

CLATSOP COMMUNITY COLLEGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2015

**Clatsop Community College
Clatsop County, Oregon**

Annual Financial Statements

Year Ended June 30, 2015



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Dr. Lawrence Galizio, President (FY2014-15)

Gerald Hamilton, Interim President, August 2015

JoAnn Zahn, Vice President Finance & Operations

**CLATSOP COMMUNITY COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	16
STATEMENT OF CASH FLOWS	17
NOTES TO FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	53
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS	54
SUPPLEMENTARY INFORMATION	
BALANCE SHEET	56
SCHEDULE OF CHANGES IN FUND BALANCES	57
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET	58
AUDITORS' COMMENTS AND REPORTS	
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	66
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	70
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	73
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	74
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	75
PRIOR YEAR FINDINGS AND QUESTIONED COSTS	82

INDEPENDENT AUDITORS' REPORT

Board of Directors
Clatsop Community College
Astoria, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Clatsop Community College (the College) as of and for the year ended June 30, 2015, 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 aggregate 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 aggregate discretely presented component unit of Clatsop Community College as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the College reported a restatement for the change in accounting principle (see Note 1.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the schedule of contributions and schedule of proportionate share of the net pension asset on page 53, and schedule of other postemployment benefits (OPEB) funding progress on page 54 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 balance sheet, schedule of changes in fund balances, and schedule 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 schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The balance sheet, schedule of changes in fund balances, and schedule of revenues, expenditures, and changes in fund balance compared with budget and the schedule of expenditures of federal awards 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 January 12, 2016, on our consideration of 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 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 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 January 12, 2016, 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 on 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
January 12, 2016



Nancy Jones, CPA
Principal
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**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. It is designed to focus on current activities, resulting changes, and current known facts. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes responsibility for the completeness and reliability of all information presented in this report.

Financial Highlights

- The District'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 2014-2015 academic year, total reported reimbursable FTEs were 1,249.01 as contrasted to 1,306.54 in the 2013-2014 academic year with the "hold harmless" factor to fall term enrollment applied to both years. As FTE enrollment for which the College could be reimbursed by the state's enrollment management formula was capped at 1,354, the 1,306.54 FTE can be fully applied to calculating state reimbursement for academic year 2014-15.
- Significant expenditure reductions in FY12 resized the institution and provided fiscal sustainability with continued focus on monitoring student enrollment, annual revenue and expenditures closely for material variances from budget estimates. The 2014-15 planning priorities included investment in student retention and support services.
- During the 2014-15 fiscal year, the College provided more than \$3.16 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.

Federal Work Study	\$ 90,960
Federal SEOG	96,216
Federal Pell Grant	1,462,862
Federal Direct Student Loans	1,026,838
CCC Foundation Scholarships	146,603
Oregon Need Grant	194,367
Institutional Waivers and Grants	143,054
Total Financial Aid Provided to Students	<u>\$ 3,160,900</u>

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Overview of the Financial Statements

This discussion and analysis is 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 similar to a private-sector business.

The statement of net position presents information on all of the College's assets and liabilities, with the difference between the two 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 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 under 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.

In May 2002, the Government Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations are Component Units." This statement amends Statement No. 14, "The Financial Reporting Entity", to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Beginning in the year ended June 30, 2003, the College elected to include the Clatsop Community College Foundation (the Foundation) in its financial statements as a component unit. The Foundation qualifies for this treatment because it raises funds for the direct benefit of the College students and programs. The College has not identified any other organizations that might be considered additional component units under GASB Statement No. 39. The financial information presented for the Foundation has been audited as of June 30, 2015.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole

Statement of Net Position

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

Fiscal Year 2015 Compared to 2014

	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
ASSETS			
Current Assets	\$ 22,377,849	\$ 4,103,168	445 %
Noncurrent Assets:			
Other Noncurrent Assets	787,026	16,145,351	(95)
Capital Assets, Net of Depreciation	<u>33,178,538</u>	<u>34,517,750</u>	(4)
Total Assets	<u>\$ 56,343,413</u>	<u>\$ 54,766,269</u>	3
Deferred Outflow of Resources	<u>\$ 716,763</u>	<u>\$ -</u>	100
LIABILITIES			
Current Liabilities	\$ 17,178,676	\$ 5,550,186	210
Long-Term Debt, Noncurrent Portion	<u>23,950,908</u>	<u>26,577,077</u>	(10)
Total Liabilities	<u>\$ 41,129,584</u>	<u>\$ 32,127,263</u>	28
Deferred Inflow of Resources	<u>\$ 1,518,652</u>	<u>\$ -</u>	100
NET POSITION			
Investment in Capital Assets, Net of Related Debt	\$ 11,980,687	\$ 21,138,452	(43)
Temporarily Restricted	8,989,290	2,511,950	258
Unrestricted	<u>(6,558,037)</u>	<u>(1,011,396)</u>	548
Total Net Position	<u>\$ 14,411,940</u>	<u>\$ 22,639,006</u>	(36)

At June 30, 2015, the College's assets increased to approximately \$56.3 million. The College's current assets of \$22.4 million were more than current liabilities of \$17.2 million. This represents a current ratio of 1.3, in comparison to .74 in the prior year. Transactions related to the 2008 issuance of New Market Tax Credits (NMTC) are represented in current assets and liabilities which are due to end within one year. Efforts to improve cash flow by reducing expenditures have been, and continue to be, addressed. Cash and investments of \$10.3 million represent nearly \$9.5 million for the Patriot Hall redevelopment project. The remaining current assets are made up of receivables from property taxes, governmental receivables, and student receivables. Other noncurrent assets decreased to \$787 thousand from \$16.1 million in 2014 as a result of the NMTC becoming a current asset and as a result of writing off the \$5.96 million pension asset as a result of the implementation of GASB 68. Capital assets decreased to \$33.2 million compared to \$34.5 million in 2014 mostly as a result of fully depreciating the historical cost of Patriot Hall due to the reconstruction of the building starting in July 2015.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole (Continued)

Deferred outflows of resources increased by \$717 thousand. Deferred outflows related to deferred gain/loss on long term debt bond refunding increased by \$234 thousand. The College recorded \$433 thousand in deferred outflows as a result of the implementation of GASB Statement 68.

The College's current liabilities of \$17.2 million consist primarily of payroll, various payables for operations, deferred revenues, and the current portion of long-term debt: waterline to MERTS, pension bond obligations, NMTC, and facilities bond obligations. Noncurrent liabilities decreased by \$2.6 million considering \$10.4 million in NMTC is due within one year and the increase in general obligation debt with the passage of the 2015 general obligation bonds to redevelop Patriot Hall. Noncurrent liabilities consist of long-term debt: waterline to MERTS, pension bond obligations, facilities bond obligations, and the liability to record Other Post Employment Benefits (OPEB).

Deferred inflows of resources increased by \$1.5 million as a result of implementing GASB 68.

Within net position, the "capital assets - net" amounts to \$12.0 million, a decrease of \$9.2 million over the prior year. This amount represents the College's plant and equipment, less accumulated depreciation and related debt. The implementation of GASB 68 accounts for the significant decrease in unrestricted net position to \$(6,558,037). The cumulative effect of change in accounting principle resulted in a prior period adjustment of \$7.3 million. Six million of this relates to the pension asset associated with the 2006 PERS bonding.

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 accounting principles generally accepted (GAAP) in the United States of America.

Fiscal Year 2015 Compared to 2014

	2015	2014	Percent Change
Total Operating Revenues	\$ 6,207,697	\$ 6,403,685	(3)%
Total Operating Expenses	<u>15,560,586</u>	<u>15,703,676</u>	(1)
Operating Loss	(9,352,889)	(9,299,991)	1
Nonoperating Revenues, Net	<u>8,450,608</u>	<u>8,814,507</u>	(4)
Total Increase (Decrease) in Net Position	<u>(902,281)</u>	<u>(485,484)</u>	86
Net Position - Beginning of Year	22,639,006	23,124,490	(2)
Cumulative Effect of Change in Accounting Principle	<u>(7,324,785)</u>	-	
Net Position, Beginning of Year, Adjusted	<u>15,314,221</u>	<u>-</u>	
Net Position - End of Year	<u>\$ 14,411,940</u>	<u>\$ 22,639,006</u>	(36)

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 includes all amounts paid for educational purposes and totaled \$2.977 million, net of scholarship allowances (see page 15 for more detail). Financial aid, grants, and contracts (not including Pell grants) totaled \$2.023 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 \$363 thousand. Other local sources were \$845 thousand. Patriot Hall has been fully depreciated at June 30, 2015; however, demolition did not begin until July 2015.

The College's major sources of nonoperating revenue are from property taxes and timber revenues (\$5.5 million), funding for operations from the state of Oregon (\$1.8 million), and Pell grants for students (\$1.5 million). Investment income of \$354 thousand consists primarily of interest earned on the note receivable that is tied to the New Market Tax Credit debt.

Major Clatsop County Taxpayers are Provided Below:

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Georgia Pacific Consumer Products	Paper Manufacturing	\$ 2,330,470	\$ 233,893,652	4.37%
Lewis & Clark Oregon Buyer LLC	Forest Products	793,903	19,815,755	0.37%
Worldmark The Club	Timeshare Resort	525,874	9,380,215	0.18%
PacifiCorp (Pacific Power)	Electrical Utility	501,526	41,363,000	0.77%
Northwest Natural Gas Co.	Natural Gas Utility	455,209	37,094,000	0.69%
Hampton Lumber Mills Inc.	Forest Products	451,800	37,809,470	0.71%
Charter Communication	Telecommunications	382,983	28,430,400	0.53%
Western Generation Agency	Electrical Utility	288,370	29,000,000	0.54%
Georgia Pacific Consumer Prod LP	Forest Products	246,121	24,751,209	0.46%
CenturyLink	Telecommunications	242,045	19,319,000	0.36%
Subtotal - ten of County's largest taxpayers			480,856,701	8.98%
All other County's taxpayers			4,873,706,542	91.02%
Total District			\$ 5,354,563,243	100.00%

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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
2015	\$ 10,313,180,487	\$ 7,782,736,040	\$ 116,124,355	\$ 7,764,064,554
2014	7,281,392,025	5,534,159,999	179,596,756	5,354,563,243
2013	7,254,191,848	5,249,149,439	171,485,547	5,077,663,892
2012	7,704,823,561	5,132,363,950	157,514,983	4,974,848,967
2011	8,128,017,096	5,006,555,416	152,080,427	4,854,474,989
2010	8,855,704,653	4,917,937,839	134,034,366	4,783,903,473

Expenses

Operating expenses totaling \$15.6 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is instruction and instructional support (32%). Student financial aid represents 13% which includes federal, state, and institutional aid to students to pay the costs of education. Student services expenses (11%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (12%) represents the operational aspects of the College, including the administration, business office, and computer services. The general fund provides resources, as needed, to balance the auxiliary fund. The following chart shows expenses by category and percentage change compared to 2014 for the College:

	2015 <u>Actual Expense</u>	2014 <u>Actual Expense</u>	Percent <u>Change</u>
Educational and General:			
Instruction	\$ 3,588,795	\$ 3,827,543	(6)%
Instructional Support	1,342,709	1,369,680	(2)
Student Services	1,730,979	1,915,482	(10)
Institutional Support	1,909,556	2,329,857	(18)
Operation and Maintenance of Plant	1,008,599	1,076,526	(6)
Auxiliary Enterprises	401,274	402,234	(0)
Community Services	230,830	228,162	1
Student Financial Aid	1,990,555	3,103,347	(36)
Other Expense	144,069	1,490	9,569
Depreciation and Amortization Expense	3,213,220	1,449,355	122
Total Operating Expenses	<u>\$ 15,560,586</u>	<u>\$ 15,703,676</u>	(1)

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.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole (Continued)

Statement of Cash Flows (Continued)

Fiscal Year 2015 Compared to 2014

	2015	2014	Percent Change
Cash Provided (Used) by:			
Operating Activities	\$ (8,007,833)	\$ (7,245,063)	11 %
Noncapital Financing Activities	9,228,397	9,638,550	(4)
Capital and Related Financing Activities	5,926,717	(2,032,197)	(392)
Investing Activities	30,267	18,135	67
Net Increase/(Decrease) in Cash and Cash Equivalents	7,177,548	379,425	1,792
Cash and Cash Equivalents - Beginning of Year	3,125,984	2,746,559	14
Cash and Cash Equivalents - End of Year	<u>\$ 10,303,532</u>	<u>\$ 3,125,984</u>	230

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 increased by \$7.178 as a result of the Patriot Hall Redevelopment project and specifically the \$8.2 million general obligation bond and \$465 thousand premium received at issuance.

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 had capital and related financing with \$14.9 million in debt issuance. The College used \$6.8 million for debt payments, including the refunded bonds.

Investing Activities

The College earned \$30 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, Grants/Financial Aid fund, Auxiliary fund and Unexpended Plant funds. 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.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole (Continued)

Capital Assets and Debt

The College's investment in capital assets as of June 30, 2015, amounted to \$33.2 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 Redevelopment of Patriot Hall is in phase three of the Facilities Master Plan with \$7.990 million authorized in 2013 legislation in SB 5507 and the voters approved an \$8.2 million general obligation bond in November 2014. Construction began in July 2015 with completion anticipated winter 2017.

The College has loans for a waterline for the MERTS property, energy improvements, PERS pension obligations, tax anticipation note, and facilities bonds obligations. The total outstanding on this debt at June 30, 2015 was \$35.9 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 2015 is \$10.313 billion. The General Obligation Bonds, Series 2009, for \$5 million has \$4.380 million and Series 2015, for \$8.2 million outstanding debt subject to the limit. The district has a low 8.13% issued compared to total debt capacity.

Real Market Value (Fiscal Year 2015)	\$ 10,313,180,487
Debt Capacity	
General Obligation Debt Capacity (1.50% of Real Market Value)	\$ 154,697,707
Less: Outstanding Debt Subject to Limit	<u>(12,580,000)</u>
Remaining General Obligation Debt Capacity	\$ 142,117,707
Percent of Capacity Issued	8.13%

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole (Continued)

Debt Ratios

Fiscal Year 2015

Real Market Value	\$ 10,313,180,487		
Estimated Population	37,474		
Per Capita Real Market Value	\$ 275,209		
Gross Direct			
Debt Information	Debt⁽¹⁾	Net Direct Debt	
District Direct Debt	\$ 35,875,174	\$	35,875,174
Overlapping Direct Debt	N/A		N/A
Total Direct Debt	<u>\$ 35,875,174</u>	<u>\$</u>	<u>35,875,174</u>
Bonded Debt Ratios			
District Direct Debt to Real Market Value	0.35%		0.35%
Total Direct Debt to Real Market Value	0.35%		0.35%
Per Capita District Direct Debt	\$ 957	\$	957
Per Capita Total Direct Debt	\$ 957	\$	957

(1) see Note 9 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 governance structure to inform all constituent groups about resources and spending. The 2015-16 general fund operating budget was developed using guiding principles and priorities to invest in student retention and support services. State funding for community colleges has improved significantly in the 2015-17 to \$2.308 million and \$2.325 million, respectively, based on a \$550 million community college funding level. The state support funding represents approximately 22% of the College's annual revenue based on the funding formula allocation. The College's percentage of total formula allocation has increased from .74% in 2014 to .84% in 2015. Alternative revenue sources and establishing community partnerships while reducing expenditures will continue to be necessary to ensure expenditures are within available resources. Significant expenditure reductions were made in FY12 and sustained in FY13. Efforts to invest in retention and student support services have been a focus of budget development in FY14 and FY15. Rebuilding the general fund ending fund balance to 15% in five years is a strategic priority.

In August 2014, an advance refunding of Full Faith and Credit Obligation (FFCO) issued in 2006 was completed. The advance refunding reduces annual debt payments by an average of \$30 thousand and will save more than \$315 thousand over the remaining debt term. Timber revenue provides resources to meet debt service obligations.

Local property tax information (Summary of Property Tax Collections 2014-15) indicates a 2.8% increase in the total certified tax amount for 2015 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.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the College as a Whole (Continued)

Economic Factors and Next Year's Budget (Continued)

Fall 2015 enrollment reports indicate a decrease of approximately 7% in student enrollment compared to fall 2014. Efforts to increase student retention and support services have been a priority with the addition of an enrollment coordinator and advising specialist. The Patriot Hall Redevelopment Project represents phase 3 of the facilities master plan with the 2013 legislation approving \$7.990 million for the project. The College matched the \$7.990 million with a voter approved \$8.2 million general obligation bond on November 4, 2014. Project completion is anticipated in late fall 2016 and open for winter term 2017.

Restoring the general fund reserve to 15% continues to be a priority for fiscal sustainability and to meet cash flow requirements, which requires close monitoring of actual revenue and expenditures. All three collective bargaining agreements have been successfully and timely completed, which provides administration planning/projection clarity through FY16.

Requests for Information

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

Vice President, Finance and Operations
Clatsop Community College
1651 Lexington Avenue
Astoria, OR 97103

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Primary Government	Component Unit Clatsop Community College Foundation
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,928,168	\$ 271,929
Restricted Cash and Investments	375,364	2,733,309
Receivables:		
Property Taxes	470,631	-
Governmental	1,216,143	-
Student Receivables, Net	578,497	-
Contributions	-	1,770
Inventories	140,003	-
Notes Receivable	7,583,779	-
Accrued Interest Receivable	1,983,335	-
Other	101,929	500
Total Current Assets	22,377,849	3,007,508
NONCURRENT ASSETS		
Net Pension Asset	787,026	-
Capital Assets - Net	33,178,538	-
Total Noncurrent Assets	33,965,564	-
Total Assets	\$ 56,343,413	\$ 3,007,508
DEFERRED OUTFLOW OF RESOURCES		
Related to Pensions	\$ 433,206	\$ -
Loss on Refunding	283,557	-
Total Deferred Outflow of Resources	\$ 716,763	\$ -

See accompanying Notes to Financial Statements.

	Primary Government	Component Unit Clatsop Community College Foundation
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 742,853	\$ -
Payroll Liabilities	777,173	-
Unearned Revenue	690,240	-
Due to Student Groups	30,000	-
Accrued Interest Payable	2,102,538	-
Other Current Liabilities	8,350	-
Current Portion of Long-Term Debt	12,827,522	-
Total Current Liabilities	<u>17,178,676</u>	<u>-</u>
NONCURRENT LIABILITIES		
Note Payable, Less Current Portion of Long-Term Debt	23,783,462	-
Other Postemployment Benefits	167,446	-
Total Noncurrent Liabilities	<u>23,950,908</u>	<u>-</u>
Total Liabilities	<u>\$ 41,129,584</u>	<u>\$ -</u>
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	<u>\$ 1,518,652</u>	<u>\$ -</u>
NET POSITION		
Capital Assets	\$ 33,178,538	\$ -
Less: Related Debt	(21,197,851)	-
Net Investment in Capital Assets	<u>11,980,687</u>	<u>-</u>
Restricted - Expendable	8,989,290	2,236,044
Restricted - Unexpendable	-	584,797
Unrestricted	<u>(6,558,037)</u>	<u>186,667</u>
Total Net Position	<u>\$ 14,411,940</u>	<u>\$ 3,007,508</u>

CLATSOP COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	<u>Primary Government</u>	<u>Component Unit Clatsop Community College Foundation</u>
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship		
Allowance of \$143,054	\$ 2,977,264	\$ -
Federal Student Financial Aid Grant	184,190	-
State Student Financial Aid Grant	194,367	-
Federal Grants and Contracts	1,456,238	-
State and Local Government Grants and Contracts	187,764	-
Other Local Sources	844,620	391,045
Auxiliary Enterprises	363,254	-
Total Operating Revenues	6,207,697	391,045
OPERATING EXPENSES		
Educational and General:		
Instruction	3,588,795	-
Instructional Support	1,342,709	-
Student Services	1,730,979	-
Institutional Support	1,909,556	-
Operation and Maintenance of Plant	1,008,599	-
Auxiliary Enterprises	401,274	-
Community Services	230,830	-
Student Financial Aid	1,990,555	-
Other Expense	144,069	421,200
Depreciation and Amortization Expense	3,213,220	-
Total Operating Expenses	15,560,586	421,200
OPERATING LOSS	(9,352,889)	(30,155)
NONOPERATING REVENUES (EXPENSES)		
State FTE Reimbursement	1,789,909	-
Property Taxes and Timber Revenues	5,538,044	-
Investment Income	353,793	-
Other Local Revenue	381,253	-
Pell Grants	1,462,862	-
Interest Expense	(1,075,253)	-
Total Nonoperating Revenues	8,450,608	-
CHANGES IN NET POSITION	(902,281)	(30,155)
Net Position - Beginning of Year	22,639,006	3,037,663
Cumulative Effect of Change in Accounting Principle	(7,324,785)	-
Net Position - Beginning of Year, Adjusted	15,314,221	3,037,663
NET POSITION - END OF YEAR	\$ 14,411,940	\$ 3,007,508

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015**

	Primary Government	Component Unit Clatsop Community College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 3,003,726	\$ -
Paid to Students	(1,990,555)	-
Grants and Contracts	919,619	-
Aid Received for Students	378,557	-
Payments to Vendors	(3,040,253)	-
Payments to Employees	(7,970,866)	-
Other	729,959	(36,147)
Auxiliary Enterprises	(38,020)	-
Net Cash Used by Operating Activities	<u>(8,007,833)</u>	<u>(36,147)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes and Timber Revenues	5,594,373	-
State Appropriations and Other Payments	1,789,909	-
Nonoperating Grants	381,253	-
Other Local Revenue	1,462,862	-
Direct Lending Receipts	1,026,838	-
Direct Lending Disbursements	(1,026,838)	-
Net Cash Provided by Noncapital Financing Activities	<u>9,228,397</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(1,203,144)	-
Loan Proceeds	14,893,615	-
Loan Principal Paid	(6,757,669)	-
Loan Interest Paid	(1,006,085)	-
Net Cash Provided by Capital and Related Financing Activities	<u>5,926,717</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>30,267</u>	<u>84,005</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>7,177,548</u>	<u>47,858</u>
Cash and Cash Equivalents - Beginning of Year	<u>3,125,984</u>	<u>224,071</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 10,303,532</u></u>	<u><u>\$ 271,929</u></u>

See accompanying Notes to Financial Statements.

	Primary Government	Component Unit Clatsop Community College Foundation
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating (Loss) Income	\$ (9,352,889)	\$ (30,155)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Used by Operating Activities:		
Depreciation and Amortization	3,098,559	-
Change in OPEB Liability	33,310	-
Realized and Unrealized (Gain) Loss on Investments	-	21,059
(Increase) Decrease in Assets:		
Receivables (Net)	(634,436)	-
Contributions Receivable	-	(1,215)
Inventories	(3,953)	-
Other Assets	(1,348)	(500)
Increase (Decrease) in Liabilities:		
Accounts Payable	49,014	(25,336)
Payroll Liabilities	(57,607)	-
Unearned Revenue	(63,485)	-
Other Current Liabilities	(3,785)	-
Pension Expense Changes Related to Net Pension Liability	(1,071,213)	-
Net Cash Used by Operating Activities	<u>\$ (8,007,833)</u>	<u>\$ (36,147)</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 9,928,168	\$ 271,929
Restricted Cash and Cash Equivalents	375,364	-
Cash and Cash Equivalents - End of Year	<u>\$ 10,303,532</u>	<u>\$ 271,929</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 directors is locally elected and is authorized to establish policies governing the operations of the College. It is legally separate and fiscally independent from all other state and local governments. The College is not included in any other governmental reporting entity.

In May 2002, the Government Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations are Component Units." This statement amends Statement No. 14, "The Financial Reporting Entity", to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by accounting principles generally accepted in the United States of America (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, 2015. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

Implementation of New Standards (GASB 68)

Effective July 1, 2014, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and the related GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. GASB 68 and GASB 71 improve the accounting and financial reporting by state and local governments for pensions.

Significant Accounting Policies

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

Basis of Accounting

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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Current restricted cash for the College consists of funds for other grant projects (\$38,315) and clubs and organizations (\$57,295) as well as capital projects. All funds of the Foundation are in depository accounts at June 30, 2015.

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

Inventories

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

Receivables

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

Property, Buildings, and Equipment

Property, buildings, and equipment with an acquisition cost in excess of \$5,000 are capitalized at cost or estimated historical cost if purchased, or estimated fair 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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 were \$339,860.

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 \$192,773 at June 30, 2015.

Tuition and Fees and Unearned Revenue

Tuition and fees include all assessments to students for educational and general purposes. It is stated net of institutional aid provided to students. The College's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2015 for the College's 2015-2016 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was \$517,328 at June 30, 2015.

Retirement Plans

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued two new pronouncements related to the accounting and financial reporting requirements for pension related expenses and liabilities. GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, replaces the requirements of GASB Statement Nos. 25 and 50 for plans administered by pension systems through trusts or equivalent arrangements, and was implemented by the Oregon Public Employees Retirement System June 30, 2014. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, replaces GASB Statement Nos. 27 and 50 for governments whose employees are provided with pensions through plans administered as trusts.

Implementation of GASBs 68 and 71 resulted in a decrease in net position of \$7,324,785 for the cumulative effect of the change in accounting as more fully described in Note 14.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Retirement Benefits

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

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

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

Other Postemployment Benefits Obligation

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

Budgetary Basis

The financial operations of the various funds of the College on a budgetary basis are presented in individual schedules of revenues, expenditures, and changes in fund balance compared with budget, in the supplemental information section of the financial statements.

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 or educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs

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

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

Classification of Revenues

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

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As mandated by Oregon statutes, a budget was prepared by the College administration and budget officer. The budget committee, with public input, considered and approved the budget for transmittal to the board of directors on May 6, 2014. After public notices and a hearing, the final budget was adopted, appropriations made, and a tax levy declared by the board of directors on June 10, 2014. The budget was amended by the board on June 9, 2015.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015, 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, 2015 were comprised of the following:

	Total Primary Government	Component Unit Clatsop Community College Foundation
Cash and Cash Equivalents:		
Cash on Hand	\$ 4,654	\$ -
Deposits	369,900	271,929
Investments	9,928,978	2,733,309
Total	<u>\$ 10,303,532</u>	<u>\$ 3,005,238</u>

Policies

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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The College reports the following investments and maturities at June 30, 2015:

	Fair Value	180 Days
Local Government Investment Pool	\$ 9,928,978	\$ 9,928,978

Custodial Credit Risk – Deposits

Custodial credit risk on deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. In order to minimize this risk, statute requires cash on deposit in any one bank not exceed federal depository insurance without procuring collateral certificates of participation from the bank's pool manager. State law requires each certificate of participation be collateralized with eligible securities up to 25% of the amount of the certificate. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2015 bank balance was exposed to custodial credit risk because it was adequately insured and collateralized. The state provides a list of qualified depositories, and the College Board approves a list of depositories from this list in July each year.

Concentration of Credit Risk

College investments are entirely maintained in the local government investment pool (LGIP). The LGIP is not rated.

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

Local Government Investment Pool

The State Treasurer of the state of Oregon maintains the Oregon Short-Term Fund (OSTF), of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At June 30, 2015, the fair value of College deposits with LGIP approximates cost. The OSTF financial statements and the OSTF Portfolio Rules can be obtained at www.ost.state.or.us.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Foundation Investments

The Foundation's investments are recorded at fair value and consisted of the following at June 30, 2015:

Bonds	\$ 585,198
Equities	1,276,149
Government Obligations	40,644
Other Assets	22,494
Real Estate Investment Trusts	26,939
Mutual Funds - Equity	630,312
Treasuries	151,573
Total Investments at Fair Value	<u>\$ 2,733,309</u>

NOTE 4 RECEIVABLES

Property Taxes

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

Levy Year	Balance June 30, 2014	Levy	Discounts, Interest, and Adjustments	Collections	Balance June 30, 2015
2014-2015	\$ -	\$ 4,484,921	\$ (124,638)	\$ 4,195,430	\$ 164,853
2013-2014	178,272	-	(744)	95,255	82,273
2012-2013	131,540	-	(566)	46,302	84,672
2011-2012	64,447	-	(386)	41,164	22,897
2010-2011	20,350	-	(445)	13,828	6,077
2009-2010	6,087	-	(849)	1,320	3,918
2008-2009	4,839	-	(885)	988	2,966
Prior	6,343	-	(1,844)	690	3,809
Total	411,878	<u>\$ 4,484,921</u>	<u>\$ (130,357)</u>	<u>\$ 4,394,977</u>	371,465
Cash in Hands of County Agent at June 30	115,082				99,165
Taxes Receivable	<u>\$ 526,960</u>				<u>\$ 470,631</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 RECEIVABLES (CONTINUED)

Governmental

The governmental receivables include \$414,105 in timber revenues and \$338,687 in various federal and state grants or contracts. In addition, the final (8th) biennium state funding payment is a receivable for \$463,351 from Community College and Workforce Development (CCWD). 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 (\$436,729), amounts owed by students in collections and amounts returned due to insufficient funds (\$161,294), and amounts owed by agencies (\$9,417) for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included (\$28,943) for student accounts. Net student accounts receivable as of June 30, 2015 was \$578,497.

Note Receivable

On September 29, 2008, the College entered into a federally approved New Market Tax Credits (NMTC) plan where Oregon Community College Association (OCCA) facilitated the transaction. OCCA entered into a note receivable from ShoreBank Cascadia Development Fund III, LLC and a note payable to the College in equal amounts of \$7,583,779. The note receivable matures September 10, 2015 and has been recorded in current assets. The transaction will not financially impact OCCA or the College.

NOTE 5 RISK MANAGEMENT

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

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

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. 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).

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

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, P.O. 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: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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.

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 (2.0% for police and fire employees, 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 results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Death Benefits

Upon the death of a non-retired 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 non-duty 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 non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) 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 changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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, 2014 is 10.24%, adjusted for the side account rate relief (7.79%).

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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:

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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 non-retired 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Contributions

The College requires members of PERS to contribute 6% of their salary covered under the plan. In addition, the College is required to contribute at an actuarially determined rate. The rate for Tier One/Tier Two employees at June 30, 2015 is 10.24% of salary covered under the plan, adjusted for side account rate relief (7.79%).

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 during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$414,249, excluding amounts to fund employer specific liabilities.

A 10-year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 58 of the June 30, 2014 PERS CAFR.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Pension expense for the year ended June 30, 2015 was \$(1,132,628). At June 30, 2015, 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
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments		(1,518,652)
Difference in proportionate share and actual employer's contributions	18,957	
System contributions subsequent to the measurement date	-	
Total	18,957	(1,518,652)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subject to the Measurement Date		(1,499,695)
Contributions Subsequent to the Measurement Date	414,249	
Net Deferred Outflow/(Inflow) of Resources		\$ (1,085,446)

Of the amount reported as deferred outflows of resources, \$414,249 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization	
2016	\$ 375,542
2017	375,542
2018	375,542
2019	375,542
2020	(2,473)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Summary of Significant Accounting Policies for PERS Reporting Entity

PERS' financial statements are prepared on the basis of 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.

Basis of Accounting

The accrual basis of accounting is used. Revenues are recognized when earned. Contributions are recognized when due, pursuant to formal commitments, as well as statutory and Board requirements. Expenses are recognized when incurred. Benefits are recognized when currently due and payable. Withdrawals are recognized in the month they are due and payable. Investments are reported at fair value.

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions:

Inflation rate 2.75%

Investment rate of return 7.75%

Projected salary increases 3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service

Mortality
Healthy retirees and beneficiaries:
RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.
Active members:
Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
Disabled retirees:
Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

(Source: June 30, 2014 PERS CAFR; p. 54)

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 above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's 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. (Source: June 30, 2014 PERS CAFR; p. 54)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Depletion Date Projection

GASB 67 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 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) 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 67 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 independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2014 PERS CAFR; p. 54)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	3.0
Total			100.0

(Source: June 30, 2014 PERS CAFR; p. 72)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation – Mean		2.75

(Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Sensitivity Analysis

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(6.75%)	(7.75%)	(8.75%)
Employers' Net Pension Liability	\$1,666,654	\$(787,026)	\$(2,862,277)

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Plan Provisions

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax because they do not reside in Oregon, and limited the 2013 post-retirement COLA to 1.5% of annual benefit.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Senate Bill 862, signed into law in October 2013, makes targeted changes such as allowing garnishment of PERS benefits for convicted felons. These changes do not significantly affect System liabilities and were not reflected in the valuation.

For GASB 67 and 68, the Total Pension Liability must be calculated based on the benefit terms legally in effect as of the relevant fiscal year-end for the plan. Due to the timing of the benefit changes, this means only Senate Bill 822 is reflected in the June 30, 2013 Total Pension Liability, but that the combined effects of Senate Bills 822 and 861 are reflected in the June 30, 2014 Total Pension Liability. The decrease in the Total Pension Liability resulting from Senate Bill 861, measured as of June 30, 2014, created a (\$2,423.6) million reduction in Plan pension liabilities.

(Source: December 31, 2012 Actuarial Valuation p. 98; Schedule of Changes in Net Pension (Asset)/Liability; PERS June 30, 2014 CAFR p. 57)

Changes in Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Actuarial Methods and Allocation Procedures (Continued)

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The “grade-in range” over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member’s actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40% for General Service members and 10% for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30% for General Service members and 5% for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman’s healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Demographic Assumptions

Healthy Mortality

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay

Assumed merit increases were lowered for School District members. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation

The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

(Source: December 31, 2012 Actuarial Valuation p.89)

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

See Schedule of Changes in Net Pension (Asset)/Liability on page 57 of the PERS June 30, 2014 CAFR.

Tax Sheltered Annuities

Voluntary tax sheltered 403(b) annuity plans are available to College employees. Regular full-time employees are eligible to participate. The maximum contribution for calendar year 2014 is \$18,000 and for calendar year 2015 is \$17,500, with higher levels for employees over age 50.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Early Retirement Plan/Postemployment Benefits

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

To be eligible, an employee must have been eligible to receive PERS retirement benefits and have been employed as a regular employee a minimum of 10 consecutive years immediately preceding application for early retirement benefits.

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

The cost of the early retirement stipend (stipend and FICA) for 2014-2015 was \$2,923 for two retirees.

Premium costs of postemployment health insurance are also subsidized; however, effective July 1, 2004, the amount is capped at the medical premium amount the College is paying for faculty and classified employees at the time of retirement. This same provision is effective for service/supervisory and administrative employees as of July 1, 2004. Coverage may also include dependents and spouses. Postemployment subsidies of premiums for health insurance are expensed as paid. The cost of the postemployment health insurance for 2014-2015 was \$59,886 for 14 retirees.

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

In accordance with the requirements of GASB Statement No. 45, the College had an independent actuarial valuation completed for this program as of June 30, 2015. The report included the plan's funded status, the ARC as defined by GASB No. 27 and GASB No. 45 for 2014-2015, an estimation of future cash flows and their present value, and an actuarial accrued liability. The College used the report of actuarial valuation as of June 30, 2015 to prepare information for the plan year ended June 30, 2015.

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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Early Retirement Plan/Postemployment Benefits (Continued)

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

	Health	Stipend	Total
Annual Required Contribution (ARC)	\$ 91,784	\$ 1,087	\$ 92,871
Interest on Net OPEB Obligation (BOY)	3,933	91	4,024
Adjustment to ARC for Net OPEB Obligation	(15,368)	(1,076)	(16,444)
Annual OPEB Cost	80,349	102	80,451
Expected Contributions	(45,550)	(1,591)	(47,141)
Increase (Decrease) in Net OPEB Obligation	34,799	(1,489)	33,310
Net OPEB Obligation - July 1, 2014	131,093	3,043	134,136
Net OPEB Obligation - June 30, 2015	<u>\$ 165,892</u>	<u>\$ 1,554</u>	<u>\$ 167,446</u>

Trend information for the annual OPEB and pension cost, the percentage of OPEB and pension cost contributed to the Plan, and the net OPEB and pension obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 126,431	\$ 116,407	92.07%	\$ 105,975
6/30/2014	125,590	100,472	80.00%	131,093
6/30/2015	80,349	45,550	56.69%	165,892

Fiscal Year Ended	Annual Pension Cost	Annual Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
6/30/2013	\$ 3,993	\$ 5,640	141.25%	\$ 2,380
6/30/2014	4,508	3,845	85.29%	3,043
6/30/2015	102	1,591	1559.80%	1,554

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Early Retirement Plan/Postemployment Benefits (Continued)

The unfunded actuarial accrued liability (UAAL) for the plans as of June 30, 2015 is provided below:

	Health	Stipend
Actuarial Value of Plan Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 606,758	\$ 3,075
Unfunded AAL	\$ 606,758	\$ 3,075
Funded Ratio	0.00%	0.00%
Covered Payroll	\$ 1,904,654	\$ -
UAAL as a % of Covered Payroll	31.86%	NA

The above noted actuarial accrued liabilities were based on the June 30, 2015 actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plans and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Entry Age Normal Cost Method is used to determine the actuarial accrued liability and the normal cost. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level dollar basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year. The present value of benefits for current retirees plus the accumulated value of all prior normal costs is the actuarial accrued liability. The excess of the actuarial accrued liability over plan assets is the unfunded actuarial accrued liability (UAAL). The total UAAL for the OPEB plan is amortized over a 10-year open amortization period and the UAAL for the stipend plan is amortized over a three-year open amortization period. Under this method, the actuarial gains (losses), as they occur, reduce (increase) the UAAL while leaving the normal cost unchanged.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Early Retirement Plan/Postemployment Benefits (Continued)

The following assumptions were made:

Interest discount – A 3.0% discount rate is used based on the assumption that the College's OPEB and stipend plans will remain unfunded.

Premiums – Health care premiums for future retirees are based on blended rates of current plans, assuming that future election patterns will follow those made by current retirees.

Trends – Medical premiums increase by 8% in 2016-17 and then 0.5% less each subsequent year until they are increasing at 5% per year.

Insurance cap – The College's insurance cap was negotiated in the faculty contract through June 30, 2016. Increases to the College's contribution cap in future years are subject to negotiation. An annual increase of 5% is assumed for the cap beyond the 2015-2016 year.

FICA tax – Stipend payments and lump sums paid under the closed plan have been increased by 7.65% to reflect the FICA tax paid by the College.

Demographic assumptions – Rates of mortality, retirement, and withdrawal are generally the same rates that were used for school district employees in the December 31, 2013 actuarial valuation of the Oregon PERS. Active employees are assumed to delay retirement until they are eligible for the early retirement plan. Once an active employee has satisfied these requirements, it is assumed that they do not terminate employment other than for retirement or death.

Covered spouse – 30% of future retirees will cover a spouse or domestic partner. Male spouses are assumed to be two years older than female spouses when date of birth is not provided.

Entrance and persistence – 100% of future retirees eligible for the college-paid OPEB plan will elect to continue their health care coverage. Of the retirees receiving subsidized health care benefits, 1% will drop coverage each year due to all causes, including mortality.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 RESTRICTED NET POSITION

Primary Government

The Jerome Campus Redevelopment Project balance includes \$8,989,290 restricted funds to be spent on the construction of the Patriot Hall Redevelopment Project.

Clatsop Community College Foundation

Restricted net position – expendable of \$2,236,044 and restricted net position – unexpendable of \$584,797 in the Foundation are primarily for scholarships.

NOTE 8 PROPERTY, BUILDINGS, AND EQUIPMENT

Primary Government

The College established an inventory of property, buildings, and equipment at estimated historical cost, from College records and efforts of an appraisal firm, as of June 30, 1988. The following changes occurred in property, buildings, and equipment owned by the College between June 30, 2014 and 2015.

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 85,535	\$ -	\$ -	\$ 85,535
Construction in Progress	-	1,736,240	-	1,736,240
Total Capital Assets not Being Depreciated	<u>85,535</u>	<u>1,736,240</u>	<u>-</u>	<u>1,821,775</u>
Capital Assets Being Depreciated:				
Buildings	41,911,560	-	-	41,911,560
Land Improvements	166,599	-	-	166,599
Equipment	2,261,412	114,364	-	2,375,776
Library Books	147,278	-	-	147,278
Total Capital Assets Being Depreciated	<u>44,486,849</u>	<u>114,364</u>	<u>-</u>	<u>44,601,213</u>
Less Accumulated Depreciation for:				
Buildings	7,704,104	3,104,760	-	10,808,864
Land Improvements	49,980	16,660	-	66,640
Equipment	2,162,494	63,377	-	2,225,871
Library Books	138,056	5,019	-	143,075
Total Accumulated Depreciation	<u>10,054,634</u>	<u>3,189,816</u>	<u>-</u>	<u>13,244,450</u>
Total Capital Assets Being Depreciated	<u>34,432,215</u>	<u>(3,075,452)</u>	<u>-</u>	<u>31,356,763</u>
Capital Assets, Net	<u>\$ 34,517,750</u>	<u>\$ (1,339,212)</u>	<u>\$ -</u>	<u>\$ 33,178,538</u>

The College fully depreciated Patriot Hall as of June 30, 2015 due to the fact the existing building was almost fully demolished in July 2015 as part of the redevelopment of Patriot Hall.

Clatsop Community College Foundation

The Foundation has no property, buildings, and equipment as of June 30, 2015.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 LONG-TERM DEBT

Tax Anticipation Note – Cash Flow

Bond payable - Revenue and Tax Anticipation Note. Bonds payable to US Bank, Trustee, for \$1,185,000 at 0.30% short-term tax and revenue anticipation promissory note, Series 2015A (Federally Taxable), maturity date December 31, 2015	\$ 1,185,000
Balance, June 30, 2015	<u>\$ 1,185,000</u>

The College has the following long-term debt arrangements:

Notes Payable – Physical Plant

Note payable to the City of Astoria for \$331,657 at 5.01% for MERTS waterline improvements, dated May 13, 1999, with semi-annual payments of \$13,223, scheduled maturity date of November 2018; secured by the improvements	\$ 105,719
Less: Principal Payments 2014-2015	<u>(21,368)</u>
Balance, June 30, 2015	<u>\$ 84,351</u>

Note payable to the ShoreBank Enterprise Pacific Coast III, LLC, for \$10,451,231 for New Market Tax Credits financing for the Jerome Campus Redevelopment Project, dated September 29, 2008, with one payment of \$10,451,231 due on September 10, 2015 (interest rate of 2.61865%); secured by certain pledged accounts	\$ 10,451,231
Less: Principal Payments 2014-2015	<u>-</u>
Balance, June 30, 2015	<u>\$ 10,451,231</u>

Bonds Payable – Facilities

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

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds Payable – Facilities (Continued)

Refunding in 2014 - US Bank 2014 Full Faith & Credit Bond payable to Wells Fargo, Trustee, for \$7,500,000 at 4.25% for acquisition of land, site preparation, and development costs for a new campus in the greater Astoria region of Oregon, and to pay the costs of issuance of the obligations, dated August 3, 2006, with scheduled interest and principal payments due semi-annually through June 30, 2016	\$ 700,000
Less: Principal Payments 2014-2015	(345,000)
Balance, June 30, 2015	<u>\$ 355,000</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	\$ 4,805,000
Less: Principal Payments 2014-15	(65,000)
Balance, June 30, 2015	<u>\$ 4,740,000</u>

General Obligation Bonds, Series 2009, payable to Wells Fargo, Trustee, for \$5,000,000 at 3.0% to 4.2%, dated February 3, 2009, with scheduled interest and principal payments due semi-annually through June 30, 2029	\$ 4,550,000
Less: Principal Payments 2014-2015	(170,000)
Balance, June 30, 2015	<u>\$ 4,380,000</u>

General Obligation Bonds, Series 2015, 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	\$ 8,200,000
Less: Principal Payments 2014-2015	-
Balance, June 30, 2015	<u>\$ 8,200,000</u>

General Obligation Bonds, Series 2009 and 2015, respectively, qualified to participate in the Oregon School Bond Guaranty program in order to secure lower interest costs on general obligation bonds. Series 2009 has \$4.38 million outstanding at June 30, 2015. Series 2015 has \$8.2 million outstanding at June 30, 2015. 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”).

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds Payable – PERS

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

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

Less: Principal Payments 2014-2015

Balance, June 30, 2015

	\$ 6,675,000
	<u>(195,000)</u>
	<u><u>\$ 6,480,000</u></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 GO Bonds, 2009		Facilities GO Bonds, 2015		Facilities NMTCC - ShoreBank	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 12,743,750	\$ 955,850	\$ 230,000	\$ 310,097	\$ 45,000	\$ 133,350	\$ 185,000	\$ 174,533	\$ 270,000	\$ 318,855	\$ 10,451,231	\$ -
2017	1,243,662	841,136	270,000	299,418	415,000	132,450	200,000	167,133	335,000	239,350	-	-
2018	1,309,862	806,399	310,000	286,882	425,000	124,150	215,000	161,133	335,000	232,650	-	-
2019	1,377,900	767,945	355,000	272,489	435,000	115,650	235,000	153,533	340,000	225,950	-	-
2020	1,445,000	722,976	405,000	256,006	445,000	102,600	250,000	145,220	345,000	219,150	-	-
2021-2025	8,755,000	2,731,472	2,890,000	936,972	2,440,000	304,350	1,570,000	559,500	1,855,000	930,650	-	-
2026-2030	6,435,000	961,516	2,020,000	175,848	535,000	16,050	1,725,000	186,718	2,155,000	582,900	-	-
2031-2035	2,565,000	235,500	-	-	-	-	-	-	2,565,000	235,500	-	-
	<u>\$ 35,875,174</u>	<u>\$ 8,022,794</u>	<u>\$ 6,480,000</u>	<u>\$ 2,537,712</u>	<u>\$ 4,740,000</u>	<u>\$ 928,600</u>	<u>\$ 4,380,000</u>	<u>\$ 1,547,770</u>	<u>\$ 8,200,000</u>	<u>\$ 2,985,005</u>	<u>\$ 10,451,231</u>	<u>\$ -</u>

	City of Astoria		Facilities Wells Fargo, 2006		Tax Anticipation Note Wells Fargo	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 22,519	\$ 3,927	\$ 355,000	\$ 15,088	\$ 1,185,000	\$ -
2017	23,662	2,785	-	-	-	-
2018	24,862	1,584	-	-	-	-
2019	12,900	323	-	-	-	-
2020	-	-	-	-	-	-
2021-2025	-	-	-	-	-	-
2026-2030	-	-	-	-	-	-
2031-2035	-	-	-	-	-	-
	<u>\$ 83,943</u>	<u>\$ 8,619</u>	<u>\$ 355,000</u>	<u>\$ 15,088</u>	<u>\$ 1,185,000</u>	<u>\$ -</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Other Long-Term Obligation – Facilities

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

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

	\$ 164,148
Less: Payments 2014-2015	(131,301)
Balance, June 30, 2015	\$ 32,847

Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

	July 1, 2014 Beginning Balance	Additions	Reductions	June 30, 2015 Ending Balance	Due Within One Year
Notes Payable	\$ 10,556,950	\$ -	\$ 21,368	\$ 10,535,582	\$ 10,473,787
Bonds Payable	16,480,000	13,005,000	5,330,000	24,155,000	1,085,000
Bond Premium	113,601	703,615	114,661	702,555	50,888
Tax Anticipation Note	1,275,000	1,185,000	1,275,000	1,185,000	1,185,000
Other Long-Term Obligations	164,148	-	131,301	32,847	32,847
Total	\$ 28,589,699	\$ 14,893,615	\$ 6,872,330	\$ 36,610,984	\$ 12,827,522

NOTE 10 OPERATING LEASES

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

	Total	Key Government		US Bank Copiers	LEAF Copiers	Solutions YES Copiers	Olstedt SCC
		DSL MERTS	Dock				
2016	\$ 65,375	\$ 13,563	\$ 328	\$ 7,896	\$ 5,160	\$ 18,914	\$ 19,514
2017	66,267	13,970	337	7,896	5,160	18,914	19,990
2018	50,478	14,389	347	5,264	5,160	4,729	20,589
2019	23,829	14,821	358	-	1,720	-	6,930
2020	15,635	15,266	369	-	-	-	-
2021-2025	85,067	83,478	1,589	-	-	-	-
2026-2030	96,774	96,774	-	-	-	-	-
2031-2035	21,131	21,131	-	-	-	-	-
	\$ 424,556	\$ 273,392	\$ 3,328	\$ 21,056	\$ 17,200	\$ 42,557	\$ 67,023

Lease expense for the year ended June 30, 2015 was \$62,025.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 BOARD CONFLICT INTEREST

The College's board of directors is made up of seven elected members. The College did not purchase any supplies from any of the board members during fiscal year 2014-2015.

NOTE 12 SUBSEQUENT EVENTS

Pension Obligation Liability

On April 30, 2015 the Oregon Supreme court ruled in the Moro decision that the provisions of SB861, signed into law in October 2013 which limited the post-retirement COLAs on benefits accrued prior to the signing of the law, were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive COLAs tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	Prior to Moro	After Moro (Estimated)
Total Pension Liability	\$ 63,135	\$ 68,050
Fiduciary Net Position	65,402	65,400
Net Pension Liability (Asset)	\$ (2,267)	\$ 2,650

The College's Proportionate Share of the Statewide Pension Plan at MD:	0.0347212%
The College's Net Pension (Asset) Prior to Moro (Full Dollars):	\$ (787,026)
Estimated Net Pension Liability at MD After Moro (Full Dollars):	\$ 920,112

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Patriot Hall Redevelopment project has the following pre-construction contracts and balances as of June 30, 2015:

Carlson Testing	\$ 76,107
GRI	\$ 33,301
Jaques, AI	\$ 64,800
OTAK	\$ 15,647
P&C Construction	\$ 912,488
SRG	\$ 732,108
TRC	\$ 1,225

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLES

Accounting and Financial Reporting for Pensions as required by implementation of GASB 68 and GASB 71 resulted in a restatement decreasing Net Position as of June 30, 2014 by \$7,324,785.

Net Position, June 30, 2014, as previously reported	\$22,639,006
Cumulative affect of application of GASB 68 and 71, Net Pension Liability	(1,369,633)
Write off of pension asset related to the Pension Bond as a result of implementation of GASB 68	<u>(5,955,152)</u>
Net Position, June 30, 2014, as Restated	<u><u>\$15,314,221</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Governmental Accounting Standards Board Statement No. 68 (GASB 68) is an accounting standard governing financial reporting by governmental entities that participate in pension plans and is effective for the fiscal year ended June 30, 2015. The schedule of contributions are \$414 and \$402 thousand, respectively.

**Clatsop Community College
SCHEDULE OF CONTRIBUTIONS
For the last two fiscal years**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 414,249	\$ 414,249	\$ -	\$ 6,298,140	6.58%
2014	\$ 402,261	\$ 402,261	\$ -	\$ 6,164,785	6.53%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

At June 30, 2015, the College has a pension asset of \$787 thousand. District covered payroll is \$6.3 and \$6.1 million, respectively.

**Clatsop Community College
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the last two fiscal years**

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District'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
2015	0.03472124%	\$ (787,026)	\$ 6,298,140	-12.50%	103.60%
2014	0.03472124%	\$ 1,771,876	\$ 6,164,785	28.74%	91.97%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
YEAR ENDED JUNE 30, 2015**

OPEB

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	EAN Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / (c)
June 30, 2009	\$ -	\$ 1,274,469	\$ 1,274,469	0.00%	\$ 3,274,850	38.92%
June 30, 2012	-	935,435	935,435	0.00%	2,225,470	42.03%
June 30, 2015	-	606,758	606,758	0.00%	1,904,654	31.86%

Pension

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	EAN Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / (c)
June 30, 2009	\$ -	\$ 85,850	\$ 85,850	0.00%	\$ -	NA
June 30, 2012	-	15,308	15,308	0.00%	-	NA
June 30, 2015	-	3,075	3,075	0.00%	-	NA

SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2015**

ASSETS	Current Funds		Plant Funds				Long-Term Debt	Clubs and Organizations Fund	Total All Primary Funds (Memorandum Only)
	Unrestricted	Restricted	Unexpended	JCRP/Patriot Hall	Retirement of Indebtedness	Investment in Plant			
Cash and Investments	\$ 762,974	\$ 38,315	\$ 279,754	\$ 8,989,290	\$ -	\$ -	\$ 175,904	\$ 57,295	\$ 10,303,532
Receivables:									
Property Taxes	470,631	-	-	-	-	-	-	-	470,631
Governmental	1,216,143	-	-	-	-	-	-	-	1,216,143
Student Receivables (Less Allowance for Doubtful Accounts)	578,497	-	-	-	-	-	-	-	578,497
Inventories	140,003	-	-	-	-	-	-	-	140,003
Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
Note Receivable from Auxiliary Funds	205,000	-	-	-	-	-	-	-	205,000
Note Receivable from OCCA	-	-	-	9,567,114	-	-	-	-	9,567,114
Property, Buildings, and Equipment:									
Land	-	-	-	-	-	85,535	-	-	85,535
Construction in Progress	-	-	-	-	-	1,736,240	-	-	1,736,240
Land Improvements	-	-	-	-	-	166,599	-	-	166,599
Accumulated Depreciation	-	-	-	-	-	(66,640)	-	-	(66,640)
Buildings	-	-	-	-	-	41,911,560	-	-	41,911,560
Accumulated Depreciation	-	-	-	-	-	(10,808,864)	-	-	(10,808,864)
Equipment	-	-	-	-	-	2,375,776	-	-	2,375,776
Accumulated Depreciation	-	-	-	-	-	(2,225,871)	-	-	(2,225,871)
Library Books	-	-	-	-	-	147,278	-	-	147,278
Accumulated Depreciation	-	-	-	-	-	(143,075)	-	-	(143,075)
Net Pension Asset	787,026	-	-	-	-	-	-	-	787,026
Other Assets	59,440	37,334	5,155	-	-	-	-	-	101,929
Total Assets	<u>\$ 4,219,714</u>	<u>\$ 75,649</u>	<u>\$ 284,909</u>	<u>\$ 18,556,404</u>	<u>\$ -</u>	<u>\$ 33,178,538</u>	<u>\$ 175,904</u>	<u>\$ 57,295</u>	<u>\$ 56,548,413</u>
Deferred Outflow of Resources									
PERS	\$ 433,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,206
Loss on Refunding	-	-	-	283,557	-	-	-	-	283,557
Total Deferred Outflows	<u>\$ 433,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 716,763</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	\$ 742,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742,853
Accrued Liabilities	777,173	-	-	-	-	-	-	-	777,173
Miscellaneous Deposits	3,021	-	-	-	-	-	-	-	3,021
Due to Student Groups and Agencies	30,000	-	-	-	-	-	-	-	30,000
Short-Term Note Payable	1,185,000	-	-	-	-	-	-	-	1,185,000
Deferred Revenues	557,296	75,649	-	-	-	-	-	57,295	690,240
Accrued Interest Payable	-	-	-	109,424	-	-	-	-	109,424
Other Miscellaneous Liabilities	-	-	-	702,555	-	-	-	-	702,555
Other Liabilities	5,329	-	-	-	-	-	-	-	5,329
Long-Term Debt:									
Note Payable to General Fund	205,000	-	-	-	-	-	-	-	205,000
Note Payable to ShoreBank (NMTC)	-	-	-	12,477,192	-	-	-	-	12,477,192
Other Postemployment Benefits	167,446	-	-	-	-	-	-	-	167,446
Bond Payable	-	-	-	17,675,000	-	-	6,480,000	-	24,155,000
Waterline Improvement Note to City of Astoria	-	-	-	-	-	84,351	-	-	84,351
Total Liabilities	<u>3,673,118</u>	<u>75,649</u>	<u>-</u>	<u>30,964,171</u>	<u>-</u>	<u>84,351</u>	<u>6,480,000</u>	<u>57,295</u>	<u>41,334,584</u>
PERS Deferred Inflow	1,518,652	-	-	-	-	-	-	-	1,518,652
Fund Balances									
Unrestricted	(538,850)	-	284,909	-	-	-	(6,304,096)	-	(6,558,037)
Restricted - Expendable	-	-	-	8,989,290	-	-	-	-	8,989,290
Net Investment in Plant	-	-	-	(21,113,500)	-	33,094,187	-	-	11,980,687
Total Fund Balances	<u>(538,850)</u>	<u>-</u>	<u>284,909</u>	<u>(12,124,210)</u>	<u>-</u>	<u>33,094,187</u>	<u>(6,304,096)</u>	<u>-</u>	<u>14,411,940</u>
Total Liabilities and Fund Balances	<u>\$ 3,134,268</u>	<u>\$ 75,649</u>	<u>\$ 284,909</u>	<u>\$ 18,839,961</u>	<u>\$ -</u>	<u>\$ 33,178,538</u>	<u>\$ 175,904</u>	<u>\$ 57,295</u>	<u>\$ 55,746,524</u>

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015**

	Current Funds			Plant Funds			Debt Service Fund	Clubs and Organizations Fund	Total All Funds (Memorandum Only)	
	Unrestricted	Restricted	Total	Unexpended	JCRP/Patriot Hall	Retirement of Indebtedness				Investment in Plant
REVENUES										
Local Sources	\$ 4,329,425	\$ 243,168	\$ 4,572,593	\$ 855,692	\$ -	\$ 350,131	\$ -	\$ 604,248	\$ -	\$ 6,382,664
State Appropriations	1,789,909	382,131	2,172,040	-	-	-	-	-	-	2,172,040
Government Grants and Contracts	2,785	4,130,128	4,132,913	-	-	-	-	-	-	4,132,913
Tuition and Fees	3,103,985	16,333	3,120,318	-	-	-	-	-	-	3,120,318
Investment Income	11,138	-	11,138	3,098	338,217	-	-	1,340	-	353,793
Auxiliary Revenue	363,254	-	363,254	-	-	-	-	-	-	363,254
Other Additions	228,974	69,167	298,141	-	53,890	-	1,871,972	-	26,438	2,250,441
Total Revenues	9,829,470	4,840,927	14,670,397	858,790	392,107	350,131	1,871,972	605,588	26,438	18,775,423
EXPENDITURES AND MANDATORY TRANSFERS										
Educational and General:										
Instruction	3,491,291	97,504	3,588,795	-	-	-	-	-	-	3,588,795
Instructional Support	964,869	492,204	1,457,073	-	-	-	-	-	-	1,457,073
Student Services	884,432	832,319	1,716,751	-	-	-	-	-	14,228	1,730,979
Institutional Support (Admin.)	1,845,822	63,486	1,909,308	-	-	-	-	-	248	1,909,556
Operation and Maintenance of Plant	988,053	-	988,053	-	-	20,546	-	-	-	1,008,599
Auxiliary Enterprises	401,274	-	401,274	-	-	-	-	-	-	401,274
Community Services	7,242	208,946	216,188	-	-	-	-	-	14,642	230,830
Depreciation and Amortization Expense	-	-	-	-	23,404	-	3,189,816	-	-	3,213,220
Expended for Equipment and Facilities	-	-	-	-	1,054,741	601,432	-	-	-	1,656,173
Interest Expense	-	-	-	-	435,507	320,595	-	319,151	-	1,075,253
Pension Expense	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	100	244,034	1,250	-	120	-	245,504
Financial Aid	143,054	3,017,393	3,160,447	-	-	-	-	-	-	3,160,447
Total Educational and General	8,726,037	4,711,852	13,437,889	100	1,757,686	943,823	3,189,816	319,271	29,118	19,677,703
NONMANDATORY TRANSFERS, NET	23,934	(21,254)	2,680	1,543,301	(949,609)	(593,692)	-	-	(2,680)	-
NET INCREASE (DECREASE) IN FUND BALANCES	1,079,499	150,329	1,229,828	(684,611)	(415,970)	-	(1,317,844)	286,317	-	(902,280)
FUND BALANCE - JUNE 30, 2014										
Unrestricted	(399,045)	-	(399,045)	22,909	-	-	-	(635,261)	-	(1,011,397)
Restricted - Expendable	-	-	-	946,611	1,565,339	-	-	-	-	2,511,950
Net Investment in Plant	-	-	-	-	(13,273,579)	-	34,412,031	-	-	21,138,452
Prior Period Adjustment GASB 68	(1,219,304)	(150,329)	(1,369,633)	-	-	-	-	(5,955,152)	-	(7,324,785)
FUND BALANCE - JUNE 30, 2015	\$ (538,850)	\$ -	\$ (538,850)	\$ 284,909	\$(12,124,210)	\$ -	\$ 33,094,187	\$ (6,304,096)	\$ -	\$ 14,411,940

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET
YEAR ENDED JUNE 30, 2015**

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
State Sources	\$ 1,789,909	\$ -	\$ 1,789,909	\$ 1,713,574	\$ 76,335
Federal Sources	2,785	-	2,785	5,000	(2,215)
Local Sources:					
Current Year Property Taxes	3,831,007	-	3,831,007	3,900,000	(68,993)
Prior Years Property Taxes	198,588	-	198,588	210,000	(11,412)
Tuition and Fees	3,103,985	-	3,103,985	3,448,200	(344,215)
All Other	539,942	-	539,942	1,008,620	(468,678)
Total Revenues	<u>9,466,216</u>	<u>-</u>	<u>9,466,216</u>	<u>10,285,394</u>	<u>(819,178)</u>
EXPENDITURES					
Instruction	3,491,291	442,726	3,934,017	3,940,929	(6,912)
Support Services	4,683,176	595,121	5,278,297	5,757,408	(479,111)
Public Service	7,242	34	7,276	9,373	(2,097)
All Other	143,054	-	143,054	576,238	(433,184)
Total Expenditures	<u>8,324,763</u>	<u>1,037,881</u>	<u>9,362,644</u>	<u>10,283,948</u>	<u>(921,304)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	1,141,453	(1,037,881)	103,572	1,446	102,126
OTHER FINANCING SOURCES (USES)					
Transfers In	22,454	-	22,454	22,374	80
Transfers Out	(23,934)	-	(23,934)	(23,820)	(114)
Total Other Financing Sources (Uses)	<u>(1,480)</u>	<u>-</u>	<u>(1,480)</u>	<u>(1,446)</u>	<u>(34)</u>
NET CHANGES IN FUND BALANCE					
	1,139,973	(1,037,881)	102,092	-	102,092
Fund Balance - Beginning of Year (Restated)	<u>(877,210)</u>	<u>20,163</u>	<u>611,853</u>	<u>-</u>	<u>611,853</u>
FUND BALANCE - END OF YEAR	<u>\$ 262,763</u>	<u>\$ (1,017,718)</u>	<u>\$ 713,945</u>	<u>\$ -</u>	<u>\$ 713,945</u>

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

General Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2015

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Bookstore Sales	\$ 284,920	\$ 3,148	\$ 288,068	\$ 653,557	\$ (365,489)
All Other	78,334	22,748	101,082	49,129	51,953
Total Revenues	<u>363,254</u>	<u>25,896</u>	<u>389,150</u>	<u>702,686</u>	<u>(313,536)</u>
EXPENDITURES					
Total Instruction	63,750	-	63,750	65,352	(1,602)
Total Support Services	325,144	-	325,144	580,128	(254,984)
Total Public Service	12,380	-	12,380	34,744	(22,364)
Total Expenditures	<u>401,274</u>	<u>-</u>	<u>401,274</u>	<u>680,224</u>	<u>(278,950)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(38,020)	25,896	(12,124)	22,462	(34,586)
OTHER FINANCING SOURCES (USES)					
Transfers In	16,193	-	16,193	16,188	5
Transfers Out	(38,647)	-	(38,647)	(38,650)	3
Sources (Uses)	<u>(22,454)</u>	<u>-</u>	<u>(22,454)</u>	<u>(22,462)</u>	<u>8</u>
NET CHANGES IN FUND BALANCE	(60,474)	25,896	(34,578)	-	(34,578)
Fund Balance - Beginning of Year	<u>(524,435)</u>	<u>210,347</u>	<u>(314,088)</u>	<u>-</u>	<u>(314,088)</u>
FUND BALANCE - END OF YEAR	<u>\$ (584,909)</u>	<u>\$ 236,243</u>	<u>\$ (348,666)</u>	<u>\$ -</u>	<u>\$ (348,666)</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 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Restricted Fund	GAAP Actual	GAAP Adjustments	Actual Amount	Budgeted Amount	Over (Under) Budget
REVENUES					
Federal Sources	\$ 4,130,128	\$ -	\$ 4,130,128	\$ 4,782,346	\$ (652,218)
State Sources	382,131	-	382,131	266,055	116,076
Local Sources	249,349	-	249,349	237,148	12,201
Tuition and Fees	16,333	-	16,333	22,401	(6,068)
Other	62,986	-	62,986	371,279	(308,293)
Total Revenues	<u>4,840,927</u>	<u>-</u>	<u>4,840,927</u>	<u>5,679,229</u>	<u>(838,302)</u>
EXPENDITURES					
Total Instruction	97,504	12,468	109,972	115,000	(5,028)
Total Support Services	1,388,009	116,777	1,504,786	1,816,475	(311,689)
Total Public Service	208,946	20,631	229,577	275,000	(45,423)
All Other	3,017,393	453	3,017,846	3,478,304	(460,458)
Total Expenditures	<u>4,711,852</u>	<u>150,329</u>	<u>4,862,181</u>	<u>5,684,779</u>	<u>(822,598)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	129,075	(150,329)	(21,254)	(5,550)	(15,704)
OTHER FINANCING SOURCES (USES)					
Transfers In	21,254	-	21,254	5,550	15,704
NET CHANGES IN FUND BALANCE	150,329	(150,329)	-	-	-
Fund Balance - Beginning of Year (Restated)	<u>(150,329)</u>	<u>150,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Restricted Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2015

Unexpended Plant Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Investment Income	\$ 341,315	\$ (323,526)	\$ 17,789	\$ 5,000	\$ 12,789
Timber Sales	855,692	-	855,692	630,000	225,692
Other	53,890	8,632,912	8,686,802	2,995,000	5,691,802
Total Revenues	<u>1,250,897</u>	<u>8,309,386</u>	<u>9,560,283</u>	<u>3,630,000</u>	<u>5,930,283</u>
EXPENDITURES					
All Other Expenditures	<u>1,757,786</u>	<u>(426,982)</u>	<u>1,330,804</u>	<u>3,000,000</u>	<u>(1,669,196)</u>
Total Expenditures	<u>1,757,786</u>	<u>(426,982)</u>	<u>1,330,804</u>	<u>3,000,000</u>	<u>(1,669,196)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(506,889)	8,736,368	8,229,479	630,000	7,599,479
OTHER FINANCING SOURCES (USES)					
Transfers In from ASH and GO Bond	9,487,275	-	9,487,275	8,920,000	567,275
Transfers Out to Debt Service	(593,692)	-	(593,692)	(630,000)	36,308
Transfers Out to Project	<u>(9,487,275)</u>	<u>-</u>	<u>(9,487,275)</u>	<u>(8,920,000)</u>	<u>(567,275)</u>
Total Other Financing Sources (Uses)	<u>(593,692)</u>	<u>-</u>	<u>(593,692)</u>	<u>(630,000)</u>	<u>36,308</u>
NET CHANGES IN FUND BALANCE					
	(1,100,581)	8,736,368	7,635,787	-	7,635,787
Fund Balance - Beginning of Year	<u>(10,738,720)</u>	<u>15,778,645</u>	<u>(3,274,884)</u>	<u>-</u>	<u>3,274,884</u>
FUND BALANCE - END OF YEAR					
	<u>\$ (11,839,301)</u>	<u>\$ 24,515,013</u>	<u>\$ 4,360,903</u>	<u>\$ -</u>	<u>\$ 10,910,671</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 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES	\$ 350,131	\$ -	\$ 350,131	\$ 350,133	\$ (2)
EXPENDITURES	943,823	-	943,823	980,133	(36,310)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(593,692)	-	(593,692)	(630,000)	36,308
OTHER FINANCING SOURCES (USES)					
Transfers in from Unexpended Plant	593,692	-	593,692	630,000	(36,308)
Total Other Financing Sources (Uses)	593,692	-	593,692	630,000	(36,308)
NET CHANGES IN FUND BALANCE	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

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 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Other Local Revenue	\$ 604,248	\$ -	\$ 604,248	\$ 513,272	\$ 90,976
Investment Income	1,340	-	1,340	1,000	340
Total Revenues	605,588	-	605,588	514,272	91,316
EXPENDITURES					
Total Other Uses	319,271	66,050	385,321	514,272	(128,951)
Total Expenditures	319,271	66,050	385,321	514,272	(128,951)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	286,317	(66,050)	220,267	-	220,267
NET CHANGES IN FUND BALANCE	286,317	(66,050)	220,267	-	220,267
Fund Balance - Beginning of Year (Restated)	(6,590,413)	341,110	(294,151)	-	(294,151)
FUND BALANCE - END OF YEAR	\$ (6,304,096)	\$ 275,060	\$ (73,884)	\$ -	\$ (73,884)

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 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

<u>Clubs and Organizations Fund</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Over (Under) Budget</u>
REVENUES			
Fees	\$ 26,438	\$ 76,639	\$ (50,201)
Total Revenues	<u>26,438</u>	<u>76,639</u>	<u>(50,201)</u>
EXPENDITURES			
Total Support Services	248	547	(299)
Total Other	14,228	38,243	(24,015)
Total Public Service	14,642	41,349	(26,707)
Total Expenditures	<u>29,118</u>	<u>80,139</u>	<u>(51,021)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,680)	(3,500)	820
OTHER FINANCING SOURCES (USES)			
Transfers In	3,712	6,679	(2,967)
Transfers out	(1,032)	(3,179)	2,147
Total Other Financing Sources (Uses)	<u>2,680</u>	<u>3,500</u>	<u>(820)</u>
NET CHANGES IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clubs and Organizations Fund

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

AUDITORS' COMMENTS AND REPORTS

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
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, 2015, and have issued our report thereon dated January 12, 2016.

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 aggregate 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:

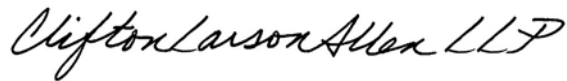
- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of 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 directors, 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
January 12, 2016



Nancy Jones, CPA
Principal
Oregon License #73132
Municipal License #1558



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

Board of Directors
Clatsop Community College
Astoria, Oregon

We have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate discretely presented component unit of Clatsop Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clatsop Community College's basic financial statements, and have issued our report thereon dated January 12, 2016. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clatsop Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clatsop Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Clatsop Community College's internal control.

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
January 12, 2016



Nancy Jones, CPA
Principal
Oregon License #73132
Municipal License #1558

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

Board of Directors
Clatsop Community College
Astoria, Oregon

Report on Compliance for Each Major Federal Program

We have audited Clatsop Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Clatsop Community College's major federal programs for the year ended June 30, 2015. Clatsop Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Clatsop Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clatsop Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Clatsop Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Clatsop Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

Clatsop Community College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clatsop Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Clatsop Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clatsop Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clatsop Community College's internal control over compliance.

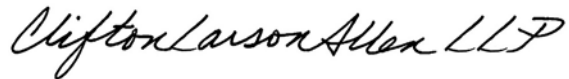
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003 that we consider to be significant deficiencies.

Board of Directors
Clatsop Community College

Clatsop Community College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clatsop Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
January 12, 2016



Nancy Jones, CPA
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**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Name of Agency or Department	CFDA No.	Name of Program	Pass-Through Entity Identifying Number	Total Awards Expended
Primary Governmental Agency - Clatsop Community College				
U.S. Department of the Interior National Park Service				
	15.956	Cultural Resource Management	P15AC00060	\$ 14,186
Total U.S. Department of the Interior National Park Service				\$ 14,186
U.S. Department of Labor				
Passed through Dept. of Community Colleges & Workforce Development:				
	17.267	Incentive Grants - WIA Section 503 Trade Adjustment Assistance Community	IGRA0694	\$ 32,790
Passed through Clackamas Community College				
	17.282	College & Career Training	None	268,151
Total U.S. Department of Labor				300,941
National Endowment for the Arts				
Passed through Oregon Humanities				
	45.129	Promotion for the Humanities-Federal State partnership	589	5,408
Total National Endowment for the Arts				5,408
Small Business Administration				
Passed through the Oregon Small Business Development Center Network Office				
	59.037	Small Business Development Center	14-144	31,550
Total Small Business Administration				31,550
U.S. Department of Education				
Direct:				
Student Financial Aid Cluster:				
	84.007	Federal Supplement Education Opportunity Grants		96,216
	84.033	Federal Work Study		87,974
	84.063	Federal Pell Grant Program		1,462,862
	84.268	Federal Direct Loans		1,026,838
Total Student Financial Aid Cluster				2,673,890
TRIO Grant Cluster:				
	84.042A	Student Support Services		331,588
	84.044A	Talent Search		275,132
	84.047A	Upward Bound		273,238
Total TRIO Cluster				879,958
Subtotal Direct Programs				3,553,848
Passed through Dept. of Community Colleges & Workforce Development:				
	84.002	Adult Education - State Grant Program	EE131408	109,972
	84.048	Vocational Education - Basic Grants to States	27361/27392	114,223
Total Passed Through				224,195
Total U.S. Dept. of Education				3,778,043
Total Expenditures of Federal Awards for Clatsop Community College				\$ 4,130,128

See accompanying Note to Schedule of Expenditures of Federal Awards.

**CLATSOP COMMUNITY COLLEGE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Clatsop Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of, the basic financial statements.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Student Financial Aid Cluster:

84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loans

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

Auditee qualified as low-risk auditee? yes no

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings

There were no findings required to be reported relating to financial statements for the fiscal year ended June 30, 2015.

Section III - Federal Award Findings and Questioned Costs

Finding 2015-001

Program Information

Student Financial Aid Cluster:

84.063

Federal Pell Grant Program

84.268

Federal Direct Loans

U.S. Department of Education

Criteria

Federal regulation requires that students receive the full amount of need based aid that they qualify for prior to any other aid and that Pell grants be paid retroactively for any completed payment periods within an award year that the student was eligible for payment.

Condition Found and Context

[X] *Compliance Finding (Eligibility)* [X] *Significant Deficiency* [] *Material Weakness*

During our testing, we noted 1 out of the 40 students tested did not receive a retroactive Pell award for a term they earned an "F". Also, 2 out of the 40 students tested, did not receive their full subsidized loans prior to being awarded unsubsidized loans.

Effect

The College did not award all need based aid the students were eligible for prior to other aid. The college also did not award a student Pell funds they were entitled to by completing a term even though they did not pass any credits they attempted.

Cause

One student attended all of summer and received an incomplete grade for a single course. The student did not resolve outstanding course requirements by the end of the fall term. The grade defaulted to the instructor-awarded "F" for summer term. The College did not retroactively disburse a Pell Grant for summer term. The two students who received less than they were eligible for in subsidized loans was due to students being classified as first year though they had enough credits prior to the term to be classified as a second year and thus eligible for increased subsidized loans.

Questioned Costs

\$2,479

Recommendation

We recommend that the College put a process in place to ensure student classifications are properly identified in the system prior to awarding and that students who are awarded late, receive all funds they are entitled to for all terms.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-001 (Continued)

Views of responsible officials and planned corrective actions

Explanation of disagreement with audit finding:

There is no disagreement with the audit finding.

Actions planned in response to finding:

The two Direct Loans that were incorrectly awarded have been corrected through the appropriate Federal process.

Institutional financial aid policies have been revised to ensure enhanced monitoring of student credit completion and academic levels. Monitoring will be done through the use of institutional software "Grad Path". Grad Path is used by academic advisors to monitor student progress towards a degree. Financial aid staff have not relied on this before, instead relying on credit levels provided through the financial aid module of the RogueNet integrated system.

Financial aid recipients with incompletes at the end of a term are monitored through the financial aid Satisfactory Academic Progress policy. The Pell student in question did not apply for financial aid or have financial aid eligibility determined until the fall term. Financial Aid was not aware of the incomplete received for summer. If the student had financial aid eligibility for summer term, the incomplete would have been monitored. At time of establishing financial aid eligibility during the fall term, the student had not yet received an F for the class, this occurred at the end of the fall term. The student is an outlier in the financial aid process.

Grad Path lists credits completed towards a program of study and status of incomplete grades.

Responsible party:

Director of Financial Aid

Planned completion date for corrective action plan:

January 8, 2016

Plan to monitor completion of corrective action plan:

Planned actions have been done and are in place at this time. Monitoring of financial aid recipients using "Grad Path" is occurring as eligibility is determined for new student financial aid awards to ensure correct academic levels and status of previously received incomplete grades. As a long term solution, Rogue Community College has been contacted for an analysis of the accuracy of the data displayed in the RogueNet financial aid module.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-002

Program Information

Student Financial Aid Cluster:
84.268 Federal Direct Loans
U.S. Department of Education

Criteria

Federal regulation requires the effective date of status changes reported to NSLDS to be the actual date that the status took effect and to update graduates from withdrawn once the degree is conferred. Federal regulations also require the College to update within 10 days any error files returned from a roster file submission.

Condition Found and Context

[X] *Compliance Finding (Special Tests)* [X] *Significant Deficiency* [] *Material Weakness*

During our testing, we noted 2 out of the 25 NSLDS status changes did not report the correct effective date and 2 out of the 25 were not updated from withdrawn to graduate. Also, all roster submissions had error files returned which were not resolved.

Effect

The College did not use the actual date of enrollment status changes as the effective date for NSLDS enrollment status changes, graduates were not updated from withdrawn, and error files were not corrected within 10 days. This could affect the date for which payment is due back to the government and the grace period received.

Cause

The date the registrar was aware of the change in status or made the withdrawal official is the effective date that was reported; however, the effective date should be the last date of an academically related activity. The cause of the graduates not being updated and the error files from roster submissions not being corrected within the required 10 days was due to the College using the National Student Clearinghouse (NSC) to report to NSLDS for what NSC had reporting issues throughout the year. These errors were reported in their compliance report.

Questioned Costs

None

Recommendation

We recommend that the College put a process in place to ensure student enrollment status changes be reported with accurate effective dates and that they work with NSC to ensure they have corrected their processes to properly report. We also recommend they also evaluate if they should continue to use NSC as a third party reporting for their NSLDS reporting requirements.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-002 (Continued)

Views of responsible officials and planned corrective actions

Explanation of disagreement with audit finding:

There is no disagreement with the audit finding.

Actions planned in response to finding:

To address the issue of associated with reporting the effective date (last date of academic activity), the Registrar's Office will work with the Vice President of Instruction and Student Affairs to improve participation and accuracy of instructor reporting of student attendance including first week reporting to registrar, improved early alert reporting of in-term absenteeism to advising office, timely last date of attendance reporting, and reviewing attendance reporting for open-entry classes.

To address issues with third party vendor, National Student Clearinghouse, college will review options of direct reporting to NSLDS and associated costs. The registrar's office will provide graduate list to financial aid office after third party submission to verify correct status update has been recorded within NSLDS (January, April, July, and September). Office of Financial Aid will pursue direct access to SSCRs from NSLDS to bypass third party issues, and inform error resolution process in a more timely manner.

Responsible party:

Registrar

Planned completion date for corrective action plan:

Resolution of two reported errors within NSLDS will be corrected January 2016. All other actions to be implemented January 2016.

Plan to monitor completion of corrective action plan:

- Provide graduate list to financial aid office after third party submission to verify correct status update within NSLDS (January, April, July, and September).
- Pursue obtaining/downloading duplicate SSCR's bypassing reliance on NSC.
- Quarterly updates to regarding instructor provided information regarding attendance reporting.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-003

Program Information

Student Financial Aid Cluster:

84.268

Federal Direct Loans

U.S. Department of Education

Criteria

Federal regulation requires that for first time loan borrowers, the first disbursement not be made until at least 30 days after the start of their first term.

Condition Found and Context

[X] *Compliance Finding (Eligibility)* [X] *Significant Deficiency* [] *Material Weakness*

During our testing, we noted 2 out of the 40 students tested were first time borrowers who received their first disbursement 29 days after the beginning of their first term.

Effect

The College did not follow the federal requirement to delay disbursements for first time loan borrowers until at least 30 days after the start of their first term.

Cause

Both students were marked as first time loan borrowers in the College's system, though for one disbursement date, it was set to disburse 29 days instead of 30 days after the start of the term.

Questioned Costs

None

Recommendation

We recommend that the College put a process in place to review the settings within the financial aid software to ensure that settings when selected will properly administer the federal programs. We also recommend that a review process be put in place to ensure that first time loan borrowers are not disbursed funds prior to 30 days after the start of their first term.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-003 (Continued)

Views of responsible officials and planned corrective actions

Explanation of disagreement with audit finding:

There is no disagreement with the audit finding.

Actions planned in response to finding:

Extensive research into the finding has been conducted. Clatsop financial aid has worked with the institutional integrated data system vendor, Rogue Community College to determine why the correct first time borrower disbursement date was not populating correctly in the financial aid module of the RogueNet system. A system programming error was identified that allowed the incorrect date to be automatically used in a limited number of first time student loan originations, even though the correct date was imputed into the system by Clatsop staff.

The RogueNet financial aid module has been corrected in regards to disbursement dates of first time loan borrowers.

Responsible party:

Director of Financial Aid

Planned completion date for corrective action plan:

January 8, 2016

Plan to monitor completion of corrective action plan:

System programming has been accomplished ensuring that the correct dates for Federal Direct Loan disbursements are consistent with federal regulations. Financial Aid staff are monitoring the loan origination and disbursement process on an ongoing basis.

**CLATSOP COMMUNITY COLLEGE
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings

None recorded.

Section III - Federal Award Findings and Questioned Costs

Finding 2014-001

Program Information

Student Financial Aid Cluster:

84.268

Federal Direct Loans

U.S. Department of Education

Condition Found and Context

[X] *Compliance Finding (Special Tests)* [X] *Significant Deficiency* [] *Material Weakness*

During our testing, we noted 12 out of the 25 NSLDS status changes tested were not properly reported. Statuses reported did not use the correct effective date along with some not reporting the correct enrollment status. Also, some of the status changes were not done timely.

Recommendation

We recommend that the College put a process in place to ensure student enrollment status changes be reported with accurate effective dates and in a timely manner by ensuring the data input into the Student Information System is accurate.

Status

See current year finding 2015-002.