

CLATSOP COMMUNITY COLLEGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**Clatsop Community College
Clatsop County, Oregon**

Annual Financial Statements

Year Ended June 30, 2021



BOARD OF EDUCATION

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Karen Burke
Director

92924 Knappa Dock Road
Astoria, Oregon 97103

Position 2/Zone 2

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Director

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Position 6/Zone 3

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Position 7/Zone 3

Timothy Lyman
Director

PO Box 2112
Gearhart, Oregon 97138

Chris Breitmeyer, President
JoAnn Zahn, Vice President, Finance & Operations, retired 6/30/2021

**Clatsop Community College
1651 Lexington Avenue
Astoria, Oregon 97103**

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INDEPENDENT AUDITORS' REPORT

Board of Education
Clatsop Community College
Astoria, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Clatsop Community College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Clatsop Community College as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of contributions and schedule of proportionate share of the net pension liability, and schedule proportionate share, employer contributions and changes in other postemployment benefits (OPEB) total liability and related ratios for OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

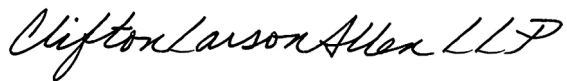
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clatsop Community College's basic financial statements. The combining balance sheet, combining schedule of changes in fund balances, and schedules of revenues, expenditures, and changes in fund balance compared with budget listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet, combining schedule of changes in fund balances, schedules of revenues, expenditures, and changes in fund balance compared with budget are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of the Clatsop Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Clatsop Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clatsop Community College's internal control over financial reporting and compliance.

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated April 28, 2022, on our consideration of Clatsop Community College's compliance with certain provisions of laws, regulations contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations* in considering Clatsop Community College's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
April 28, 2022



Jean Bushong, CPA
Principal
CPA License #98624
Oregon Municipal License #1662

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Introduction

This section of Clatsop Community College's (the College) annual audit presents an analysis of the financial activities of the College for the fiscal year ended June 30, 2021. 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. Management assumes responsibility for the completeness and reliability of all information presented in this report.

Financial Highlights

- The College's primary funding source is public support from local property tax supplemented by grants-in-aid received from the state of Oregon. The primary basis of state support is the calculation of student Full-Time Equivalents (FTEs). During the 2020-2021 academic year, total reported reimbursable FTEs were 829.52 as contrasted to 1,232.11 in the 2019-2020 academic year with the "hold harmless" factor to fall term enrollment applied to both years. In spring 2020, President Breitmeyer led a college-wide effort to identify and implement approximately \$1.1 million in budget reductions due to the uncertainty of the COVID-19 pandemic. The reduction in expenditures and the Higher Education Emergency Relief Fund (HEERF) award of more than \$3.5 million has provided direct support to students and for institutional funding. The guidelines allowed for recovery of tuition and fee revenue losses due to COVID-19 related enrollment decline. The FY20-21 revenue loss was \$450,000 related to tuition and fees, \$62,613 related to events, and \$70,000 related to the Bookstore.
- The strategic planning and expense reductions in FY20 provided fiscal sustainability with continued focus on monitoring student enrollment, annual revenue, and expenses closely for material variances from budget estimates. The 2020-2021 planning priorities included investment in student retention and support services with an increase in general fund reserves.
- During the 2020-2021 fiscal year, the College provided more than \$2.823 million in financial aid to students. This aid was in the form of grants, scholarships, student employment opportunities, and loans funded through the federal government, state of Oregon, and local funding as shown below.

	Amount
Federal Work Study (including College match)	\$ 102,454
Federal SEOG	96,216
Federal PELL Grants	1,080,744
Federal Direct Student Loans	387,877
Higher Education Emergency Relief Fund - HEERF	219,021
CCC Foundation Scholarships	213,323
Oregon Need & Oregon Promise Grant	577,330
Institutional Waivers and Grants	146,195
Total Financial Aid Provided to Students	<u>\$ 2,823,160</u>

CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the 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 including debt compliance reporting. The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner like a private-sector business.

The statement of net position presents information on all the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between those reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion of the College's financial health when considered along with nonfinancial facts such as student enrollment levels and the condition of the facilities.

The statement of revenues, expenses, and changes in net position presents the revenues earned and the expenses incurred during the year. All changes in net position are reported using the 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 nonoperating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations, property taxes, and Pell grants for students are classified as nonoperating 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.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College using the accrual basis of accounting, which is like the accounting presentation used by most private colleges. Net position is the difference between assets plus deferred outflows and liabilities plus deferred inflows and is one measure of the financial condition of the College.

Fiscal Year 2021 Compared to 2020

	<u>2021</u>	<u>2020</u>	<u>Percent Change</u>
ASSETS			
Current Assets	\$ 5,082,651	\$ 4,821,600	5%
Noncurrent Assets:			
Other Noncurrent Assets	117,176	119,900	(2%)
Capital Assets, Net of Depreciation	<u>42,443,839</u>	<u>45,589,539</u>	(7%)
Total Assets	<u><u>\$ 47,643,666</u></u>	<u><u>\$ 50,531,039</u></u>	(6%)
Deferred Outflow of Resources	<u><u>\$ 4,757,497</u></u>	<u><u>\$ 3,068,183</u></u>	55%
LIABILITIES			
Current Liabilities	\$ 3,448,821	\$ 3,916,621	(12%)
Long-Term Debt, Noncurrent Portion	<u>27,879,315</u>	<u>26,004,964</u>	7%
Total Liabilities	<u><u>\$ 31,328,136</u></u>	<u><u>\$ 29,921,585</u></u>	5%
Deferred Inflow of Resources	<u><u>\$ 800,388</u></u>	<u><u>\$ 787,485</u></u>	2%
NET POSITION			
Net Investment in Capital Assets	\$ 30,422,325	\$ 32,408,044	(6%)
Restricted	-	1,200	(100%)
Unrestricted	<u>(10,149,686)</u>	<u>(9,519,092)</u>	7%
Total Net Position	<u><u>\$ 20,272,639</u></u>	<u><u>\$ 22,890,152</u></u>	(11%)

At June 30, 2021, the College's assets are approximately \$47.6 million. The College's current assets of \$5 million and the \$3.4 million in current liabilities represent a current ratio of 1.47 in comparison to 1.23 in the prior year. Cash flow borrowing was not required in 2021. Cash and cash equivalent was down from prior year and is offset by an increase in accounts receivable as compared to the prior year. The remaining current assets are made up of receivables from property taxes, governmental receivables and student receivables and other assets. Capital assets are \$42.4 million compared to \$45.6 million in 2020.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Deferred outflows of resources increased to \$4.757 million compared to \$3.068 million in 2020. Deferred outflows fluctuate according to the Public Employee Retirement System (PERS) actuarial annual report. Deferred outflow also includes \$72,936 for Other Postemployment Benefits (OPEB) as a result of the GASB 75 reporting requirement. In addition, \$379,396 of the deferred outflow represents a loss on refunding (prepaid interest) GO Bond and FFCO debt issuance.

The College's current liabilities of \$3.4 million consist primarily of payroll, various payables for operations, unearned revenues, pension bond obligations and facilities bond obligations. Noncurrent liabilities increased to \$27.9 million compared to \$26 million in 2020. Noncurrent liabilities consist of long-term debt: pension bond obligations, facilities bond obligations, and the liability to record (OPEB) in accordance with GASB 75.

Deferred inflows of resources increased to \$800 thousand compared to \$787 thousand in 2020. Deferred inflows include PERS at \$775 thousand and OPEB (GASB 75) at \$26 thousand, respectively.

Within net position, the "Net Investment in Capital Assets" was \$30.422 million, an decrease of \$1.879 million compared to prior year. This amount represents the College's plant and equipment, less accumulated depreciation and related debt.

Statement of Revenues, Expenses, and Changes in Net Position

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

Fiscal Year 2021 Compared to 2020

	2021	2020	Percent Change
Total Operating Revenues	\$ 3,788,574	\$ 3,946,858	(4%)
Total Operating Expenses	18,983,121	17,539,446	8%
Operating Loss	(15,194,547)	(13,592,588)	12%
Nonoperating Revenues, Net	12,577,034	13,095,026	(4%)
Total Increase (Decrease) in Net Position	(2,617,513)	(497,562)	426%
Net Position - Beginning of Year	22,890,152	23,387,714	(2%)
Net Position - End of Year	<u>\$ 20,272,639</u>	<u>\$ 22,890,152</u>	(11%)

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

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 include all amounts paid for educational purposes and totaled \$1.925 million, net of scholarship allowances and aid paid to students, \$174,861 and \$830,625, respectively. Financial aid, grants, and contracts (not including Pell grants) totaled \$2.4 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 bookstore and vessel operations. Auxiliary services revenue amounted to \$248 thousand. Other local sources were \$71,362.

The College's major sources of nonoperating revenue are from property taxes and timber revenues (\$7.460 million), funding for operations from the state of Oregon (\$4.275 million), and Pell grants for students (\$1.081 million). Investment income of \$25 thousand consists primarily of interest earned on fund balances.

Major Clatsop County Taxpayers are Provided Below:

Fiscal Year 2021				
Clatsop Community College				
Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Georgia Pacific Consumer Products	Paper Manufacturing	1,692,909	\$ 163,471,627	2.39%
L&C Tree Farms LLC	Forest Products	994,547	21,534,435	0.32%
PacifiCorp (Pacific Power)	Electrical Utility	888,425	66,444,000	0.97%
WorldMark The Club	Timeshare Resort	624,295	10,130,616	0.15%
Hampton Lumber Mills Inc.	Forest Products	604,369	44,127,435	0.65%
Northwest Natural Gas Co.	Natural Gas Utility	564,051	41,454,300	0.61%
Pacific Coast Seafood Co	Seafood Processor	530,567	38,684,755	0.57%
Charter Communication	Telecommunications	467,598	32,416,400	0.47%
Weyerhaeuser Columbia Timberlands LLC	Forest Products	399,634	10,966,349	0.16%
Centurylink	Telecommunications	380,550	28,264,000	0.41%
Subtotal - Ten of County's largest taxpayers			457,493,917	6.70%
All other County's taxpayers			6,375,160,880	93.30%
Total District			<u>\$ 6,832,654,797</u>	<u>100.00%</u>

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Real Market Value

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value
2021	\$ 10,126,148,069	\$ 6,832,654,797	\$ 185,603,830	\$ 6,647,660,747
2020	9,514,701,054	6,535,963,525	172,665,023	6,363,891,193
2019	8,953,187,193	6,298,872,930	152,409,474	6,147,036,515
2018	8,326,584,223	6,060,813,093	135,406,434	5,925,406,659
2017	7,933,131,303	5,876,087,187	127,452,672	5,748,634,515
2016	10,313,180,487	7,782,736,040	116,124,355	7,764,064,554
2015	7,281,392,025	5,534,159,999	179,596,756	5,354,563,243
2014	7,254,191,848	5,249,149,439	171,485,547	5,077,663,892
2013	7,704,823,561	5,132,363,950	157,514,983	4,974,848,967
2012	8,128,017,096	5,006,555,416	152,080,427	4,854,474,989
2011	8,855,704,653	4,917,937,839	134,034,366	4,783,903,473

Expenses

Operating expenses totaling approximately \$19.0 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is instruction and instructional support (38%). Student financial aid represents (5%) which includes federal, state, and institutional aid to students to pay the costs of education. Student Services expenses (13%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (19%) represents the operational aspects of the College, including the administration, business office, and computer services. The federal COVID-19 funding represents a significant increase in Institutional support expenses.

The general fund provides resources, as needed, to balance the auxiliary fund. The resources necessary to balance the auxiliary fund are considered in the budgetary process and in long-term sustainability planning. The following chart shows 2021 expenses by category and percentage change compared to 2020 for the College:

	<u>2021 Actual Expense</u>	<u>2020 Actual Expense</u>	<u>Percent Change</u>
Educational and General:			
Instruction	\$ 5,397,406	\$ 5,153,430	5%
Instructional Support	1,887,338	1,788,667	6%
Student Services	2,542,513	2,391,547	6%
Institutional Support	3,587,175	3,050,566	18%
Operation and Maintenance of Plant	1,452,179	1,526,855	(5%)
Auxiliary Enterprises	329,320	358,756	(8%)
Community Services	439,079	413,483	6%
Student Financial Aid	1,027,234	590,086	74%
Other Expense	442,380	584,062	(24%)
Depreciation and Amortization Expense	1,878,497	1,681,994	12%
Total Operating Expenses	<u>\$ 18,983,121</u>	<u>\$ 17,539,446</u>	<u>8%</u>

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Statement of Cash Flows

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 2021 Compared to 2020

	2021	2020	Percent Change
Cash Provided (Used) by:			
Operating Activities	\$ (13,331,978)	\$ (10,182,259)	31%
Noncapital Financing Activities	14,129,166	13,363,325	6%
Capital and Related Financing Activities	(2,437,060)	(5,094,243)	(52%)
Investing Activities	25,197	105,213	(76%)
Net Decrease in Cash and Cash Equivalents	(1,614,675)	(1,807,964)	(11%)
Cash and Cash Equivalents - Beginning of Year	2,352,776	4,160,740	(43%)
Cash and Cash Equivalents - End of Year	<u>\$ 738,101</u>	<u>\$ 2,352,776</u>	(69%)

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's cash and cash equivalents decreased by \$1.4 million due to not participating in the OSBA tax anticipation note borrowing and investment in new campus nexus computer system.

Continuing Disclosure Certificates

Continuing Disclosure Certificates			
Issuer	Name of Issue	Dated Date	Base CUSIP
Clatsop Community College	General Obligation Bonds, Series 2015	2/26/2015	182774
Oregon School Boards Association	Limited Tax Pension Obligations, Series 2005	6/28/2005	68583R

Noncapital Financing Activities

State FTE reimbursements and property taxes are the primary sources of noncapital financing. Accounting standards require that these sources of revenue be reported as nonoperating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities

The College continued to make principal and interest payments on existing bonds during the fiscal year.

Additionally, a capital lease with Dell for a Brocade virtual server upgraded the College wi-fi technology. The principal investment was \$117,897 paid over a five-year term. Balance at June 30, 2021 is \$10,658. In FY2019-2020, there was a capital lease purchase (\$68,543) for Dell Storage technology needs. Balance at June 30, 2021 is \$41,395.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Investing Activities

The College earned \$25 thousand in interest on bank balances and funds invested in the long-term governmental investment pool.

Budgetary Highlights

The 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, Grant & Financial Aid, and Unexpended Plant fund. The amendment was 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, 2021, amounted to \$42.4 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for energy improvements, PERS pension obligations and facilities bonds obligations. The total outstanding on this debt at June 30, 2021 was \$16.385 million.

Debt Capacity

ORS 341.675 establishes a parameter of general obligation bonded indebtedness for community colleges. Community Colleges may issue an aggregate principal amount up to 1.5% of the Real Market Value of all taxable properties within the district if the district's voters approve the general obligation bonds. Real Market Value for 2021 is \$10.126 billion. The General Obligation Bonds, Series 2016, \$3.195 million refinanced in 2016 issue and Series 2015, for \$6.220 million outstanding debt subject to the limit. The district has 6.20% issued compared to total debt capacity.

Real Market Value (Fiscal Year 2021)	\$ 10,126,148,069
Debt Capacity	
General Obligation Debt Capacity (1.50% of Real Market Value)	\$ 151,892,221
Less: Outstanding Debt Subject to Limit	(9,415,000)
Remaining General Obligation Debt Capacity	<u>\$ 142,477,221</u>
Percent of Capacity Issued	6.20%

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Debt Ratios

Fiscal Year 2021

Real Market Value	\$ 10,126,148,069	
Estimated Population (2021)	41,250	
Per Capita Real Market Value	\$ 251,744	
	Gross Direct	Net Direct
Debt Information	Debt*	Debt
District Direct Debt	\$ 16,385,000	\$ 16,385,000
Overlapping Direct Debt	N/A	N/A
Total Direct Debt	<u>\$ 16,385,000</u>	<u>\$ 16,385,000</u>
Bonded Debt Ratios		
District Direct Debt to Real Market Value	0.18%	0.18%
Total Direct Debt to Real Market Value	0.18%	0.18%
Per Capita District Direct Debt	\$ 447	\$ 447
Per Capita Total Direct Debt	\$ 447	\$ 447

* See Note 8 Long-Term Debt Schedule

Economic Factors and Next Year's Budget

The Budget Advisory Committee, established by the President in 2012, is part of the College's participatory shared governance structure to inform all constituent groups about resources and spending. The 2021-22 general fund operating budget was developed using guiding principles. A priority to closely monitor revenue and expenditure in uncertain times which began with the change to remote instruction and remote work, except for essential services, in response to the COVID-19 pandemic in March 2020. A college-wide budget reduction process began before the FY2020-21 budget was adopted anticipating lower revenue resulting from the impact of COVID-19. More than \$1.1 million in budget reductions including the elimination of 3.0 FTE positions were implemented to reduce expenditures to address anticipated lower revenue and mitigate uncertainty related to the impact from COVID-19 and the implementation of a new Anthology (formerly Campus Management) computer system.

The 2021-2023 State funding is anticipated to be \$4.9 million in FY2021-2022 and \$5.0 million in FY2022-2023 based on a \$702 million community college funding level (Source: CCSF Distribution 2021-2023). The state support funding represents approximately 30% of the College's annual revenue based on the revised funding formula allocation. The College's percentage of total formula allocation has increased from 1.3% in 2021 to 1.4% in the 2021-2023 biennium. Alternative revenue sources and establishing community partnerships while reducing expenditures will continue to be necessary to ensure expenditures are within available resources.

Efforts to invest in student retention and support services have been a focus of budget development in FY21 and FY22. The 2018-2023 strategic plan identifies four strategic initiatives, Strengthen the Academic Environment for Students, Cultivate Connections with the Community, Commit to Equity and Inclusiveness, and Advance Institutional Accountability. Each strategic initiative has objectives which interweave the budget development process for progress toward mission fulfillment. Building and maintaining the general fund ending fund balance at 15% is a strategic priority.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the College as a Whole (Continued)

Economic Factors and Next Year's Budget (Continued)

Local property tax information (Summary of Property Tax Collections 2021-2022) indicates a 3.0% increase in the total certified tax amount for 2022 in Clatsop County. County officials are predicting the total property tax assessed value increase will grow by the statutory 3% in the next budgeting period.

The uncertainty of the COVID-19 pandemic which required nearly all courses to be offered in an online format beginning in March 2020 has significantly impacted FTE enrollment. Additionally, the continuation of the Campus Nexus computer system implementation has impacted morale and a higher employee turnover through retirement and resignation. 2022-2023 budgetary priorities are to stabilize student enrollment and increase student and employee retention. A four-year collective bargaining agreement for the Classified and Part-time Faculty, respectively, are in place through FY2023. A three-year agreement (2021-2024) with the full-time faculty was approved by the Board of Education on July 13, 2021.

In addition, Clatsop is continuing to partner with Linn-Benton Community College to provide institutional research contracted services. Building and maintaining the target general fund reserve at 15% continues to be a priority for fiscal sustainability and to meet cash flow requirements, which requires close monitoring of actual revenue and expenditures.

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:

President, Chris Breitmeyer
Clatsop Community College
1651 Lexington Avenue
Astoria, OR 97103

CLATSOP COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government	Component Unit Clatsop Community College Foundation
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 292,125	\$ 486,812
Restricted Cash and Cash Equivalents	445,976	-
Restricted Investments	-	5,308,203
Receivables:		
Property Taxes	353,626	-
Governmental	3,057,942	-
Student Receivables, Net	771,775	-
Inventories	64,315	-
Other	96,892	-
Total Current Assets	<u>5,082,651</u>	<u>5,795,015</u>
NONCURRENT ASSETS		
Capital Assets - Net	42,443,839	-
OPEB Asset	117,176	-
Total Noncurrent Assets	<u>42,561,015</u>	<u>-</u>
Total Assets	<u><u>\$ 47,643,666</u></u>	<u><u>\$ 5,795,015</u></u>
DEFERRED OUTFLOW OF RESOURCES		
Related to Pensions	\$ 4,287,209	\$ -
Related to OPEB	90,892	-
Loss on Refunding	379,396	-
Total Deferred Outflow of Resources	<u><u>\$ 4,757,497</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

CLATSOP COMMUNITY COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

	Primary Government	Component Unit Clatsop Community College Foundation
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 207,330	\$ 204,071
Payroll Liabilities	1,002,800	-
Unearned Revenue	426,699	-
Due to Student Groups	30,000	-
Accrued Interest Payable	17,150	-
Other Current Liabilities	2,802	-
Current Portion of Long-Term Debt	1,762,040	-
Total Current Liabilities	<u>3,448,821</u>	<u>204,071</u>
NONCURRENT LIABILITIES		
Bonds and Notes Payable, Less Current Portion of		
Long-Term Debt	15,076,722	-
Net Pension Liability	11,216,384	-
OPEB Liability	942,099	-
Pre-SLGRP Transition Liability	644,110	-
Total Noncurrent Liabilities	<u>27,879,315</u>	<u>-</u>
Total Liabilities	<u>\$ 31,328,136</u>	<u>\$ 204,071</u>
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	\$ 774,671	\$ -
Related to OPEB	25,717	-
Total Deferred Inflow of Resources	<u>\$ 800,388</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ 30,422,325	\$ -
Restricted - Expendable	-	4,466,563
Restricted - Unexpendable	-	596,397
Unrestricted	<u>(10,149,686)</u>	<u>527,984</u>
Total Net Position	<u>\$ 20,272,639</u>	<u>\$ 5,590,944</u>

See accompanying Notes to Financial Statements.

CLATSOP COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Primary Government	Component Unit Clatsop Community College Foundation
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship		
Allowance of \$1,005,486	\$ 1,474,595	\$ -
Federal Student Financial Aid Grant	198,670	-
State Student Financial Aid Grant	344,617	-
Federal Grants and Contracts	1,357,140	-
State and Local Government Grants and Contracts	164,524	-
Other Local Sources	71,362	1,787,680
Auxiliary Enterprises	177,666	-
Total Operating Revenues	<u>3,788,574</u>	<u>1,787,680</u>
OPERATING EXPENSES		
Educational and General:		
Instruction	5,397,406	-
Instructional Support	1,887,338	-
Student Services	2,542,513	-
Institutional Support	3,587,175	-
Operation and Maintenance of Plant	1,452,179	-
Auxiliary Enterprises	329,320	-
Community Services	439,079	-
Student Financial Aid	1,027,234	-
Other Expense	442,380	373,551
Depreciation and Amortization Expense	1,878,497	-
Total Operating Expenses	<u>18,983,121</u>	<u>373,551</u>
OPERATING INCOME (LOSS)	(15,194,547)	1,414,129
NONOPERATING REVENUES (EXPENSES)		
State FTE Reimbursement	4,275,388	-
Property Taxes and Timber Revenues	7,460,212	-
Pell Grants	1,080,744	-
Investment Income	25,197	-
Other Local Revenue	561,525	-
Other Federal Revenue	1,306,461	-
Impairment of assets	(1,530,524)	-
Interest Expense	(601,969)	-
Total Nonoperating Revenues	<u>12,577,034</u>	<u>-</u>
CHANGES IN NET POSITION	(2,617,513)	1,414,129
Net Position - Beginning of Year	<u>22,890,152</u>	<u>4,176,815</u>
NET POSITION - END OF YEAR	<u>\$ 20,272,639</u>	<u>\$ 5,590,944</u>

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 992,050
Paid to Students	(1,027,234)
Grants and Contracts	317,485
Aid Received for Students	445,965
Payments to Vendors	(4,660,133)
Payments to Employees	(9,267,697)
Other	19,240
Auxiliary Enterprises - Net	(151,654)
Fiduciary Activities - Direct Lending Receipts	387,877
Fiduciary Activities - Direct Lending Disbursements	(387,877)
Fiduciary Activities - External Entity Related Receipts	412,806
Fiduciary Activities - External Entity Related Disbursements	(412,806)
Net Cash Used by Operating Activities	<u>(13,331,978)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local Property Taxes and Timber Revenues	7,582,277
State Appropriations and Other Payments	4,275,388
Nonoperating Grants	1,753,185
Other Local Revenue	518,316
Net Cash Provided by Noncapital Financing Activities	<u>14,129,166</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(205,902)
Loan Principal Paid	(1,627,428)
Loan Interest Paid	(603,730)
Net Cash Used by Capital and Related Financing Activities	<u>(2,437,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	25,197
Net Cash Provided by Investing Activities	<u>25,197</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,614,675)
Cash and Cash Equivalents - Beginning of Year	<u>2,352,776</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 738,101</u></u>

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Primary Government
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (15,194,547)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation and Amortization	1,878,497
(Increase) Decrease in Assets:	
Receivables (Net)	(1,371,111)
Inventories	66,613
Other Assets	(59,273)
Increase (Decrease) in Liabilities:	
Accounts Payable	(38,178)
Payroll Liabilities	(40,945)
Unearned Revenue	(465,057)
Other Current Liabilities	(120)
Pension Expense Changes Related to Net Pension Liability	1,877,093
OPEB Expense Changes Related to Net OPEB Liability	15,050
Net Cash Used by Operating Activities	<u><u>\$ (13,331,978)</u></u>
 RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents	\$ 292,125
Restricted Cash and Cash Equivalents	<u>445,976</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 738,101</u></u>

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 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 education 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.

As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), 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 had an audit for the fiscal year ended June 30, 2021. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

Significant Accounting Policies

The accounting policies of the College conform to U.S. GAAP 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), which are part of the Oregon Short-Term Fund (OSTF). All are carried at cost, which approximates fair value.

The Foundation considers all liquid investments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by the board of directors or donor designations.

Restricted Cash and Cash Equivalents

Current restricted cash and cash equivalents for the College consists of funds for other grant projects, \$385,517, and clubs and organizations, \$60,459. All funds of the Foundation are in depository accounts at June 30, 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Investments

Investments at the foundation are valued at fair value in accordance with generally accepted accounting principles.

Inventories

Inventories consist of items held for resale by the bookstore 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 acquisition 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 and Land Improvements	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 12 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, 2021 were \$378,477.

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. Employees may only carry forward the number of vacation hours they have accrued in the previous year.

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 position and was \$317,476 at June 30, 2021.

CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition and Fees

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.

Retirement Plans

The College offers two retirement options to qualifying employees: 1) the Oregon State Public Employees Retirement System (PERS), and 2) 403(b) tax-sheltered annuity plans. The College reports their proportionate share of the net PERS liability along with the associated deferred outflows of resources and deferred inflows of resources. See Note 10 *Pension Plan* for a detailed description of the plan and the proportionate share methodology. The expense and liability related to the 403(b) plan are recorded in the fiscal year in which they are withheld from employees.

Pre-SLGRP Pooled Liability

Actuarially determined liability recorded in the statement of net position based on the College's entry into the Oregon Public Employees Retirement System (PERS) State and Local Government Rate Pool. The transition liability is reduced each year by contributions to PERS and increased for interest charged by PERS. The balance at June 30, 2021 is \$644,110.

Other Postemployment Benefits Obligation (OPEB)

The College reports their proportionate share of the net PERS Retiree Health Insurance Account (RHIA) OPEB asset and the total Early Retirement Plan OPEB liability along with the associated deferred outflows of resources and deferred inflows of resources. See Note 11 *Other Postemployment Benefits* (OPEB) for a detailed description of each plan and the proportionate share methodology for each.

Deferred Inflows and Deferred Outflows

Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows relate to PERS, OPEB, and loss on refunding. Deferred inflows relate to PERS and OPEB.

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 supplemental information section of the financial statements.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and related debt.

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

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

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

Federal Financial Assistance Programs

The College participates in federally funded programs, including primarily Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Loans, and TRIO Programs.

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

Classification of Revenues

Operating revenue includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Nonoperating revenue includes activities that have the characteristics of nonexchange 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowances

Student tuition and fees are reported net of scholarship allowances. A scholarship allowance is the difference between the College's stated rates and charges and the amounts actually paid by students and/or third parties making payments on behalf of the students. Certain governmental grants, such as Pell grants, and payments from other federal, state, or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the College has reported a corresponding scholarship allowance.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 may differ.

Newly Implemented Accounting Standards

The College implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective June 30, 2021. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement established criteria for identifying fiduciary activities and guidance on how to report activities meeting the criteria in a fiduciary fund in the basic financial statements. GASB Statement No. 84 allows business-type activities, such as the College, to report activities that would otherwise be considered custodial funds in the College's Statement of Net Position and Statement of Cash Flows as an operating activity if upon receipt, the funds are normally expected to be held for three months or less. As a result of implementing this standard, the College included the activity from student clubs in the statement of revenues, expenses and changes in net position.

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 education on May 5, 2020. After public notices and a hearing, the final budget was adopted, appropriations made, and a tax levy declared by the board of education on June 9, 2020. The budget was amended by the board on June 8, 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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

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

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

Supplemental budgets were advertised as required. After public hearings these budgets were approved by the board. Other budget adjustments not requiring public hearings were also approved by the board. For the year ended June 30, 2021, the College was in compliance with ORS 294.456(6).

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

NOTE 3 CASH AND INVESTMENTS

Total cash and investments at June 30, 2021 were comprised of the following:

	Total Primary Government	Component Unit Clatsop Community College Foundation
Cash and Cash Equivalents:		
Cash on Hand	\$ 2,950	\$ -
Deposits	268,447	486,812
Oregon Short-Term Fund, LGIP	466,704	-
Total	<u>\$ 738,101</u>	<u>\$ 486,812</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Most of the College's cash and investments were held in custody with the Oregon State Treasury (State Treasury). These invested assets are managed through a commingled investment pool by the State Treasury. The underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the investment pool.

Deposits with State Local Government Investment Pool

The College maintains most of its cash balances on deposit with the State Treasury. These deposits at the State Treasury are held on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The State Treasurer of the state of Oregon maintains the OSTF, of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The State Treasury invests these deposits in high-grade short-term investment securities. 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 the fiscal year ended June 30, 2021, the College cash and cash equivalents on deposit at State Treasury were \$465,663. At June 30, 2021, the fair value of College deposits with LGIP approximates cost.

Deposits with State Local Government Investment Pool (Continued)

For full disclosure regarding cash and investments held in the State Treasury, a copy of the State Treasury audited annual financial report may be obtained by writing to the Oregon State Treasury, 350, Winter St. NE, Suite 100, Salem, OR 9701-3896 or via the internet at: www.oregon.gov/treasury/Reports/Pages/Annual-Reports.aspx.

Policies

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

Custodial Credit Risk – Deposits

Current state statutes (ORS Chapter 295) require that all bank deposits in excess of FDIC and FSLIC insurance (currently \$250,000) be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program (PFCP). ORS 295 created a shared liability structure for participating depositories though not guaranteeing that all funds are 100% protected. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2021 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. The cash balances held on deposit at the State Treasury are invested continuously, therefore, custodial credit risk exposure to the State Treasury is low.

Concentration of Credit Risk

College investments are entirely maintained in the local government investment pool (LGIP). OSTF follows their rules on the maximum that may be invested in any one issuer, as a percentage of the OSTF's total investments. On June 30, 2021, they were within the required limits.

CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Foreign Currency Risk

OSTF rules prohibit investments that are not U.S. dollar-denominated; therefore, it is not exposed to this risk.

Fair Value of Financial Instruments

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation can access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

At June 30, 2021, all of the OSTF investments were considered Level 2 investments.

Foundation Investments

The Foundation's investments are recorded at fair value and consisted of the following at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Bonds	\$ -	\$ 406,443	\$ -	\$ 406,443
Mutual Funds - Equity	848,879	-	-	848,879
Common Stocks	3,720,604	-	-	3,720,604
Treasuries	332,277	-	-	332,277
Total Investments at Fair Value	<u>\$ 4,901,760</u>	<u>\$ 406,443</u>	<u>\$ -</u>	<u>\$ 5,308,203</u>

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 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. Since property may be seized and sold to satisfy any unpaid taxes, all taxes receivable at year-end are considered collectible. Taxes are billed and collected by Clatsop County and remittance to the College is made in periodic intervals. For fiscal year 2020-2021 the College imposed a tax rate of \$.7785 per \$1,000 of assessed value. This resulted in a net levy of \$5,119,939 after reduction for compression loss due to constitutional limits, and after increases due to additional taxes, penalties, and other adjustments. Property tax receivables as of June 30, 2021 are \$353,626.

Governmental

The governmental receivables include \$488 thousand in timber revenue and \$2.6 million in various federal and state grants or contracts. The total governmental receivables are \$3.058 million. 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 \$383,467, amounts owed by students in collections and amounts returned due to insufficient funds \$148,698, and amounts owed by agencies \$269,610 for other services provided by the College. Amounts owed by agencies are fully collectible. An estimated bad debt allowance is included \$(30,000) for student accounts. Net student accounts receivable as of June 30, 2021 was \$771,775.

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 RESTRICTED NET POSITION

Clatsop Community College Foundation

Restricted net position – expendable of \$4.5 million and restricted net position – unexpendable of \$596,397 in the Foundation are primarily for endowment programs and scholarships.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 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, 2020 and 2021.

	June 30, 2020	Additions	Deletions	June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 950,208	\$ -	\$ -	\$ 950,208
Construction in Progress	2,033,114	-	2,033,114	-
Total Capital Assets Not Being Depreciated	2,983,322	-	2,033,114	950,208
Capital Assets Being Depreciated:				
Buildings	56,961,924	-	-	56,961,924
Land Improvements	166,599	-	-	166,599
Equipment	2,769,527	708,491	-	3,478,018
Library Books	147,278	-	-	147,278
Total Capital Assets Being Depreciated	60,045,328	708,491	-	60,753,819
Less Accumulated Depreciation for:				
Buildings	14,621,088	1,462,613	-	16,083,701
Land Improvements	149,939	16,660	-	166,599
Equipment	2,520,806	341,805	-	2,862,610
Library Books	147,278	-	-	147,278
Total Accumulated Depreciation	17,439,111	1,821,078	-	19,260,188
Total Capital Assets Being Depreciated	42,606,217	(1,112,587)	-	41,493,631
Capital Assets, Net	\$ 45,589,539	\$ (1,112,587)	\$ 2,033,114	\$ 42,443,839

The College reported an expense for impaired assets in the amount \$1,530,524 for the abandonment of the MERTS campus project and the financial statement modules of the new software program.

Clatsop Community College Foundation

The Foundation has no property, buildings, and equipment as of June 30, 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT

The College has the following long-term debt arrangements:

Bonds Payable – Facilities – Direct Placement

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 the College's funds are expended. Payments for the debt are secured by the assets of the College.

<u>Description</u>	<u>Amount</u>
Bond payable to US Bank, Trustee, for \$5,060,000. Refunding of 2006 Full Faith & Credit obligation dated August 5, 2014 with scheduled interest and principal payments due semi-annually through June 30, 2026. Refunding saves \$30,000 annually.	\$ 2,975,000
Less: Principal Payments 2020-21	<u>(460,000)</u>
Balance - June 30, 2021	<u><u>\$ 2,515,000</u></u>

General Obligation Bonds, 2015 qualified to participate in the Oregon School Bond Guaranty program in order to secure lower interest costs on general obligation bonds. Series 2016 (refunded Series 2009) has \$3.195 million outstanding at June 30, 2021. Series 2015 has \$6.220 million outstanding at June 30, 2021. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the state under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the Act).

<u>Description</u>	<u>Amount</u>
<u>General Obligation Bonds, Series 2015</u> Bond payable to U.S. Bank National Association, Trustee, for \$8,200,000 at 3.0% for the redevelopment of Patriot Hall and to pay the costs of issuance of the obligations, dated February 26, 2015, with scheduled interest and principal payments due semi-annually through June 15, 2035	\$ 6,575,000
Less: Principal Payments 2020-2021	<u>(355,000)</u>
Balance - June 30, 2021	<u><u>\$ 6,220,000</u></u>

<u>General Obligation Refunding Bond, Series 2016</u> Bond payable to JPMorgan Chase Bank for \$3,985,000 at a price of 100% par at 1.85% per annum with all accrued interest due semi-annually through June 2029	\$ 3,515,000
Less: Principal Payments 2020-2021	<u>(320,000)</u>
Balance - June 30, 2021	<u><u>\$ 3,195,000</u></u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable – PERS – Direct Placement

PERS bonds are direct obligations that pledge the full faith and credit of the College. Net proceeds of the Pension Bonds were deposited into a lump sum payment account at PERS for the benefit of the College. This Pension Bond was issued as part of a larger pool of pension obligations. The College's Pension Bonds refinanced a portion of the Unfunded Actuarial Liability allocated to the College in the Oregon Public Employees Retirement System. The lump sum payment reduced the College's current payroll contribution rates. Payments are secured by an intra-governmental agreement whereby payments are taken from the quarterly state appropriation prior to receipt by the College.

<u>Description</u>	<u>Amount</u>
Bond payable to Wells Fargo, Trustee, for \$7,240,000 at 4.6% to 4.8% for paying PERS unfunded actuarial liability, dated June 9, 2005, with scheduled interest and principal payments due semi-annually through June 30, 2028	\$ 4,910,000
Less: Principal Payments 2020-2021	(455,000)
Balance - June 30, 2021	<u>\$ 4,455,000</u>

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

	Total		PERS Bonding		Facilities US Bank, 2014		Facilities US Bank, 2016 (Chase)		Facilities GO Bonds, 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,680,000	\$ 551,379	\$ 515,000	\$ 215,221	\$ 470,000	\$ 75,450	\$ 335,000	\$ 59,108	\$ 360,000	\$ 201,600
2023	1,790,000	491,801	575,000	190,341	490,000	61,350	355,000	52,910	370,000	187,200
2024	1,889,000	427,956	640,000	162,563	500,000	46,650	369,000	46,343	380,000	172,400
2025	2,002,000	360,011	705,000	131,645	520,000	31,650	387,000	39,516	390,000	157,200
2026	2,130,000	287,593	780,000	97,586	535,000	16,050	410,000	32,357	405,000	141,600
2026-2030	4,814,000	646,795	1,240,000	78,263	-	-	1,339,000	50,282	2,235,000	518,250
2031-2035	2,080,000	158,550	-	-	-	-	-	-	2,080,000	158,550
Total	<u>\$ 16,385,000</u>	<u>\$ 2,924,084</u>	<u>\$ 4,455,000</u>	<u>\$ 875,619</u>	<u>\$ 2,515,000</u>	<u>\$ 231,150</u>	<u>\$ 3,195,000</u>	<u>\$ 280,516</u>	<u>\$ 6,220,000</u>	<u>\$ 1,536,800</u>

Capital Lease Obligation

The following is a schedule of the Dell Brocade virtual server capital lease obligation as of June 30, 2021. The cost of the asset and related accumulated depreciation as of June 30, 2021 was \$117,897 and \$117,897, respectively.

	<u>Amount</u>
Balance - Beginning	\$ 35,567
Additions 2020-21	-
Less: Payments 2020-21	(24,909)
Balance - June 30, 2021	<u>\$ 10,658</u>

The total interest incurred for the year ended June 30, 2021 was \$100.

CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations (Continued)

Minimum future lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 10,658
Total Minimum Lease Payments	<u>\$ 10,658</u>

The following is a schedule of the Dell storage area network array capital lease obligation as of June 30, 2021. The cost of the asset and related accumulated depreciation at June 30, 2021 is \$68,543 and \$45,695.

	<u>Amount</u>
Balance - Beginning	\$ 53,914
Additions 2020-21	-
Less: Payments 2020-21	(12,519)
Balance - June 30, 2021	<u>\$ 41,395</u>

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 13,139
2023	13,788
2024	14,468
Total Minimum Lease Payments	<u>\$ 41,395</u>

The total interest incurred for the year ended June 30, 2021 was \$857.

Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>One Year</u>
Bonds Payable	\$ 17,975,000	\$ -	\$ 1,590,000	\$ 16,385,000	\$ 1,680,000
Bond Premium	444,838	-	43,129	401,709	43,129
Capital Leases	89,481	-	37,428	52,053	38,911
Total	18,509,319	-	1,670,557	16,838,762	1,762,040
 PERS pre-SLGRP Pooled Liability	 714,360	 -	 70,250	 644,110	 -
Total	<u>\$ 19,223,679</u>	<u>\$ -</u>	<u>\$ 1,740,807</u>	<u>\$ 17,482,872</u>	<u>\$ 1,762,040</u>

As of June 30, 2021, defeased refunding bonds aggregating \$2,515,000 remain outstanding. In accordance with state law, the College has appointed Chase Bank as third-party custodian for the administration of debt service payments.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OPERATING LEASES

The following is an analysis of operating leases for the years ending June 30:

Years Ending June 30,	Total	Key Government DSL Dock	Warrenton City of Moorage Forerunner	US Bank Copiers	Solutions YES Copiers	Damarkom SCC
2021	\$ 81,120	\$ 380	\$ 2,200	\$ 11,625	\$ 18,915	\$ 48,000
2022	71,907	392	-	4,600	18,915	48,000
2023	16,403	403	-	-	-	16,000
2024	415	415	-	-	-	-
Total	<u>\$ 169,844</u>	<u>\$ 1,590</u>	<u>\$ 8,800</u>	<u>\$ 16,225</u>	<u>\$ 37,830</u>	<u>\$ 112,000</u>

Lease expense for the year ended June 30, 2021 was \$56,303.

NOTE 10 PENSION PLAN

Public Employee Retirement System (PERS)

College employees participate in one or more Oregon PERS plans (OPERS) that provide pension, death, disability, and postemployment health care benefits to members or their beneficiaries. The pension plan is a multiple-employer cost-sharing plan. 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' financial statements are prepared based on a fiscal year ended June 30. The Oregon State Treasurer has statutory responsibility for custody and investment of PERS assets. As a result of this fiduciary responsibility, PERS is included as part of the primary government in the State of Oregon Comprehensive Annual Financial Report.

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

Copies of the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report and Actuarial Valuations may be obtained from the Oregon PERS website at: <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Summary of Significant Accounting Policies

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

Proportionate Share Allocation Methodology

The basis for the employer's proportion is actuarially determined by comparing the employers' projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

Changes Subsequent to Measurement Date

The College is not aware of any changes to benefit terms subsequent to the June 30, 2020 measurement date.

Pension Plan Liability

The components of the Plan's collective net pension liability as of the measurement date of June 30, 2020 are as follows (dollars in millions):

Total Pension Liability	\$ 90,142.7
Plan Fiduciary Net Position	<u>68,319.3</u>
Plan Net Position Liability	<u><u>\$ 21,823.4</u></u>

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit result.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they've had a contribution in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a nonduty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a nonduty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0%.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

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.

1. 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 defined benefit pension plan at June 30, 2020 is 9.08% as provided by the Summary of PERS Employer Contribution Rates, adjusted for the side account rate relief 15.17%.
2. 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.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

OPSRP Pension Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a nonretired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Pension Plan Contributions

PERS and OPSRP employee contribution requirements are established by ORS 238.200 and ORS 238A.330, respectively, and are credited to an employee's account in the IAP and maybe amended by an act of the Oregon Legislature. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates for the fiscal year ended June 30, 2021 were based on the December 31, 2017 actuarial valuation. The College requires members of PERS, except for the President, 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 at June 30, 2021 is 15.17% for PERS Tier One/Two and 9.08% for OPSRP. The Net Employer Contribution Rate has been determined for July 1, 2021 – June 30, 2023 at 16.68% for PERS Tier One/Two and 12.99% for OPSRP General Service.

Employer contributions for the year ended June 30, 2021 were \$679,471, excluding amounts to fund employer specific liabilities.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Total pension expense for the year ended June 30, 2021 was \$2.627 million. At June 30, 2021, the College reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 493,657	\$ -
Changes of Assumptions	601,948	(21,091)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,318,901	-
Changes in Proportionate Share	1,193,233	(42,629)
Difference in Proportionate Share and Actual Employer's Contributions	-	(710,951)
Total	3,607,738	(774,671)
Net Deferred Outflow (Inflow) of Resources Before Contributions Subsequent to the Measurement Date	679,471	-
Net Deferred Outflow (Inflow) of Resources	<u>\$ 4,287,209</u>	<u>\$ (774,671)</u>

Of the amount reported as deferred outflows of resources, \$679,471 are related to contributions subsequent to the measurement date and will be recognized as reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 624,378
2023	794,177
2024	779,272
2025	588,094
2026	47,146
Total	<u>\$ 2,833,067</u>

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The following methods and assumptions were used in the development of the total pension liability:

Actuarial Methods:

As of:

Valuation Date

Measurement Date

Experience Study Report

Actuarial Cost Method

Actuarial Assumptions:

Inflation Rate

Long-Term Expected Rate of Return

Discount Rate

Projected Salary Increases

Cost of Living Adjustments

Mortality

June 30, 2021
December 31, 2018
June 30, 2020
2018, Published July 24, 2019
Entry Age Normal

2.50%
7.20%
7.20%
3.50%
Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> Decision; blend based on service
<i>Healthy Retirees and Beneficiaries:</i>
Pub-2010 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation
<i>Active Members:</i>
Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation
<i>Disabled Retirees:</i>
Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-backs as described in the valuation.

Discount Rate

The discount rate used to measure the total pension liability was 7.20% for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Net Pension Liability

At June 30, 2021, the College reported a liability of \$11,216,384 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The basis for the College's proportion is actuarially determined by comparing the employers' projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. At June 30, 2020, the College's proportionate share was 0.05139604% compared to 0.04356747% from its last measurement date.

Deferred Items

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Others are calculated at the employer level. For fiscal year ended June 30, 2021, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual pension plan investment earnings
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2020 – 5.3 years
- Measurement period ended June 30, 2019 – 5.2 years
- Measurement period ended June 30, 2018 – 5.2 years
- Measurement period ended June 30, 2017 – 5.3 years
- Measurement period ended June 30, 2016 – 5.3 years
- Measurement period ended June 30, 2015 – 5.4 years
- Measurement period ended June 30, 2014 – 5.6 years

The difference between projected and actual pension plan investment earnings attributable to each measurement period is amortized over a closed 5-year period.

One year of amortization is recognized in the College's total pension expense for fiscal year 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our third-party actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Range</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation *	20-Year Annualized Geometric Mean
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-U.S. Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	38.00	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation – Mean		2.50%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, Revised as of April 24, 2019.

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; p.74)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 PENSION PLAN (CONTINUED)

Sensitivity Analysis (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employers' Net Pension Liability	(6.20%)	(7.20%)	(8.20%)
Defined Benefit Pension Plan	\$ 16,655,403	\$ 11,216,384	\$ 6,655,514

The above is an analysis of the College's proportionate share of the net pension asset to changes in the discount rate. It presents the College's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20% as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

See Schedule of Changes in Net Pension (Asset) Liability on page 69 of the PERS June 30, 2021 Annual Comprehensive Financial Report.

Transition Liability

The College reports a separate liability to the plan with a balance of \$644,110 at June 30, 2021. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 19.68% of covered payroll for payment of this transition liability.

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 years 2020 and 2021 is \$19,500, respectively, with higher levels for employees over age 50.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Public Employees Retirement Plan (PERS)

Plan Description

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of eligible PERS members. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers a separate defined benefit other postemployment benefit (OPEB) plan: the Retirement Health Insurance Account (RHIA). Only Tier One and Tier Two PERS members are eligible to participate in the RHIA. (Refer to Note 10 for details concerning Tier One and Tier Two membership in PERS.)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Plan Description (Continued)

The RHIA is a cost-sharing multiple-employer defined benefit OPEB plan in which the College participates. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if they (1) are receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan.

The RHIA plan is closed to employees hired on or after August 29, 2003, who had not established PERS membership prior to that date.

OPEB Plan Report

The PERS RHIA defined benefit OPEB plan is reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the state's Comprehensive Annual financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

Basis of Accounting

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Plan investments are reported at fair value.

Summary of Significant Accounting Policies

Employers participating in PERS are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Proportionate Share Allocation Methodology

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

OPEB Plan (Asset)/Liability

The components of the PERS Net OPEB (Asset) Liability for the OPEB plan as of the measurement date of June 30, 2020 is as follows:

	Amounts in Millions
Net OPEB - RHIA (Asset)	
Total OPEB - RHIA Liability	\$ 406.9
Plan Fiduciary Net Position	610.7
Plan Net OPEB - RHIA (Asset)	<u>\$ (203.8)</u>

Changes Subsequent to Measurement Date

The College is not aware of any changes that would impact RHIA subsequent to the June 30, 2020 measurement date.

Contributions

The OPEB plan administered by PERS is funded through actuarially determined employer contributions. For the fiscal year ended June 30, 2021, the College contributes 0.50% of PERS covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, the College contributes 0.58% of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contribution was approximately \$1 thousand for the year ended June 30, 2021. The actual contribution equaled the annual required contribution for the fiscal year.

Net OPEB Asset/Liability

At June 30, 2021, the College reported an asset of \$117,176 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018.

For the year ended June 30, 2021, the College recorded total OPEB expense of (\$18,162) due to the change in the net RHIA OPEB asset and changes to deferred outflows and deferred inflows.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Deferred Items

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Others are calculated at the employer level. For fiscal year ended June 30, 2021, deferred items include:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- A difference between projected and actual earnings

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of the measurement period are as follows:

- Measurement period ended June 30, 2020 – 2.9 years
- Measurement period ended June 30, 2019 – 3.1 years
- Measurement period ended June 30, 2018 – 3.3 years
- Measurement period ended June 30, 2017 – 3.7 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2021.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Deferred Items (Continued)

Of the amount reported as deferred outflows of resources, \$1,179 is related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2021.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 11,979
Changes of Assumptions	-	6,228
Net Difference Between Projected and Actual Earnings on Investments	13,031	-
Change in Proportionate Share	4,631	1,767
Difference Between Contributions and Proportionate Share of Contributions	294	12
Total (Prior to Post-MD Contributions)	<u>17,956</u>	<u>19,986</u>
Contributions Subsequent to the MD	1,179	-
Net Deferred Outflow (Inflow) of Resources	<u>\$ 19,135</u>	<u>\$ 19,986</u>

As of June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (10,712)
2023	(246)
2024	4,817
2025	4,110
Total	<u>\$ (2,030)</u>

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Actuarial Methods and Assumptions (Continued)

The following key methods and assumptions were used to measure the total OPEB liability:

Actuarial Methods and Assumptions:

As of:

Valuation Date

Measurement Date

Experience Study Report

Actuarial Cost Method

Actuarial Assumptions:

Inflation Rate

Long-Term Expected Rate of Return

Discount Rate

Projected Salary Increases

Cost-of-living adjustments (COLA)

Mortality

RHIA	
	June 30, 2021
	December 31, 2018
	June 30, 2020
	2018, published July 24, 2019
	Entry Age Normal
	2.50%
	7.20%
	7.20%
	3.50%
	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
	<i>Healthy retirees and beneficiaries:</i>
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	<i>Active members:</i>
	Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	<i>Disabled retirees:</i>
	Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report, table 25, p. 71)

Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount</u> <u>Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate Share of the Net OPEB - RHIA Liability (Asset)	\$ (94,600)	\$ (117,176)	\$ (136,479)

The sensitivity analysis below shows the sensitivity of the College's proportionate share of the net OPEB liability (asset) calculated using the current healthcare cost trend rates, as well as what the net OPEB liability (asset) would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Net OPEB - RHIA Liability (Asset)	\$ (117,176)	\$ (117,176)	\$ (117,176)

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Range</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

The following table shows long-term expected rate of return by asset class:

Asset Class	Target Allocation *	20-Year Annualized Geometric Mean
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-U.S. Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	38.00	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation – Mean		2.50%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, Revised as of April 24, 2019.

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; p.74)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Depletion Date Projection

GASB Statement No. 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB Statement No. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 75 (paragraph 39) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is our third-party actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan

Plan Description

Clatsop Community College maintains a single employer defined benefit postemployment healthcare benefits plan. The College participates in the Oregon Educators Benefit Board (OEBB) statewide agent multiemployer benefit plan, to provide a postretirement health benefits program. This plan offers healthcare assistance to eligible retired employees and their beneficiaries. There are two components to the early retirement plan. 1) Explicit Medical Benefits – certain retirees are eligible to receive paid health care premiums for themselves and their spouse, up to a monthly amount set at retirement. 2) Implicit Medical Benefits – continued medical coverage is offered to the College's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the College or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit subsidy."

The College does not issue a standalone report for this plan. The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB 75.

OPEB Funding Policy

Retirement Eligibility: The retiree must be eligible to receive benefits from Oregon PERS. Eligibility requirements for earliest retirement under Oregon PERS are as follows:

- Tier 1 or Tier 2: Earlier of age 55 or any age with 30 years of service
- OPSRP: Age 55 with 5 years of service

Explicit Medical Benefits: Benefits are paid to regular employees hired prior to July 1, 2004 with 10 consecutive years of service. Regular employees include Classified, Faculty, Confidential, Administrative, and Service/Supervisory members. The benefit is provided until the earlier of the retiree's age 65 or, for non-Faculty members, the death of the retiree. Benefit amount is the College-paid coverage for the retiree and spouse. Effective July 1, 2004 the amount is capped at the medical premium amount the College is paying at the time of retirement. For non-Faculty, single coverage is capped at the one-party medical premium at retirement.

Implicit Medical Benefits: All classes of employees are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible). The benefit is an implicit rate subsidy.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Summary of Significant Accounting Policies

Employers participating in OEBB are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Changes in Total OPEB Plan Liability

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date.

	Increase (Decrease) Total OPEB Liability
<u>Changes in Total OPEB Liability</u>	
Balance as of June 30, 2020	\$ 928,855
Changes for the Year:	
Service Cost	55,101
Interest on Total OPEB Liability	21,427
Effect of Changes to Benefit Terms	-
Effect of Economic/Demographic Gain or Loss	-
Effect of Assumptions Changes or Inputs	-
Benefit Payments	(63,284)
Net Changes	<u>13,244</u>
Balance as of June 30, 2021	<u>\$ 942,099</u>

For the year ended June 30, 2021, the College recognized postemployment healthcare benefits liability expense of \$13,244 due to the changes to the total OPEB liability, deferred inflows, and amortization of deferred amounts.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Deferred Items

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2021.

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to the OEBB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or Other Input	71,757	5,731
Total (Prior to Post-MD Contributions)	<u>71,757</u>	<u>5,731</u>
Contributions Subsequent to the MD	-	-
Net Deferred Outflow (Inflow) of Resources	<u><u>\$ 71,757</u></u>	<u><u>\$ 5,731</u></u>

As of June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OEBB OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 21,149
2023	21,149
2024	21,149
2025	2,579
Thereafter	-
Total	<u><u>\$ 66,026</u></u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The following key methods and assumptions were used to measure the total OPEB liability:

Actuarial Methods and Assumptions	
Valuation Date	July 1, 2019 Data was collected as of September 1, 2020, and benefits were valued as if the data was representative data on July 1, 2019
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal, level percent of salary
Interest Rate for Discounting Future Liabilities	2.25% per Year, Based on all Years Discounted at Municipal Bond Rate(Based on Bond Buyer 20-Bond General Obligation Index).
General Inflation	2.5% per Year.
Payroll Growth	3.5% per Year.
Projected Salary Scale	Total projected payroll increase is overall payroll growth plus the assumed rate below. Sample rates are as follows:
Duration	Rate
0	3.72%
5	2.34%
10	1.14%
15	0.17%
20	-0.53%
25	-0.89%
30+	-0.95%

Discount Rate

Unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The Bond Buyer 20-Year General Obligation Bond Index was used to determine the discount rate for the OPEB liability. The discount rate in effect for the June 30, 2021 reporting date is 2.25%.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Plan Assets

The College's Early Retirement OPEB Plan is currently "unfunded" in accordance with the relevant GASB statements.

The sensitivity analysis below shows the sensitivity of the College's total OPEB liability calculated using the discount rate of 2.25%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1.25% lower or 3.25% higher than the current rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
OPEB Liability	\$ 983,347	\$ 942,099	\$ 901,883

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's total OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
OPEB Liability Using Current Healthcare Cost Trend Rates	\$ 869,319	\$ 942,099	\$ 1,024,966

NOTE 12 BOARD CONFLICT OF INTEREST

The College's board of education is made up of seven elected members. The College did not purchase any supplies from any of the board members during fiscal year 2020-2021.

REQUIRED SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2021**

**Clatsop Community College
SCHEDULE OF CONTRIBUTIONS**

	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percent of Covered Payroll
2021	\$ 679,471	\$ 679,471	\$ -	\$ 8,072,763	8.42%
2020	697,341	697,341	-	8,154,312	8.55%
2019	436,487	436,487	-	7,688,924	5.68%
2018	374,705	374,705	-	7,135,037	5.25%
2017	215,846	215,846	-	6,606,897	3.27%
2016	306,963	306,963	-	6,481,333	4.74%
2015	347,599	347,599	-	6,298,140	5.52%
2014	343,630	343,630	-	6,164,785	5.57%

**Clatsop Community College
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	(a)	(b)	(c)	(b/c)	
Year Ended June 30,	College's Proportion of the Net Pension Liability (Asset)	College's Proportionate Share of the Net Pension Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.05139604%	\$ 11,216,384	\$ 8,154,312	137.55%	75.80%
2019	0.04356747%	7,536,129	7,688,924	98.01%	80.20%
2018	0.04078398%	6,178,236	7,135,037	86.59%	82.10%
2017	0.04170001%	5,621,177	6,606,897	85.08%	83.10%
2016	0.03822211%	5,738,026	6,481,333	88.53%	80.50%
2015	0.03901406%	2,239,977	6,298,140	35.57%	91.90%
2014	0.03472124%	(787,026)	6,164,785	-12.77%	103.60%
2013	0.03472124%	1,771,876	5,462,769	32.44%	91.97%

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS,
AND CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR OTHER
POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2021

Schedule of the College's Proportionate Share of the Net PERS RHIA OPEB Liability*

	(a)	(b)	(c)	(b/c)	
Year Ended June 30,	College's Proportion of the Net Pension Liability (Asset)	College's Proportionate Share of the Net Pension Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	0.05750668%	\$ (117,176)	\$ 8,154,312	-1.44%	142.02%
2019	0.06204822%	(119,900)	7,688,924	-1.56%	144.38%
2018	0.05601283%	(62,526)	7,135,037	-0.88%	124.00%
2017	0.05430037%	(22,662)	6,606,897	-0.34%	108.88%
2016	0.05832541%	15,839	6,481,333	0.24%	94.15%

Schedule of the College's PERS RHIA OPEB Employer Contribution*

	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percent of Covered Payroll
2021	\$ 1,179	\$ 1,179	\$ -	\$ 8,072,763	0.01%
2020	4,107	4,107	-	8,154,312	0.05%
2019	30,752	30,752	-	7,688,924	0.40%
2018	27,453	27,453	-	7,135,037	0.38%
2017	26,910	26,910	-	6,606,897	0.41%
2016	27,337	27,337	-	6,481,333	0.42%
2015	29,707	29,707	-	6,298,140	0.47%
2014	29,186	29,186	-	6,164,785	0.47%

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS,
AND CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR OTHER
POSTEMPLOYMENT BENEFITS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Schedule of the College's Total Early Retirement OPEB Liability*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 55,101	\$ 46,192	\$ 44,630	\$ 36,739
Interest	21,427	33,870	32,005	27,346
Changes in Assumptions - Discount Rate	-	-	-	-
Changes in Assumptions - Other	-	24,076	111,413	-
Contributions - Employer - Implicit Subsidy	-	(8,597)	-	-
Contributions - Employer	-	-	-	-
Benefit Payments	(63,284)	(47,392)	(54,136)	(56,294)
Net Change in Total OPEB Liability	<u>13,244</u>	<u>48,149</u>	<u>133,912</u>	<u>7,791</u>
Total OPEB Liability - Beginning	<u>928,855</u>	<u>880,706</u>	<u>746,794</u>	<u>739,003</u>
Total OPEB Liability - Ending	<u><u>\$ 942,099</u></u>	<u><u>\$ 928,855</u></u>	<u><u>\$ 880,706</u></u>	<u><u>\$ 746,794</u></u>
Covered Employee Payroll	\$8,439,713	\$8,154,312	\$5,671,734	\$5,479,936
Total OPEB Liability as a Percentage of the Covered Employee Payroll	11.16%	11.39%	15.53%	13.63%

SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2021**

ASSETS	Current Funds		Plant Funds			Long-Term Debt	Clubs and Organizations Fund	Total All Primary Funds (Memorandum Only)
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness	Investment in Plant			
Cash and Investments	\$ (1,043,095)	\$ 385,517	\$ 178,148	\$ -	\$ -	\$ 1,157,072	\$ 60,459	\$ 738,101
Receivables:								
Property Taxes	353,626	-	-	-	-	-	-	353,626
Governmental	3,057,942	-	-	-	-	-	-	3,057,942
Student Receivables (Less Allowance for Doubtful Accounts)	771,775	-	-	-	-	-	-	771,775
Inventories	64,315	-	-	-	-	-	-	64,315
Note Receivable from Auxiliary Funds	205,000	-	-	-	-	-	-	205,000
Total OPEB Asset	117,176	-	-	-	-	-	-	117,176
Property, Buildings, and Equipment:								
Land	-	-	-	-	950,208	-	-	950,208
Construction in Progress	-	-	-	-	-	-	-	-
Land Improvements	-	-	-	-	166,599	-	-	166,599
Accumulated Depreciation	-	-	-	-	(166,599)	-	-	(166,599)
Buildings	-	-	-	-	56,961,924	-	-	56,961,924
Accumulated Depreciation	-	-	-	-	(16,083,701)	-	-	(16,083,701)
Equipment	-	-	-	-	3,478,019	-	-	3,478,019
Accumulated Depreciation	-	-	-	-	(2,862,611)	-	-	(2,862,611)
Library Books	-	-	-	-	147,278	-	-	147,278
Accumulated Depreciation	-	-	-	-	(147,278)	-	-	(147,278)
Other Assets	96,892	-	-	-	-	-	-	96,892
Total Assets	<u>\$ 3,623,631</u>	<u>\$ 385,517</u>	<u>\$ 178,148</u>	<u>\$ -</u>	<u>\$ 42,443,839</u>	<u>\$ 1,157,072</u>	<u>\$ 60,459</u>	<u>\$ 47,848,666</u>
Deferred Outflow of Resources								
PERS	\$ 4,287,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,287,209
OPEB	90,892	-	-	-	-	-	-	90,892
Loss on Refunding	-	-	379,396	-	-	-	-	379,396
Total Deferred Outflows	<u>\$ 4,378,101</u>	<u>\$ -</u>	<u>\$ 379,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,757,497</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 207,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,330
Accrued Liabilities	1,002,800	-	-	-	-	-	-	1,002,800
Miscellaneous Deposits	954	-	-	-	-	-	-	954
Due to Student Groups and Agencies	30,000	-	-	-	-	-	-	30,000
Deferred Revenues	41,182	385,517	-	-	-	-	-	426,699
Accrued Interest Payable	-	-	17,150	-	-	-	-	17,150
Other Miscellaneous Liabilities	-	-	401,709	-	-	-	-	401,709
Net Pension Liability	11,216,384	-	-	-	-	-	-	11,216,384
Other Liabilities	1,848	-	-	-	-	-	-	1,848
Long-Term Debt:								
Note Payable to General Fund	205,000	-	-	-	-	-	-	205,000
Total OPEB Liability	942,099	-	-	-	-	-	-	942,099
Total Pre-SLRGP	644,110	-	-	-	-	-	-	644,110
Bond Payable	-	-	11,930,000	-	-	4,455,000	-	16,385,000
Dell Brocade Virtual Server	-	-	-	-	52,053	-	-	52,053
Total Liabilities	<u>14,291,707</u>	<u>385,517</u>	<u>12,348,859</u>	<u>-</u>	<u>52,053</u>	<u>4,455,000</u>	<u>-</u>	<u>31,533,136</u>
PERS Deferred Inflow	774,671	-	-	-	-	-	-	774,671
OPEB Deferred Inflow	25,717	-	-	-	-	-	-	25,717
Total Deferred Inflows	<u>800,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,388</u>
Fund Balances								
Unrestricted	(7,090,363)	-	178,146	-	-	(3,297,928)	60,459	(10,149,686)
Restricted - Expendable	-	-	-	-	-	-	-	-
Net Investment in Plant	-	-	(11,969,461)	-	42,391,786	-	-	30,422,325
Total Fund Balances	<u>(7,090,363)</u>	<u>-</u>	<u>(11,791,315)</u>	<u>-</u>	<u>42,391,786</u>	<u>(3,297,928)</u>	<u>60,459</u>	<u>20,272,639</u>
Total Liabilities, Deferred Inflow and Fund Balances	<u>\$ 8,001,732</u>	<u>\$ 385,517</u>	<u>\$ 557,544</u>	<u>\$ -</u>	<u>\$ 42,443,839</u>	<u>\$ 1,157,072</u>	<u>\$ 60,459</u>	<u>\$ 52,606,163</u>

CLATSOP COMMUNITY COLLEGE
COMBINING SCHEDULE OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Current Funds			Plant Funds			Debt Service Fund	Clubs and Organizations Fund	Total All Funds (Memorandum Only)
	Unrestricted	Restricted	Total	Unexpended	Retirement of Indebtedness	Investment in Plant			
REVENUES									
Local Sources	\$ 5,036,243	\$ 213,323	\$ 5,249,566	\$ 1,021,591	\$ 952,378	\$ -	\$ 877,875	\$ -	\$ 8,101,410
State Appropriations	4,275,388	921,947	5,197,335	-	-	-	-	-	5,197,335
Government Grants and									
Contracts	1,590	4,330,892	4,332,482	-	-	-	-	-	4,332,482
Tuition and Fees	2,930,081	-	2,930,081	-	-	-	-	-	2,930,081
Investment Income	22,124	-	22,124	-	-	-	3,073	-	25,197
Auxiliary Revenue	247,666	-	247,666	-	-	-	-	-	247,666
Other Additions	586,450	369,968	956,418	1,270,041	-	162,909	-	71,362	2,460,730
Total Revenues	13,099,542	5,836,130	18,935,672	2,291,632	952,378	162,909	880,948	71,362	23,294,901
EXPENDITURES AND MANDATORY TRANSFERS									
Educational and General:									
Instruction	4,820,777	172,016	4,992,793	-	-	-	-	-	4,992,793
Instructional Support	1,614,267	206,314	1,820,581	-	-	-	-	-	1,820,581
Student Services	1,254,855	1,086,982	2,341,837	-	-	-	-	11,653	2,353,490
Institutional Support (Admin.)	2,839,790	1,176,380	4,016,170	-	-	-	-	-	4,016,170
Operation and Maintenance of Plant	1,390,270	-	1,390,270	-	-	-	-	-	1,390,270
Auxiliary Enterprises	329,320	-	329,320	-	-	-	-	-	329,320
Community Services	6,880	811,550	818,430	-	-	-	-	640	819,070
Depreciation and Amortization Expense	-	-	-	57,419	-	1,821,078	-	-	1,878,497
Expended for Equipment and Facilities	-	-	-	580,672	-	1,450,103	-	-	2,030,775
Principal Expense	-	-	-	-	1,135,000	-	-	-	1,135,000
Interest Expense	-	-	-	17,150	366,528	-	237,202	-	620,880
GASB Pension & OPEB Expense	1,891,098	-	1,891,098	-	-	-	-	-	1,891,098
Other	-	-	-	-	550	-	-	-	550
Financial Aid	174,861	2,459,059	2,633,920	-	-	-	-	-	2,633,920
Total Educational and General	14,322,118	5,912,301	20,234,419	655,241	1,502,078	3,271,181	237,202	12,293	25,912,414
NONMANDATORY TRANSFERS, NET	77,561	(76,171)	1,390	548,500	(548,500)	-	-	(1,390)	-
NET INCREASE (DECREASE) IN FUND BALANCES	(1,300,137)	-	(1,300,137)	1,087,891	(1,200)	(3,108,272)	643,746	60,459	(2,617,513)
FUND BALANCE - JUNE 30, 2020									
Unrestricted	(5,790,226)	-	(5,790,226)	212,808	-	-	(3,941,674)	-	(9,519,092)
Restricted - Expendable	-	-	-	-	1,200	-	-	-	1,200
Net Investment in Plant	-	-	-	(13,092,014)	-	45,500,058	-	-	32,408,044
FUND BALANCE - JUNE 30, 2021	<u>\$ (7,090,363)</u>	<u>\$ -</u>	<u>\$ (7,090,363)</u>	<u>\$ (11,791,315)</u>	<u>\$ -</u>	<u>\$ 42,391,786</u>	<u>\$ (3,297,928)</u>	<u>\$ 60,459</u>	<u>\$ 20,272,639</u>

CLATSOP COMMUNITY COLLEGE
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE COMPARED WITH BUDGET – GENERAL FUND
YEAR ENDED JUNE 30, 2021

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
State Sources	\$ 4,275,388	\$ -	\$ 4,275,388	\$ 4,218,224	\$ 57,164
Federal Sources	1,590	-	1,590	5,000	(3,410)
Local Sources:					
Current Year Property Taxes	4,935,364	-	4,935,364	4,645,453	289,911
Prior Years Property Taxes	100,879	-	100,879	150,000	(49,121)
Tuition and Fees	2,930,081	-	2,930,081	3,217,750	(287,669)
All Other	608,574	-	608,574	1,958,100	(1,349,526)
Total Revenues	12,851,876	-	12,851,876	14,194,527	(1,342,651)
EXPENDITURES					
Instruction	4,820,777	25,308	4,846,085	5,369,277	(523,192)
Support Services	7,099,182	2,100	7,101,282	8,030,083	(928,801)
Public Service	6,880	-	6,880	21,070	(14,190)
All Other	2,065,959	(1,909,054)	156,905	663,597	(506,692)
Total Expenditures	13,992,798	(1,881,646)	12,111,152	14,084,027	(1,972,875)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,140,922)	1,881,646	740,724	110,500	630,224
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(127,561)	-	(127,561)	(110,500)	(17,061)
Total Other Financing Sources (Uses)	(127,561)	-	(127,561)	(110,500)	(17,061)
NET CHANGES IN FUND BALANCE	(1,268,483)	1,881,646	613,163	-	613,163
Fund Balance - Beginning of Year	(3,416,811)	4,377,253	1,848,744	-	1,848,774
FUND BALANCE - END OF YEAR	<u>\$ (4,685,294)</u>	<u>\$ 6,258,899</u>	<u>\$ 2,461,907</u>	<u>\$ -</u>	<u>\$ 2,461,937</u>

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

General Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE COMPARED WITH BUDGET – AUXILIARY FUND
YEAR ENDED JUNE 30, 2021

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Bookstore Sales	\$ 225,667	\$ 4,661	\$ 230,328	\$ 322,360	\$ (92,032)
All Other	21,999	20,780	42,779	223,912	(181,133)
Total Revenues	247,666	25,441	273,107	546,272	(273,165)
EXPENDITURES					
Total Instruction	76,650	-	76,650	111,906	(35,256)
Total Support Services	251,268	-	251,268	408,668	(157,400)
Total Public Service	1,402	-	1,402	75,698	(74,296)
Total Expenditures	329,320	-	329,320	596,272	(266,952)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(81,654)	25,441	(56,213)	(50,000)	(6,213)
OTHER FINANCING SOURCES (USES)					
Transfers In	50,000	-	50,000	50,000	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	50,000	-	50,000	50,000	-
NET CHANGES IN FUND BALANCE	(31,654)	25,441	(6,213)	-	(6,213)
Fund Balance - Beginning of Year	(747,541)	340,609	(423,419)	-	(423,419)
FUND BALANCE - END OF YEAR	<u>\$ (779,195)</u>	<u>\$ 366,050</u>	<u>\$ (429,632)</u>	<u>\$ -</u>	<u>\$ (429,632)</u>
Auxiliary Enterprises Fund					

The ***Auxiliary Enterprises Fund*** accounts for transactions of substantially all 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 – RESTRICTED FUND
YEAR ENDED JUNE 30, 2021

Restricted Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Federal Sources	\$ 4,330,892	\$ -	\$ 4,330,892	\$ 3,180,957	\$ 1,149,935
State Sources	921,947	-	921,947	579,505	342,442
Local Sources	213,323	-	213,323	398,184	(184,861)
Tuition and Fees	-	-	-	20,000	(20,000)
Other	369,968	-	369,968	3,233,359	(2,863,391)
Total Revenues	5,836,130	-	5,836,130	7,412,005	(1,575,875)
EXPENDITURES					
Total Instruction	172,016	-	172,016	190,559	(18,543)
Total Support Services	2,469,676	-	2,469,676	3,439,007	(969,331)
Total Public Service	811,550	-	811,550	821,990	(10,440)
All Other	2,459,059	-	2,459,059	3,036,610	(577,551)
Total Expenditures	5,912,301	-	5,912,301	7,488,166	(1,575,865)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(76,171)	-	(76,171)	(76,161)	(10)
OTHER FINANCING SOURCES (USES)					
Transfers In	76,171	-	76,171	76,161	10
NET CHANGES IN FUND BALANCE	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Fund					

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE COMPARED WITH BUDGET – UNEXPENDED PLANT FUND
YEAR ENDED JUNE 30, 2021

Unexpended Plant Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Timber Sales	\$ 1,021,591	\$ -	\$ 1,021,591	\$ 1,000,000	\$ 21,591
Other	1,270,041	169,679	1,439,720	20,864,425	(19,424,705)
Total Revenues	2,291,632	169,679	2,461,311	21,864,425	(19,403,114)
EXPENDITURES					
All Other Expenditures	655,241	1,079,422	1,734,663	21,114,425	(19,379,762)
Total Expenditures	655,241	1,079,422	1,734,663	21,114,425	(19,379,762)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,636,391	(909,743)	726,648	750,000	(23,352)
OTHER FINANCING SOURCES (USES)					
Transfers Out to Debt Service	(548,500)	-	(548,500)	(750,000)	201,500
Total Other Financing Sources (Uses)	(548,500)	-	(548,500)	(750,000)	201,500
NET CHANGES IN FUND BALANCE	1,087,891	(909,743)	178,148	-	178,148
Fund Balance - Beginning of Year	(12,879,206)	20,385,175	248,703	-	248,703
FUND BALANCE - END OF YEAR	<u>\$ (11,791,315)</u>	<u>\$ 19,475,432</u>	<u>\$ 426,851</u>	<u>\$ -</u>	<u>\$ 426,851</u>

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

Unexpended Plant Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE COMPARED WITH BUDGET – PLANT – RETIREMENT OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2021

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES	\$ 952,378	\$ -	\$ 952,378	\$ 952,778	\$ (400)
EXPENDITURES	1,502,078	-	1,502,078	1,702,778	(200,700)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(549,700)	-	(549,700)	(750,000)	200,300
OTHER FINANCING SOURCES (USES)					
Transfers in from Unexpended Plant	548,500	-	548,500	750,000	(201,500)
Total Other Financing Sources (Uses)	548,500	-	548,500	750,000	(201,500)
NET CHANGES IN FUND BALANCE	(1,200)	-	(1,200)	-	(1,200)
Fund Balance - Beginning of Year	1,200	-	1,200	-	1,200
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plant – Retirement of Indebtedness					

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 – DEBT SERVICE
YEAR ENDED JUNE 30, 2021

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Other Local Revenue	\$ 877,875	\$ -	\$ 877,875	\$ 1,030,000	\$ (152,125)
Investment Income	3,073	-	3,073	-	3,073
Total Revenues	880,948	-	880,948	1,030,000	(149,052)
EXPENDITURES					
Total Other Uses	237,202	455,000	692,203	1,030,000	(337,797)
Total Expenditures	237,202	455,000	692,203	1,030,000	(337,797)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	643,746	(455,000)	188,745	-	188,745
OTHER FINANCING SOURCES (USES)					
Transfers Out to Debt Service	-	-	-	-	-
Transfers Out to General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCE	643,746	(455,000)	188,745	-	188,745
Fund Balance - Beginning of Year	(3,941,674)	(1,294,940)	718,538	-	718,538
FUND BALANCE - END OF YEAR	<u>\$ (3,297,928)</u>	<u>\$ (1,749,940)</u>	<u>\$ 907,283</u>	<u>\$ -</u>	<u>\$ 907,283</u>

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

Debt Service Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE COMPARED WITH BUDGET – CLUBS AND ORGANIZATIONS FUND
YEAR ENDED JUNE 30, 2021

Clubs and Organizations Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
REVENUES			
Fees	\$ 71,362	\$ 66,641	\$ 4,721
Total Revenues	71,362	66,641	4,721
EXPENDITURES			
Total Student Services	11,653	13,469	(1,816)
Total Other	-	45,362	(45,362)
Total Public Service	640	10,810	(10,170)
Total Expenditures	12,293	69,641	(57,348)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	59,069	(3,000)	62,069
OTHER FINANCING SOURCES (USES)			
Transfers In	1,390	3,000	(1,610)
Transfers Out	-	-	-
Total Other Financing Sources	1,390	3,000	(1,610)
NET CHANGES IN FUND BALANCE	60,459	-	60,459
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ 60,459	\$ -	\$ 60,459

Clubs and Organization Fund

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

REPORTING REQUIRED BY OREGON STATE REGULATIONS



INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Clatsop Community College
Astoria, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, the basic financial statements of Clatsop Community College (the College) as of and for the year ended June 30, 2021, and have issued our report thereon dated April 28, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clatsop Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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 discretely presented component unit was not tested for compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe Clatsop Community College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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.

This report is intended solely for the information and use of the board of education, management of Clatsop Community College, and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these parties.



CliftonLarsonAllen LLP

Bellevue, Washington
April 28, 2022



Jean Bushong, CPA
Principal
CPA License #98624
Oregon Municipal License #1662

