

**CLATSOP COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2011**

**Clatsop Community College**  
Clatsop County, Oregon

**Annual Financial Statements**

**Year Ended June 30, 2011**



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

**Annual Financial Statements**

**Year Ended June 30, 2011**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the statement of net assets of Clatsop Community College (the College) as of and for the year ended June 30, 2011, and the related statements of revenues, expenses, and the changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Clatsop Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

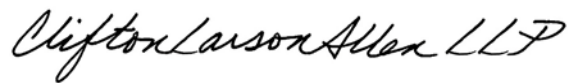
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Clatsop Community College as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2012 on our consideration of Clatsop Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-12 and 33-39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 31-39 is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 47-48 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 as combining and individual non-major fund financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
March 26, 2012



John T. Fisher, CPA, CGFM  
Partner  
Oregon license #9781  
Municipal license #1305

## **CLATSOP COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Introduction**

This section of Clatsop Community College's annual audit presents an analysis of the financial activities of the College for the fiscal years ended June 30, 2011, 2010, and 2009. It is designed to focus on current activities, resulting changes and current known facts. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes responsibility for the completeness and reliability of all information presented in this report.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Clatsop Community College's basic financial statements, which are comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets are indicators of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. All changes in net assets are reported under accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when the cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations, property taxes and Pell grants for students 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 and programs. The College has not identified any other organizations that might be considered additional component units under GASB Statement No. 39. The financial information presented for the Foundation has been reviewed by auditors as of June 30, 2011.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF NET ASSETS  
JUNE 30, 2011, 2010, AND 2009**

**Financial Analysis of the College as a Whole**

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 are the difference between assets and liabilities, and is one measure of the financial condition of the College.

**Fiscal year 2011 compared to 2010**

	2011	2010	% change 2011-2010	2009	% change 2010-2009
<b>ASSETS</b>					
Current Assets	\$ 5,720,304	\$ 8,562,119	-33%	\$ 21,842,286	-61%
Non-Current Assets					
Other non-current assets	15,233,329	15,359,957	-1%	15,255,259	1%
Capital Assets, Net of Depreciation	36,232,378	32,590,150	11%	17,448,707	87%
Total Assets	<u>\$ 57,186,011</u>	<u>\$ 56,512,226</u>	1%	<u>\$ 54,546,252</u>	4%
<b>LIABILITIES</b>					
Current Liabilities	\$ 5,423,056	\$ 5,302,877	2%	\$ 4,231,165	25%
Long-term debt, non-current portion	28,858,092	29,492,551	-2%	30,010,900	-2%
Total Liabilities	<u>34,281,148</u>	<u>34,795,428</u>	-1%	<u>34,242,065</u>	2%
<b>NET ASSETS</b>					
Investment in Capital Assets	36,068,310	32,408,498	11%	17,236,703	88%
Temporarily Restricted	(13,691,291)	(12,712,839)	8%	1,252,333	-1115%
Permanently Restricted	1,017,744	-		-	
Unrestricted	(489,900)	2,021,139	-124%	1,815,151	11%
Total Net Assets	<u>22,904,863</u>	<u>21,716,798</u>	5%	<u>20,304,187</u>	7%
Total Liabilities and Net Assets	<u>\$ 57,186,011</u>	<u>\$ 56,512,226</u>	1%	<u>\$ 54,546,252</u>	4%

At June 30, 2011, the College's assets were approximately \$57.1 million. The College's current assets of \$5.72 million were more than current liabilities of \$5.423 million. This represents a current ratio of 1.05, in comparison to 1.61 in the prior year. The decrease in the current ratio is related to expenditures for the construction project and declining cash balances. Efforts to improve cash flow by reducing expenditures are being addressed. Cash and investments of \$1.88 million represent 33 percent of the current assets while \$2.66 million is made up of receivables from property taxes, governmental receivables and student receivables. Non-current assets remained stable at \$15.2 million. Capital assets increased by \$3.6 million reflecting capital investments in facilities.

The College's current liabilities of \$5.423 million consist primarily of payroll, various payables for operations, deferred revenues and the current portion of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations. Non-current liabilities decreased by \$634 thousand and consist of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations.

Within net assets, the "investment in capital assets" amounts to \$36 million, an increase of \$3.66 million over the prior year. This increased amount represents the College's plant and equipment, less accumulated depreciation and related debt. The \$1.018 million permanently restricted represents the ASH Funds restricted for phase 3 of the strategic plan dedicated to the Health and Wellness Center. Unrestricted net assets of (\$490) thousand represent a spend down of fund balance corresponding with the reduction in current assets.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF NET ASSETS (CONTINUED)  
JUNE 30, 2011, 2010, AND 2009**

**Fiscal year 2010 compared to 2009**

	2010	2009	% change 2010-2009	2008	% change 2009-2008
<b>ASSETS</b>					
Current Assets	\$ 8,562,119	\$ 21,842,286	-61%	\$ 4,733,176	361%
<b>Non-Current Assets</b>					
Other non-current assets	15,359,957	15,255,259	1%	14,216,733	7%
Capital Assets, Net of Depreciation	32,590,150	17,448,707	87%	11,302,929	54%
<b>Total Assets</b>	<b>\$ 56,512,226</b>	<b>\$ 54,546,252</b>	<b>4%</b>	<b>\$ 30,252,838</b>	<b>80%</b>
<b>LIABILITIES</b>					
Current Liabilities	\$ 5,302,877	\$ 4,231,165	25%	\$ 2,932,933	44%
Long-term debt, non-current portion	29,492,551	30,010,900	-2%	14,291,470	110%
<b>Total Liabilities</b>	<b>34,795,428</b>	<b>34,242,065</b>	<b>2%</b>	<b>17,224,403</b>	<b>99%</b>
<b>NET ASSETS</b>					
Investment in Capital Assets	32,408,498	17,236,703	88%	10,973,749	57%
Temporarily Restricted	(12,712,839)	1,252,333	-1115%	(185,526)	-775%
Unrestricted	2,021,139	1,815,151	11%	2,240,212	-19%
<b>Total Net Assets</b>	<b>21,716,798</b>	<b>20,304,187</b>	<b>7%</b>	<b>13,028,435</b>	<b>56%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 56,512,226</b>	<b>\$ 54,546,252</b>	<b>4%</b>	<b>\$ 30,252,838</b>	<b>80%</b>

At June 30, 2010, the College's assets were approximately \$56.5 million. The College's current assets of \$8.5 were sufficient to cover current liabilities of \$5.3 million. This represents a current ratio of 1.61, in comparison to 5.16 in the prior year. The decrease in the current ratio is related to expenditures for the construction project currently underway. Cash and investments of \$4.6 million make up most of the current assets while \$3.2 million is made up of receivables from property taxes, governmental receivables and student receivables. Non-current assets increased by \$1.0 million. Capital assets increased by \$15.14 million reflecting capital investments in facilities.

The College's current liabilities of \$5.3 million consist primarily of payroll, various payables for operations, deferred revenues and the current portion of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations. Non-current liabilities decreased by \$0.5 million and consist of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations.

Within net assets, the "investment in capital assets" amounts to \$33.5 million, an increase of \$15.14 million over the prior year. This increased amount represents the College's plant and equipment less accumulated depreciation and related debt. The \$1.2 million temporarily restricted amount is restricted for student housing (\$1.0 million), -\$0.7 million in pension bond obligations, and \$1.0 million for the construction project. Unrestricted net assets of \$1.8 million consists of amounts for the continuing operations of the College.



**CLATSOP COMMUNITY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**ANALYSIS OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**JUNE 30, 2011, 2010, AND 2009**

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

**Fiscal year 2011 compared to 2010**

	2011	2010	% change 2011-2010	2009	% change 2010-2009
Total operating revenues	\$ 7,359,395	\$ 7,215,299	2%	\$ 6,013,811	20%
Total operating expenses	17,771,392	16,190,300	10%	15,351,072	5%
Operating loss	(10,411,997)	(8,975,001)	16%	(9,337,261)	-4%
Non-operating revenues, net	11,600,062	11,596,532	0%	16,613,013	-30%
Total increase (decrease) in net assets	1,188,065	2,621,531	-55%	7,275,752	-64%
Net assets - beginning of year	21,716,798	20,304,187	7%	13,028,435	56%
Cumulative effect of prior period adjustment	-	(1,208,920)			
Net assets - end of year	\$ 22,904,863	\$ 21,716,798	5%	\$ 20,304,187	7%

**Revenues**

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from Federal, State, other local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled \$2.9 million, net of scholarship allowances. Financial aid, grants and contracts (not including Pell grants) totaled \$2.0 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 \$603 thousand. Other local sources were \$500 thousand.

The College's major sources of non-operating revenue are from property taxes and timber revenues (\$4.738 million), funding for operations from the State of Oregon (\$1.7 million), and Pell grants for students (\$2.3 million). Other sources included a State grant for facilities (\$3.391 million). Investment income of \$300 thousand was received on invested funds for the capital construction project.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
(CONTINUED)  
JUNE 30, 2011, 2010, AND 2009**

**Expenses**

Operating expenses totaling \$17.7 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is for direct and indirect instruction (33%). Student services expenses (11%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (14%) represents the operational aspects of the College, including the administration, business office, and computer services. Student financial aid (25%) 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:

	2011	2010	% change	2009	% change
Educational and general	Actual Expense	Actual Expense	2011-2010	Actual Expense	2010-2009
Instruction	\$ 4,419,541	\$ 4,474,676	-1%	\$ 4,119,751	9%
Instructional support	1,377,148	1,350,712	2%	1,565,988	-14%
Student services	2,043,571	1,909,429	7%	2,172,904	-12%
Institutional support	2,406,243	2,397,620	0%	2,646,788	-9%
Operation and maintenance of plant	1,091,800	983,883	11%	953,059	3%
Auxiliary enterprises	631,413	738,547	-15%	488,263	51%
Community services	215,903	236,474	-9%	172,505	37%
Student financial aid	4,409,651	3,264,572	35%	2,284,405	43%
Other expense	1,773	36,254	-95%	88,217	-59%
Pension amortization expense	133,946	116,527	15%	123,607	-6%
Amortization of bond costs	44,357	44,357	n/a	236,269	n/a
Depreciation expense	996,046	637,249	56%	499,316	28%
Total operating expenses	<u>\$ 17,771,392</u>	<u>\$ 16,190,300</u>	10%	<u>\$ 15,351,072</u>	5%

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
(CONTINUED)  
JUNE 30, 2011, 2010, AND 2009**

**Fiscal year 2010 compared to 2009**

	2010	2009	% change 2010-2009	2008	% change 2008-2008
Total operating revenues	\$ 7,215,299	\$ 6,013,811	20%	\$ 6,169,129	-3%
Total operating expenses	16,190,300	15,351,072	5%	13,704,129	12%
Operating loss	(8,975,001)	(9,337,261)	-4%	(7,535,000)	24%
Non-operating revenues, net	11,596,532	16,613,013	-30%	7,839,807	112%
Total increase (decrease) in net assets	2,621,531	7,275,752	-64%	304,807	2287%
Net assets - beginning of year	20,304,187	13,028,435	56%	12,723,628	2%
Cumulative effect of prior period adjustment	(1,208,920)				
Net assets - end of year	<u>\$ 21,716,798</u>	<u>\$ 20,304,187</u>	7%	<u>\$ 13,028,435</u>	56%

**Revenues**

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from Federal, State, other local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled \$2.9 million, net of scholarship allowances. Financial aid, grants and contracts (not including Pell grants) totaled \$2.9 million. Auxiliary services consist of operations that furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services. They consist of food services, bookstore, and vessel/vehicle operations. Auxiliary services revenue amounted to \$0.5 million. Other local sources were \$.7 million.

The College's major sources of non-operating revenue are from property taxes and timber revenues (\$4.9 million), funding for operations from the State of Oregon (\$2.4 million), and Pell grants for students (\$1.4 million). Other sources included a State grant for facilities (\$1.5 million), and State Lottery proceeds for deferred maintenance work on the campus (\$1.3 million). Investment income of \$.3 million was received on invested funds for the capital construction project.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
(CONTINUED)  
JUNE 30, 2011, 2010, AND 2009**

**Expenses**

Operating expenses totaling \$16.0 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 (11%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (14%) represents the operational aspects of the College including the administration, business office, and computer services. Student financial aid (20%) 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:

	2010		2009		2008	
	Actual Expense	Actual Expense	% change 2010-2009	Actual Expense	% change 2009-2008	
Educational and general						
Instruction	\$ 4,474,676	\$ 4,119,751	9%	\$ 3,593,476	15%	
Instructional support	1,350,712	1,565,988	-14%	1,329,175	18%	
Student services	1,909,429	2,172,904	-12%	2,501,185	-13%	
Institutional support	2,397,620	2,646,788	-9%	2,486,200	6%	
Operation and maintenance of plant	983,883	953,059	3%	832,669	14%	
Auxiliary enterprises	738,547	488,263	51%	415,685	17%	
Community services	236,474	172,505	37%	58,136	197%	
Student financial aid	3,264,572	2,284,405	43%	1,790,207	28%	
Other expense	36,254	88,217	-59%	15,637	464%	
Pension amortization expense	116,527	123,607	-6%	148,324	-17%	
Amortization of bond costs	44,357	236,269	n/a	-	n/a	
Depreciation expense	637,249	499,316	28%	533,435	-6%	
Total operating expenses	<u>\$ 16,190,300</u>	<u>\$ 15,351,072</u>	5%	<u>\$ 13,704,129</u>	12%	

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF CASH FLOWS  
JUNE 30, 2011, 2010, AND 2009**

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

**Fiscal year 2011 compared to 2010**

	2011	2010	% change 2011-2010	2009	% change 2010-2009
Cash Provided by (used in):					
Operating Activities	\$ (10,478,827)	\$ (7,041,438)	49%	\$ (8,319,339)	-15%
Noncapital Financing Activities	12,368,399	6,975,095	77%	6,903,237	1%
Capital Financing Activities	(4,974,836)	(13,378,320)	-63%	9,560,689	-240%
Investing Activities	320,773	95,880	235%	328,394	-71%
Net increase (decrease) in cash	(2,764,491)	(13,348,783)	-79%	8,472,981	-258%
Cash - Beginning of year	5,664,771	19,013,554	-70%	10,540,573	80%
Cash - End of year	<u>\$ 2,900,280</u>	<u>\$ 5,664,771</u>	-49%	<u>\$ 19,013,554</u>	-70%

**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 \$3.4 million more in cash this year to sustain its operations than in the prior year, an increase of 49% from 2010.

**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 \$5.4 million more in cash was used than in the prior year.

**Capital Financing Activities**

The College used \$4.974 million for capital construction.

**Investing Activities**

The College earned less interest on bank balances and funds invested in the long-term governmental investment pool. This is due to low interest rates and decreased amounts of cash invested because it was spent on capital construction projects.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ANALYSIS OF THE STATEMENT OF CASH FLOWS (CONTINUED)  
JUNE 30, 2011, 2010, AND 2009**

**Fiscal year 2010 compared to 2009**

	2010	2009	% change 2010-2009	2008	% change 2009-2008
Cash Provided by (used in):					
Operating Activities	\$ (7,041,438)	\$ (8,319,339)	-15%	\$ (6,065,452)	37%
Noncapital Financing Activities	6,975,095	6,903,237	1%	8,883,153	-22%
Capital Financing Activities	(13,378,320)	9,560,689	-240%	(2,650,155)	-461%
Investing Activities	95,880	328,394	-71%	506,035	-35%
Net increase (decrease) in cash	(13,348,783)	8,472,981	-258%	673,581	1158%
Cash - Beginning of year	19,013,554	10,540,573	80%	9,866,992	7%
Cash - End of year	<u>\$ 5,664,771</u>	<u>\$ 19,013,554</u>	-70%	<u>\$ 10,540,573</u>	80%

**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 \$1.2 million less in cash this year to sustain its operations than in the prior year, a decrease of 15% from 2009.

**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 \$0.07 million more in cash was used than in the prior year.

**Capital Financing Activities**

The College used \$13.3 million for capital construction.

**Investing Activities**

The College earned less interest on bank balances and funds invested in the long-term governmental investment pool. This is due to low interest rates and decreased amounts of cash invested because it was spent on capital construction projects.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**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. The original budget was amended for the General fund, Grants/Financial Aid fund, Auxiliary fund, Unexpended Plant fund, Debt Service fund, Clubs and Organizations fund and Non-Plant Debt 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, 2011, amounts to \$37.1 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. The College has completed a \$29 million capital construction project which has included the demolition of a building, construction of a new building, renovation of an existing building and major infrastructure work to improve the campus utilities. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for a waterline for the MERTS property, energy improvements, PERS pension obligations, and facilities bonds obligations. Total debt outstanding at June 30, 2011 was \$28.8 million.

**Economic Factors and Next Year's Budget**

State funding for FY12 continued to have a significant impact on the College's operating budget. The State Support funding now represents only 16 percent of the College's annual revenue based on the funding formula allocation. Funding per Student Full-time Equivalent (SFTE) has decreased from \$2,400 in FY08 to only \$999 in FY12, a 58 percent decrease in only four years. The budget was originally prepared using a portion of the College's reserves, increasing tuition by \$9 per credit, and once again, requesting salary concessions from employees. Financial projections have required further expenditure reductions and revenue increases. Employee layoffs and a mid-year tuition increase of \$5 per credit have been part of the budget balancing effort. The current service level for community college funding is at \$410 million with a pre-approved 3.5 percent "holdback" anticipated in FY13.

Local property tax information indicates a drop in the real market property values for 2011 in Clatsop County. About half of the County taxing districts will see their assessed value grow by less than the statutory 3% for 2010, and county officials are predicting the assessed value increase will not grow by the statutory 3% in the next budgeting period.

The College has completed the \$29 million capital project. Fall enrollment reports indicate more than a 5 percent growth compared to fall 2010. The new and improved learning environment indicates a positive impact on students and faculty as they pursue their educational goals.

State and local funding will continue to be a challenge for the College, and students can only be asked to carry a portion of the burden. Expenditures will have to be reduced as well. The uncertainty of the economy leads us to review all aspects of college programs and operations as we prepare the annual budget for FY13.

**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, Finance and Operations  
Clatsop Community College  
1651 Lexington Ave.  
Astoria, OR 97103

**CLATSOP COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
YEAR ENDED JUNE 30, 2011**

	Primary Government	Component Unit Reviewed <u>Clatsop Community College Foundation</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 188,904	\$ 722,490
Restricted cash and investments	1,693,632	-
Receivables:		
Property taxes	642,940	-
Governmental	948,981	-
Student receivables, net	1,063,361	-
Inventories	121,065	-
Notes receivable	205,000	-
Accrued interest receivable	753,407	-
Other	103,014	13,435
Total current assets	<u>5,720,304</u>	<u>735,925</u>
Non-current Assets:		
Restricted cash and investments	1,017,744	-
Investments	-	1,465,831
Unamortized premium	318,420	-
Notes receivable	7,583,779	-
Net pension asset	6,313,386	-
Capital assets - net	36,232,378	-
Total non-current assets	<u>51,465,707</u>	<u>1,465,831</u>
 TOTAL ASSETS	 \$ 57,186,011	 \$ 2,201,756
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 313,819	\$ -
Payroll liabilities	1,011,088	-
Unearned revenue	894,127	-
Retainage	129,636	-
Due to student groups	30,000	-
Accrued interest payable	827,563	-
Other current liabilities	8,022	-
Notes payable	205,000	-
Current portion of long-term debt	2,003,801	-
Total current liabilities	<u>5,423,056</u>	<u>-</u>
Noncurrent liabilities:		
Unamortized debt	140,572	-
Note payable: less current portion of long-term debt	28,717,520	-
TOTAL LIABILITIES	<u>34,281,148</u>	<u>-</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	36,232,378	-
Less: Related debt	(22,826,231)	-
Investment in capital assets, net	<u>13,406,147</u>	<u>-</u>
 Restricted - Expendable	 1,017,744	 1,619,562
Restricted - Unexpendable	-	583,025
Unrestricted	8,480,972	(831)
Total net assets	<u>22,904,863</u>	<u>2,201,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,186,011</u>	<u>\$ 2,201,756</u>

See accompanying independent auditors' report.



**CLATSOP COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2011**

	Primary Government	Component Unit Reviewed	
		Clatsop Community College	Foundation
<b>OPERATING REVENUES</b>			
Student tuition and fees, net of scholarship allowances of \$216,829	\$ 2,878,574	\$	-
Federal student financial aid grant	1,998,424		-
State student financial aid grant	61,505		-
Federal grants and contracts	1,248,740		-
State and local government grants and contracts	68,258		-
Other local sources	500,321		204,319
Auxiliary enterprises	603,573		-
Total operating revenues	<u>7,359,395</u>		<u>204,319</u>
<b>OPERATING EXPENSES</b>			
Educational and general:			
Instruction	4,419,541		-
Instructional support	1,377,148		-
Student services	2,043,571		-
Institutional support	2,406,243		-
Operation and maintenance of plant	1,091,800		-
Auxiliary enterprises	631,413		-
Community services	215,903		-
Student financial aid	4,409,651		-
Other expense	1,773		155,716
Amortization of bond costs	44,357		-
Net pension amortization	133,946		-
Depreciation expense	996,046		-
Total operating expenses	<u>17,771,392</u>		<u>155,716</u>
Operating income (loss)	<u>(10,411,997)</u>		<u>48,603</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State FTE reimbursement	1,699,426		-
Property taxes and timber revenues	4,737,821		-
Investment income	301,353		-
Other local	353,809		-
Pell grants	2,291,440		-
State grant for facilities	3,391,387		-
Interest expense	(1,175,174)		-
Net nonoperating revenues	<u>11,600,062</u>		<u>-</u>
Increase (decrease) in net assets	1,188,065		48,603
<b>NET ASSETS</b>			
Net assets - beginning of year	21,716,798		2,153,153
Net assets - end of year	<u>\$ 22,904,863</u>	<u>\$</u>	<u>2,201,756</u>

See accompanying independent auditors' report.

**CLATSOP COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2011**

		Component Unit Reviewed
	Primary Government	Clatsop Community College Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,878,574	\$ -
Paid to students	(4,409,651)	-
Grants and contracts	1,316,998	-
Aid received for students	2,059,929	-
Payments to vendors	(7,002,469)	-
Payments to employees	(5,796,689)	-
Other	633,981	38,313
Auxiliary enterprises	(25,840)	-
Net cash used by operating activities	(10,345,167)	38,313
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local property taxes and timber revenues	4,737,821	-
State appropriations and other payments	1,699,426	-
Nonoperating grants	5,682,827	-
Other local	249,532	-
Net cash provided by noncapital financing activities	12,369,606	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(4,687,077)	-
Loan proceeds	1,335,000	-
Loan principal paid	(582,452)	-
Loan interest paid	(1,175,174)	-
Net cash provided by capital and related financing activities	(5,109,703)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	-	(1,469,302)
Interest earned	19,420	-
Investment income	301,353	-
Net cash provided by investing activities	320,773	(1,469,302)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,764,491)	(1,430,989)
Cash and Cash Equivalents – Beginning of Year	5,664,771	2,153,479
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,900,280	\$ 722,490

See accompanying independent auditors' report.

	Primary Government	Component Unit Reviewed <hr/> Clatsop Community College Foundation
Reconciliation of net operating revenue to net cash used (provided) operating activities:		
Operating income (loss)	\$ (10,411,997)	\$ 48,603
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	996,046	-
Pension amortization	133,946	-
Bond cost amortization	39,204	-
Realized and unrealized (gain) loss on investments	-	3,471
(Increase) decrease in current assets used in operations:		
Receivables (net)	573,205	-
Accrued interest receivable	(478,685)	-
Contributions receivable	-	(13,435)
Inventories	5,667	-
Other assets	(30,181)	-
Increase (decrease) in current liabilities used in operations:		
Accounts payable	(1,079,474)	(326)
Payroll liabilities	(63,408)	-
Retainage	(763,472)	-
Accrued interest payable	488,257	-
Deferred revenues	239,145	-
Other current liabilities	6,580	-
Net cash used in operating activities	<hr/> \$ (10,345,167)	<hr/> \$ 38,313
<u>Reconciliation to Statement of Net Assets</u>		
Cash and cash equivalents	\$ 188,904	722,491
Restricted cash and investments	2,711,376	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<hr/> \$ 2,900,280	<hr/> \$ 722,491

See accompanying independent auditors' report.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

**Reporting Entity**

Clatsop Community College (the 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 discretely presented component unit in its financial statements: the Clatsop Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation did not have an audit for the fiscal year ended June 30, 2010, but it instead had a review performed. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

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

**Significant Accounting Policies**

The accounting policies of Clatsop Community College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The following is a summary of the more significant policies.

**Basis of Accounting**

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

**Cash and Cash Equivalents**

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

**CLATSOP COMMUNITY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Restricted Cash and Investments**

Current restricted cash for the College consists of funds for Jerome Campus Redevelopment Project (JCRP) (\$1,539,660), other grant projects (\$78,359), pension obligations (\$7,646), and clubs and organizations (\$67,967). Noncurrent restricted cash consists of funds for Adult Student Housing (\$1,017,744).

All funds of the Foundation are in depository accounts at June 30, 2011.

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

**Inventories**

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

**Receivables**

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

**Property, Buildings, and Equipment**

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

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

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

**Accrued Wages and Payroll Costs**

Contracts for faculty begin in September and end in mid-June. All other employee agreements begin July 1 for the ensuing fiscal year and end June 30. All salaries are paid over twelve months. The salary amounts due for payment in July and August are included in accrued liabilities. Benefit payments for July and August are not accrued but rather expensed as paid. The accrued wages at June 30, 2011 were \$352,507.

**Compensated Absences**

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

Effective July 1, 2004, classified employees may only carry forward the number of hours they have accrued in the previous year. The amount of accrued vacation for classified employees at June 30, 2011 was \$58,567.

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Compensated Absences (Continued)**

Effective July 1, 2005, the same requirement was implemented for service and supervisory and administrative employees. The amount of accrued vacation for service and supervisory employees at June 30, 2011 was \$140,227.

The College accrues the expense for accumulated vested vacation leave and recognizes the liability as of the end of the fiscal year. The total accumulated vacation liability is included with payroll liabilities on the Statement of Net Assets and was \$198,794 at June 30, 2011.

**Tuition and Fees and Unearned Revenue**

Tuition and fees include all assessments to students for educational and general purposes. It is stated net of institutional aid provided to students. The College's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2011 for the College's 2011-2012 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was \$894,127 at June 30, 2011.

**Retirement Plans**

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

**Special Retirement Benefits**

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

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

Employees hired on or after July 1, 2004, are not eligible to apply for or receive any benefits under this provision.

**Other Postemployment Benefits Obligation**

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

**Budgetary Basis**

The financial operations of the various funds of the College on a budgetary basis are presented in individual Schedules of Revenues, Expenditures and Changes in Fund Balance Compared with Budget, in the Required Supplemental Information section of the financial statements.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

**Net Assets**

The College's net assets are classified as follows:

Investment in capital assets - This represent the College's total investment in capital assets, net of accumulated depreciation and related debt.

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

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

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

**Federal Financial Assistance Programs**

The College participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Family Education Loans, TRIO Programs and Academic Competition Grant.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability of the applicable funds. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in the financial statements.

**Classification of Revenues**

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

**Use of Estimates**

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

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

As mandated by Oregon Statutes, a budget was prepared by the College administration and budget officer. The budget committee, with public input, considered and approved the budget for transmittal to the Board of Directors on May 25, 2010. 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 8, 2010. The budget was amended by the Board on June 14, 2011.

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

	Health	Stipend	Total
Annual Required Contribution	\$ 183,400	\$ 29,607	\$ 213,007
Interest on Net OPEB Obligation (BOY)	856	(273)	583
Adjustment to ARC for Net OPEB Obligation	-	-	-
Annual OPEB Cost	<u>184,256</u>	<u>29,334</u>	<u>213,590</u>
			-
Actual Contributions	(155,065)	(29,951)	(185,016)
Interest on Contributions	-	-	-
Increase (Decrease) in net OPEB obligation	<u>29,191</u>	<u>(617)</u>	<u>28,574</u>
Net OPEB Obligation - July 1, 2009	-	-	-
Net OPEB Obligation - June 30, 2010	<u>\$ 29,191</u>	<u>\$ (617)</u>	<u>\$ 28,574</u>

Health      Stipend

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, 2011, the following expenditures exceeded appropriations in the following funds:

Debt Service Fund - Total expenditures were over appropriated amounts by \$11.

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

**Note 3: DEPOSITS AND INVESTMENTS**

Total cash and investments at June 30, 2011, are comprised of the following:

	Component Unit Reviewed	
	Total Primary Government	Clatsop Community College Foundation
Cash and cash equivalents		
Cash on hand	\$ 4,850	\$ 722,490
Deposits	221,440	-
Investments	<u>2,673,990</u>	<u>1,465,831</u>
	<u>\$ 2,900,280</u>	<u>\$ 2,188,321</u>

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, 2011:

	Fair Value	180 Days
Local government investment pool	<u>\$ 2,673,990</u>	<u>\$ 2,673,990</u>

See accompanying independent auditor's report.



**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 3: DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 2011 bank balance was exposed to custodial credit risk because it was adequately insured and collateralized. The State provides a list of qualified depositories, and the College Board approves a list of depositories from this list in July each year.

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

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

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, 2011, the fair value of College deposits with LGIP approximates cost. The OSTF financial statements and the OSTF Portfolio Rules can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us).

**Note 4: RECEIVABLES**

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

Levy Year	Balance 6/30/10	Levy	Discounts, Interest and Adjustments	Collections	Balance 6/30/11
2010-2011	\$ -	\$ 4,407,022	\$ (115,243)	\$ 3,910,758	381,021
2009-2010	373,628	-	(4,000)	127,261	242,367
2008-2009	(56,671)	-	(2,022)	36,188	(94,881)
2007-2008	34,105	-	(1,118)	20,493	12,494
2006-2007	12,132	-	(1,154)	8,852	2,126
2005-2006	557	-	(976)	1,204	(1,623)
2004-2005	1,422	-	(128)	636	658
Prior	20,485	-	(134)	32	20,319
Total	<u>\$ 385,658</u>	<u>\$ 4,407,022</u>	<u>\$ (124,775)</u>	<u>\$ 4,105,424</u>	<u>\$ 562,481</u>
Cash in hands of County Agent at June 30	104,044				80,458
Taxes receivable	<u>\$ 489,702</u>				<u>\$ 642,939</u>

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 4: RECEIVABLES (CONTINUED)**

**Governmental** - The governmental receivables include \$160,295 in timber revenues, \$267,746 in State lottery proceeds for building projects, and \$520,940 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 three kinds of receivables: amounts owed by students and agencies for tuition and fees (\$591,399), amounts owed by students in collections and amounts returned due to insufficient funds (\$100,018), and amounts owed by agencies (\$384,335) for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included (-\$12,391) for student accounts. Net student accounts receivable as of June 30, 2011 was \$1,063,361.

**Note 5: RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

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

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

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

The College requires members of PERS to contribute 6% of their salary covered under the plan. In addition, the College is required to contribute at an actuarially determined rate. The rate for Tier One/Tier Two employees at June 30, 2011 is 10.24% of salary covered under the plan, adjusted for side account rate relief (7.79%).

**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 rate for the OPSRP at June 30, 2010 defined benefit pension plan is 10.24%, adjusted for the side account rate relief (7.79%).
- 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.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

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

**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, 2011, were as follows:

Annual required contribution (ARC)	\$ 320,045
Interest earned on net pension asset	(315,883)
Adjust to the ARC	449,829
Annual pension costs	453,991
Contributions made	(320,045)
Decrease in net pension asset	133,946
Net pension asset, beginning of year	6,447,332
Net pension asset, end of year	\$ 6,313,386

All OPERS participating employers are required by law to submit the contributions as adopted by the PERB. For the fiscal year ended June 30, 2011, the College made required contributions to PERS (\$445,227) and funded pension obligations (\$415,356).

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2006	\$ 584,207	\$ 361,189	62%	\$ 7,016,982
6/30/2007	\$ 483,465	\$ 302,273	63%	\$ 6,835,790
6/30/2008	\$ 444,784	\$ 296,460	67%	\$ 6,687,466
6/30/2009	\$ 438,979	\$ 315,372	72%	\$ 6,563,859
6/30/2010	\$ 433,584	\$ 317,057	73%	\$ 6,447,332
6/30/2011	\$ 453,991	\$ 320,045	70%	\$ 6,313,386

**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 2010 is \$16,500 and for calendar year 2011 is \$16,500, 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. The plan was not automatic, and each request required approval by the Board of Directors.

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

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

The cost of the early retirement stipend (stipend and FICA) for 2010-2011 was \$19,216 for 13 retirees.

Premium costs of post-employment health insurance are also subsidized; however, effective July 1, 2004, the amount is capped at the medical premium amount the college is paying for faculty and classified employees at the time of retirement. This same provision is effective for service and supervisory and administrative employees as of July 1, 2005. Coverage may also include dependents and spouses. Post-employment subsidies of premiums for health insurance are expensed as paid. The cost of the post-employment health insurance for 2010-2011 was \$129,392 for 26 retirees.

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

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

The report included the plans' funded status, the Annual Required Contribution (ARC) as defined by GASB 27 and GASB 45 for 2008-2009, an estimation of future cash flows and their present value, and an actuarial accrued liability. The College used the roll-forward liabilities and contributions from the June 30, 2010 report to prepare information for the plan year ending June 30, 2011.

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

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

	Health	Stipend	Total
Annual Required Contribution	\$ 183,400	\$ 29,607	\$ 213,007
Interest on Net OPEB Obligation (BOY)	856	(273)	583
Adjustment to ARC for Net OPEB Obligation	-	-	-
Annual OPEB Cost	<u>184,256</u>	<u>29,334</u>	<u>213,590</u>
			-
Actual Contributions	(129,392)	(19,216)	(148,608)
Interest on Contributions	-	-	-
Increase (Decrease) in net OPEB obligation	<u>54,864</u>	<u>10,118</u>	<u>64,982</u>
Net OPEB Obligation - July 1, 2010	<u>29,191</u>	<u>(617)</u>	<u>28,574</u>
Net OPEB Obligation - June 30, 2011	<u>\$ 84,055</u>	<u>\$ 9,501</u>	<u>\$ 93,556</u>

In prior years, the College has recorded a liability for unpaid stipends. As of June 30, 2010, the liability amounts to \$117,509. The College has decided to leave the liability in place to offset some of the future impact of possible required contributions to the plan based on the actuarial accrued liability and the fact that the plan is unfunded. The unfunded actuarial accrued liability for the plans as of June 30, 2011 is provided below.

	Health	Stipend
Actuarial Value of Plan Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,182,622	\$ 57,855
Unfunded AAL	\$ 1,182,622	\$ 57,855
Funded Ratio	0.00%	0.00%
Covered Payroll	\$ 3,274,850	\$ -
UAAL as a % of Covered Payroll	36.11%	NA

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**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 2010-11 the accumulated balance earned \$5,188 of interest and \$17,416 of accumulated balances were used as rent subsidies for students. As of June 30, 2011, the balance of \$1,017,744 is included in restricted net assets - expendable.

**Clatsop Community College Foundation**

Temporarily restricted net assets (\$1,619,562) and permanently restricted net assets (\$583,025) 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, 2010 and 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
Capital assets not being depreciated:				
Land & improvements	\$ 85,535	\$ -	\$ -	\$ 85,535
Construction in progress	14,745,738	-	14,565,766	179,972
Total capital assets not being depreciated	14,831,273	-	14,565,766	265,507
Capital assets being depreciated:				
Buildings	22,325,472	19,230,961	-	41,556,433
Equipment	3,284,517	21,879	48,800	3,257,596
Library books	208,201	-	-	208,201
Total capital assets being depreciated	25,818,190	19,252,840	48,800	45,022,230
Less accumulated depreciation for:				
Buildings	3,466,837	1,003,795	-	4,470,632
Equipment	3,207,316	32,161	48,800	3,190,677
Library books	176,240	8,890	-	185,130
Total accumulated depreciation	8,059,313	1,044,846	48,800	9,055,359
Total capital assets being depreciated net	17,758,877	18,207,994	-	35,869,271
Capital assets - net	\$ 32,590,150	\$ 18,207,994	\$ 14,565,766	\$ 36,232,378

**CCC Foundation**

The Foundation has no property, plant, and equipment as of June 30, 2011.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 9: LONG-TERM DEBT**

The College has the following long-term debt arrangements:

**Notes Payable – Physical Plant**

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

Balance, June 30, 2010	\$	181,653
Less: principal payments, 2010-2011		<u>(17,585)</u>
Balance, June 30, 2011	\$	<u><u>164,068</u></u>

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

Balance, June 30, 2010	\$	10,451,231
Less: principal payments, 2010-2011		<u>-</u>
Balance, June 30, 2011	\$	<u><u>10,451,231</u></u>

**Bonds Payable - Facilities**

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

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

Balance, June 30, 2010	\$	6,495,000
Less: principal payments, 2010-2011		<u>(290,000)</u>
Balance, June 30, 2011	\$	<u><u>6,205,000</u></u>

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

Balance, June 30, 2010	\$	5,000,000
Less: principal payments, 2010-2011		<u>(65,000)</u>
Balance, June 30, 2011	\$	<u><u>4,935,000</u></u>

Bond payable - Revenue and Tax Anticipation Note. Bonds Payable to Wells Fargo, Trustee, for \$1,335,000 at .42% short-term tax and revenue anticipation promissory note, series 2011A, maturity date December 30, 2011.

Balance, June 30, 2011	\$	<u><u>1,335,000</u></u>
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See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 9: LONG-TERM DEBT (CONTINUED)**

**Bonds Payable – PERS**

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

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

Balance, June 30, 2010	\$	7,150,000
Less: principal payments, 2010-2011		<u>(75,000)</u>
Balance, June 30, 2011	\$	<u><u>7,075,000</u></u>

The schedule of future requirements for payment of principal and interest on these obligations are as follows for the year ended June 30:

	Total		City of Astoria Water line		PERS PERS Bonding		Facilities Wells Fargo		Facilities GO Bonds		Facilities NMTC - Shorebank	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,335,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,335,000	\$ -	\$ -	\$ -	\$ -	\$ -
2012	538,505	813,252	18,505	7,941	105,000	337,723	305,000	276,406	110,000	191,182	-	-
2013	589,444	791,176	19,444	7,002	130,000	332,848	315,000	263,444	125,000	187,882	-	-
2014	665,430	767,016	20,430	6,016	165,000	326,812	330,000	250,056	150,000	184,132	-	-
2015	731,467	739,793	21,467	4,979	195,000	319,151	345,000	236,031	170,000	179,632	-	-
2016	1,124,378	709,887	22,556	3,890	230,000	310,097	355,000	221,368	185,000	174,532	10,451,231	-
2017	863,700	675,577	23,700	2,746	270,000	299,418	370,000	206,281	200,000	167,132	-	-
2018	934,902	641,039	24,902	1,544	310,000	286,882	385,000	191,481	215,000	161,132	-	-
2019	1,008,064	602,406	13,064	304	355,000	272,489	405,000	176,081	235,000	153,532	-	-
2020	1,075,000	560,601	-	-	405,000	256,006	420,000	159,375	250,000	145,220	-	-
2021	1,165,000	510,797	-	-	455,000	237,202	440,000	138,375	270,000	135,220	-	-
2022	1,265,000	456,016	-	-	515,000	215,221	460,000	116,375	290,000	124,420	-	-
2023	1,375,000	396,536	-	-	575,000	190,341	485,000	93,375	315,000	112,820	-	-
2024	1,480,000	334,333	-	-	640,000	162,563	505,000	71,550	335,000	100,220	-	-
2025	1,595,000	267,290	-	-	705,000	131,645	530,000	48,825	360,000	86,820	-	-
2026	1,725,000	194,621	-	-	780,000	97,586	555,000	24,975	390,000	72,060	-	-
2027	1,275,000	115,974	-	-	860,000	59,904	-	-	415,000	56,070	-	-
2028	825,000	56,998	-	-	380,000	18,358	-	-	445,000	38,640	-	-
2029	475,000	19,950	-	-	-	-	-	-	475,000	19,950	-	-
	<u>\$ 30,165,299</u>	<u>\$ 8,653,262</u>	<u>\$ 164,068</u>	<u>\$ 34,422</u>	<u>\$ 7,075,000</u>	<u>\$ 3,854,246</u>	<u>\$ 7,540,000</u>	<u>\$ 2,473,998</u>	<u>\$ 4,935,000</u>	<u>\$ 2,290,596</u>	<u>\$ 10,451,231</u>	<u>\$ -</u>

**Other Long-Term Obligation – Facilities**

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

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

Balance, June 30, 2010	\$	686,001
Less payments, 2010-2011		<u>(129,979)</u>
Balance, June 30, 2011	\$	<u><u>556,022</u></u>

**CLATSOP COMMUNITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 9: LONG-TERM DEBT (CONTINUED)**

**Changes in Long-Term Liabilities**

A summary of long-term liability activity follows:

	July 1, 2010			June 30, 2011	
	Beginning	Additions	Reductions	Ending	Due Within One
	Balance			Balance	
Notes payable	\$ 10,632,884	\$ 1,335,000	\$ 17,585	\$ 11,950,299	\$ 1,353,505
Bonds payable	18,645,000	-	430,000	18,215,000	520,000
Other long-term obligations	690,889	-	134,867	556,022	130,296
Capital lease obligations	-	-	-	-	-
	<u>\$ 29,968,773</u>	<u>\$ 1,335,000</u>	<u>\$ 582,452</u>	<u>\$ 30,721,321</u>	<u>\$ 2,003,801</u>

**Note 10: OPERATING LEASES**

The following is an analysis of operating leases:

Year	Key Government		Fargo	ABECO	DSL		Olstedt	Toyota	Sunset Pool
	Principal	Interest	Copier	Maint.	MERTS	Dock	SCC	Corolla Lease	STCW Class
			Oct. 2013	Buy Out	In Negotiation		incr/yr (in	Dec. 2013	Est. 2% incr/yr
2012	\$ 19,034	\$ 2,313	\$ 12,547	\$ 18,780	\$ 3,060	\$ 275	\$ 26,010	\$ 2,616	\$ 720
2013	19,776	1,571	12,547	18,780	3,060	275	43,740	2,616	734
2014	20,546	800	3,137	4,695	3,060	275	44,614	1,090	749
2015	-	-	-	-	3,060	275	45,507	-	764
2016	-	-	-	-	3,060	275	46,417	-	779
2017-2022	-	-	-	-	15,300	1,375	246,386	-	4,137
2023-2027	-	-	-	-	15,300	1,375	272,030	-	4,567
	<u>\$ 59,356</u>	<u>\$ 4,684</u>	<u>\$ 28,232</u>	<u>\$ 42,255</u>	<u>\$ 45,900</u>	<u>\$ 4,125</u>	<u>\$ 724,704</u>	<u>\$ 6,321</u>	<u>\$ 12,451</u>

Rent expense for the year ending June 30, 2011 was \$89,805.

**Note 11: 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 2010-11.

**Note 12: RELATED PARTIES AND COMPONENT UNITS**

**Clatsop Community College Foundation**

The Foundation, a nonprofit, nongovernmental organization, exists for the purpose of providing assistance to the College for its instructional and student financial aid programs. Funds are invested and proceeds are used as directed by the donors. The College provided accounting services, part-time executive director services and office space for the Foundation. Total donated services from the College for the year ended June 30, 2011 were \$9,760.

The Foundation financial statements were reviewed for the year ended June 30, 2011.

**Note 13: COMMITMENTS AND CONTINGENCIES**

In November 2008, the voters of Clatsop County passed a general obligation bond in the amount of \$5.0 million to further support this project since the State was providing an additional \$4.0 million in matching funds. The bonds were sold in February 2009, and the funds were submitted to the State and returned to the College as required by the State. The State has released \$2,845,615 of the \$4.0 million as of June 30, 2011.



## **Supplementary Information**

**CLATSOP COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2011**

	Current Funds			Plant Funds			Debt Service Fund	Clubs and Organizations Fund	Total All Primary Funds (Memorandum only)
	Unrestricted	Restricted	Unexpended	JCRP	Retirement of Indebtedness	Investment in Plant			
<b>Assets</b>									
Cash and investments	\$ 110,545	\$ 78,359	\$ 983,668	\$ 1,652,095	\$ -	\$ -	\$ 7,646	\$ 67,967	\$ 2,900,280
Receivables:									
Property taxes	642,940	-	-	-	-	-	-	-	642,940
Governmental	948,981	-	-	-	-	-	-	-	948,981
Student receivables (less allowance for doubtful accounts)	1,063,361	-	-	-	-	-	-	-	1,063,361
Inventories	121,065	-	-	-	-	-	-	-	121,065
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Note receivable from Auxiliary Fund	205,000	-	-	-	-	-	-	-	205,000
Note receivable from OCCA	-	-	-	8,337,186	-	-	-	-	8,337,186
Property, buildings, and equipment:									
Land and improvements	-	-	-	-	-	85,535	-	-	85,535
Buildings	-	-	-	-	-	41,556,433	-	-	41,556,433
Accumulated Depreciation	-	-	-	-	-	(5,679,552)	-	-	(5,679,552)
Equipment	-	-	-	-	-	3,257,596	-	-	3,257,596
Accumulated Depreciation	-	-	-	-	-	(3,190,677)	-	-	(3,190,677)
Library Books	-	-	-	-	-	208,201	-	-	208,201
Accumulated Depreciation	-	-	-	-	-	(185,130)	-	-	(185,130)
Facilities - Construction in Progress	-	-	-	-	-	179,972	-	-	179,972
Other assets	23,969	79,045	-	318,420	-	-	6,313,386	-	6,734,820
<b>Total assets</b>	<b>\$ 3,115,861</b>	<b>\$ 157,404</b>	<b>\$ 983,668</b>	<b>\$ 10,307,701</b>	<b>\$ -</b>	<b>\$ 36,232,378</b>	<b>\$ 6,321,032</b>	<b>\$ 67,967</b>	<b>\$ 57,186,011</b>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ 313,727	\$ 92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,819
Accrued liabilities	1,011,088	-	-	-	-	-	-	-	1,011,088
Miscellaneous deposits	3,302	-	-	-	-	-	-	-	3,302
Due to student groups and agencies	30,000	-	-	-	-	-	-	-	30,000
Short-term note payable	1,335,000	-	-	-	-	-	-	-	1,335,000
Deferred revenues	665,546	157,312	-	-	-	-	-	67,967	890,825
Deferred grants	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	56,882	-	-	-	-	56,882
Retainage	-	-	-	129,636	-	-	-	-	129,636
Other miscellaneous liabilities	-	-	-	140,572	-	-	-	-	140,572
Other liabilities	8,022	-	-	556,022	-	-	-	-	564,044
Long term debt:									
Note payable to General Fund	205,000	-	-	-	-	-	-	-	205,000
Note payable to Shorebank (NMTC)	-	-	-	11,221,912	-	-	-	-	11,221,912
Phone lease	-	-	-	-	-	-	-	-	-
Mortgage payable	-	-	-	-	-	-	-	-	-
Software Migration note payable	-	-	-	-	-	-	-	-	-
Bond payable	-	-	-	11,140,000	-	0	7,075,000	-	18,215,000
Waterline improvement note to City of Astoria	-	-	-	-	-	164,068	-	-	164,068
<b>Total liabilities</b>	<b>3,571,685</b>	<b>157,404</b>	<b>-</b>	<b>23,245,024</b>	<b>-</b>	<b>164,068</b>	<b>7,075,000</b>	<b>67,967</b>	<b>34,281,148</b>
Fund balances:									
Unrestricted	879,176	-	(34,076)	8,389,840	-	-	(753,968)	-	8,480,972
Restricted - expendible	-	-	1,017,744	-	-	-	-	-	1,017,744
Net investment in plant	(1,335,000)	-	-	(21,327,163)	-	\$ 36,068,310	-	-	13,406,147
<b>Total fund balances</b>	<b>(455,824)</b>	<b>-</b>	<b>983,668</b>	<b>(12,937,323)</b>	<b>-</b>	<b>36,068,310</b>	<b>(753,968)</b>	<b>-</b>	<b>22,904,863</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,115,861</b>	<b>\$ 157,404</b>	<b>\$ 983,668</b>	<b>\$ 10,307,701</b>	<b>\$ -</b>	<b>\$ 36,232,378</b>	<b>\$ 6,321,032</b>	<b>\$ 67,967</b>	<b>\$ 57,186,011</b>

See accompanying independent auditors' report.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2011**

	Current Funds			Plant Funds					Clubs and Organizations Fund	Total All Funds (Memorandum only)
	Unrestricted	Restricted	Total	Unexpended	JCRP	Retirement of Indebtedness	Investment in Plant	Debt Service Fund		
<b>Revenues:</b>										
Local sources	\$ 3,852,948	\$ 94,766	\$ 3,947,714	\$ 626,240	\$ (9,800)	\$ 258,633	\$ -	\$ 415,356	\$ -	\$ 5,238,143
State appropriations	1,699,426	129,763	1,829,189	-	3,391,387	-	-	-	-	5,220,576
Government grants and contracts	11,268	5,527,336	5,538,604	-	-	-	-	-	-	5,538,604
Tuition and fees	3,095,403	-	3,095,403	-	-	-	-	-	-	3,095,403
Investment income	6,354	-	6,354	5,308	288,658	-	-	1,010	23	301,353
Auxiliary revenue	603,573	-	603,573	-	-	-	-	-	-	603,573
Other additions	296,586	55,881	352,467	-	8,990	-	4,655,858	-	34,560	5,051,875
Total revenues and other additions	<u>9,565,558</u>	<u>5,807,746</u>	<u>15,373,304</u>	<u>631,548</u>	<u>3,679,235</u>	<u>258,633</u>	<u>4,655,858</u>	<u>416,366</u>	<u>34,583</u>	<u>25,049,527</u>
<b>Expenditures and mandatory transfers:</b>										
<b>Educational and general expenditures -</b>										
Instruction	4,289,368	130,173	4,419,541	-	-	-	-	-	-	4,419,541
Instructional support	1,171,564	205,584	1,377,148	-	-	-	-	-	-	1,377,148
Student services	1,086,375	930,774	2,017,149	-	-	-	-	-	26,422	2,043,571
Institutional support (administration)	2,350,362	55,881	2,406,243	-	-	-	-	-	-	2,406,243
Operation and maintenance of plant	1,091,800	-	1,091,800	-	-	-	-	-	-	1,091,800
Auxiliary enterprises	631,413	-	631,413	-	-	-	-	-	-	631,413
Community services	52,476	133,966	186,442	-	-	-	-	-	29,461	215,903
Depreciation expense	-	-	-	-	-	-	996,046	-	-	996,046
Expended for equipment and facilities	-	-	-	93,243	4,210,895	393,930	-	-	-	4,698,068
Amortization of bond costs	-	-	-	-	44,357	-	-	-	-	44,357
Interest Expense	-	-	-	-	343,247	490,722	-	341,205	-	1,175,174
Pension amortization	-	-	-	-	-	-	-	133,946	-	133,946
Other	-	-	-	120	242	1,250	-	161	-	1,773
Financial aid	216,830	4,409,650	4,626,480	-	-	-	-	-	-	4,626,480
Total educational and general expenditures	<u>10,890,188</u>	<u>5,866,028</u>	<u>16,756,216</u>	<u>93,363</u>	<u>4,598,741</u>	<u>885,902</u>	<u>996,046</u>	<u>475,312</u>	<u>55,883</u>	<u>23,861,463</u>
<b>Other transfers:</b>										
Nonmandatory transfers, net	94,728	(58,282)	36,446	612,123	-	(627,269)	-	-	(21,300)	-
Other	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in fund balances	<u>(1,419,358)</u>	<u>-</u>	<u>(1,419,358)</u>	<u>(73,938)</u>	<u>(919,506)</u>	<u>-</u>	<u>3,659,812</u>	<u>(58,946)</u>	<u>-</u>	<u>1,188,064</u>
<b>Fund Balance, June 30, 2010</b>										
Unrestricted	963,533	-	963,533	27,634	-	-	-	0	-	991,167
Restricted Pension	-	-	-	-	-	-	-	(695,021)	-	(695,021)
Restricted - Plant	-	-	-	1,029,971	-	-	-	-	-	1,029,971
Restricted - JCRP	-	-	-	-	(12,017,818)	-	-	-	-	(12,017,818)
Net investment in plant	-	-	-	-	-	-	32,408,498	-	-	32,408,498
Fund Balance, June 30, 2011	<u>\$ (455,825)</u>	<u>\$ -</u>	<u>\$ (455,825)</u>	<u>\$ 983,667</u>	<u>\$ (12,937,324)</u>	<u>\$ -</u>	<u>\$ 36,068,310</u>	<u>\$ (753,967)</u>	<u>\$ -</u>	<u>\$ 22,904,863</u>

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET**  
**YEAR ENDED JUNE 30, 2011**

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>					
State sources	\$ 1,699,426	\$ -	\$ 1,699,426	\$ 2,116,522	\$ (417,096)
Federal sources	11,268	-	11,268	-	11,268
Local sources	-	-	-	-	-
Current year property taxes	3,649,099	-	3,649,099	3,871,055	(221,956)
Prior years property taxes	203,849	-	203,849	125,000	78,849
County timber sales/WOST	-	-	-	-	-
Tuition and fees	3,095,403	-	3,095,403	3,319,789	(224,386)
All other	302,940	-	302,940	232,830	70,110
<b>Total revenues</b>	<b>8,961,984</b>	<b>-</b>	<b>8,961,984</b>	<b>9,665,196</b>	<b>(703,212)</b>
<b>Expenditures:</b>					
Instruction	4,289,368	29,920	4,319,288	4,350,000	(30,712)
Support Services	5,700,102	15,578	5,715,680	5,777,671	(61,991)
Public Service	52,476	-	52,476	52,939	(463)
All Other	216,829	-	216,829	174,096	42,733
<b>Total expenditures</b>	<b>10,258,775</b>	<b>45,498</b>	<b>10,304,273</b>	<b>10,354,706</b>	<b>(50,433)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,296,791)	(45,498)	(1,342,289)	(689,510)	(652,779)
<b>Other financing sources (uses)</b>					
Transfers in	17,416	-	17,416	17,096	320
Transfers out	(112,144)	-	(112,144)	(103,552)	(8,592)
<b>Total other financing sources (uses)</b>	<b>(94,728)</b>	<b>-</b>	<b>(94,728)</b>	<b>(86,456)</b>	<b>(8,272)</b>
<b>Net change in fund balance</b>	<b>(1,391,519)</b>	<b>(45,498)</b>	<b>(1,437,017)</b>	<b>(775,966)</b>	<b>(661,051)</b>
Fund balance, beginning	1,590,972	291,957	1,882,929	1,826,807	56,122
<b>Fund balance, ending</b>	<b>\$ 199,453</b>	<b>\$ 246,459</b>	<b>\$ 445,912</b>	<b>\$ 1,050,841</b>	<b>\$ (604,929)</b>

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

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**General Fund**

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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.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>					
Bookstore sales	\$ 479,766	\$ 11,423	\$ 491,189	\$ 405,000	\$ 86,189
All other	123,807	34,075	157,882	354,914	(197,032)
Total revenues	<u>603,573</u>	<u>45,498</u>	<u>649,071</u>	<u>759,914</u>	<u>(110,843)</u>
<b>Expenditures:</b>					
Total Instruction	149,872	-	149,872	155,000	(5,128)
Total Support Services	461,918	-	461,918	580,039	(118,121)
Total Public Service	19,624	-	19,624	24,875	(5,251)
Total expenditures	<u>631,413</u>	<u>-</u>	<u>631,413</u>	<u>759,914</u>	<u>(128,501)</u>
Excess (deficiency) of revenues over (under) expenditures	(27,840)	45,498	17,658	-	17,658
<b>Other financing resources (uses):</b>					
Transfers out	-	-	-	-	-
Fund balance, beginning	<u>(410,735)</u>	<u>54,014</u>	<u>(356,721)</u>	<u>-</u>	<u>(356,721)</u>
Fund balance, ending	<u>\$ (438,575)</u>	<u>\$ 99,512</u>	<u>\$ (339,063)</u>	<u>\$ -</u>	<u>\$ (339,063)</u>

**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 its bookstore, cafeteria and M/V Forerunner, a teaching and research vessel.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Restricted Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>			
Federal sources	\$ 5,527,336	\$ 5,319,524	\$ 207,812
State sources	129,763	305,510	(175,747)
Local sources	240,508	233,044	7,464
Tuition and fees	-	13,000	(13,000)
Other	55,881	451,988	(396,107)
Total revenues	5,953,488	6,323,066	(369,578)
<b>Expenditures:</b>			
Total Instruction	130,173	164,873	(34,700)
Total Support Services	1,192,238	1,427,330	(235,092)
Total Public Service	133,966	199,120	(65,154)
All Other Expenditures	4,555,393	4,581,433	(26,040)
Total all other expenditures	6,011,770	6,372,756	(360,986)
Excess (deficiency) of revenues over (under) expenditures	(58,282)	(49,690)	(8,592)
Other financing sources (uses)			
Transfers in	58,282	49,690	8,592
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

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Restricted Fund

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

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Unexpended Plant Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>					
Investment income	\$ 293,967	\$ (281,934)	\$ 12,033	\$ 22,500	\$ (10,467)
Timber sales	626,240	-	626,240	678,505	(52,265)
Other	3,390,576	(8,990)	3,381,586	10,386,757	(7,005,171)
Total revenues	<u>4,310,783</u>	<u>(290,924)</u>	<u>4,019,859</u>	<u>11,087,762</u>	<u>(7,067,903)</u>
<b>Expenditures:</b>					
Total all other expenditures	4,692,103	164,821	4,856,924	9,242,004	(4,385,080)
Total expenditures	<u>4,692,103</u>	<u>164,821</u>	<u>4,856,924</u>	<u>9,242,004</u>	<u>(4,385,080)</u>
Excess (deficiency) of revenues over (under) expenditures	(381,320)	(455,745)	(837,065)	1,845,758	(2,682,823)
<b>Other financing sources (uses)</b>					
Transfers out to Debt Service	(594,708)	-	(594,708)	(594,909)	201
Transfers out to General Fund	(17,416)	-	(17,416)	(17,096)	(320)
Total other financing sources (uses)	<u>(612,124)</u>	<u>-</u>	<u>(612,124)</u>	<u>(612,005)</u>	<u>(119)</u>
Net change in fund balance	(993,444)	(455,745)	(1,449,189)	1,233,753	(2,682,942)
Fund balance, beginning	<u>(10,970,212)</u>	<u>15,337,897</u>	<u>(2,144,812)</u>	<u>8,549,022</u>	<u>(10,693,834)</u>
Fund balance, ending	<u>\$ (11,963,656)</u>	<u>\$ 14,882,152</u>	<u>\$ (3,594,001)</u>	<u>\$ 9,782,775</u>	<u>\$ (13,376,776)</u>

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

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**Unexpended Plant Fund**

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

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
<b>Revenues:</b>					
Other	\$ 258,633	\$ -	\$ 258,633	\$ 276,263	\$ (17,630)
Total revenues	<u>258,633</u>	<u>-</u>	<u>258,633</u>	<u>276,263</u>	<u>(17,630)</u>
<b>Expenditures:</b>					
Total all other expenditures	885,902	-	885,902	903,734	(17,832)
Total expenditures	<u>885,902</u>	<u>-</u>	<u>885,902</u>	<u>903,734</u>	<u>(17,832)</u>
Excess (deficiency) of revenues over (under) expenditures	(627,269)	-	(627,269)	(627,471)	202
<b>Other financing sources (uses):</b>					
Transfers in from Unexpended Plant	627,269	-	594,707	594,909	(202)
Transfer in from General Fund	-	-	32,562	32,562	-
Total other financing sources (uses)	<u>627,269</u>	<u>-</u>	<u>627,269</u>	<u>627,471</u>	<u>(202)</u>
Net change in fund balance	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Plant - Retirement of Indebtedness

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



**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over(Under) Budget
<b>Revenues:</b>					
Other Local	\$ 415,356	\$ -	\$ 415,356	\$ 416,355	\$ (999)
Investment income	1,010	-	1,010	-	1,010
Total revenues	<u>416,366</u>	<u>-</u>	<u>416,366</u>	<u>416,355</u>	<u>11</u>
<b>Expenditures:</b>					
Total other uses	<u>475,312</u>	<u>(58,946)</u>	<u>416,366</u>	<u>416,355</u>	<u>11</u>
Total expenditures	<u>475,312</u>	<u>(58,946)</u>	<u>416,366</u>	<u>416,355</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	(58,946)	58,946	(0)	-	(0)
Fund balance, beginning	<u>(695,021)</u>	<u>342,699</u>	<u>(352,322)</u>	<u>-</u>	<u>(352,322)</u>
Fund balance, ending	<u>\$ (753,967)</u>	<u>\$ 401,645</u>	<u>\$ (352,322)</u>	<u>\$ -</u>	<u>\$ (352,322)</u>

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

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Debt Service Fund

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

See accompanying independent auditor's report.

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Clubs and Organizations Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
Revenues:			
Fees	\$ 34,583	\$ 90,902	\$ (56,319)
Expenditures:			
Total Support Services	-	-	-
Total Other	29,461	37,202	(7,741)
Total Public Service	26,422	75,000	(48,578)
Total expenditures	55,883	112,202	(56,319)
Excess (deficiency) of revenues over (under) expenditures	(21,300)	(21,300)	-
Other financing sources (uses)			
Transfers in	21,300	21,300	-
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

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Clubs and Organizations Fund

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

## **Auditors' Comments and Reports**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON AUDITING STANDARDS  
(per Minimum Standards for Audits of Oregon Municipal Corporations)**

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the basic financial statements of Clatsop Community College as of and for the year ended June 30, 2011, and have issued our report thereon dated March 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance and Other Matters**

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

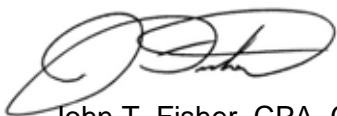
- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The legal requirements relating to debt.
- The legal requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2010 and 2011.
- The legal requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no noncompliance that could have a direct and material effect on the determination of financial statement amounts.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Bellevue, Washington  
March 26, 2012



John T. Fisher, CPA, CGFM  
Partner  
Oregon license #9781  
Municipal license #1305



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

Board of Directors  
Clatsop Community College  
Astoria, Oregon

We have audited the financial statements of Clatsop Community College (the College) as of and for the year ended June 30, 2011, and have issued our report dated March 26, 2012. 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 of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

**Compliance and Other Matters**

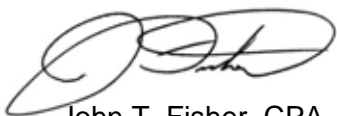
As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Bellevue, Washington  
March 26, 2012



John T. Fisher, CPA, CGFM  
Partner  
Oregon license #9781  
Municipal license #1305



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Clatsop Community College  
Astoria, Oregon

**Compliance**

We have audited Clatsop Community College's (the College) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2011. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the 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. 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 the 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 of the College's compliance with those requirements.

In our opinion, Clatsop Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items #11-01 and #11-02.



**Internal Control over Compliance**

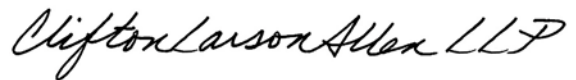
Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and, accordingly, we express no opinion on the responses.

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



**CliftonLarsonAllen LLP**

Bellevue, Washington  
March 26, 2012



John T. Fisher, CPA, CGFM  
Partner  
Oregon license #9781  
Municipal license #1305

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Name of Agency or Department	CFDA No.	Name of Program	Pass-Through Entity Identifying Number	Total Awards Expended
<b>Primary Governmental Agency - Clatsop Community College</b>				
<b>US Dept of Labor</b>				
Passed through the Dept. of Community Colleges & Workforce Develop.	17.267	Incentive Grants - WIA Section 503	IGA0076	\$ 28,687
	17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	IGA0076	38,847
	17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	IGA0365	5,000
Passed through MTC Works	17.275	Sectors		2,073
<b>Total Dept of Labor</b>				<b>74,607</b>
<b>Small Business Administration</b>				
Passed through the Oregon Small Business Development Center Network Office	59.037	Small Business Development Center	05-144	35,250
<b>Total Small Business Administration</b>				<b>35,250</b>
<b>US Dept of Education</b>				
Direct				
Student Financial Aid Cluster				
	84.007	Federal Supplement Education Opportunity Grants		96,216
	84.033	Federal Work Study		102,454
	84.063	Federal Pell Grant Program		2,292,942
	84.268	Federal Direct Loans		1,791,998
	84.375	Academic Competition Grant		8,478
Total Student Financial Aid Cluster				4,292,088
TRIO Grant Cluster				
	84.042A	Student Support Services		296,873
	84.044A	Talent Search		317,038
	84.047A	Upward Bound		294,210
Total TRIO Cluster				908,121
Subtotal Direct Programs				
				5,200,209
Passed through the Dept. of Community Colleges & Workforce Develop.				
	84.002	Adult Education - State Grant Program	EE5608	91,246
	84.048	Vocational Education - Basic Grants to States	4777	136,921
Total Passed Through				228,167
<b>Total US Dept of Education</b>				<b>5,428,376</b>
<b>Total Expenditures of Federal Awards for Clatsop Community College</b>				<b>\$ 5,538,233</b>

**CLATSOP COMMUNITY COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2011**

**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 \$1,791,276 of loan guarantees through the Federal Direct Loan Program.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

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

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Type of auditors' 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?99  X  yes \_\_\_\_\_ 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
84.375	Academic Competition Grant
<u>TRIO Grant Cluster</u>	
84.042A	Student Support Services
84.044A	Talent Search
84.047A	Upward Bound

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

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

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

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**Section II - Financial Statement Findings**

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No financial statement findings were identified for the year ended June 30, 2011.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

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

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Finding #11-01

**Program Information:**

Student Financial Assistance Cluster:  
CFDA #84.007  
Department of Education

**Criteria:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.

**Condition Found and Context:**

[ X ] *Compliance Finding*   [ ] *Significant Deficiencies*   [ ] *Material Weakness*

The College did not return Title IV funds timely for one student selected within a sample selected.

**Effect:**

The College retained Federal funds longer than the required time frame for one student.

**Cause:**

Due to increased applications for financial aid, staff reductions, changes in job responsibilities, and the learning curve associated with a new administrative information system, the College did not complete the required calculations.

**Recommendation:**

Management should continue to seek improvements in the College's internal control procedures to ensure that all student withdrawals are evaluated properly and timely.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

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**Section III - Federal Award Findings and Questioned Costs (Continued)**

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Finding #11-02

**Program Information:**

Student Financial Assistance Cluster:  
CFDA #84.268  
Department of Education

**Criteria:**

Colleges must conduct exit counseling with borrowers receiving funds under the Federal Direct Loan Program and Federal Family Education Loan Program.

**Condition Found and Context:**

[ X ] *Compliance Finding* [ ] *Significant Deficiencies* [ ] *Material Weakness*

The College did not have adequate documentation to substantiate that exit counseling was conducted.

**Effect:**

The College did not meet the requirement of the grant.

**Cause:**

The College has an automated system that sends out exit counseling information in email format to applicable borrowers dependent upon their graduation dates. This system is operating, but the College does not have a process in place to accumulate evidence of the exit counseling actually occurring.

**Recommendation:**

Management should implement a process to retain documentation of the exit counseling taking place. This would be done through retaining an email sent to a student.

**AUDITEE'S SECTION**



**CLATSOP COMMUNITY COLLEGE  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2011**

**Finding: #11-01 and #11-02**

The College has hired additional staff to accommodate the volume of applications. Training is preceding implementation of the new software which is almost completed, and the return of Title IV software is now functioning. The Department of Education requires that the college perform the Return of Title IV calculation as soon as it knows a student has withdrawn. This usually occurs when the financial aid staff reviews student academic progress at the end of the term. The College will look at the option of using the Clearinghouse Exception Report as an additional method of identifying students for whom the calculation should be performed.

**CLATSOP COMMUNITY COLLEGE  
SUMMARY OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2011**

**Finding 10-01 was repeated as finding 11-02.  
Finding 10-02 was resolved during fiscal year 2011.**