

Clatsop Community College
Clatsop County, Oregon

Annual Financial Statements

Year Ended June 30, 2006



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**Clatsop Community College
Clatsop County, Oregon**

Annual Financial Statements

Year Ended June 30, 2006

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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 (College) and its discretely presented component unit as of June 30, 2006, and the related statements of revenues, expenses, and changes in net assets and cash flows, where applicable, 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2006, and the changes in financial position and 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 dated February 26, 2007 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 listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The Supplementary Information listed in the table of contents is not a required part of the basic financial statement and is presented only for supplemental purposes. We have applied certain limited procedures to the Management's Discussion and Analysis, 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. The Supplementary Information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Clatsop Community College taken as a whole. The accompanying schedule of expenditures of federal awards 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 presented in all material respects, in relation to the basic financial statements taken as a whole.



For Moss Adams LLP
Eugene, Oregon
February 26, 2007

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 year ended June 30, 2006 and 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 Marine and Environmental Research and Training Station (MERTS) has previously been included as a component unit under GASB Statement 14, "The Financial Reporting Entity;" however, in January 2006, the MERTS Board of Directors voted to dissolve the MERTS corporation. The dissolution was completed in January 2006 with distribution of all assets to the College in accordance with the MERTS Articles of Incorporation.

Financial Analysis of the College as a Whole

Analysis of the Statement of Net Assets
As of June 30, 2006

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.

| | 2006 | 2005 | % change 2006-2005 | 2004 | % change 2005-2004 |
|-------------------------------------|---------------------|----------------------|-----------------------|---------------------|-----------------------|
| ASSETS | | | | | |
| Current Assets | \$ 4,589,166 | \$ 3,613,138 | 27% | \$ 4,020,712 | -11% |
| Non-Current Assets | | | | | |
| Other non-current assets | 7,999,989 | 8,197,430 | -2% | - | |
| Capital Assets, Net of Depreciation | 10,266,455 | 4,140,912 | 148% | 2,977,445 | 39% |
| Total Assets | <u>\$22,855,610</u> | <u>\$ 15,951,480</u> | 43% | <u>\$ 6,998,157</u> | 128% |
| LIABILITIES | | | | | |
| Current Liabilities | \$ 2,215,675 | \$ 1,544,475 | 43% | \$ 1,445,269 | 7% |
| Long-term debt, non-current portion | 7,668,862 | 7,955,414 | -4% | 297,986 | 2570% |
| NET ASSETS | | | | | |
| Investment in Capital Assets | 9,527,679 | 3,319,587 | 187% | 2,645,055 | 26% |
| Temporarily Restricted | 933,839 | 1,089,968 | -14% | 947,599 | 15% |
| Unrestricted | 2,509,555 | 2,042,036 | 23% | 1,662,248 | 23% |
| Total Net Assets | <u>12,971,073</u> | <u>6,451,591</u> | 101% | <u>5,254,902</u> | 23% |
| Total Liabilities and Net Assets | <u>\$22,855,610</u> | <u>\$ 15,951,480</u> | 43% | <u>\$ 6,998,157</u> | 128% |

Fiscal year 2006 compared to 2005. At June 30, 2006, the College's assets were approximately \$22.8 million. The College's current assets of \$4.5 million were sufficient to cover current liabilities of \$2.2 million. This represents a current ratio of 2.04, slightly lower than the prior year. Cash and investments of \$2.9 million make up most of the current assets while \$1.6 million is made up of receivables from property taxes, governmental receivables and student receivables. The College prepaid its unfunded actuarial liability to the PERS system for pension obligations, thus creating a non-current asset of \$7.0 million. Other non-current assets include an amount invested for adult student housing. The College's investment in capital assets is \$10.2 million, net of accumulated depreciation and related debt. The increase is due to receipt of the capital assets from the dissolution of the MERTS corporation.

The College's current liabilities consist primarily of payroll, various payables for operations, and the current portion of long-term debt: waterline to MERTS, pension bond obligations, mortgage on rental property, and the management information system loan. Non-current liabilities consist of long-term debt: waterline to MERTS, pension bond obligations, management information system loan, and a mortgage on property in downtown Astoria.

Within net assets, the “investment in capital assets” amounts to \$9.5 million. This increased in 2006 due to the receipt of the capital assets from the dissolution of the MERTS corporation. This represents the College’s plant and equipment less accumulated depreciation and related debt. The \$.9 million temporarily restricted amount is restricted for student housing and pension bond obligations. Unrestricted net assets of \$2.5 million consist of amounts for the continuing operation of the College. This amount increased because the College anticipated a reduction in funding from the State for FY06, and the College charged departments a higher rate for the PERS contribution than actually charged by PERS. The difference between the amount charged and the actual paid was used to pay the interest on the pension obligation.

Fiscal year 2005 compared to 2004. At June 30, 2005, the College’s assets were approximately \$15.9 million. The College’s current assets of \$4.5 million were sufficient to cover current liabilities of \$1.5 million. This represents a current ratio of 2.95, slightly higher than the prior year. Cash of \$2.3 million makes up most of the current assets while \$2.2 million is made up of receivables from property taxes, governmental receivables and student receivables. The College prepaid its unfunded actuarial liability to the PERS system for pension obligations, thus creating a non-current asset of \$7.2 million. The College’s investment in capital assets is \$4.1 million, net of accumulated depreciation and related debt.

The College’s current liabilities consist primarily of payroll, various payables for operations, and the current portion of long-term debt: waterline to MERTS, pension bond obligations, and management information system loan. The pension obligation and the management information system loan occurred during fiscal year 2005 causing the increase in current and non-current liabilities. Non-current liabilities consist of long-term debt: waterline to MERTS, pension bond obligations, management information system loan, and a mortgage on property in downtown Astoria.

Within net assets, the “investment in capital assets” amounts to \$3.3 million. This represents the College’s plant and equipment less accumulated depreciation and related debt. The \$1.0 million temporarily restricted amount is restricted for student housing and pension bond obligations. Unrestricted net assets of \$2.0 million consist of amounts for the continuing operation of the College. They increased for several reasons: 1) the College is anticipating a reduction in funding from the State for FY06 and 2) the College budgeted for an anticipated expense in its PERS contribution, but did not reallocate the savings to other expenditures when the actual contribution rate was determined.

Analysis of the Statement of Revenues, Expenses, and Change in Net Assets
For the Year Ended June 30, 2006

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

| | 2006 | 2005 | % change 2006-2005 | 2004 | % change 2005-2004 |
|---|---------------|--------------|-----------------------|--------------|-----------------------|
| Total operating revenues | \$ 7,164,344 | \$ 7,145,819 | 0% | \$ 6,208,210 | 15% |
| Total operating expenses | 14,022,485 | 13,259,372 | 6% | 12,918,938 | 3% |
| Operating loss | (6,858,141) | (6,113,553) | 12% | (6,710,728) | -9% |
| Non-operating revenues, net | 13,377,623 | 7,313,376 | 83% | 8,248,969 | -11% |
| Total increase (decrease) in net assets | 6,519,482 | 1,199,823 | 443% | 1,538,241 | -22% |
| Net assets, beginning of year | 6,451,591 | 5,254,902 | 23% | 3,716,661 | 41% |
| Net assets - end of year | \$ 12,971,073 | \$ 6,454,725 | 101% | \$ 5,254,902 | 23% |

Fiscal year 2006 compared to 2005.

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 \$3.8 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 included \$2.9 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 \$3.9 million from this source. Annually, the State of Oregon appropriates funding for K-16 education. The College received \$3.4 million for FTE reimbursement allocation in this fiscal year. In addition, the College received a one-time gift of assets (\$5.8 million) from the MERTS, Inc. dissolution.

Expenses

Operating expenses totaling \$14.0 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 (15%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. The institutional support 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:

| | 2006 | 2005 | % change | 2004 | |
|------------------------------------|----------------------|----------------------|-----------|----------------------|-----------|
| | Actual Expense in | Actual Expense in | 2005-2004 | Actual Expense in | 2005-2004 |
| | Dollars | Dollars | | Dollars | |
| Educational and general | | | | | |
| Instruction | \$ 3,662,945 | \$ 3,733,747 | -2% | \$ 3,719,597 | 0% |
| Instructional support | 1,453,962 | 1,153,662 | 26% | 1,078,830 | 7% |
| Student services | 2,229,223 | 2,118,599 | 5% | 2,064,976 | 3% |
| Institutional support | 2,279,062 | 2,065,941 | 10% | 2,198,186 | -6% |
| Operation and maintenance of plant | 837,107 | 742,238 | 13% | 727,694 | 2% |
| Auxiliary enterprises | 407,228 | 428,972 | -5% | 444,714 | -4% |
| Community services | 97,636 | 58,524 | 67% | 44,361 | 32% |
| Student financial aid | 1,786,891 | 1,972,766 | -9% | 2,016,075 | -2% |
| Other expense | 815,156 | 801,664 | 2% | 434,671 | 84% |
| Pension amortization expense | 223,018 | - | n/a | - | n/a |
| Depreciation expense | 230,257 | 186,393 | 24% | 189,834 | -2% |
| Total operating expenses | <u>\$ 14,022,485</u> | <u>\$ 13,262,506</u> | 6% | <u>\$ 12,918,938</u> | 3% |

Fiscal year 2005 compared to 2004.

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 \$2.0 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 included \$.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 \$3.6 million from this source. Annually, the State of Oregon appropriates funding for K-16 education. The College received \$3.5 million for FTE reimbursement allocation in this fiscal year.

Expenses

Operating expenses totaling \$13.2 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 (15%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. The institutional support 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 greatest increase is in Other which represents expenditures associated with the physical plant upgrades at the Jerome Avenue campus.

Analysis of the Statement of Cash Flows for the Year ended June 30, 2006

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.

| | 2006 | 2005 | % change 2006-2005 | 2004 | % change 2005-2004 |
|---------------------------------|----------------|----------------|-----------------------|----------------|-----------------------|
| Cash Provided by (used in): | | | | | |
| Operating Activities | \$ (5,863,990) | \$ (5,897,800) | -1% | \$ (6,647,350) | -11% |
| Noncapital Financing Activities | 8,223,882 | 6,252,689 | 32% | 8,481,667 | -26% |
| Capital Financing Activities | (1,007,161) | (824,371) | 22% | (1,267,065) | -35% |
| Investing Activities | 159,889 | 73,492 | 118% | 53,878 | 36% |
| Net increase (decrease) in cash | 1,512,620 | (395,990) | -482% | 621,130 | -164% |
| Cash - Beginning of year | 2,349,743 | 2,745,733 | -14% | 2,124,603 | 29% |
| Cash - End of year | \$ 3,862,363 | \$ 2,349,743 | 64% | \$ 2,745,733 | -14% |

Fiscal year 2006 compared to 2005. 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 \$5.8 million in cash this year to sustain its operations, a decrease of 1% over 2005.

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 more in cash was provided than the prior year.

Capital Financing Activities: The College used approximately \$.1 million more to finance capital acquisitions and pay long-term debt.

Investing Activities: The College earns interest on bank balances and funds invested in the long-term governmental investment pool.

Fiscal year 2005 compared to 2004. 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 \$5.8 million in cash this year to sustain its operations, a decrease of 11% over 2004.

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.

Capital Financing Activities: The College used cash to fund capital expenditures. It also borrowed and received cash to pay its unfunded actuarial liability to PERS.

Investing Activities: The College earns interest on bank balances and funds invested in the long-term governmental investment pool.

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 General fund and Grants/Financial Aid 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, 2006, amounts to \$10.2 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. While there were no significant retirements of capital assets, the College has been working on improving the Jerome Avenue campus. Significant retirements to equipment included writing off an old telephone system and old software previously capitalized. Significant additions to building and equipment included assets received as a result of the dissolution of the MERTS corporation. 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, management information system upgrades, mortgage on property in downtown Astoria, and PERS pension obligations. Total debt outstanding at June 30, 2006 was \$7.9 million.

Economic Factors and Next Year's Budget

The College adequately prepared for a downturn in State funding for FY06 and FY07. However, the Oregon Legislature's biennial session, which will determine funding for FY08 and FY09, begins in January 2007. Two ballot measures that were voted on by Oregon voters during the November 2006 election could have significantly affected funding for all public institutions. Both measures were defeated. College presidents will be actively engaged during the legislative session to ensure adequate, continued funding for community colleges.

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 College decided to reduce its unfunded actuarial liability (UAL) in the Oregon Public Employee's Retirement System (PERS) caused by the economic downturn and the declining stock market for the past three years. A favorable rate was obtained for the borrowing and the resulting rate to be charged on employee accounts was 6.67%. The College charged 10.24% to department accounts and the difference was used to fund the interest payments on the loan. PERS rates will remain at 6.67% through June 30, 2007 at which time the rates will change. The College is taking a conservative approach to this by providing for a reserve to offset required increases in the FY08 budget.

The College continues to pursue facility improvements on a short-term and long-term basis. Short-term activities include improving the Jerome Avenue campus. During FY07, the College will renovate a facility on the 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 matching funds are expected to be received in May 2007. In November 2006, the College placed a request before voters to approve a \$24 million capital bond to move the Jerome Avenue campus from its current location. This measure failed, and the College Board and administration are continuing to pursue possible options related to funding an improved campus.

Budgeting for College operations will continue to be extremely challenging for the College. Continued improvement to planning processes helps to predict the challenges ahead.

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, 2006

| | Primary Government | Component Unit Clatsop Community College Foundation |
|--|-----------------------|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,705,506 | \$ 110,351 |
| Restricted cash and investments | 173,850 | 2,635,284 |
| Receivables: | | |
| Property taxes | 323,198 | - |
| Governmental | 910,754 | - |
| Student receivables, net | 363,704 | - |
| Contributions | - | 2,801 |
| Inventories | 97,406 | - |
| Other | 14,748 | - |
| Total current assets | <u>4,589,166</u> | <u>2,748,436</u> |
| Non-current Assets | | |
| Restricted cash and investments | 983,007 | - |
| Net pension asset | 7,016,982 | - |
| Capital assets - net | 10,266,455 | - |
| Total non-current assets | <u>18,266,444</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 22,855,610</u> | <u>\$ 2,748,436</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | \$ 612,067 | \$ 9,828 |
| Payroll liabilities | 869,512 | - |
| Miscellaneous deposits | 2,799 | - |
| Unearned revenue | 391,383 | - |
| Other current liabilities | 30,000 | - |
| Current portion of long-term debt | 309,914 | - |
| Total current liabilities | <u>2,215,675</u> | <u>9,828</u> |
| Noncurrent liabilities | | |
| Note payable: less current portion of long-term debt | 7,668,862 | - |
| Total liabilities | <u>9,884,537</u> | <u>9,828</u> |
| NET ASSETS | | |
| Net assets invested in capital assets | 10,266,455 | - |
| Less: Related debt | (738,776) | - |
| Investment in capital assets, net | <u>9,527,679</u> | <u>-</u> |
| Temporarily restricted | 1,156,857 | 1,994,534 |
| Permanently restricted - nonexpendable | - | 580,012 |
| Unrestricted | 2,286,537 | 164,062 |
| Total net assets | <u>12,971,073</u> | <u>2,738,608</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 22,855,610</u> | <u>\$ 2,748,436</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, 2006

| | Primary Government | Component Unit Clatsop Community College Foundation |
|--|-----------------------|---|
| OPERATING REVENUES | | |
| Student tuition and fees, net of scholarship allowances of \$130,014 | \$ 1,988,537 | \$ - |
| Federal student financial aid grant | 1,588,377 | - |
| Federal grants and contracts | 1,810,456 | - |
| State and local government grants and contracts | 436,998 | - |
| Other local sources | 962,120 | 443,150 |
| Auxiliary enterprises | 377,856 | - |
| Total operating revenues | <u>7,164,344</u> | <u>443,150</u> |
| OPERATING EXPENSES | | |
| Educational and general | | |
| Instruction | 3,662,945 | - |
| Instructional support | 1,453,962 | - |
| Student services | 2,229,223 | - |
| Institutional support | 2,279,062 | - |
| Operation and maintenance of plant | 837,107 | - |
| Auxiliary enterprises | 407,228 | - |
| Community services | 97,636 | - |
| Student financial aid | 1,786,891 | - |
| Other expense | 815,156 | 244,638 |
| Net pension amortization | 223,018 | - |
| Depreciation expense | 230,257 | - |
| Total operating expenses | <u>14,022,485</u> | <u>244,638</u> |
| Operating income (loss) | <u>(6,858,141)</u> | <u>198,512</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| State FTE reimbursement | 3,383,878 | - |
| Property taxes and timber revenues | 3,990,530 | - |
| Investment income | 160,880 | - |
| Other local | 379,694 | - |
| MERTS gift income | 5,839,660 | - |
| Interest expense | (377,019) | - |
| Net nonoperating revenues | <u>13,377,623</u> | <u>-</u> |
| Increase (decrease) in net assets | 6,519,482 | 198,512 |
| NET ASSETS | | |
| Net assets - beginning of year | <u>6,451,591</u> | <u>2,540,096</u> |
| Net assets - end of year | <u>\$ 12,971,073</u> | <u>\$ 2,738,608</u> |

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

Clatsop Community College
Statement of Cash Flows
For the Year Ended June 30, 2006

| | <u>Component Unit</u> | |
|---|--------------------------------|---|
| | Primary Government | Clatsop Community College Foundation |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Tuition and fees | \$ 1,855,088 | \$ - |
| Paid to students | (1,285,353) | - |
| Grants and contracts | 1,957,083 | - |
| Aid received for students | 1,600,480 | - |
| Payments to vendors | (6,343,304) | - |
| Payments to employees | (3,746,030) | - |
| Other | 82,035 | (93,573) |
| Auxiliary enterprises | 16,011 | - |
| Net cash used by operating activities | <u>(5,863,990)</u> | <u>(93,573)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Local property taxes and timber revenues | 3,973,495 | - |
| State appropriations and other payments | 4,250,387 | - |
| | <u>8,223,882</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of capital assets | (534,907) | - |
| Cost of borrowing | (95,365) | - |
| Interest | (376,889) | - |
| | <u>(1,007,161)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investment securities | - | 1,046,872 |
| Purchase of investment securities | - | (923,467) |
| Interest earned | 159,889 | - |
| | <u>159,889</u> | <u>123,405</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,512,620 | 29,832 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>2,349,743</u> | <u>80,519</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>3,862,363</u></u> | <u><u>110,351</u></u> |

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, 2006

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

| | | |
|-----------------------|----------------|------------|
| Operating gain (loss) | \$ (6,858,141) | \$ 198,512 |
|-----------------------|----------------|------------|

Adjustments to reconcile net income (loss) to net cash provided (used by operating activities):

| | | |
|--|----------|-----------|
| Depreciation | 230,257 | - |
| Pension Amortization | 223,018 | |
| Realized and unrealized (gain) loss on investments | - | (286,444) |
| Changes in assets and liabilities | | |
| Receivables (net) | 70,552 | 14,969 |
| Inventories | 13,619 | 400 |
| Other assets | (13,626) | - |
| Accounts payable | 422,293 | (21,011) |
| Payroll liabilities | (34,964) | - |
| Miscellaneous deposits | 946 | - |
| Deferred revenues | 84,913 | - |
| Other current liabilities | (2,857) | - |

| | | |
|---------------------------------------|-----------------------|--------------------|
| Net cash used by operation activities | <u>\$ (5,863,990)</u> | <u>\$ (93,574)</u> |
|---------------------------------------|-----------------------|--------------------|

Reconciliation to Statement of Net Assets

| | | |
|--|---------------------|-------------------|
| Cash and cash equivalents | \$ 2,705,506 | |
| Restricted cash and investments | 1,156,857 | |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 3,862,363</u> | <u>\$ 110,351</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. Copies of the Foundation's audited financial statements may be obtained from the Foundation treasurer at 1653 Jerome Avenue, Astoria, OR 97103.

Prior to fiscal year 2006, the College had included the Marine and Environmental Research and Training Station, Inc, (MERTS) as a component unit. On January 10, 2006, the MERTS Board of Directors voted to dissolve the not-for-profit corporation. Assets of the corporation were distributed in accordance with the Articles of Incorporation. All assets were distributed to Clatsop Community College. The College received capital assets, net, in the amount of \$5,839,660 (buildings - \$5,385,910, furniture and equipment - \$453,750). These assets are now included in the balance sheet of the College.

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.

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

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.

Restricted Cash and Investments

Restricted cash for the College consists of funds for Adult Student Housing (ASH - \$983,007) and the pension obligation (\$173,850).

Investments for the Foundation consist of stocks and mutual funds.

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 contracts begin July 1 for the ensuing fiscal year and end June 30. Faculty have the option of receiving their salary in ten or twelve equal payments. 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, 2006 were \$159,964.

Compensated Absences

CLATSOP COMMUNITY COLLEGE

Notes to the Financial Statements

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. As a one-time exception, on July 1, 2004, those employees who had in excess of one year's accrual were able to "bank" the excess. The amount "banked" could not exceed the previous 320 hour limit minus the carry-over, and the "banked" amount must be exhausted by June 30, 2007. The amount of accrued vacation for classified employees at June 30, 2006 was \$43,446.

Effective July 1, 2005, the same requirement was made for service and supervisory and administrative employees, and the "banked" amount must be used by June 30, 2008. The amount of accrued vacation for service and supervisory employees at June 30, 2006 was \$146,735.

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 accrued liabilities on the Statement of Net Assets and was \$190,181 at June 30, 2006.

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 \$3,569.

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, 2006 for the College's 2006-2007 summer term are recorded as unearned revenue. Unearned revenue from tuition and fees was \$241,267 at June 30, 2006.

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. In addition, effective July 1, 2005, the post-employment stipend is no longer available to service and supervisory and administrative employees. The College continues to accrue the expense and liability for post-employment stipends for those employees retiring prior to July 1, 2004 or July 1, 2005 respectively. The amount of the accrual for the post-employment stipend is \$253,061.

Premium costs of post-employment health insurance are also subsidized; however, effective July 1, 2004, the amount is capped at the medical premium college paid amount 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 and no liability is recorded.

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.

Budgetary Basis

CLATSOP COMMUNITY COLLEGE

Notes to the Financial Statements

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.

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 of 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.

Future GASB Pronouncements Issued:

The following GASB pronouncement has been issued, but is not yet effective at June 30, 2006.

Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

The College will implement the new GASB pronouncement in the fiscal year no later than the required effective date.

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 18, 2005. 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 23, 2005.

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

| | General | Restricted | Auxiliary | Unexpended Plant/Debt Service | Debt Service Fund | Clubs & Organizations |
|------------------------|---------|------------|-----------|-------------------------------|-------------------|-----------------------|
| Total Instruction | X | X | X | | | |
| Total Support Services | X | X | X | | | X |
| Total Public Service | X | X | X | | | X |
| Total Other Uses | X | X | | | X | |
| Total All Other | X | X | | X | | |
| Ending Fund Balance | X | | | 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, 2006, the following expenditures exceeded appropriations in the following funds:

General Fund: While total expenditures were under budget by \$118,711, support services were over budget by \$32,152. Transfers out were over budget by \$14,760.

Restricted Fund: While total expenditures were under budget by \$391,482, instruction was over budget by \$3,356 and support services were over budget by \$66,742.

Plant Fund: Plant fund expenditures were over budget by \$45,444.

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

AUXILIARY FUND LOAN ACTIVITIES

The Auxiliary Fund overdraw its cash by \$203,999. These amounts are considered advance deposits and are loans between the Plant Fund and the General and Auxiliary Funds. This is a budget violation of ORS 294.460, which does not allow loans between funds without authorization from the governing body. Because the new reporting model does not present each

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

fund separately, these advance deposits are included in the net cash and cash equivalents reported on the Statement of Net Assets. The College's auxiliary food service has had a deficit fund balance for a number of years. Effective July 1, 2004 the College outsourced the food service with an independent contractor in an attempt to eliminate this deficit operation.

Note 3: DEPOSITS AND INVESTMENTS

Total cash and investments at June 30, 2006 are comprised of the following:

| | Component Unit | |
|---------------------------------|-----------------------------|---|
| | Total Primary Government | Clatsop Community College Foundation |
| Cash and cash equivalents | | |
| Cash on hand | \$ 3,850 | \$ - |
| Deposits | 170,233 | 110,351 |
| Investments | 2,531,423 | - |
| | \$ 2,705,506 | \$ 110,351 |
| Restricted cash and investments | \$ 1,156,857 | \$ 2,635,284 |

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, 2006:

| | Fair Value | 180 Days |
|----------------------------------|--------------|--------------|
| Local government investment pool | \$ 3,688,280 | \$ 3,688,280 |

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, 2006 bank balance was exposed to custodial credit risk because it was adequately insured and collateralized.

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, 2006 were 100% in equities.

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

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, 2006, 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.

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:

| Levy Year | Balance 6/30/05 | Levy | Discounts, Interest and Adjustments | Collections | Balance 6/30/06 |
|--|-----------------|--------------|---|--------------|-----------------|
| 2005-2006 | \$ - | \$ 2,973,855 | \$ (70,738) | \$ 2,779,722 | \$ 123,395 |
| 2004-2005 | 132,438 | - | (3,726) | 80,027 | 48,685 |
| 2003-2004 | 65,839 | | (386) | 28,427 | 37,026 |
| 2002-2003 | 43,514 | | (400) | 20,903 | 22,211 |
| 2001-2002 | 22,084 | | (175) | 12,674 | 9,235 |
| 2000-2001 | 3,772 | | (422) | 1,082 | 2,268 |
| Prior | 5,816 | | (222) | 606 | 4,985 |
| Total | \$ 273,463 | 2,973,855 | (76,069) | 2,923,441 | \$ 247,805 |
| Cash in hands of County Agent at June 30 | 86,487 | | | | 75,393 |
| Taxes receivable | \$ 359,950 | | | | \$ 323,198 |

Governmental – The governmental receivables include \$326,027 in County timber revenues, and \$584,727 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 (\$291,421) and amounts owed by agencies (\$79,678) for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included (\$7,395). Net student accounts receivable as of June 30, 2006 was \$363,704.

The Foundation had no receivables at June 30, 2006.

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

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

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.

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 state agencies and community colleges at June 30, 2006 is 6.67% 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 defined benefit pension plan were 8.04%. On February 28, 2006 the rates were increased to 11.39% to include a factor for the unfunded actuarial liability (UAL). Prior to this increase, payments to cover the UAL were only included in the PERS contribution rate, but are now paid via employer contributions for all PERS and OPSRP members.
- 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, 2006 were as follows:

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

| | |
|--------------------------------------|-------------|
| Annual required contribution (ARC) | \$ 361,189 |
| Interest earned on net pension asset | (88,108) |
| Adjust to the ARC | 311,126 |
| Annual pension costs | 584,207 |
| Contributions made | (361,189) |
| Decrease in net pension asset | 223,018 |
| Net pension asset, beginning of year | 7,240,000 |
| Net pension asset, end of year | \$7,016,982 |

All OPERS participating employers are required by law to submit the contributions as adopted by the PERB. For the fiscal year ended June 30, 2006, the College's annual pension expenditures/expense was \$740,883. This included employer annual required contributions to PERS (\$361,189) and amounts used to fund pension obligations (\$379,694).

Four-Year Trend Information

| Fiscal Year | Annual Pension | Percentage | | Net Pension |
|-------------|----------------|--------------|--------------------|--------------|
| Ending | Cost (APC) | Contribution | of APC Contributed | Asset |
| 6/30/2003 | \$ 467,622 | - | 100% | - |
| 6/30/2004 | \$ 479,884 | - | 100% | - |
| 6/30/2005 | \$ 488,795 | - | 100% | \$ 7,240,000 |
| 6/30/2006 | \$ 584,207 | \$ 361,189 | 62% | \$ 7,016,902 |

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 2005 was \$14,000 and the maximum contribution for calendar year 2006 was \$15,000, with higher levels for employees over age 50.

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. This plan is not automatic and must be mutually agreed to by the individual retiree and the Board of Directors.

To be eligible an employee must be 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 is no longer available to faculty and classified employees. Effective July 1, 2005, the early retirement stipend is no longer available to service and supervisory and administrative employees.

The College accrues the expense and liability for the cost of providing early retirement stipends. The cost of the early retirement stipend for 2005-2006 was \$89,808 for 32 employees.

Premium costs of post-employment health insurance are also subsidized; however, effective July 1, 2004, the amount is capped at the medical premium college paid amount for faculty and classified employees at the time of retirement. This same provision is effective for service and

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

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 and no liability is recorded.

The cost of the post-employment health insurance for 2005-2006 was \$160,644.

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. The College has not had an actuarial valuation made of the plan to ascertain the unfunded liability for retirement benefits.

The College may have an unrecorded liability for post-employment benefits that will be recorded beginning with the year ending June 30, 2008 in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The financial impact of implementing GASB Statement 45 has not yet been determined.

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 2005-06 the accumulated balance earned \$38,799 of interest of which \$13,221 was used as rent subsidies for students. As of June 30, 2006, the balance of \$983,007 is included in temporarily restricted net assets.

Also included in temporarily restricted net assets is \$173,850 which is set aside for use in payment of the PERS obligation.

Clatsop Community College Foundation

Temporarily restricted net assets (\$1,994,534) and permanently restricted net assets (\$580,012) 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, 2005 and 2006:

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

| | June 30, 2005 | Additions | Deletions | June 30, 2006 |
|--|---------------|--------------|-----------|---------------|
| Capital assets not being depreciated: | | | | |
| Land & improvements | \$ 85,535 | \$ - | \$ - | \$ 85,535 |
| Software project in progress | 593,468 | 141,295 | 80,000 | 654,763 |
| Construction in progress | - | 212,074 | - | 212,074 |
| Total capital assets not being depreciated | \$ 679,003 | \$ 353,369 | \$ 80,000 | \$ 952,372 |
| Capital assets being depreciated: | | | | |
| Buildings | 5,701,585 | 6,695,349 | - | 12,396,934 |
| Equipment | 1,941,294 | 1,444,037 | 655,073 | 2,730,258 |
| Library books | 166,485 | 10,267 | - | 176,752 |
| Total capital assets being depreciated | 7,809,364 | 8,149,653 | 655,073 | 15,303,944 |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,433,109 | 1,314,812 | - | 3,747,921 |
| Equipment | 1,803,503 | 949,646 | 636,498 | 2,116,651 |
| Library books | 110,843 | 14,446 | - | 125,289 |
| Total accumulated depreciation | 4,347,455 | 2,278,904 | 636,498 | 5,989,861 |
| Total capital assets being depreciated net | 3,461,909 | 5,870,749 | 18,575 | 9,314,083 |
| Capital assets - net | \$ 4,140,912 | \$ 6,224,118 | \$ 98,575 | \$ 10,266,455 |

The large increase in capital assets is due to the dissolution of the MERTS, Inc. The College was the recipient of the assets according to the by-laws of MERTS.

CCC Foundation

The Foundation has no property, plant, and equipment as of June 30, 2006.

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 Oregon Department of Energy for \$54,133 at 7.90% for energy conservation improvements, dated August 6, 1990, with monthly payments of \$500. The note is secured by the improvements. The note was paid off September 2005.

| | | |
|--|-------------------------------------|-------------|
| | Balance, June 30, 2005 | \$ 1,199 |
| | Less: principal payments, 2005-2006 | (1,199) |
| | Balance, June 30, 2006 | <u>\$ -</u> |

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, 2005 | \$ 257,625 |
| | Less: principal payments, 2005-2006 | (13,729) |
| | Balance, June 30, 2006 | <u>\$ 243,896</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, 2005 | \$ 335,000 |
| | Less: principal payments, 2005-2006 | (80,000) |
| | Balance, June 30, 2006 | <u>\$ 255,000</u> |

Note payable to Shorebank Enterprise Group, Pacific for \$188,350 at 4.5% for purchase of property at 1829 Exchange Street, dated June 22, 2005 with monthly interest payments of \$700, until July 1, 2007 at which time the principal of \$188,350 is due. The note is secured by the property.

| | | |
|--|-------------------------------------|-------------------|
| | Balance, June 30, 2005 | \$ 188,350 |
| | Less: principal payments, 2005-2006 | - |
| | Balance, June 30, 2006 | <u>\$ 188,350</u> |

PERS Bonds

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.

PERS Bond

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, 2005 | \$ 7,240,000 |
| | Less: principal payments, 2005-2006 | - |
| | Balance, June 30, 2006 | <u>\$ 7,240,000</u> |

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

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

| | Total | | City of Astoria Water line | | Shorebank Mortgage | | PERS PERS Bonding | | OSBA Software | |
|-----------|---------------------|---------------------|-------------------------------|------------------|-----------------------|-------------|----------------------|---------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2007 | \$ 287,799 | \$ 364,054 | \$ 14,449 | \$ 11,997 | \$ 188,350 | \$ - | \$ - | \$ 345,384 | \$ 85,000 | \$ 6,673 |
| 2008 | 110,182 | 360,859 | 15,182 | 11,264 | - | - | 10,000 | 344,920 | 85,000 | 4,675 |
| 2009 | 130,952 | 356,486 | 15,952 | 10,494 | - | - | 30,000 | 343,527 | 85,000 | 2,465 |
| 2010 | 66,762 | 350,890 | 16,762 | 9,685 | - | - | 50,000 | 341,205 | - | - |
| 2011 | 92,612 | 346,557 | 17,612 | 8,834 | - | - | 75,000 | 337,723 | - | - |
| 2012-2016 | 927,402 | 1,618,154 | 102,402 | 29,829 | - | - | 825,000 | 1,588,325 | - | - |
| 2017-2021 | 1,856,537 | 1,272,391 | 61,537 | 4,592 | - | - | 1,795,000 | 1,267,799 | - | - |
| 2022-2026 | 3,215,000 | 642,038 | - | - | - | - | 3,215,000 | 642,038 | - | - |
| 2027-2028 | 1,240,000 | 363,746 | - | - | - | - | 1,240,000 | 363,746 | - | - |
| | <u>\$ 7,927,246</u> | <u>\$ 5,675,175</u> | <u>\$ 243,896</u> | <u>\$ 86,695</u> | <u>\$ 188,350</u> | <u>\$ -</u> | <u>\$ 7,240,000</u> | <u>\$ 5,574,667</u> | <u>\$ 255,000</u> | <u>\$ 13,813</u> |

Capital Leases

The College is financing the purchase of a phone system through University Lease. At June 30, 2005, the College was paying for a phone system through Graybar Financial. Due to problems with the phone system, a new one was leased and the old one surplussed. A new lease agreement was negotiated to include the cost of the equipment and the amount required to payoff the lease agreement with Graybar Financial. 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, 2006 |
| Equipment | \$ 40,735 |
| Less accumulated depreciation | (8,147) |
| Total | <u>\$ 32,588</u> |

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

| | |
|---|------------------|
| Year ending June 30 | |
| | 2007 |
| | 22,115 |
| | 2008 |
| | 22,115 |
| | 2009 |
| | 22,115 |
| | 2010 |
| | <u>14,743</u> |
| Total minimum lease payments | 81,088 |
| Less amount representing interest | <u>29,558</u> |
| Present value of minimum lease payments | <u>\$ 51,530</u> |

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

| | July 1, 2005 | | | June 30, 2006 | |
|---------------------------|---------------------|------------------|-------------------|---------------------|---------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
| Notes payable | \$ 782,174 | \$ - | \$ 94,928 | \$ 687,246 | \$ 287,799 |
| Bonds payable | 7,240,000 | - | - | 7,240,000 | - |
| Capital lease obligations | 39,151 | 58,901 | 46,522 | 51,530 | 22,115 |
| | <u>\$ 8,061,325</u> | <u>\$ 58,901</u> | <u>\$ 141,450</u> | <u>\$ 7,978,776</u> | <u>\$ 309,914</u> |

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 2005-06.

Note 11: RELATED PARTIES AND COMPONENT UNITS

MERTS, Inc.

In fiscal year 2005, the College recognized the Marine and Environmental Research and Training Station, Inc. (MERTS) as a component unit of Clatsop Community College. On January 10, 2006, the Board of Directors of MERTS voted to dissolve the corporation. According to the Articles of Incorporation of MERTS, Inc., the College is the recipient of assets at the time of the dissolution.

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 salary of the part-time Executive Director and assistant and was reimbursed for one-half the amount paid (\$45,963). 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, 2006 were \$9,403. The Foundation owed the College \$9,875 as of June 30, 2006.

Note 12: SUBSEQUENT EVENTS

On August 3, 2006, the College issued \$7,500,000 in full faith and credit obligations to meet a matching requirement for capital funds from the State of Oregon for capital construction. The College placed a \$24 million request on the November 2006 ballot which Clatsop County voters defeated. For tax code and securities compliance, the College is proceeding with diligence to pursue the capital projects (scaled down and redesigned, if necessary) as anticipated by the Board in its 2006 resolutions.

In April 2006, the College engaged the services of SRG Partnership, an architectural firm, to design a new college campus. The estimate for services is approximately \$2.8 million.

Note 13: 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 matching funds are expected to be received in May 2007. In November 2006, the College placed a request before voters to approve a \$24 million capital bond to move the Jerome Avenue campus from its current location. This measure failed, and the College Board and

CLATSOP COMMUNITY COLLEGE
Notes to the Financial Statements

administration are continuing to pursue possible options related to funding an improved campus with these borrowed funds.

Clatsop Community College

Clatsop County, Oregon

Supplemental Information

Clatsop Community College
Balance Sheet
June 30, 2006

| | Current Funds | | Plant Funds | | | | Clubs and Organizations Fund | Total All Primary Funds (Memorandum only) |
|---|---------------------|------------------|---------------------|----------------------------|----------------------|---------------------|------------------------------|---|
| | Unrestricted | Restricted | Unexpended | Retirement of Indebtedness | Investment in Plant | Debt Service Fund | | |
| Assets | | | | | | | | |
| Cash and investments | \$ 1,357,312 | \$ 67,702 | \$ 2,408,312 | | | \$ 173,850 | \$ 59,186 | \$ 4,066,362 |
| Cash overdrawn - Auxiliary | (203,999) | | | | | | | (203,999) |
| Receivables: | | | | | | | | |
| Property taxes | 323,198 | | | | | | | 323,198 |
| Governmental | 910,754 | | | | | | | 910,754 |
| Student receivables (less allowance for doubtful accounts) | 363,704 | | | | | | | 363,704 |
| Inventories | 97,406 | | | | | | | 97,406 |
| Property, buildings, and equipment: | | | | | | | | |
| Land and improvements | | | | | 85,535 | | | 85,535 |
| Buildings | | | | | 12,396,934 | | | 12,396,934 |
| Accumulated Depreciation | | | | | (3,747,921) | | | (3,747,921) |
| Equipment | | | | | 2,730,258 | | | 2,730,258 |
| Accumulated Depreciation | | | | | (2,116,651) | | | (2,116,651) |
| Library Books | | | | | 176,752 | | | 176,752 |
| Accumulated Depreciation | | | | | (125,289) | | | (125,289) |
| Facilities - Construction in Progress | | | | | 212,074 | | | 212,074 |
| Software Project in Progress | | | | | 654,763 | | | 654,763 |
| Other assets | 14,748 | | | | | 7,016,982 | | 7,031,730 |
| Total assets | \$ 2,863,123 | \$ 67,702 | \$ 2,408,312 | \$ - | \$ 10,266,455 | \$ 7,190,832 | \$ 59,186 | \$22,855,610 |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 612,067 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 612,067 |
| Accrued liabilities | 869,512 | | | | | | | 869,512 |
| Miscellaneous deposits | 1,100 | | | | | | | 1,100 |
| Due to student groups and agencies | 30,000 | | | | | | | 30,000 |
| Deferred revenues | 263,345 | 67,702 | 1,150 | | | | 59,186 | 391,383 |
| Other miscellaneous liabilities | 1,699 | | | | | | | 1,699 |
| Long term debt: | | | | | | | | |
| Phone lease | | | | | 51,530 | | | 51,530 |
| Mortgage payable | | | | | 188,350 | | | 188,350 |
| Software Migration note payable | | | | | 255,000 | | | 255,000 |
| Bond payable | | | | | | 7,240,000 | | 7,240,000 |
| Waterline improvement note to City of Astoria | | | | | 243,896 | | | 243,896 |
| Total liabilities | 1,777,723 | 67,702 | 1,150 | - | 738,776 | 7,240,000 | 59,186 | 9,884,537 |
| Fund balances: | | | | | | | | |
| Unrestricted | 1,085,400 | | 1,424,155 | | | (49,168) | | 2,460,387 |
| Restricted | | - | 983,007 | | | | - | 983,007 |
| Net investment in plant | | | | | 9,527,679 | | | 9,527,679 |
| Total fund balances | 1,085,400 | - | 2,407,162 | - | 9,527,679 | (49,168) | - | 12,971,073 |
| Total liabilities and fund balances | \$ 2,863,123 | \$ 67,702 | \$ 2,408,312 | \$ - | \$ 10,266,455 | \$ 7,190,832 | \$ 59,186 | \$ 22,855,610 |

Clatsop Community College

Schedule of Changes in Fund Balances Year Ended June 30, 2006

| | Current Funds | | | Plant Funds | | | | | Total All Funds (Memorandum only) |
|--|---------------|------------|--------------|--------------|-------------------------------|------------------------|----------------------|------------------------------------|--------------------------------------|
| | Unrestricted | Restricted | Total | Unexpended | Retirement of Indebtedness | Investment in Plant | Debt Service Fund | Clubs and Organizations Fund | |
| Revenues: | | | | | | | | | |
| Local sources | \$ 3,314,925 | \$ 20,051 | \$ 3,334,976 | \$ 675,605 | | | | | \$ 4,010,581 |
| State appropriations | 3,383,878 | 302,934 | 3,686,812 | | | | | | 3,686,812 |
| Government grants and contracts | | 3,532,897 | 3,532,897 | | | | | | 3,532,897 |
| Tuition and fees | 1,953,065 | 12,967 | 1,966,032 | 152,519 | | | | | 2,118,551 |
| Investment income | 113,030 | | 113,030 | 38,799 | | | 9,051 | | 160,880 |
| Auxiliary revenue | 377,856 | | 377,856 | | | | | | 377,856 |
| Other | 249,194 | 39,535 | 288,729 | 6,870 | | 6,438,349 | 379,694 | 47,781 | 7,161,423 |
| Total revenues and other additions | 9,391,948 | 3,908,384 | 13,300,332 | 873,793 | - | 6,438,349 | 388,745 | 47,781 | 21,049,000 |
| Expenditures and mandatory transfers: | | | | | | | | | |
| Educational and general expenditures - | | | | | | | | | |
| Instruction | 3,477,162 | 185,783 | 3,662,945 | | | | | | 3,662,945 |
| Instructional support | 1,134,620 | 319,342 | 1,453,962 | | | | | | 1,453,962 |
| Student services | 863,083 | 1,337,602 | 2,200,685 | | | | | 28,538 | 2,229,223 |
| Institutional support (administration) | 1,942,369 | 338,327 | 2,280,696 | | | | | | 2,280,696 |
| Operation and maintenance of plant | 837,107 | | 837,107 | | | | | | 837,107 |
| Auxiliary enterprises | 407,228 | | 407,228 | | | | | | 407,228 |
| Community services | 52,204 | 4,889 | 57,093 | | | | | 40,543 | 97,636 |
| Depreciation expense | | | | | | 230,257 | | | 230,257 |
| Expended for equipment and facilities (\$498,180 for repairs and maintenance) | | | | 719,791 | 95,365 | | | | 815,156 |
| Interest Expense | | | | 22,377 | 7,209 | | 347,433 | | 377,019 |
| Pension amortization | | | | | | | 223,018 | | 223,018 |
| Other | (1,634) | | (1,634) | | | | | | (1,634) |
| Financial aid | 130,014 | 1,786,891 | 1,916,905 | | | | | | 1,916,905 |
| Total educational and general expenditures | 8,842,153 | 3,972,834 | 12,814,987 | 742,168 | 102,574 | 230,257 | 570,451 | 69,081 | 14,529,518 |
| Other transfers: | | | | | | | | | |
| Nonmandatory transfers, net | 175,103 | (64,450) | 110,653 | 13,221 | (102,574) | | | (21,300) | - |
| Other | | | | | | | | | - |
| Net increase (decrease) in fund balances | \$ 374,692 | \$ - | \$ 374,692 | \$ 118,404 | \$ - | \$ 6,208,092 | \$ (181,706) | \$ - | \$ 6,519,482 |
| Fund Balance, June 30, 2005 | | | | | | | | | |
| Unrestricted | 710,708 | - | 710,708 | | | | | | 710,708 |
| Temporarily Restricted | | | | 1,331,328 | | | 132,538 | | 1,463,866 |
| Net Investment in Plant | | | | 957,430 | - | 3,319,587 | | | 4,277,017 |
| Fund Balance, June 30, 2006 | \$ 1,085,400 | \$ - | \$ 1,085,400 | \$ 2,407,162 | \$ - | \$ 9,527,679 | \$ (49,168) | \$ - | \$ 12,971,073 |

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance Compared with Budget
Year Ended June 30, 2006**

| General Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | Over (Under) Budget |
|---|---------------------|-------------------|------------------------|-------------------|---------------------|
| Revenues: | | | | | |
| State sources | \$ 3,383,878 | \$ - | \$ 3,383,878 | \$ 3,339,533 | \$ 44,345 |
| Federal sources | - | - | - | 13,500 | (13,500) |
| Local sources | | | | | |
| Current year property taxes | 2,809,285 | - | 2,809,285 | 2,734,391 | 74,894 |
| Prior years property taxes | 160,640 | - | 160,640 | 170,000 | (9,360) |
| County timber sales/WOST | 345,000 | - | 345,000 | 355,000 | (10,000) |
| Tuition and fees | 1,953,065 | - | 1,953,065 | 2,111,354 | (158,289) |
| All other | 362,224 | - | 362,224 | 234,884 | 127,340 |
| Total revenues | 9,014,092 | - | 9,014,092 | 8,958,662 | 55,430 |
| Expenditures: | | | | | |
| Instruction | 3,477,162 | 26,721 | 3,503,883 | 3,550,360 | (46,477) |
| Support Services | 4,775,545 | 80,069 | 4,855,614 | 4,823,462 | 32,152 |
| Public Service | 52,204 | - | 52,204 | 56,303 | (4,099) |
| All Other | 130,014 | - | 130,014 | 230,301 | (100,287) |
| Total expenditures | 8,434,925 | 106,790 | 8,541,715 | 8,660,426 | (118,711) |
| Excess (deficiency) of revenues over (under) expenditures | 579,167 | (106,790) | 472,377 | 298,236 | 174,141 |
| Other financing sources (uses) | | | | | |
| Transfers in | 13,221 | - | 13,221 | 62,600 | (49,379) |
| Transfers out | (188,324) | - | (188,324) | (173,564) | 14,760 |
| Total other financing sources (uses) | (175,103) | - | (175,103) | (110,964) | (64,139) |
| Net change in fund balance | 404,064 | (106,790) | 297,274 | 187,272 | 110,002 |
| Fund balance, beginning | 922,767 | 598,808 | 1,521,575 | 500,000 | 1,021,575 |
| Fund balance, ending | \$ 1,326,831 | \$ 492,018 | \$ 1,818,849 | \$ 687,272 | \$1,131,577 |

GAAP adjustments are the annual accruals for compensated absences and early retirement stipends 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, 2006**

| Auxiliary Enterprises Fund | Actual Amount | Budgeted Amount | Over (Under) Budget |
|--|---------------|-----------------|------------------------|
| Revenues: | | | |
| Cafeteria sales | \$ - | \$ 5,000 | \$ (5,000) |
| Bookstore sales | 335,111 | 460,623 | (125,512) |
| All other | 42,745 | 92,820 | (50,075) |
| Total revenues | 377,856 | 558,443 | (180,587) |
| Expenditures: | | | |
| Total Instruction | 44,051 | 58,140 | (14,089) |
| Total Support Services | 351,111 | 486,303 | (135,192) |
| Total Public Service | 12,065 | 14,000 | (1,935) |
| Total expenditures | 407,227 | 558,443 | (151,216) |
| Excess (deficiency) of revenues over (under) expenditures | (29,371) | - | (29,371) |
| Fund balance, beginning | (180,053) | - | (180,053) |
| Fund balance, ending | \$ (209,424) | \$ - | \$ (209,424) |

Auxiliary Enterprises Fund

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 a bookstore, cafeteria, Marine Vessel Forerunner, and a research vessel.

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance Compared with Budget
Year Ended June 30, 2006**

| Restricted | Actual Amount | Budgeted Amount | Over (Under) Budget |
|--|------------------|------------------|---------------------|
| Revenues: | | | |
| Federal sources | \$ 3,532,897 | \$ 3,628,847 | \$ (95,950) |
| State sources | 302,934 | 612,627 | (309,693) |
| Local sources | 20,051 | 18,400 | 1,651 |
| Tuition and fees | 12,967 | 10,240 | 2,727 |
| Other | 39,535 | 44,512 | (4,977) |
| Total revenues | <u>3,908,384</u> | <u>4,314,626</u> | <u>(406,242)</u> |
| Expenditures: | | | |
| Total Instruction | 185,783 | 182,427 | 3,356 |
| Total Support Services | 1,995,271 | 1,928,529 | 66,742 |
| Total Public Service | 4,889 | 5,000 | (111) |
| All Other Expenditures | 1,786,891 | 2,248,360 | (461,469) |
| Total All Other Expenditures | <u>3,972,834</u> | <u>4,364,316</u> | <u>(391,482)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (64,450) | (49,690) | (14,760) |
| Other financing sources (uses) | | | |
| Transfers in | <u>64,450</u> | <u>49,690</u> | <u>14,760</u> |
| Net change in fund balance | - | - | - |
| Fund Balance, beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Restricted Fund

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, 2006**

| Unexpended Plant/Retirement of Indebtedness | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | Over (Under) Budget |
|--|----------------|---------------------|---------------------------|--------------------|------------------------|
| Revenues: | | | | | |
| Investment income | \$ 38,799 | - | 38,799 | \$ 15,000 | \$ 23,799 |
| Timber sales | 675,605 | - | 675,605 | 573,324 | 102,281 |
| Other | 159,389 | - | 159,389 | 186,000 | (26,611) |
| Total revenues | 873,793 | - | 873,793 | 774,324 | 99,469 |
| Expenditures: | | | | | |
| Total All Other Expenditures | 1,074,999 | (230,257) | 844,742 | 799,298 | 45,444 |
| Total expenditures | 1,074,999 | (230,257) | 844,742 | 799,298 | 45,444 |
| Excess (deficiency) of revenues over (under) expenditures | (201,206) | 230,257 | 29,051 | (24,974) | 54,025 |
| Other financing sources (uses) | | | | | |
| Transfers in from general fund | 102,574 | - | 102,574 | 102,574 | - |
| Transfers out to general fund | (13,221) | - | (13,221) | (77,600) | (64,379) |
| Total other financing sources (uses) | 89,353 | - | 89,353 | 24,974 | (64,379) |
| Net change in fund balance | (111,853) | 230,257 | (60,302) | (49,948) | (10,354) |
| Fund Balance, beginning | 2,288,758 | 533,586 | 2,822,344 | 1,615,971 | 1,206,373 |
| Fund Balance, ending | \$ 2,176,905 | \$ 763,843 | \$ 2,762,042 | \$ 1,566,023 | \$ 1,196,019 |

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

Unexpended Plant Fund/Retirement of Indebtedness

The *Unexpended Plant/Retirement of Indebtedness Funds* account for resources available to finance the acquisition, construction, or improvement of plant assets for the College and 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, 2006**

| Debt Service Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | Over(Under) Budget |
|--|--------------------|---------------------|---------------------------|--------------------|-----------------------|
| Revenues: | | | | | |
| Other Local | \$ 379,694 | | \$ 379,694 | \$ 242,462 | \$ 137,232 |
| Investment income | 9,051 | - | 9,051 | - | 9,051 |
| Total revenues | <u>388,745</u> | <u>-</u> | <u>388,745</u> | <u>242,462</u> | <u>146,283</u> |
| Expenditures: | | | | | |
| Total Other Uses | <u>570,451</u> | <u>(223,018)</u> | <u>347,433</u> | <u>375,000</u> | <u>(27,567)</u> |
| Total expenditures | <u>570,451</u> | <u>(223,018)</u> | <u>347,433</u> | <u>375,000</u> | <u>(27,567)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (181,706) | 223,018 | 41,312 | (132,538) | 173,850 |
| Fund Balance, beginning | <u>132,538</u> | <u>-</u> | <u>132,538</u> | <u>132,538</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ (49,168)</u> | <u>\$ 223,018</u> | <u>\$ 173,850</u> | <u>\$ -</u> | <u>\$ 173,850</u> |

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

Debt Service Fund

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, 2006**

| Clubs and Organizations Fund | Actual Amount | Budgeted Amount | Over (Under) Budget |
|--|------------------|--------------------|---------------------------|
| Revenues: | | | |
| Fees | \$ 47,781 | \$ 56,996 | \$ (9,215) |
| Total revenues | 47,781 | 56,996 | (9,215) |
| Expenditures: | | | |
| Total Support Services | 28,538 | 35,804 | (7,266) |
| Total Public Service | 40,543 | 42,492 | (1,949) |
| Total expenditures | 69,081 | 78,296 | (9,215) |
| 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 | \$ - | \$ - | \$ - |

Clubs and Organizations Fund

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

**Auditor's Comments and Reports
Year Ended June 30, 2006**

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

To the Board of Directors
Clatsop Community College

We have audited the basic financial statements of Clatsop Community College (the College) as of and for the year ended June 30, 2006, and have issued our report thereon dated February 26, 2007. 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

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 2006 and 2007.
- 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.

The results of our tests disclosed noncompliance relating to the Auxiliary Fund overdrawing its cash by \$203,999, and four instances of noncompliance relating to over expenditures of budgeted appropriations that are described in Note 2 to the College's basic financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Oregon Secretary of State Division of Audits, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
February 26, 2007

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

To the Board of Directors
Clatsop Community College

We have audited the financial statements of Clatsop Community College (College) as of and for the year ended June 30, 2006, and have issued our report thereon dated February 26, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 and other matters, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
February 26, 2007

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

To the Board of Directors
Clatsop Community College

Compliance

We have audited the compliance of Clatsop Community College (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, 2006. 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, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by an error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
February 26, 2007

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

| <u>Name of Agency or Department</u> | <u>CFDA No.</u> | <u>Name of Program</u> | <u>Total Awards Expended</u> |
|---|-----------------|---|----------------------------------|
| Primary Governmental Agency - Clatsop Community College | | | |
| US Dept of Education | | | |
| <u>Direct</u> | | | |
| Student Financial Aid Cluster | | | |
| | 84.007 | Federal Supplement Education Opportunity Grants | \$ 96,216 |
| | 84.033 | Federal Work Study | 105,379 |
| | 84.063 | Federal Pell Grant Program | 747,382 |
| | 84.268 | Federal Direct Loans | 639,400 |
| Total Student Financial Aid Cluster | | | <u>1,588,377</u> |
| TRIO Grant Cluster | | | |
| | 84.042A | Student Support Services | 260,715 |
| | 84.044A | Talent Search | 299,443 |
| | 84.047A | Upward Bound | 281,960 |
| Total TRIO Cluster | | | <u>842,118</u> |
| | 84.116Z | Computer & Technology Equipment & Infrastructure Upgrades | 300,058 |
| | | | <u>300,058</u> |
| Total Direct | | | <u>2,730,554</u> |
| Pass Through Oregon Department of Education | | | |
| | 84.002 | Adult Education - State Grant Program | 107,352 |
| | 84.048 | Vocational Education - Basic Grants to States | 129,989 |
| | 84.243 | Tech Prep Education | 22,028 |
| Total Pass Through | | | <u>259,369</u> |
| Total Dept of Education | | | 2,989,923 |
| US Dept of Agriculture | | | |
| Pass Through State | 10.551 | Food Stamps | 20,979 |
| General Services Administration | | | |
| Pass Through State | 39.003 | Donation of Federal Surplus Personal Property | - |
| Small Business Administration | | | |
| Pass Through State | 59.037 | Small Business Development Center | 30,250 |
| US Dept of Health & Human Resources | | | |
| Pass Through State | 93.558 | Temp Assistance Needy Families | 324,421 |
| US Dept of Labor | | | |
| Pass Through State | 17.267 | Incentive Grants - WIA Section 503 | 40,848 |
| | 17.261 | Pilot Demonstration - WIA | 73,464 |
| Total Dept of Labor | | | <u>114,312</u> |
| National Science Foundation | 47.076 | Education and Human Resources | 53,013 |
| Total Expenditures of Federal Awards for Clatsop Community College | | | \$ <u>3,532,897</u> |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

- 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 \$639,400 of loan guarantees through the Federal Direct Loan Program.

Clatsop Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

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.