	10,540,573	9,866,992	7%	3,862,363	155%
Cash - End of year	<u>\$ 19,013,554</u>	<u>\$ 10,540,573</u>	<u>80%</u>	<u>\$ 9,866,992</u>	<u>7%</u>

**Operating Activities:** The major sources of funds included in operating activities include student tuition and fees, federal financial aid, grants and contracts and auxiliary enterprises. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. The College used \$8.9 million in cash this year to sustain its operations, an increase of 47% from 2008. This is due primarily to increased expenditures for capital construction.

**Noncapital Financing Activities:** State FTE reimbursements and property taxes are the primary sources of non-capital financing. Accounting standards require that these sources of revenue be reported as non-operating even though the College depends on these revenues to continue the current level of operations. Approximately \$1.9 million less in cash was used than in the prior year.

**Capital Financing Activities:** The College received a net \$2.5 million as a result of the NMTC transaction, \$7.5 million from funds being released early to assist with the NMTC transaction and \$5.0 million from the passage of a bond measure. It used approximately \$4.0 million in the construction project and \$1.0 million to pay loan principal and interest.

**Investing Activities:** The College earned less interest on bank balances and funds invested in the long-term governmental investment pool due to economic conditions.

## Fiscal year 2008 compared to 2007.

	2008	2007	% change 2008-2007	2006	% change 2007-2006
Cash Provided by (used in):					
Operating Activities	\$ (6,065,452)	\$ (6,827,228)	-11%	\$ (5,863,990)	16%
Noncapital Financing Activities	8,883,153	6,658,374	33%	8,223,882	-19%
Capital Financing Activities	(2,650,155)	5,615,008	-147%	(1,007,161)	-658%
Investing Activities	506,035	558,475	-9%	159,889	249%
Net increase (decrease) in cash	673,581	6,004,629	-89%	1,512,620	297%
Cash - Beginning of year	9,866,992	3,862,363	155%	2,349,743	64%
Cash - End of year	\$ 10,540,573	\$ 9,866,992	7%	\$ 3,862,363	155%

**Operating Activities:** The major sources of funds included in operating activities include student tuition and fees, federal financial aid, grants and contracts and auxiliary enterprises. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. The College used \$6.0 million in cash this year to sustain its operations, a decrease of 11% from 2007.

**Noncapital Financing Activities:** State FTE reimbursements and property taxes are the primary sources of non-capital financing. Accounting standards require that these sources of revenue be reported as non-operating even though the College depends on these revenues to continue the current level of operations. Approximately \$2.2 million more in cash was used than in the prior year.

**Capital Financing Activities:** The College borrowed \$7.5 million in funds for facilities improvements in FY07. It used approximately \$976,000 to replace and improve capital assets, \$950,000 to pay loan principal and interest.

**Investing Activities:** The College earned more interest on bank balances and funds invested in the long-term governmental investment pool since funds borrowed for facilities improvements increased the amounts invested.

### Budgetary Highlights

Clatsop Community College adopts an annual budget at the fund level, which is under the modified accrual basis of accounting for governmental funds. Differences between the original budget and the final amended budget were made in the Grants/Financial Aid fund and the Auxiliary fund. These were necessary due to unknown circumstances at the time the budgets were originally prepared. For more information, please refer to the budgetary schedules as Supplementary Information in the Financial Section of this report.

### Capital Assets and Debt

The College's investment in capital assets as of June 30, 2009, amounts to \$17.4 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. One building was demolished to prepare for a new 40,000 square foot facility, and a rental property was sold. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for a waterline for the MERTS property, energy improvements, PERS pension obligations, and facilities bonds obligations. Total debt outstanding at June 30, 2009 was \$30.4 million.

### Economic Factors and Next Year's Budget

While the Legislature increased funding for community colleges in FY08 and FY09, the national economic downturn had a significant impact on the FY10 budget. At the start of the budgeting process in the fall of 2008, the College was facing a \$1.5M operating deficit. Working with bargaining unit members and college staff members, salary and operating budget concessions were arrived at which helped to balance the budget. Tuition and fees were increased, and the Board used some operating reserves to help balance the budget. Budget planning has started for FY11. The outcome of two ballot measures to be voted on in January 2010 could have a significant negative impact on the College's budget if they fail. We will continue to watch these measures as well as the State's economic predictions.

The State Board of Education continues to support the longer-term plan for the distribution of State support funds developed by the community college presidents. The goal for this long-term plan is to achieve “funding equalization” for all students at all of the 17 community colleges. Because Clatsop Community College currently receives greater-than-average public support, its 6-year State funding support trend is a negative one, showing a continuing decrease in funding from public resources of about 4% from FY05 through FY11, assuming steady enrollment. In order to achieve this “equalization”, any benefit the College derives from county property taxes will be off-set by corresponding reductions in State support. The distribution model for state funding was adjusted increasing the small school component, and the College benefited from this adjustment. Adjustments for growth management are also being considered.

The College continues to pursue facility improvements at the Jerome Avenue campus. In FY08, the College completed renovation of a facility on its Jerome Avenue campus to provide student service activities in an accessible location.

In July 2006, the College borrowed \$7.5 million to meet a match to be provided by the Oregon State legislature to fund capital projects. The bond proceeds have been transferred to the State to meet the matching requirement, as required by the State. The State has returned the funds, and the College has invested them in the State pool to be used as needed for facilities expenditures.

The College completed a New Markets Tax Credit transaction in Fall 2008, that resulted in an additional \$2.5 million being available for the project and released the matching funds of \$7.5 million previously provided by the Oregon State legislature.

During its 2008 session, the Oregon Legislature approved an additional \$4 million in matching funds for the College. Clatsop County voters approved a \$5 million dollar general obligation bond to match these funds. They were sold in February 2009, and the College has submitted the funds to the State as required for the match. The matching portion of the funds from the State will be available only after the College has spent its portion of the match.

In February 2009, the Oregon legislature also provided capital construction funds in the amount of \$1.875 million to the college as part of an economic stimulus package. While most of the expenditures occurred after July 1, 2009, the College has been able to perform deferred maintenance on facilities that was not otherwise scheduled.

While funding for the capital construction project is secured and plans are proceeding on schedule and within budget, budgeting for College operations will continue to be extremely challenging for the College. Increased enrollments in the fall of 2009 and new facilities opening in January 2010 should help to attract and retain students, but the uncertainty of the economic situation and the ballot measures leads us to be cautious as we prepare the annual budget for FY11. We continue to review data and improve planning processes in order to more accurately predict future operations.

### **Requests for Information**

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

Vice President, College Services  
Clatsop Community College  
1653 Jerome Avenue  
Astoria, OR 97103

Clatsop Community College  
Statement of Net Assets  
June 30, 2009

	Primary Government	Component Unit Unaudited Clatsop Community College Foundation
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 901,873	\$ -
Restricted cash and investments	17,076,810	1,829,387
Receivables:		
Property taxes	270,860	-
Governmental	1,771,316	-
Student receivables, net	882,487	-
Contributions	-	51,294
Inventories	105,850	-
Notes receivable	205,000	-
Accrued interest receivable	265,432	-
Other	362,658	-
Total current assets	<u>21,842,286</u>	<u>1,880,681</u>
Non-current Assets		
Restricted cash and investments	1,034,871	-
Unamortized premium	72,750	-
Notes receivable	7,583,779	-
Net pension asset	6,563,859	-
Capital assets - net	17,448,707	-
Total non-current assets	<u>32,703,966</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 54,546,252</u>	<u>\$ 1,880,681</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 1,220,933	\$ 4,961
Payroll liabilities	1,033,183	-
Miscellaneous deposits	1,135	-
Unearned revenue	541,986	-
Retainage	188,985	-
Due to student groups	30,000	-
Accrued interest payable	403,509	-
Other current liabilities	115,257	-
Notes payable	205,000	-
Current portion of long-term debt	491,177	-
Total current liabilities	<u>4,231,165</u>	<u>4,961</u>
Noncurrent liabilities		
Unamortized debt	48,168	-
Note payable: less current portion of long-term debt	29,962,732	-
TOTAL LIABILITIES	<u>30,010,900</u>	<u>4,961</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	17,448,707	-
Less: Related debt	(212,004)	-
Investment in capital assets, net	<u>17,236,703</u>	<u>-</u>
Temporarily restricted	2,041,430	1,318,433
Temporarily restricted - Pension	(789,097)	-
Permanently restricted		582,524
Unrestricted	1,815,151	(25,237)
Total net assets	<u>20,304,187</u>	<u>1,875,720</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 54,546,252</u>	<u>\$ 1,880,681</u>

The accompanying notes are an integral part of these financial statements.

**Clatsop Community College**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the year Ended June 30, 2009**

	Primary Government	Component Unit Unaudited Clatsop Community College Foundation
<b>OPERATING REVENUES</b>		
Student tuition and fees, net of scholarship allowances of \$151,777	\$ 2,449,623	\$ -
Federal student financial aid grant	935,037	-
Federal grants and contracts	1,778,360	-
State and local government grants and contracts	97,826	-
Other local sources	241,942	(745,191)
Auxiliary enterprises	511,023	-
Total operating revenues	<u>6,013,811</u>	<u>(745,191)</u>
<b>OPERATING EXPENSES</b>		
Educational and general		
Instruction	4,119,751	-
Instructional support	1,565,988	-
Student services	2,172,904	-
Institutional support	2,646,788	-
Operation and maintenance of plant	953,059	-
Auxiliary enterprises	488,263	-
Community services	172,505	-
Student financial aid	2,284,405	-
Other expense	2,545	292,051
Amortization of bond costs	35,367	-
Cost of bond issuance	50,305	-
Cost of NMTC issuance	236,269	-
Net pension amortization	123,607	-
Depreciation expense	499,316	-
Total operating expenses	<u>15,351,072</u>	<u>292,051</u>
Operating income (loss)	<u>(9,337,261)</u>	<u>(1,037,242)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State FTE reimbursement	3,227,040	-
Property taxes and timber revenues	4,714,934	-
Investment income	595,074	-
Pell grants	992,671	-
Capital gifts for facilities	875,000	-
State grant for facilities	7,500,000	-
General obligation bond proceeds	5,000,000	-
Go Oregon lottery bond proceeds	549,284	-
New Market Credit Tax proceeds	2,867,452	-
Other capital expenditures	(8,658,750)	-
Interest expense	(1,049,692)	-
Net nonoperating revenues	<u>16,613,013</u>	<u>-</u>
Increase (decrease) in net assets	7,275,752	(1,037,242)
<b>NET ASSETS</b>		
Net assets - beginning of year	<u>13,028,435</u>	<u>2,912,962</u>
Net assets - end of year	<u>\$ 20,304,187</u>	<u>\$ 1,875,720</u>

The accompanying notes are an integral part of these financial statements.

**Statement of Cash Flows**  
**For the Year Ended June 30, 2009**

	Component Unit Unaudited	
	Primary Government	Clatsop Community College Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$ 2,017,306	\$ -
Paid to students	(1,834,872)	-
Grants and contracts	2,286,015	-
Aid received for students	2,166,756	-
Payments to vendors	(8,679,604)	-
Payments to employees	(4,383,939)	-
Other	54,337	(61,908)
Auxiliary enterprises	54,662	-
Net cash used by operating activities	<u>(8,319,339)</u>	<u>(61,908)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local property taxes and timber revenues	4,488,440	-
Insurance proceeds	9,355	-
State appropriations and other payments	2,405,442	-
Net cash provided by noncapital financing activities	<u>6,903,237</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(4,717,209)	-
Loan proceeds	15,343,484	-
Loan principal paid	(568,386)	-
Loan interest paid	(497,200)	-
Net cash provided by capital and related financing activities	<u>9,560,689</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investment securities	-	2,463,015
Purchase of investment securities	-	(800,759)
Interest earned	328,394	-
Net cash provided by investing activities	<u>328,394</u>	<u>1,662,256</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,472,981</b>	<b>1,600,348</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>10,540,573</b>	<b>229,039</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 19,013,554</b>	<b>\$ 1,829,387</b>

The accompanying notes are an integral part of these financial statements.

Clatsop Community College  
Statement of Cash Flows – continued  
For the Year Ended June 30, 2009

Reconciliation of net operating revenues (expenses) to net cash provided by (used in) operating activities

Operating income (loss)	\$ (9,337,261)	\$ (1,037,242)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	499,316	-
Pension amortization	123,607	-
Realized and unrealized (gain) loss on investments	-	1,051,288
Write off of premium on bonds payable	8,847	
(Increase) decrease in current assets used in operations:		
Receivables (net)	(503,450)	(44,395)
Inventories	(26,201)	-
Note receivable	-	-
Other assets	5,449	1,830
Increase (decrease) in current liabilities used in operations:		
Accounts payable	755,817	(33,389)
Payroll liabilities	180,358	-
Miscellaneous deposits	131	-
Deferred revenues	(359,923)	-
Other current liabilities	333,971	-
Net cash used by operating activities	<u>\$ (8,319,339)</u>	<u>\$ (61,908)</u>
<u>Reconciliation to Statement of Net Assets</u>		
Cash and cash equivalents	\$ 901,873	1,829,387
Restricted cash and investments	18,111,681	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 19,013,554</u>	<u>\$ 1,829,387</u>

The accompanying notes are an integral part of these financial statements.



**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Note 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Clatsop Community College is a public, two-year co-educational institution. The College is a municipal corporation governed under the laws prescribed by the State of Oregon, charged with educating students. A seven-member Board of Directors is locally elected and is authorized to establish policies governing the operations of the College. It is legally separate and fiscally independent from all other state and local governments. The College is not included in any other governmental reporting entity.

In May 2002, the Government Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations are Component Units". This Statement amends Statement No. 14, "The Financial Reporting Entity", to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. In general, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit.

As defined by GASB Statements No.14 and No. 39, the College includes one component unit in its financial statements: the Clatsop Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation did not have an audit for the fiscal year ended June 30, 2009. Financial information about the Foundation may be obtained from the Foundation at 1653 Jerome Avenue, Astoria, OR 97103.

The College has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected to not apply FASB pronouncements issued after the applicable date.

**Significant Accounting Policies**

The accounting policies of Clatsop Community College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The College has chosen to early implement GASB 48 *Sales and Pledges of Receivables and Future Revenues and Inter-Entity Transfers of Assets and Future Reserves*. This standard provides guidance for intra-entity transfers of assets. The following is a summary of the more significant policies.

**Basis of Accounting**

The basic financial statements are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All significant intra-agency transactions have been eliminated.

**Cash and Cash Equivalents**

Cash consists of petty cash, cash on deposit with banks, and funds invested with the Oregon State Treasurer's Local Government Investment Pool (LGIP), all carried at cost, which approximates fair market value.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Restricted Cash and Investments**

Current restricted cash for the College consists of funds for the Jerome Campus Redevelopment Project (JCRP) (\$16,892,396), other grant projects (\$122,424), and clubs and organizations (\$61,990). Noncurrent restricted cash consists of funds for Adult Student Housing (\$1,034,871).

All funds of the Foundation are in depository accounts at June 30, 2009.

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 assets based upon the restrictions in the underlying investments. Unrealized losses are allocated to temporarily restricted net assets only up to the point of previously recognized unrealized gains.

**Inventories**

Inventories consist of items held for resale by the bookstore, cafeteria, and print shop. They are stated at cost determined on a first-in, first-out method.

**Receivables**

All accounts receivable related to student tuition and fees are shown net of an allowance for uncollectible accounts.

**Property, Buildings, and Equipment**

Property, buildings, and equipment with an acquisition cost in excess of \$5,000 are capitalized at cost or estimated historical cost if purchased, or estimated fair market value at the time received in the case of gifts.

Depreciation on College buildings and equipment is recorded using the straight-line method over the following useful lives:

Computers and other technical equipment	3 years
Vehicles and all other equipment	7 years
Library materials	10 years
Building and improvements	40 years

**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. Faculty have had the option of receiving their salary in ten or twelve equal payments; however, effective July 1, 2008 all salaries will be paid over twelve 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. The accrued wages at June 30, 2009 were \$305,565.

**Compensated Absences**

Sick leave accumulates, but does not vest until illness occurs. Neither the leave days nor monetary compensation is available upon termination of employment; therefore, no liability for unused sick leave is recorded in the financial statements.

Effective July 1, 2004, classified employees may only carry forward the number of hours they have accrued in the previous year. The amount of accrued vacation for classified employees at June 30, 2009 was \$45,909.

## **CLATSOP COMMUNITY COLLEGE**

### **Notes to the Financial Statements**

Effective July 1, 2005, the same requirement was made for service and supervisory and administrative employees. The amount of accrued vacation for service and supervisory employees at June 30, 2009 was \$134,104.

The College accrues the expense for accumulated vested vacation leave and recognizes the liability as of the end of the fiscal year. The total accumulated vacation liability is included with payroll liabilities on the Statement of Net Assets and was \$180,013 at June 30, 2009.

The President and part-time regular employees are paid for any unused vacation accrued on the last pay day in June each year. Payments for unused vacation for these employees totaled \$5,588.

#### **Tuition and Fees and Unearned Revenue**

Tuition and fees includes 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, 2009 for the College's 2009-2010 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was \$362,145 at June 30, 2009.

#### **Retirement Plans**

The College offers several retirement options to qualifying employees: 1) the Oregon State Public Employees Retirement System (PERS), and 2) 403(b) tax-sheltered annuity plans. The expense and liability for contributions to these plans are recorded in the fiscal year in which they are withheld from employees.

#### **Special Retirement Benefits**

Until July 1, 2004, the College offered post-employment stipends under a voluntary early retirement program to faculty and classified employees who met certain criteria. Effective July 1, 2005, this post-employment stipend was no longer available to service and supervisory and administrative employees. Post-employment stipends are expensed as paid.

Premium costs of post-employment health insurance are subsidized. Effective July 1, 2004, the amount is capped at the amount of the medical premium the college paid for faculty and classified employees at the time of retirement. This same provision is effective for service and supervisory and administrative employees as of July 1, 2005. Post-employment subsidies of premiums for health insurance are expensed as paid.

Faculty or classified employees hired on or after July 1, 2004, are not eligible to apply for or receive any benefits under this provision. Service and supervisory employees hired on or after July 1, 2005 are not eligible to apply for or receive any benefits under this provision.

#### **Other Postemployment Benefits Obligation**

The College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2009. The Net OPEB Obligation is recognized as a long-term liability in the Statement of Net Assets. See Note 6 for more details.

#### **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 Required Supplemental Information section of the financial statements.

# CLATSOP COMMUNITY COLLEGE

## Notes to the Financial Statements

### Net Assets

The College's net assets are classified as follows:

Investment in capital assets - This represent 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 towards restricted resources, and then toward unrestricted resources.

### Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Family Education 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. Non-operating revenue includes activities that have the characteristics of non-exchange 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) most Federal, state and local grants and contracts and federal appropriations, and (4) gifts and contributions.

### Use of Estimates

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

Note 2:

### STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As mandated by Oregon Statutes, a budget was prepared by the College administration and budget officer. The budget committee, with public input, considered and approved the budget for transmittal to the Board of Directors on May 19, 2008. After public notices and a hearing, the final budget was adopted. appropriations made and a tax levy declared by the Board of Directors on June 10, 2008. The budget was amended by the Board on June 9, 2009.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

Expenditures, as amended, are appropriated at the following levels of control for each fund:

	General	Restricted (Grants/Financial Aid)	Auxiliary	Unexpended Plant	Plant/Debt Service	Non-Plant Debt	Clubs & Organizations
Total Instruction	X	X	X				
Total Support Services	X	X	X				
Total Enterprise and Community Services	X	X	X				X
Total Facilities Acquisition and Construction		X		X			
Total Other Uses	X	X			X	X	X
Unappropriated Ending Fund Balance	X			X			

Expenditures and transfers cannot legally exceed appropriations except in the case of grants that cannot be estimated at the time of budget adoption.

Supplemental budgets were advertised as required. After public hearings these budgets were approved by the Board. Other budget adjustments not requiring public hearings were also approved by the Board. For the year ended June 30, 2009, the following expenditures exceeded appropriations in the following funds:

General Fund – While total expenditures were under budget by \$166,751, instruction expenditures exceeded the budgeted amounts by \$166,905.

Auxiliary Fund – While total expenditures were under budget by \$46,531, public service expenditures exceeded the budgeted amounts by \$534.

Restricted Fund – While total expenditures were under budget by \$142,220, student financial aid expenditures exceeded the budgeted amounts.

Details on budgeted and actual amounts can be found in the supplemental information.

**Note 3: DEPOSITS AND INVESTMENTS**

Total cash and investments at June 30, 2009, are comprised of the following:

	Component Unit Unaudited	
	Total Primary Government	Clatsop Community College Foundation
Cash and cash equivalents		
Cash on hand	\$ 3,450	\$ -
Deposits	393,449	1,829,387
Investments	18,616,655	-
	<u>\$ 19,013,554</u>	<u>\$ 1,829,387</u>
Restricted cash and investments	<u>\$ 18,111,681</u>	<u>\$ 1,829,387</u>

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

Policies - The College has adopted an investment policy that states investments will be in accordance with Oregon Revised Statutes.

Interest Rate Risk - The College reports the following investments and maturities at June 30, 2009:

	Fair Value	180 Days
Local government investment pool	\$ 18,616,655	\$ 18,616,655

Custodial Credit Risk - Deposits - Custodial credit risk on deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. In order to minimize this risk, statute requires cash on deposit in any one bank not exceed federal depository insurance without procuring collateral certificates of participation from the bank's pool manager. State law requires each certificate of participation be collateralized with eligible securities up to 25% of the amount of the certificate. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2009 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.

Concentration of Credit Risk - College investments are entirely maintained in the local government investment pool (LGIP). The LGIP is not rated.

Concentration of credit risk for the Foundation investments is the risk of loss attributable to the magnitude of an investment in a single issuer. The Foundation's assets are invested in consultation with a professional investment management consultant and in accordance with a written investment policy. The written policy provides that the Foundation's assets shall be diversified to minimize the risk of large losses. Currently, the Foundation's assets are invested with several fund managers whose performance is monitored by the independent investment management consultant and the Investment Committee of the Foundation. All Foundation investments are held in the Foundation's name. The Foundation's investments at June 30, 2008 were 100% in equities.

Local Government Investment Pool - The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. 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 June 30, 2009, the fair value of College deposits with LGIP approximates cost. The OSTF financial statements and the OSTF Portfolio Rules can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us).

**Note 4: RECEIVABLES**

**Property taxes** - Clatsop County assesses and collects all property taxes for the College. Taxes are assessed on all taxable property in the County. Property taxes are levied and also become a lien on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the tax is paid in full prior to November 15; taxes unpaid and outstanding after May 16 are considered delinquent. Due to the fact that property may be seized and sold to satisfy any unpaid taxes, all taxes receivable at year-end are considered collectible. Property taxes receivables were as follows:

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

Levy Year	Balance 6/30/08	Levy	Discounts, Interest and Adjustments	Collections	Balance 6/30/09
2008-2009	\$ -	\$ 3,743,474	\$ (101,320)	\$ 3,586,409	\$ 55,745
2007-2008	141,555	-	(2,220)	77,459	61,876
2006-2007	50,101		(341)	22,023	27,737
2005-2006	22,949		(226)	14,447	8,276
2004-2005	8,662		(186)	6,483	1,993
2003-2004	8,505		(189)	220	8,096
Prior	14,069		(65)	54	13,950
Total	\$ 245,841	3,743,474	(104,547)	3,707,095	\$ 177,673
Cash in hands of County Agent at June 30	67,562				93,187
Taxes receivable	\$ 313,403				\$ 270,860

**Governmental** - The governmental receivables include \$174,461 in County timber revenues and land sales, \$812,007 in State appropriations and \$784,848 in various federal and state grants or contracts. It is expected that all funds will be received so no allowance for doubtful accounts is included.

**Student** - This account includes two kinds of receivables: amounts owed by students and agencies for tuition and fees (\$313,151) and amounts owed by agencies (\$576,339) for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included (\$7,003). Net student accounts receivable as of June 30, 2009 was \$882,487.

The Foundation had contributions and accounts receivable at June 30, 2008, in the amount of \$51,294. All funds were received shortly after the end of the fiscal year so no allowance for doubtful accounts is included.

**Note 5: 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; injuries to employees; and natural disasters. The College carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**Note 6: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS**

**Public Employee Retirement System - (PERS)**

College employees participate in one or more OPERS plans that provide pension, death, disability, and post-employment healthcare benefits to members or their beneficiaries. 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 is administered under Oregon Revised Statutes (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report, which can be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

Members of PERS are required 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 for Tier One/Tier Two employees at June 30, 2009 is 4.60% of salary covered under the plan.

**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.

- 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 rates for the OPSRP at June 30, 2009 defined benefit pension plan were 7.07%.
- 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.

**Annual Pension Cost**

In 2005, the College issued pension bonds in the amount of \$7,240,000, creating a pension obligation and amortization of this obligation started in 2006. The College's annual pension cost and net pension asset for the year ended June 30, 2009, were as follows:

Annual required contribution (ARC)	\$ 315,372
Interest earned on net pension asset	(330,873)
Adjust to the ARC	454,480
Annual pension costs	438,979
Contributions made	(315,372)
Decrease in net pension asset	123,607
Net pension asset, beginning of year	6,687,466
Net pension asset, end of year	\$ 6,563,859

All OPERS participating employers are required by law to submit the contributions as adopted by the PERB. For the fiscal year ended June 30, 2009, the College's annual pension expenditures/expense was \$581,444. This included employer annual required contributions to PERS (\$315,372) and amounts used to fund pension obligations (\$266,072).

Five-Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2005	\$ 488,795	-	100%	\$ 7,240,000
6/30/2006	\$ 584,207	\$ 361,189	62%	\$ 7,016,982
6/30/2007	\$ 483,465	\$ 302,273	63%	\$ 6,835,790
6/30/2008	\$ 444,784	\$ 296,460	67%	\$ 6,687,466
6/30/2009	\$ 438,979	\$ 315,372	72%	\$ 6,563,859

**Tax Sheltered Annuities**

Voluntary tax sheltered 403(b) annuity plans are available to College employees. Regular, full-time employees are eligible to participate. The maximum contribution for calendar year 2008 is \$15,500 and for calendar year 2009 is \$16,500, with higher levels for employees over age 50.



**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Early Retirement Plan/Post-employment benefits**

Prior to July 1, 2004, the College offered early retirement stipends to its regular employees. A regular employee is an administrative, service/supervisory or classified staff member who works a minimum of 20 hours per week over a 12 month period, or the equivalent. Faculty members are also considered regular employees. The plan was not automatic, and each request required approval by the Board of Directors.

To be eligible an employee must have been eligible to receive PERS retirement benefits and have been employed as a regular employee a minimum of ten consecutive years immediately preceding application for early retirement benefits.

Effective July 1, 2004, the early retirement stipend was no longer available to faculty and classified employees. Effective July 1, 2005, the early retirement stipend was no longer available to service and supervisory and administrative employees.

The cost of the early retirement stipend (stipend and FICA) for 2008-2009 was \$38,239 for 21 retirees.

Premium costs of post-employment health insurance are also subsidized; however, effective July 1, 2004, the amount is capped at the medical premium amount the college is paying for faculty and classified employees at the time of retirement. This same provision is effective for service and supervisory and administrative employees as of July 1, 2005. Coverage may also include dependents and spouses. Post-employment subsidies of premiums for health insurance are expensed as paid. The cost of the post-employment health insurance for 2008-2009 was \$169,805 for 33 retirees.

Faculty or classified employees hired on or after July 1, 2004 are not eligible to apply for or receive any early retirement benefits. Service and supervisory and administrative employees hired on or after July 1, 2005 are not eligible to apply for or receive any early retirement benefits.

In accordance with the requirements of GASB Statement No. 45, the College had an independent actuarial valuation completed for this program as of June 30, 2009.

The report included the plans' funded status, the Annual Required Contribution (ARC) as defined by GASB 27 and GASB 45 for 2008-2009, an estimation of future cash flows and their present value, and an actuarial accrued liability.

The College stipends and health premiums are expensed as paid. The College has not funded the liability beyond the annual amount.

The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the College's OPEB obligation to the plan.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

	Health	Stipend	Total
Annual Required Contribution	\$ 183,400	\$ 29,607	\$ 213,007
Interest on Net OPEB Obligation (BOY)	-	-	-
Adjustment to ARC for Net OPEB Obligation	-	-	-
Annual OPEB Cost	<u>183,400</u>	<u>29,607</u>	<u>213,007</u>
Actual Contributions	169,805	38,239	208,044
Interest on Contributions	-	-	-
Increase (Decrease) in net OPEB obligation	<u>13,595</u>	<u>(8,632)</u>	<u>4,963</u>
Net OPEB Obligation - July 1, 2008	-	-	-
Net OPEB Obligation - June 30, 2009	<u>\$ 13,595</u>	<u>\$ (8,632)</u>	<u>\$ 4,963</u>

In prior years, the College has recorded a liability for unpaid stipends. As of June 30, 2009, the liability amounts to \$117,509. The College has decided to leave the liability in place to offset some of the future impact of possible required contributions to the plan based on the actuarial accrued liability and the fact that the plan is unfunded. The unfunded actuarial accrued liability for the plans as of June 30, 2009 is provided below.

	Health	Stipend
Actuarial Value of Plan Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,274,469	\$ 85,850
Unfunded AAL	\$ 1,274,469	\$ 85,850
Funded Ratio	0.00%	0.00%
Covered Payroll	\$ 3,274,850	\$ -
UAAL as a % of Covered Payroll	38.92%	NA

**Note 7: RESTRICTED NET ASSETS**

**Primary Government**

The College has received funds from a settlement of a lawsuit related to student housing issues. These funds and earnings on them are to be used to provide or supplement student housing for Clatsop Community College students. During FY 2008-09 the accumulated balance earned \$21,370 of interest and \$25,781 of accumulated balances were used as rent subsidies for students. As of June 30, 2009, the balance of \$1,034,830 is included in temporarily restricted net assets.

**Clatsop Community College Foundation**

Temporarily restricted net assets (\$1,318,433) and permanently restricted net assets (\$582,524) in the Foundation are primarily for scholarships.

**Note 8: PROPERTY, BUILDINGS AND EQUIPMENT**

**Primary Government**

The College established an inventory of property, buildings and equipment at estimated historical cost, from College records and efforts of an appraisal firm, as of June 30, 1988. The following changes occurred in property, buildings and equipment owned by the College between June 30, 2008 and 2009:

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

	June 30, 2008	Additions	Deletions	June 30, 2009
Capital assets not being depreciated:				
Land & improvements	\$ 85,535	\$ -	\$ -	\$ 85,535
Construction in progress	1,813,758	6,817,520		8,631,278
Total capital assets not being depreciated	1,899,293	6,817,520	-	8,716,813
Capital assets being depreciated:				
Buildings	13,107,455	87,237	495,331	12,699,361
Equipment	3,287,325	35,661	76,590	3,246,396
Library books	201,322	6,879	-	208,201
Total capital assets being depreciated	16,596,102	129,777	571,921	16,153,958
Less accumulated depreciation for:				
Buildings	4,192,144	153,721	193,128	4,152,737
Equipment	2,847,921	330,646	76,590	3,101,977
Library books	152,401	14,949		167,350
Total accumulated depreciation	7,192,466	499,316	269,718	7,422,064
Total capital assets being depreciated net	9,403,636	(369,539)	302,203	8,731,894
Capital assets - net	\$ 11,302,929	\$ 6,447,981	\$ 302,203	\$ 17,448,707

**CCC Foundation**

The Foundation has no property, plant, and equipment as of June 30, 2009.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Note 9: LONG-TERM DEBT**

The College has the following long-term debt arrangements:

**Notes Payable – Physical Plant**

Note payable to the City of Astoria for \$331,657 at 5.01% for MERTS waterline improvements, dated May 13, 1999, with semi-annual payments of \$13,223, scheduled maturity date of November 2018. The note is secured by the improvements.

Balance, June 30, 2008	\$	214,313
Less: principal payments, 2008-2009		(15,926)
Balance, June 30, 2009	\$	<u>198,387</u>

Note payable to Oregon School Boards Association for \$391,000 for purchase of software upgrade and improvements, dated October 1, 2004, with one payment of \$80,000 (interest rate of 2.10%) and three payments of \$85,000 (interest rates of 2.35%, 2.60% and 2.90%). The note is secured by the general funds of the College.

Balance, June 30, 2008	\$	85,000
Less: principal payments, 2008-2009		(85,000)
Balance, June 30, 2009	\$	<u>-</u>

Note payable to Shorebank Enterprise Pacific Coast III, LLC, for \$10,451,231 for New Market Tax Credits financing for the Jerome Campus Redevelopment Project, dated September 29, 2008, with one payment of \$10,451,231 due on September 10, 2015 (interest rate of 2.61865%). The note is secured by certain pledged accounts.

Balance, June 30, 2008	\$	-
Loan proceeds received	\$	10,451,231
Less: principal payments, 2008-2009		-
Balance, June 30, 2009	\$	<u>10,451,231</u>

**Bonds Payable - Facilities**

Facilities bonds payable are direct obligations that pledge the full faith and credit of the College. Funds provided by the bonds are being used to improve college facilities and were approved by the Board on August 6, 2007 to meet State of Oregon requirements to receive matching funds for construction. The College has presented these funds to the State to satisfy its matching requirement. Funds from the State will be available once all of the College's funds are expended. Payments for the debt are secured by the assets of the College.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

Bond payable to Wells Fargo, Trustee, for \$7,500,000 at 4.25% for acquisition of land, site preparation and development costs for a new campus in the greater Astoria region of Oregon, and to pay the costs of issuance of the obligations, dated August 3, 2006, with scheduled interest and principal payments due semi-annually through June 30, 2026.

	Balance, June 30, 2008	\$ 7,040,000
	Less: principal payments, 2008-2009	(265,000)
	Balance, June 30, 2009	<u>\$ 6,775,000</u>

General Obligation Bonds, Series 2009, payable to Wells Fargo, Trustee, for

	Balance, June 30, 2008	\$ -
	General Obligation bond proceeds received	5,000,000
	Less: principal payments, 2008-2009	-
	Balance, June 30, 2009	<u>\$ 5,000,000</u>

**Bonds Payable – PERS**

PERS bonds are direct obligations that pledge the full faith and credit of the College. Funds provided by the PERS bonds were used to prepay the College's pension unfunded actuarial liability (UAL). Payments are secured by an intragovernmental agreement whereby payments are taken from the quarterly State appropriation prior to receipt by the College.

Bond payable to Wells Fargo, Trustee, for \$7,240,000 at 4.6% for paying PERS unfunded actuarial liability, dated June 9, 2005, with scheduled interest and principal payments due semi-annually through June 30, 2028.

	Balance, June 30, 2008	\$ 7,230,000
	Less: principal payments, 2008-2009	(30,000)
	Balance, June 30, 2009	<u>\$ 7,200,000</u>

The schedule of future requirements for payment of principal and interest on these obligations are as follows:

	Total		City of Astoria		PERS		Facilities		Facilities		Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	346,761	909,743	16,761	9,684	50,000	343,527	280,000	300,631	-	255,901	-	-
2011	447,611	831,902	17,611	8,834	75,000	341,205	290,000	288,731	65,000	193,132	-	-
2012	538,505	813,252	18,505	7,941	105,000	337,723	305,000	276,406	110,000	191,182	-	-
2013	589,444	791,176	19,444	7,002	130,000	332,848	315,000	263,444	125,000	187,882	-	-
2014	665,430	767,016	20,430	6,016	165,000	326,812	330,000	250,056	150,000	184,132	-	-
2015	731,467	739,793	21,467	4,979	195,000	319,151	345,000	236,031	170,000	179,632	-	-
2016	1,124,378	709,887	22,556	3,890	230,000	310,097	355,000	221,368	185,000	174,532	10,451,231	-
2017	863,700	675,577	23,700	2,746	270,000	299,418	370,000	206,281	200,000	167,132	-	-
2018	934,902	641,039	24,902	1,544	310,000	286,882	385,000	191,481	215,000	161,132	-	-
2019	1,008,011	602,406	13,011	304	355,000	272,489	405,000	176,081	235,000	153,532	-	-
2020	1,075,000	560,601	-	-	405,000	256,006	420,000	159,375	250,000	145,220	-	-
2021	1,165,000	510,797	-	-	455,000	237,202	440,000	138,375	270,000	135,220	-	-
2022	1,265,000	456,016	-	-	515,000	215,221	460,000	116,375	290,000	124,420	-	-
2023	1,375,000	396,536	-	-	575,000	190,341	485,000	93,375	315,000	112,820	-	-
2024	1,480,000	334,333	-	-	640,000	162,563	505,000	71,550	335,000	100,220	-	-
2025	1,595,000	267,290	-	-	705,000	131,645	530,000	48,825	360,000	86,820	-	-
2026	1,725,000	194,621	-	-	780,000	97,586	555,000	24,975	390,000	72,060	-	-
2027	1,275,000	115,974	-	-	860,000	59,904	-	-	415,000	56,070	-	-
2028	825,000	56,998	-	-	380,000	18,358	-	-	445,000	38,640	-	-
2029	475,000	19,950	-	-	-	-	-	-	475,000	19,950	-	-
	<u>\$ 29,624,618</u>	<u>\$ 10,394,907</u>	<u>\$ 198,387</u>	<u>\$ 52,940</u>	<u>\$ 7,200,000</u>	<u>\$ 4,538,978</u>	<u>\$ 6,775,000</u>	<u>\$ 3,063,360</u>	<u>\$ 5,000,000</u>	<u>\$ 2,739,629</u>	<u>\$ 10,451,231</u>	<u>\$ -</u>

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Other Long-term Obligation – Facilities**

The College entered into a federally approved New Market Tax Credits (NMTC) plan which resulted in the obligation to pay a management fee to ensure compliance with federal regulations.

Obligation payable to Shorebank Enterprise Pacific Coast III, LLC for management fees related to NMTC financing compliance, dated October 22, 2008, with no interest due with scheduled payments due quarterly through July 2015.

Balance, June 30, 2008	\$	-
Obligation incurred	\$	912,760
Less payments, 2008-2009		(97,086)
Balance, June 30, 2009	\$	815,674

**Capital Leases**

The College is financing the purchase of a phone system through University Lease. The economic substance of the new lease is that the College is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the College's assets and liabilities. The lease includes a buyout provision of one dollar (\$1) at the end of the lease.

The following is an analysis of the leased asset included in property and equipment:

		June 30, 2009
Equipment	\$	40,735
Less accumulated depreciation		(32,588)
Total	\$	8,147

The following is a schedule by years of future minimum payment required under the lease.

Years ending June 30, 2010,		
total minimum lease payment	\$	14,743
Less amount representing interest		(1,125)
Present value of minimum lease payments	\$	13,618

**Changes in Long-Term Liabilities**

A summary of long-term liability activity follows:

	July 1, 2008			June 30, 2009	
	Beginning			Ending	Due Within One
	Balance	Additions	Reductions	Balance	Year
Notes payable	\$ 299,313	\$ 10,451,231	\$ 100,926	\$ 10,649,618	\$ 16,761
Bonds payable	14,270,000	5,000,000	295,000	18,975,000	330,000
Other long-term obligations	-	912,760	97,086	815,674	129,673
Capital lease obligations	29,867	-	16,249	13,618	14,743
	\$ 14,599,180	\$ 16,363,991	\$ 509,261	\$ 30,453,910	\$ 491,177

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Note 10: BOARD CONFLICT OF INTEREST**

The College's Board is made up of seven elected members. The College did not purchase any supplies from any of the Board members during FY 2008-09.

**Note 11: RELATED PARTIES AND COMPONENT UNITS**

**CLATSOP COMMUNITY COLLEGE FOUNDATION**

The Foundation, a nonprofit, nongovernmental organization, exists for the purpose of providing assistance to the College for its instructional and student financial aid programs. Funds are invested and proceeds are used as directed by the donors. The College paid the the salary of the part-time Executive Director and assistant for first six months of the fiscal year and was reimbursed \$27,816. In addition, the College provided accounting services and office space for the Foundation. Total donated services from the College for the year ended June 30, 2009 were \$10,455. The Foundation did not owe the College any amounts at June 30, 2009.

The Foundation did not have an independent audit for the year ended June 30, 2009.

**Note 12: COMMITMENTS AND CONTINGENCIES**

The College borrowed \$7.5 million in July 2006 to use as a match for state funds to build a new campus. The funds have been submitted to the State for verification of the match, and the College is proceeding with redevelopment of the Jerome Avenue campus. The College also committed to a funding strategy (New Markets Tax Credits) to produce an additional \$2.5 million in funds for the project. The transaction was completed in September 2008, bringing this additional funding to the College as well as releasing the College's State match to it for immediate use.

This funding strategy with the New Market Tax Credits consists of a non-current note receivable totaling \$7,583,779 currently due from the Oregon Community College Association (OCCA). As of the date of these financial statements, OCCA has not yet verified this receivable either through a formal confirmation process, or per the recording of a corresponding note payable, per discussion with OCCA. Management of the College believes the possibility of not collecting this receivable is remote."

In November 2008, the voters of Clatsop County passed a general obligation bond in the amount of \$5.0 million to further support this project since the State was providing an additional \$4.0 million in matching funds. The bonds were sold in February 2009, and the funds were submitted to the State and returned to the College as required by the State. The State has not yet released its match of \$4.0 million. This will be done when the College has expended \$4.0 million of the general obligation bond proceeds on the project.

**CLATSOP COMMUNITY COLLEGE**  
**Notes to the Financial Statements**

**Note 13: POLLUTION REMEDIATION**

GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires certain disclosures. In summer 2009, the College retained the services of a hazardous materials firm to determine the extent to which Towler Hall and Patriot Hall had asbestos and lead-based paint in preparation for extensive remodeling and demolition work. The company's findings indicated levels of contaminants that would need to be remediated and the estimated cost is approximately \$98,000.

In addition, in Spring 2008, the College discovered two abandoned underground storage tanks that had been used for heating oil until approximately 1980. The Oregon Department of Environmental Quality (DEQ) was notified, and the College took appropriate measures to clean out the tanks in preparation for removal in early 2010. Some contamination was noted in the ground surrounding the tops of the tanks, and it is believed to be from overfilling the tanks rather than seepage from the tanks. Due to the location of the tanks and the difficulty of excavating the area, DEQ agreed to wait until early 2010 to complete testing in this area. As a part of the renovation of Towler Hall and demolition of the Patriot Hall addition, these tanks will be removed, the area retested and any necessary remediation completed upon the tanks removal. The College has estimated this work to cost approximately \$30,000.

Both these projects will be completed by June 30, 2010.



**Clatsop Community College**  
**Clatsop County, Oregon**

**Supplemental Information**

**Clatsop Community College**  
**Balance Sheet**  
**June 30, 2009**

	Current Funds			Plant Funds				Clubs and Organizations Fund	Total All Primary Funds (Memorandum only)
	Unrestricted	Restricted	Unexpended	JCRP	Retirement of Indebtedness	Investment in Plant	Debt Service Fund		
<b>Assets</b>									
Cash and investments	\$ 1,005,792	\$ 142,834	\$ 1,399,101	\$ 16,528,166	\$ -	\$ -	\$ (124,329)	\$ 61,990	\$ 19,013,554
Receivables:									
Property taxes	270,860	-	-	-	-	-	-	-	270,860
Governmental	1,771,316	-	-	-	-	-	-	-	1,771,316
Student receivables (less allowance for doubtful accounts)	882,487	-	-	-	-	-	-	-	882,487
Inventories	105,850	-	-	-	-	-	-	-	105,850
Accrued interest receivable	-	-	-	265,432	-	-	-	-	265,432
Note receivable from Auxiliary Fund	205,000	-	-	-	-	-	-	-	205,000
Note receivable from OCCA	-	-	-	7,583,779	-	-	-	-	7,583,779
Property, buildings, and equipment:									
Land and improvements	-	-	-	-	-	85,535	-	-	85,535
Buildings	-	-	-	-	-	12,699,361	-	-	12,699,361
Accumulated Depreciation	-	-	-	-	-	(4,152,737)	-	-	(4,152,737)
Equipment	-	-	-	-	-	3,246,396	-	-	3,246,396
Accumulated Depreciation	-	-	-	-	-	(3,101,977)	-	-	(3,101,977)
Library Books	-	-	-	-	-	208,201	-	-	208,201
Accumulated Depreciation	-	-	-	-	-	(167,350)	-	-	(167,350)
Facilities - Construction in Progress	-	-	-	-	-	8,631,278	-	-	8,631,278
Other assets	27,514	757	72,750	334,385	-	-	6,563,859	2	6,999,267
<b>Total assets</b>	<b>\$ 4,268,819</b>	<b>\$ 143,591</b>	<b>\$ 1,471,851</b>	<b>\$ 24,711,762</b>	<b>\$ -</b>	<b>\$17,448,707</b>	<b>\$ 6,439,530</b>	<b>\$ 61,992</b>	<b>\$ 54,546,252</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,220,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,220,933
Accrued liabilities	1,033,183	-	-	-	-	-	-	-	1,033,183
Miscellaneous deposits	1,135	-	-	-	-	-	-	-	1,135
Due to student groups and agencies	30,000	-	-	-	-	-	-	-	30,000
Deferred revenues	337,881	142,113	-	-	-	-	-	61,992	541,986
Deferred grants	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	374,882	-	-	28,627	-	403,509
Retainage	-	-	10,968	178,017	-	-	-	-	188,985
Other miscellaneous liabilities	3,422	1,478	48,167	110,358	-	-	-	-	163,425
Other liabilities	-	-	-	815,674	-	-	-	-	815,674
Long term debt:									
Note payable to General Fund	205,000	-	-	-	-	-	-	-	205,000
Note payable to Shorebank (NMF C)	-	-	-	10,451,231	-	-	-	-	10,451,231
Phone lease	-	-	-	-	-	13,618	-	-	13,618
Mortgage payable	-	-	-	-	-	-	-	-	-
Software Migration note payable	-	-	-	-	-	-	-	-	-
Bond payable	-	-	-	11,775,000	-	-	7,200,000	-	18,975,000
Waterline improvement note to City of	-	-	-	-	-	198,386	-	-	198,386
<b>Total liabilities</b>	<b>2,831,554</b>	<b>143,591</b>	<b>59,135</b>	<b>23,705,162</b>	<b>-</b>	<b>212,004</b>	<b>7,228,627</b>	<b>61,992</b>	<b>34,242,065</b>
<b>Fund balances:</b>									
Unrestricted	1,437,265	-	377,886	-	-	-	-	-	1,815,151
Restricted - Pension	-	-	-	-	-	-	(789,097)	-	(789,097)
Restricted - Plant	-	-	1,034,830	-	-	-	-	-	1,034,830
Restricted - JCRP	-	-	-	1,006,600	-	-	-	-	1,006,600
Net investment in plant	-	-	-	-	-	17,236,703	-	-	17,236,703
<b>Total fund balances</b>	<b>1,437,265</b>	<b>-</b>	<b>1,412,716</b>	<b>1,006,600</b>	<b>-</b>	<b>17,236,703</b>	<b>(789,097)</b>	<b>-</b>	<b>20,304,187</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,268,819</b>	<b>\$ 143,591</b>	<b>\$ 1,471,851</b>	<b>\$ 24,711,762</b>	<b>\$ -</b>	<b>\$17,448,707</b>	<b>\$ 6,439,530</b>	<b>\$ 61,992</b>	<b>\$ 54,546,252</b>

See accompanying independent auditor's report.

Clatsop Community College

Schedule of Changes in Fund Balances

Year Ended June 30, 2009

	Current Funds			Plant Funds					Clubs and Organizations Fund	Total All Funds (Micro-fund amounts)
	Unrestricted	Restricted	Total	Unexpended	JCRP	Retirement of Indebtedness	Investment in Plant	Debt Service Fund		
<b>Revenues:</b>										
Local sources	\$ 3,645,397	\$ 964,412	\$ 4,609,809	\$ 714,790	\$ 100	\$ -	\$ -	\$ 265,235	\$ -	\$ 5,589,934
State appropriations	3,227,040	479,028	3,706,068	-	-	-	-	-	-	3,706,068
Government grants and contracts	10,467	3,314,399	3,324,866	549,284	-	-	-	-	-	3,874,150
Tuition and fees	2,601,175	225	2,601,400	-	-	-	-	-	-	2,601,400
Investment income	54,635	-	54,635	21,370	515,891	-	-	3,178	-	595,074
Auxiliary revenue	511,023	-	511,023	-	-	-	-	-	-	511,023
Other	153,357	52,540	205,897	-	10,491,085	-	6,762,270	-	36,045	17,495,297
<b>Total revenues and other additions</b>	<b>10,203,094</b>	<b>4,810,604</b>	<b>15,013,698</b>	<b>1,285,444</b>	<b>11,007,076</b>	<b>-</b>	<b>6,762,270</b>	<b>268,413</b>	<b>36,045</b>	<b>34,372,946</b>
<b>Expenditures and mandatory transfers:</b>										
<b>Educational and general expenditures -</b>										
Instruction	4,025,981	93,770	4,119,751	-	-	-	-	-	-	4,119,751
Instructional support	1,225,972	346,016	1,565,988	-	-	-	-	-	-	1,565,988
Student services	1,034,236	1,102,014	2,136,250	-	-	-	-	-	36,654	2,172,904
Institutional support (administration)	2,598,085	48,117	2,646,202	-	-	-	-	-	586	2,646,788
Operation and maintenance of plant	953,059	-	953,059	-	-	-	-	-	-	953,059
Auxiliary enterprises	488,263	-	488,263	-	-	-	-	-	-	488,263
Community services	36,790	115,610	152,400	-	-	-	-	-	20,165	172,565
Depreciation expense	-	-	-	-	-	-	499,316	-	-	499,316
Expended for equipment and facilities	54,950	-	54,950	664,066	9,459,710	365,926	-	-	-	10,544,652
Amortization of bond costs	-	-	-	-	35,367	-	-	-	-	35,367
Cost of bond issuance	-	-	-	-	50,365	-	-	-	-	50,365
Cost of NMTIC issuance	-	-	-	-	236,269	-	-	-	-	236,269
Interest Expense	-	-	-	27,324	457,916	219,648	-	344,804	-	1,049,692
Pension amortization	-	-	-	-	-	-	-	123,607	-	123,607
Other	-	-	-	1,675	-	750	-	120	-	2,545
Financial aid	151,777	2,284,405	2,436,182	-	-	-	-	-	-	2,436,182
<b>Total educational and general expenditures</b>	<b>10,569,113</b>	<b>3,983,932</b>	<b>14,553,045</b>	<b>693,065</b>	<b>10,239,567</b>	<b>586,324</b>	<b>499,316</b>	<b>468,531</b>	<b>57,345</b>	<b>27,097,193</b>
<b>Other transfers:</b>										
Nonmandatory transfers, net	43,847	826,672	870,519	612,105	(875,000)	(586,324)	-	-	(21,300)	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net increase (decrease) in fund balances</b>	<b>\$ (409,866)</b>	<b>\$ -</b>	<b>\$ (409,866)</b>	<b>\$ (19,726)</b>	<b>\$ 1,642,509</b>	<b>\$ -</b>	<b>\$ 6,262,954</b>	<b>\$ (200,118)</b>	<b>\$ -</b>	<b>\$ 7,275,753</b>
<b>Fund Balance, June 30, 2008</b>										
Unrestricted	1,847,131	-	1,847,131	393,081	-	-	-	-	-	2,240,212
Restricted Pension	-	-	-	-	-	-	-	(588,979)	-	(588,979)
Restricted - Plant	-	-	-	1,039,361	-	-	-	-	-	1,039,361
Restricted - JCRP	-	-	-	-	(635,909)	-	-	-	-	(635,909)
Net investment in plant	-	-	-	-	-	-	10,973,749	-	-	10,973,749
<b>Fund Balance, June 30, 2009</b>	<b>\$ 1,437,265</b>	<b>\$ -</b>	<b>\$ 1,437,265</b>	<b>\$ 1,412,716</b>	<b>\$ 1,006,606</b>	<b>\$ -</b>	<b>\$ 17,236,703</b>	<b>\$ (789,097)</b>	<b>\$ -</b>	<b>\$ 20,304,187</b>

See accompanying independent auditor's report.

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>					
State sources	\$ 3,227,040	\$ -	\$ 3,227,040	\$ 3,700,813	\$ (473,773)
Federal sources	10,467	-	10,467	-	10,467
Local sources					
Current year property taxes	3,645,397	-	3,645,397	3,299,524	345,873
Prior years property taxes		-	-	125,000	(125,000)
County timber sales/WOST		-	-	200,000	(200,000)
Tuition and fees	2,601,175	-	2,601,175	2,437,211	163,964
All other	207,992	-	207,992	247,251	(39,259)
<b>Total revenues</b>	<b>9,692,071</b>	<b>-</b>	<b>9,692,071</b>	<b>10,009,799</b>	<b>(317,728)</b>
<b>Expenditures:</b>					
Instruction	4,025,981	20,708	4,046,689	3,879,784	166,905
Support Services	5,866,302	13,510	5,879,812	6,105,192	(225,380)
Public Service	36,790	-	36,790	55,097	(18,307)
All Other	151,777	-	151,777	186,795	(35,018)
<b>Total expenditures</b>	<b>10,080,850</b>	<b>34,218</b>	<b>10,115,068</b>	<b>10,226,868</b>	<b>(111,800)</b>
Excess (deficiency) of revenues over (under) expenditures	(388,779)	(34,218)	(422,997)	(217,069)	(205,928)
<b>Other financing sources (uses)</b>					
Transfers in	25,781		25,781	36,120	(10,339)
Transfers out	(69,628)		(69,628)	(103,552)	33,924
<b>Total other financing sources (uses)</b>	<b>(43,847)</b>	<b>-</b>	<b>(43,847)</b>	<b>(67,432)</b>	<b>23,585</b>
			-		
			-		
<b>Net change in fund balance</b>	<b>(432,626)</b>	<b>(34,218)</b>	<b>(466,844)</b>	<b>(284,501)</b>	<b>(182,343)</b>
Fund balance, beginning	2,123,549	360,393	2,483,942	2,192,147	291,795
<b>Fund balance, ending</b>	<b>\$ 1,690,923</b>	<b>\$ 326,175</b>	<b>\$ 2,017,098</b>	<b>\$ 1,907,646</b>	<b>\$ 109,452</b>

GAAP adjustments are for the annual accruals for compensated absences and GASB adjustments not budgeted by the College.

**General Fund**

The *General Fund* accounts for all current financial resources not required to be accounted for in other funds. The major sources of revenues are property taxes, timber revenues, state school support, and tuition and fees. The major expenditures are personnel and related costs, materials and services, and capital improvements.

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
Revenues:					
Bookstore sales	\$ 396,687	\$ 7,974	\$ 404,661	\$ 385,655	\$ 19,006
All other	114,335	26,244	140,579	204,087	(63,508)
Total revenues	<u>511,022</u>	<u>34,218</u>	<u>545,240</u>	<u>589,742</u>	<u>(44,502)</u>
Expenditures:					
Total Instruction	154,314	-	154,314	174,742	(20,428)
Total Support Services	368,363	-	368,363	395,000	(26,637)
Total Public Service	20,534	-	20,534	20,000	534
Total expenditures	<u>543,211</u>	<u>-</u>	<u>543,211</u>	<u>589,742</u>	<u>(46,531)</u>
Excess (deficiency) of revenues over (under) expenditures	(32,189)	34,218	2,029	-	2,029
Other financing resources (uses):					
Note proceeds	-	-	-	-	-
Note payment	-	-	-	-	-
Fund balance, beginning	<u>(39,411)</u>	<u>-</u>	<u>(39,411)</u>	<u>-</u>	<u>(39,411)</u>
Fund balance, ending	<u>\$ (71,600)</u>	<u>\$ 34,218</u>	<u>\$ (37,382)</u>	<u>\$ -</u>	<u>\$ (37,382)</u>

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Auxiliary Enterprises Fund

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The *Auxiliary Enterprises Fund* accounts for transactions of substantially self-supporting auxiliary activities that perform services primarily to students, faculty, and staff. These activities are financed and operated in a manner similar to private business enterprises where the intent of the governing body is to ensure that costs are financed primarily through user charges. The College uses the auxiliary enterprises fund to account for the operations of its bookstore, cafeteria and M/V Forerunner, a teaching and research vessel.

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

Restricted	Actual Amount	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>			
Federal sources	\$ 3,314,399	\$ 3,230,642	\$ 83,757
State sources	479,028	492,114	(13,086)
Local sources	964,411	20,873	943,538
Tuition and fees	225	10,000	(9,775)
Other	52,540	1,197,834	(1,145,294)
Total revenues	4,810,603	4,951,463	(140,860)
<b>Expenditures:</b>			
Total Instruction	93,770	165,115	(71,345)
Total Support Services	1,490,147	1,580,193	(90,046)
Total Public Service	115,610	120,845	(5,235)
Total Facilities Acquisition and Constructio	-	875,000	(875,000)
All Other Expenditures	2,284,406	2,260,000	24,406
Total all other expenditures	3,983,933	5,001,153	(1,017,220)
Excess (deficiency) of revenues over (under) expenditures	826,670	(49,690)	876,360
Other financing sources (uses) Transfers in	(826,670)	49,690	(876,360)
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

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**Restricted Fund**

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The ***Restricted Fund*** consists of student financial aid programs and special grant projects. State and federal funding is received to support student financial aid programs. These programs include Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Direct and Need Based Loans, and Federal Work Study. Resources, in support of special grant projects, are received from federal, state, and local sources and expended for specific grant requirements.

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

Unexpended Plant	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
Revenues:					
Investment income	\$ 537,261	\$ (265,432)	\$ 271,829	\$ 169,000	\$ 102,829
Timber sales	689,790	-	689,790	620,064	69,726
Other	11,065,469	120,062	11,185,531	7,500,000	3,685,531
Total revenues	<u>12,292,520</u>	<u>(145,370)</u>	<u>12,147,150</u>	<u>8,289,064</u>	<u>3,858,086</u>
Expenditures:					
Total all other expenditures	<u>10,932,632</u>	<u>(379,921)</u>	<u>10,552,711</u>	<u>14,378,530</u>	<u>(3,825,819)</u>
Total expenditures	<u>10,932,632</u>	<u>(379,921)</u>	<u>10,552,711</u>	<u>14,378,530</u>	<u>(3,825,819)</u>
Excess (deficiency) of revenues over (under) expenditures	1,359,888	234,551	1,594,439	(6,089,466)	7,683,905
Other financing sources (uses)					
Loan proceeds	-	5,000,000	5,000,000	-	5,000,000
Transfers in from Grant Funds	875,000	-	875,000	-	875,000
Transfers out to Debt Service	(586,324)	105,093	(481,231)	(739,871)	258,640
Transfers out to General Fund	(25,781)	-	(25,781)	(40,682)	14,901
Total other financing sources (uses)	<u>262,895</u>	<u>5,105,093</u>	<u>5,367,988</u>	<u>(780,553)</u>	<u>6,148,541</u>
Net change in fund balance	1,622,783	5,339,644	6,962,427	(6,870,019)	13,832,446
Fund balance, beginning	<u>796,533</u>	<u>10,108,990</u>	<u>4,393,026</u>	<u>8,896,790</u>	<u>(4,503,764)</u>
Fund balance, ending	<u>\$ 2,419,316</u>	<u>\$ 15,448,634</u>	<u>\$ 11,355,453</u>	<u>\$ 2,026,771</u>	<u>\$ 9,328,682</u>

GAAP adjustments represent accrual of expenses not required to be budgeted by the College.

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**Unexpended Plant Fund**

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The *Unexpended Plant Fund* accounts for resources available to finance the acquisition, construction, or improvement of plant assets for the College.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Compared with Budget  
Year Ended June, 2009**

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
Revenues:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Timber sales	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Total all other expenditures	586,324	-	586,324	767,871	(181,547)
Total expenditures	586,324	-	586,324	767,871	(181,547)
Excess (deficiency) of revenues over (under) expenditures	(586,324)	-	(586,324)	(767,871)	181,547
Other financing sources (uses):					
Transfers in from Unexpended Plant	586,324	-	586,324	767,871	(181,547)
Transfer in from General Fund	-	-	-	-	-
Total other financing sources (uses)	586,324	-	586,324	767,871	(181,547)
Net change in fund balance	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

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Plant - Retirement of Indebtedness

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The *Plant - Retirement of Indebtedness Fund* accounts for the payment of principal, interest, and other debt service charges, including contributions for sinking funds relating to debt incurred in financing College plant assets.



**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over(Under) Budget
Revenues:					
Other Local	\$ 265,235	\$ -	\$ 265,235	\$ 369,950	\$ (104,715)
Investment income	3,178	-	3,178	5,100	(1,922)
Total revenues	<u>268,413</u>	<u>-</u>	<u>268,413</u>	<u>375,050</u>	<u>(106,637)</u>
Expenditures:					
Total other uses	468,531	(123,607)	\$ 344,924	375,050	(30,126)
Total expenditures	<u>468,531</u>	<u>(123,607)</u>	<u>344,924</u>	<u>375,050</u>	<u>(30,126)</u>
Excess (deficiency) of revenues over (under) expenditures	(200,118)	123,607	(76,511)	-	(76,511)
Fund balance, beginning	<u>(588,979)</u>	181,192	<u>(407,787)</u>	-	<u>(407,787)</u>
Fund balance, ending	<u>\$ (789,097)</u>	<u>\$ 304,799</u>	<u>\$ (484,298)</u>	-	<u>\$ (484,298)</u>

GAAP adjustments represent current year amortization expense not budgeted by the College.

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Debt Service Fund

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The *Debt Service Fund* accounts for resources used to pay for debt incurred by the College not related to physical plant borrowings.

**Schedule of Revenues, Expenditures, and Changes in  
Fund Balance Compared with Budget  
Year Ended June 30, 2009**

Clubs and Organizations Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
Revenues:			
Fees	\$ 36,045	\$ 90,475	\$ (54,430)
Expenditures:			
Total Support Services		-	-
Total Other	37,239	50,426	(13,187)
Total Public Service	20,106	61,349	(41,243)
Total expenditures	57,345	111,775	(54,430)
Excess (deficiency) of revenues over (under) expenditures	(21,300)	(21,300)	-
Other financing sources (uses)			
Transfers in	21,300	21,300	-
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

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Clubs and Organizations Fund

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The **Clubs and Organizations** accounts for resources held by the College as custodian or fiscal agent for students, faculty, staff and other organizations.

**Clatsop Community College**

**Clatsop County, Oregon**

**Auditors' Comments and Reports  
Year Ended June 30, 2009**

Bellevue  
Boise  
Grandview  
Moses Lake  
Omak  
Othello  
Quincy  
Spokane  
Tri-Cities  
Walla Walla  
Wenatchee  
Yakima

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*OREGON AUDITING STANDARDS*

*(per Minimum Standards for Audits of Oregon Municipal Corporations)*

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the basic financial statements of Clatsop Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

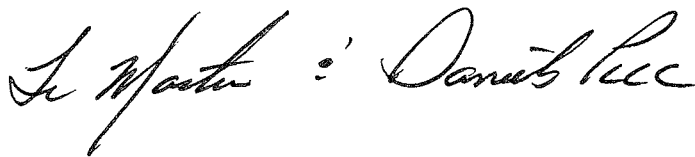
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clatsop Community College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The legal requirements relating to debt.

- The legal requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2009 and 2010.
- The legal requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 noncompliance that could have a direct and material effect on the determination of financial statement amounts.



Bellevue, Washington  
January 18, 2010



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Member of the Firm  
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Municipal license #1305

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

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the financial statements of Clatsop Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated January 18, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

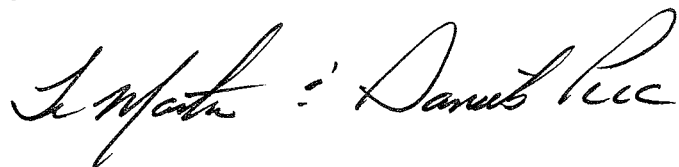
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clatsop Community College's financial statements are free of 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 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Clatsop Community College in a separate letter dated January 18, 2010.

This report is intended solely for the information and use of management, the audit committee, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.



Bellevue, Washington  
January, 2010



John T. Fisher, CPA, CGFM  
Member of the Firm  
Oregon license #9781  
Municipal license #1305

Bellevue  
Boise  
Grandview  
Moses Lake  
Omak  
Othello  
Quincy  
Spokane  
Tri-Cities  
Walla Walla  
Wenatchee  
Yakima

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Clatsop Community College  
Astoria Oregon

Compliance

We have audited the compliance of Clatsop Community College with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Clatsop Community College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Clatsop Community College's management. Our responsibility is to express an opinion on Clatsop Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clatsop Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clatsop Community College's compliance with those requirements.

In our opinion, Clatsop Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.



## Internal Control Over Compliance

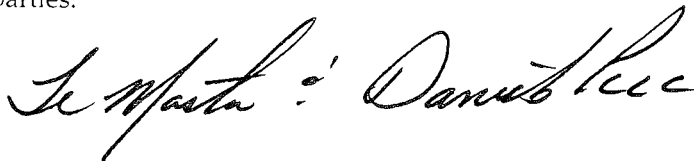
The management of Clatsop Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clatsop Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clatsop Community College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

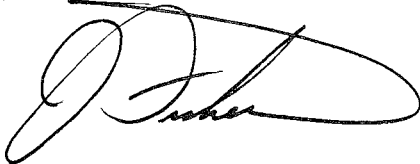
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Bellevue, Washington

January 18, 2010



John T. Fisher, CPA, CGFM

Member of the Firm

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**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Name of Agency or Department	CFDA No.	Name of Program	Pass-Through Entity Identifying Number	Total Awards Expended
<b>Primary Governmental Agency - Clatsop Community College</b>				
<b>US Dept of Labor</b>				
Passed through the Dept. of Community Colleges & Workforce Develp.	17.267	Incentive Grants - WIA Section 503	IGA0076	44,308
<b>Total Dept of Labor</b>				<u>44,308</u>
<b>Small Business Administration</b>				
Passed through the Oregon Small Business Development Center Network Office	59.037	Small Business Development Center	05-144	9,535
<b>Total Small Business Administration</b>				<u>9,535</u>
<b>US Dept of Education</b>				
Direct				
Student Financial Aid Cluster				
	84.007	Federal Supplement Education Opportunity Grants		96,216
	84.033	Federal Work Study		109,877
	84.063	Federal Pell Grant Program		992,671
	84.268	Federal Direct Loans		724,394
	84.375	Academic Competition Grant		4,550
Total Student Financial Aid Cluster				<u>1,927,708</u>
TRIO Grant Cluster				
	84.042A	Student Support Services		302,115
	84.044A	Talent Search		304,721
	84.047A	Upward Bound		276,374
Total TRIO Cluster				<u>883,210</u>
Subtotal Direct Programs				
				<u>2,810,918</u>
Passed through the Dept. of Community Colleges & Workforce Develp.				
	84.002	Adult Education - State Grant Program	EE5608	90,503
	84.048	Vocational Education - Basic Grants to States	4777	206,914
	84.243	Tech Prep Education	5423	8,171
Total Passed Through				<u>305,588</u>
<b>Total US Dept of Education</b>				<u>3,116,506</u>
<b>US Dept of Health &amp; Human Services</b>				
Passed through the Oregon Department of Human Services	93.558	Temp Assistance for Needy Families	99152	144,050
<b>Total US Dept of Health &amp; Human Services</b>				<u>144,050</u>
<b>Department of Homeland Security</b>				
Passed through Oregon Military Department Oreogn Emergency Services				
	97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	310	6,739
	97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	591	656
<b>Total Department of Homeland Security</b>				<u>7,395</u>
<b>Total Expenditures of Federal Awards for Clatsop Community College</b>				<b>\$ <u>3,321,794</u></b>

See accompanying independent auditors' report.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Year Ended June 30, 2009**

- Note 1 - The accompanying Schedule of Expenditures of Federal Awards includes the grant activities of Clatsop Community College. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- Note 2 - The amounts reported include \$724,394 of loan guarantees through the Federal Direct Loan Program.

See accompanying independent auditors' report.

**Clatsop Community College  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007**

**Section I - Summary of Auditor's Results**

*Financial Statements will have to be updated.*

Type of auditor's report issued: Unqualified  
Internal control over financial reporting:

- Material weakness(es) identified?            \_\_\_\_\_ yes     X  no
- Reportable condition(s) identified that are not considered to be material weaknesses?            \_\_\_\_\_ yes     X  none reported

Noncompliance material to financial statements noted?            \_\_\_\_\_ yes     X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?            \_\_\_\_\_ yes     X  no
- Reportable condition(s) identified that are not considered to be material weaknesses?            \_\_\_\_\_ yes     X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?            \_\_\_\_\_ yes     X  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>Student Financial Aid Cluster:</u>	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loans
<u>TRIO Grant Cluster</u>	
84.042A	Student Support Services
84.044A	Talent Search
84.047A	Upward Bound
<u>Other Programs</u>	
84.116Z	Computer and Technology Equipment, Infrastructure Upgrades

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?             X  yes            \_\_\_\_\_ no

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.