

CLATSOP COMMUNITY COLLEGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2013

**Clatsop Community College
Clatsop County, Oregon**

Annual Financial Statements

Year Ended June 30, 2013



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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, 2013, 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 was 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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of other postemployment benefits (OPEB) funding progress on pages 4 through 10 and 36 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.

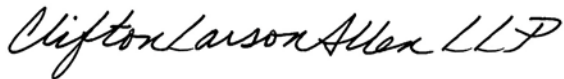
Other Information

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 14, 2014, 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.



CliftonLarsonAllen LLP

Bellevue, Washington
January 14, 2014



John T. Fisher, CPA, CGFM
Principal
Oregon License #9781
Municipal License #1305

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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 2012-2013 academic year, total reported reimbursable FTEs were 1,326.52 as contrasted to 1,437.62 in the 2011-2012 academic year. After the state applied a "hold-harmless" factor to fall term enrollment, 2012-2013 FTE enrollment used for calculation of the state grants-in-aid was 1,360.23 vs. 1,479 in 2011-12. As FTE enrollment for which the College was reimbursed by the state's enrollment management formula was capped at 1,354, the 6.23 FTE above the cap was unfunded for academic year 2012-2013.
- Significant expenditure reductions in FY12 resized the institution and provided fiscal sustainability in a biennium where state support declined to \$395 million state-wide, down from \$500 million in the 2007-09 biennium. The 2012-13 planning priorities included restoring employee compensation according to collectively bargained agreements including employees receiving cost of living increases, professional development funding, and no furlough days.
- During the 2012-13 fiscal year, the College provided more than \$6 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	\$ 99,500
Federal SEOG	96,216
Federal Pell Grant	2,651,158
Federal Direct Student Loans	2,545,765
CCC Foundation Scholarships	120,445
Oregon Need Grant	306,150
Institutional Waivers and Grants	202,650
Total Financial Aid Provided to Students	<u><u>\$ 6,021,884</u></u>

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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. 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, 2013.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 2013 compared to 2012

	<u>2013</u>	<u>2012</u>	<u>Percent Change</u>
ASSETS			
Current Assets	\$ 4,252,909	\$ 3,553,030	20 %
Noncurrent Assets:			
Other Noncurrent Assets	16,236,725	16,110,271	1
Capital Assets, Net of Depreciation	<u>35,514,388</u>	<u>36,500,194</u>	(3)
Total Assets	<u>\$ 56,004,022</u>	<u>\$ 56,163,495</u>	(0)
LIABILITIES			
Current Liabilities	\$ 5,456,477	\$ 4,280,885	27
Long-Term Debt, Noncurrent Portion	<u>27,423,055</u>	<u>28,220,054</u>	(3)
Total Liabilities	32,879,532	32,500,939	1
NET POSITION			
Investment in Capital Assets, Net of Related Debt	21,799,214	22,185,509	(2)
Temporarily Restricted	2,608,206	2,797,399	(7)
Unrestricted	<u>(1,282,930)</u>	<u>(1,320,352)</u>	(3)
Total Net Position	<u>23,124,490</u>	<u>23,662,556</u>	(2)
Total Liabilities and Net Position	<u>\$ 56,004,022</u>	<u>\$ 56,163,495</u>	(0)

At June 30, 2013, the College's assets were approximately \$56 million. The College's current assets of \$4.3 million were less than current liabilities of \$5.5 million. This represents a current ratio of 0.78, in comparison to .84 in the prior year. Efforts to improve cash flow by reducing expenditures have been, and continue to be, addressed. Cash and investments of \$1.75 million represent 41 percent of the current assets while \$2.2 million is made up of receivables from property taxes, governmental receivables, and student receivables. Other noncurrent assets increased to \$16.2 million from \$16.1 million in 2012. Capital assets decreased to \$35.5 million compared to \$36.5 million in 2012.

The College's current liabilities of \$5.5 million consist primarily of payroll, various payables for operations, deferred revenues, and the current portion of long-term debt: waterline to MERTS, pension bond obligations, and facilities bond obligations. Noncurrent liabilities decreased by \$797 thousand and consists of long-term debt: waterline to MERTS, pension bond obligations, facilities bond obligations, and the liability to record Other Post Employment Benefits (OPEB).

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Financial Analysis of the College as a Whole (Continued)

Within net position, the "investment in capital assets, net of related debt" amounts to \$21.8 million, a decrease of \$386 thousand over the prior year. This amount represents the College's plant and equipment, less accumulated depreciation and related debt. The \$2.608 million temporarily restricted net asset represents the ASH Funds restricted for phase 3 of the strategic plan dedicated to the Health and Wellness Center and the balance in the JCRP fund.

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 2013 compared to 2012

	2013	2012	Percent Change
Total Operating Revenues	\$ 6,578,061	\$ 6,600,031	(0)%
Total Operating Expenses	15,853,859	16,192,152	(2)
Operating Loss	(9,275,798)	(9,592,121)	(3)
Nonoperating Revenues, Net	8,737,732	9,347,630	(7)
Total Increase (Decrease) in Net Position	(538,066)	(244,491)	120
Net Position - Beginning of Year	23,662,556	23,907,047	(1)
Net Position - End of Year	\$ 23,124,490	\$ 23,662,556	(2)

Revenues

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from federal, state, other local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled \$3.371 million, net of scholarship allowances (see page 13 for more detail). Financial aid, grants, and contracts (not including Pell grants) totaled \$2.0 million. Auxiliary services consist of operations that furnish goods or services to students, faculty, staff, or the general public and charge a fee directly related to the cost of these goods or services. They consist of bookstore, café and vessel/vehicle operations. Auxiliary services revenue amounted to \$462 thousand. Other local sources were \$772 thousand.

The College's major sources of nonoperating revenue are from property taxes and timber revenues (\$5.127 million), funding for operations from the state of Oregon (\$1.022 million), and Pell grants for students (\$2.651 million). Investment income of \$319 thousand consists primarily of interest earned on the note receivable that is tied to the New Market Tax Credit debt.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Financial Analysis of the College as a Whole (Continued)

Expenses

Operating expenses totaling nearly \$16 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is instruction and instructional support (34 percent). Student financial aid represents 21 percent which includes federal, state, and institutional aid to students to pay the costs of education. Student services expenses (12 percent) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (15 percent) represents the operational aspects of the College, including the administration, business office, and computer services. The following chart shows expenses by category and percentage change compared to 2012 for the College:

	<u>2013 Actual Expense</u>	<u>2012 Actual Expense</u>	<u>Percent Change</u>
Educational and General:			
Instruction	\$ 3,950,342	\$ 4,301,286	(8)%
Instructional Support	1,393,711	1,199,379	16
Student Services	1,857,515	1,878,232	(1)
Institutional Support	2,302,952	2,279,472	1
Operation and Maintenance of Plant	1,115,394	1,219,338	(9)
Auxiliary Enterprises	497,030	563,457	(12)
Community Services	209,281	207,623	1
Student Financial Aid	3,285,299	3,305,124	(1)
Other Expense	1,501	1,490	1
Pension Amortization Expense	115,000	114,384	1
Amortization of Bond Costs	44,357	44,357	-
Depreciation Expense	1,081,477	1,078,010	-
Total Operating Expenses	<u>\$ 15,853,859</u>	<u>\$ 16,192,152</u>	(2)

Statement of Cash Flows

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

Fiscal year 2013 compared to 2012

	<u>2013</u>	<u>2012</u>	<u>Percent Change</u>
Cash Provided (Used) by:			
Operating Activities	\$ (8,521,094)	\$ (8,210,768)	4 %
Noncapital Financing Activities	9,490,355	10,339,263	(8)
Capital and Related Financing Activities	(689,728)	(2,595,605)	(73)
Investing Activities	16,750	17,106	(2)
Net Increase/(Decrease) in Cash and Cash Equivalents	296,283	(450,004)	(166)
Cash and Cash Equivalents - Beginning of Year	2,450,276	2,900,280	(16)
Cash and Cash Equivalents - End of Year	<u>\$ 2,746,559</u>	<u>\$ 2,450,276</u>	12

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Financial Analysis of the College as a Whole (Continued)

Operating Activities

The major sources of funds included in operating activities include student tuition and fees, federal financial aid, grants and contracts, and auxiliary enterprises. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. The College used \$310 thousand more in cash this year to sustain its operations than in the prior year, an increase of 4 percent from 2012.

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. Approximately \$849 thousand less in cash was provided by noncapital financing activities than in the prior year.

Capital Financing Activities

The College used \$690 thousand for capital construction and debt payments.

Investing Activities

The College earned \$16,750 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 and Clubs and Organizations 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.

Capital Assets and Debt

The College's investment in capital assets as of June 30, 2013, amounted to \$35.5 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. The College has completed a \$29 million capital construction project which has included the demolition of a building, construction of a new building, renovation of an existing building, and major infrastructure work to improve the campus utilities. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for a waterline for the MERTS property, energy improvements, PERS pension obligations, tax anticipation note, and facilities bonds obligations. The total outstanding on this debt at June 30, 2013 was \$29.3 million.

**CLATSOP COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Economic Factors and Next Year's Budget

Small signs of economic improvement provide optimism for a fiscally sustainable future. State funding for community colleges has improved significantly from \$395 million in 2011-2013 to \$480 million in 2013-15. The state support funding represents only 13 percent of the College's annual revenue based on the funding formula allocation. The College's percentage of total formula allocation has reduced from 1.71 percent in 2008 to .66 percent in 2013. 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 including staffing reductions through attrition, early retirement, and layoff. Rebuilding the general fund ending fund balance to 15 percent in five years is a strategic priority.

Local property tax information (Summary of Property Tax Collections 2012-13) indicates a 1 percent increase in the total certified tax amount for 2013 in Clatsop County. County officials are predicting the total property tax assessed value increase will not grow by the statutory 3 percent in the next budgeting period with a 1 percent increase seen as reasonable.

Fall 2013 enrollment reports indicate a small decline in enrollment compared to fall 2012, which is consistent with Oregon community college enrollment trends. The completion of the \$29 million capital project in June 2012 has provided an improved learning environment for students and faculty to reach their educational goals.

State and local funding will continue to be a challenge for the College, and students can only be asked to carry a portion of the burden. The revenue outlook continues to improve; however, expenditure levels will require constant monitoring to ensure spending is within budget. 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 Ave.
Astoria, OR 97103

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Government	Component Unit Clatsop Community College Foundation
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,692,674	\$ 279,066
Restricted Cash and Investments	61,871	2,453,196
Receivables:		
Property Taxes	561,784	-
Governmental	968,850	-
Student Receivables, Net	658,391	-
Contributions	-	8,852
Inventories	164,125	-
Other	145,214	-
Total Current Assets	4,252,909	2,741,114
NONCURRENT ASSETS		
Restricted Cash and Investments	992,014	-
Unamortized Bond Issuance Costs	229,706	-
Notes Receivable	7,583,779	-
Accrued Interest Receivable	1,347,224	-
Net Pension Asset	6,084,002	-
Capital Assets - Net	35,514,388	-
Total Noncurrent Assets	51,751,113	-
Total Assets	\$ 56,004,022	\$ 2,741,114

See accompanying Notes to Financial Statements.

	Primary Government	Component Unit Clatsop Community College Foundation
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 85,749	\$ 1,180
Payroll Liabilities	705,108	-
Unearned Revenue	795,859	-
Due to Student Groups	30,000	-
Accrued Interest Payable	1,419,132	-
Other Current Liabilities	20,253	-
Current Portion of Long-Term Debt	2,400,376	-
Total Current Liabilities	<u>5,456,477</u>	<u>1,180</u>
NONCURRENT LIABILITIES		
Unamortized Bond Premiums	122,591	-
Note Payable, Less Current Portion of Long-Term Debt	27,192,109	-
Other Postemployment Benefits	108,355	-
Total Noncurrent Liabilities	<u>27,423,055</u>	<u>-</u>
Total Liabilities	32,879,532	1,180
NET POSITION		
Capital Assets	35,514,388	-
Less: Related Debt	<u>(13,715,174)</u>	<u>-</u>
Investment in Capital Assets, Net of Related Debt	21,799,214	-
Restricted - Expendable	2,608,206	2,018,392
Restricted - Unexpendable	-	584,597
Unrestricted	<u>(1,282,930)</u>	<u>136,945</u>
Total Net Position	<u>23,124,490</u>	<u>2,739,934</u>
Total Liabilities and Net Position	<u>\$ 56,004,022</u>	<u>\$ 2,741,114</u>

CLATSOP COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

	Primary Government	Component Unit Clatsop Community College Foundation
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$202,650	\$ 3,371,346	\$ -
Federal Student Financial Aid Grant	195,716	-
State Student Financial Aid Grant	306,150	-
Federal Grants and Contracts	1,396,424	-
State and Local Government Grants and Contracts	74,361	-
Other Local Sources	772,259	526,284
Auxiliary Enterprises	461,805	-
Total Operating Revenues	6,578,061	526,284
OPERATING EXPENSES		
Educational and General:		
Instruction	3,950,342	-
Instructional Support	1,393,711	-
Student Services	1,857,515	-
Institutional Support	2,302,952	-
Operation and Maintenance of Plant	1,115,394	-
Auxiliary Enterprises	497,030	-
Community Services	209,281	-
Student Financial Aid	3,285,299	-
Other Expense	1,501	376,107
Amortization of Bond Costs	44,357	-
Net Pension Amortization Expense	115,000	-
Depreciation Expense	1,081,477	-
Total Operating Expenses	15,853,859	376,107
OPERATING (LOSS) INCOME	(9,275,798)	150,177
NONOPERATING REVENUES (EXPENSES)		
State FTE Reimbursement	1,022,361	-
Property Taxes and Timber Revenues	5,127,036	-
Investment Income	318,763	-
Other Local Revenue	766,522	-
Pell Grants	2,651,158	-
Interest Expense	(1,148,108)	-
Total Nonoperating Revenues	8,737,732	-
INCREASE (DECREASE) IN NET POSITION	(538,066)	150,177
Net Position - Beginning of Year	23,662,556	2,589,757
NET POSITION - END OF YEAR	\$ 23,124,490	\$ 2,739,934

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

	Primary Government	Component Unit Clatsop Community College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 3,522,543	\$ -
Paid to Students	(3,285,299)	-
Grants and Contracts	958,774	-
Aid Received for Students	501,866	-
Payments to Vendors	(2,279,574)	-
Payments to Employees	(8,676,439)	-
Other	772,260	(76,395)
Auxiliary Enterprises	(35,225)	-
Net Cash Used by Operating Activities	(8,521,094)	(76,395)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes and Timber Revenues	5,063,850	-
State Appropriations and Other Payments	1,022,361	-
Nonoperating Grants	2,651,158	-
Other Local Revenue	752,986	-
Direct Lending Receipts	2,545,765	-
Direct Lending Disbursements	(2,545,765)	-
Net Cash Provided by Noncapital Financing Activities	9,490,355	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(91,125)	-
Loan Proceeds	1,595,000	-
Loan Principal Paid	(1,345,066)	-
Loan Interest Paid	(848,537)	-
Net Cash Used by Capital and Related Financing Activities	(689,728)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income (Loss)	16,750	(49,759)
NET DECREASE IN CASH AND CASH EQUIVALENTS	296,283	(126,154)
Cash and Cash Equivalents - Beginning of Year	2,450,276	405,220
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,746,559	\$ 279,066

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	\$ (9,275,798)	\$ 150,177
Adjustments to Reconcile Operating (Loss) Income to Net Cash Used by Operating Activities:		
Depreciation	1,081,477	-
Pension Amortization	115,000	-
Bond Cost Amortization	44,357	-
Change in OPEB Liability	8,376	-
Realized and Unrealized (Gain) Loss on Investments	-	(141,263)
(Increase) Decrease in Assets:		
Receivables (Net)	(264,045)	-
Contributions Receivable	-	18,053
Inventories	(23,775)	-
Other Assets	(36,387)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(6,081)	(103,362)
Payroll Liabilities	(73,595)	-
Unearned Revenues	(96,768)	-
Other Current Liabilities	6,145	-
Net Cash Used by Operating Activities	<u>\$ (8,521,094)</u>	<u>\$ (76,395)</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 1,692,674	\$ 279,066
Restricted Cash and Equivalents	1,053,885	-
Cash and Cash Equivalents - End of Year	<u>\$ 2,746,559</u>	<u>\$ 279,066</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 GASB Statements No.14 and No. 39, the College includes one discretely presented component unit in its financial statements: the Clatsop Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation had an audit for the fiscal year ended June 30, 2013. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

Implementation of New Standards (GASB 62 and 63)

Effective July 1, 2012, the College implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The College has already been following these standards.

Effective July 1, 2012, the College implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. As a result, net assets is now net position, the statement of net assets is now the statement of net position and the statement of net revenues, expenses, and changes in net assets is now the statement of revenues, expenses, and changes in net position.

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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Cash and Cash Equivalents

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

Restricted Cash and Investments

Current restricted cash for the College consists of funds for other grant projects (\$9,147) and clubs and organizations (\$52,724). Noncurrent restricted cash consists of the Adult Student Housing (ASH) funds for phase 3 of the strategic plan dedicated to the Health and Wellness Center (\$992,014). All funds of the Foundation are in depository accounts at June 30, 2013.

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 market value at the time received in the case of gifts.

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

Computers and Other Technical Equipment	3 Years
Vehicles and All Other Equipment	7 Years
Library Materials and Land Improvements	10 Years
Building and Improvements	40 Years

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 were \$231,731.

Compensated Absences

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

Effective July 1, 2004, classified employees may only carry forward the number of vacation hours they have accrued in the previous year. The amount of accrued vacation for classified employees at June 30, 2013 was \$50,459.

Effective July 1, 2005, the same requirement was implemented for service and supervisory and administrative employees. The amount of accrued vacation for service and supervisory employees at June 30, 2013 was \$170,655.

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 \$221,114 at June 30, 2013.

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, 2013 for the College's 2013-2014 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was \$628,885 at June 30, 2013.

Retirement Plans

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

Special Retirement Benefits

Until July 1, 2004, the College offered 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Retirement Benefits (Continued)

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:

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

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

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

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

Federal Financial Assistance Programs

The College participates in federally funded 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 22, 2012. 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 12, 2012. The budget was amended by the board on June 11, 2013.

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

	<u>General</u>	<u>Restricted (Grants/ Financial Aid)</u>	<u>Auxiliary</u>	<u>Unexpended Plant</u>	<u>Plant/Debt Service</u>	<u>Non-Plant Debt</u>
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		

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, 2013, the College exceeded budget appropriations as stated below and, therefore, was not in compliance with ORS 294.456(6). The College will monitor expenditures more closely in the future in order to avoid future violations.

Fund	Over Expenditure
General Fund – All Other Expenditures	\$ 1,049
Debt Service Fund – Expenditures	10

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, 2013, were comprised of the following:

	Total Primary Government	Component Unit Clatsop Community College Foundation
Cash and Cash Equivalents:		
Cash on Hand	\$ 5,360	\$ -
Deposits	297,604	279,066
Investments	2,443,595	2,453,196
Total	\$ 2,746,559	\$ 2,732,262

Policies

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

Interest Rate Risk – The College reports the following investments and maturities at June 30, 2013:

	Fair Value	180 Days
Local Government Investment Pool	\$ 2,443,595	\$ 2,443,595

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk on deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. In order to minimize this risk, statute requires cash on deposit in any one bank not exceed federal depository insurance without procuring collateral certificates of participation from the bank's pool manager. State law requires each certificate of participation be collateralized with eligible securities up to 25 percent 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, 2013 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, 2013, 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.

Foundation Investments

The Foundation's investments are recorded at fair value and consisted of the following at June 30, 2013:

Bonds	\$ 451,530
Equities	1,112,922
Government Obligations	126,454
Other Assets	103,161
Real Estate Investment Trusts	23,317
Mutual Funds - Equity	380,281
Treasuries	255,531
Total Investments at Fair Value	<u>\$ 2,453,196</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 RECEIVABLES

Property Taxes

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

Levy Year	Balance June 30, 2012	Levy	Discounts, Interest, and Adjustments	Collections	Balance June 30, 2013
2012-2013	\$ -	\$ 4,228,508	\$ (112,466)	\$ 3,879,074	\$ 236,968
2011-2012	210,523	-	(21,889)	79,136	109,498
2010-2011	112,087	-	(600)	41,796	69,691
2009-2010	63,631	-	(422)	29,041	34,168
2008-2009	22,015	-	(268)	11,439	10,308
2007-2008	3,223	-	(248)	770	2,205
2006-2007	1,607	-	(138)	345	1,124
Prior	6,889	-	(1,185)	362	5,342
Total	<u>419,975</u>	<u>\$ 4,228,508</u>	<u>\$ (137,216)</u>	<u>\$ 4,041,963</u>	<u>469,304</u>
Cash in Hands of County Agent at June 30	<u>78,622</u>				<u>92,480</u>
Taxes Receivable	<u>\$ 498,597</u>				<u>\$ 561,784</u>

Governmental

The governmental receivables include \$425,341 in timber revenues and \$276,727 in various federal and state grants or contracts. In addition, the final (8th) biennium state funding payment is a receivable for \$266,782 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 (\$557,072), amounts owed by students in collections and amounts returned due to insufficient funds (\$104,781), and amounts owed by agencies (\$24,807) for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included (\$28,269) for student accounts. Net student accounts receivable as of June 30, 2013 was \$658,391.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 RECEIVABLES (CONTINUED)

Long-Term 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. The transaction is not expected to 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).

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.

The College requires members of PERS to contribute 6 percent 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, 2013 is 10.24 percent of salary covered under the plan, adjusted for side account rate relief (7.79 percent).

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Public Employee Retirement System - (PERS) (Continued)

Oregon Public Service Retirement Plan – (OPSRP) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

- 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, 2013 is 10.24 percent, adjusted for the side account rate relief (7.79 percent).
- 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 percent of their annual covered salary to the IAP plan effective January 1, 2004. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 will be deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost – In 2005, the College issued pension bonds in the amount of \$7,240,000, creating a pension obligation and amortization of this obligation started in 2006. The College's annual pension cost and net pension asset for the year ended June 30, 2013, were as follows:

Annual Required Contribution (ARC)	\$ 390,655
Interest Earned on Net Pension Asset	(304,660)
Adjust to the ARC	363,387
Annual Pension Costs	449,382
Contributions Made	(334,382)
Decrease in Net Pension Asset	115,000
Net Pension Asset - Beginning of Year	6,199,002
Net Pension Asset - End of Year	\$ 6,084,002

All OPERS participating employers are required by law to submit the contributions as adopted by the PERB. For the fiscal year ended June 30, 2013, the College made required contributions to PERS (\$712,468) and funded pension obligations (\$462,848).

Fiscal Year Ended	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2007	\$ 483,465	\$ 302,273	63%	\$ 6,835,790
6/30/2008	444,784	296,460	67%	6,687,466
6/30/2009	438,979	315,372	72%	6,563,859
6/30/2010	433,584	317,057	73%	6,447,332
6/30/2011	453,991	320,045	70%	6,313,386
6/30/2012	471,220	356,836	76%	6,199,002
6/30/2013	449,382	334,382	74%	6,084,002

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 2012 is \$17,000 and for calendar year 2013 is \$17,500, with higher levels for employees over age 50.

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 2012-2013 was \$105,450 for nine 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 2012-2013 was \$105,889 for 26 retirees.

Faculty or classified employees hired on or after July 1, 2004 are not eligible to apply for or receive any early retirement benefits. Service/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, 2012. The report included the plans' funded status, the ARC as defined by GASB No. 27 and GASB No. 45 for 2012-2013, 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, 2012 to prepare information for the plan year ended June 30, 2013.

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, 2013**

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)	\$ 134,472	\$ 5,254	\$ 139,726
Interest on Net OPEB Obligation (BOY)	2,879	121	3,000
Adjustment to ARC for Net OPEB Obligation	(10,921)	(1,382)	(12,303)
Annual OPEB Cost	126,430	3,993	130,423
Actual Contributions	(116,407)	(5,640)	(122,047)
Increase (Decrease) in Net OPEB Obligation	10,023	(1,647)	8,376
Net OPEB Obligation - July 1, 2012	95,952	4,027	99,979
Net OPEB Obligation - June 30, 2013	<u>\$ 105,975</u>	<u>\$ 2,380</u>	<u>\$ 108,355</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)
6/30/2011	\$ 184,256	\$ 129,392	70.22%	\$ 84,055
6/30/2012	127,428	115,531	90.66%	95,952
6/30/2013	126,431	116,407	92.07%	105,975

Fiscal Year Ended	Annual Pension Cost	Annual Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 29,934	\$ 19,216	64.19%	\$ 9,501
6/30/2012	2,278	7,752	340.28%	4,027
6/30/2013	3,993	5,640	141.25%	2,380

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 is provided below:

	Health	Stipend
Actuarial Value of Plan Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 935,435	\$ 15,308
Unfunded AAL	\$ 935,435	\$ 15,308
Funded Ratio	0.00%	0.00%
Covered Payroll	\$ 2,225,470	\$ -
UAAL as a % of Covered Payroll	42.03%	NA

The above noted actuarial accrued liabilities were based on the June 30, 2012 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.

The following assumptions were made:

Interest discount – A 3.0 percent 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.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Early Retirement Plan/Postemployment Benefits (Continued)

Trends – Medical premiums increase by 9 percent in 2013/14 then 0.5 percent less each subsequent year until they are increasing at 5 percent 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 percent is assumed for the cap beyond the 2016-2017 year.

Historical premiums – Past premiums for single coverage are assumed to be 60 percent of the College’s cap in effect at that time. In the event that a current retiree’s coverage changes from two-party to single coverage, the College’s contribution for that retiree is projected to decrease to this assumed single premium.

FICA tax – Stipend payments and lump sums paid under the closed plan have been increased by 7.65 percent 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, 2010 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 – 35 percent 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 percent 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, one percent will drop coverage each year due to all causes, including mortality.

At the end of the 2011 calendar year, three employees ended employment with the College under a Retirement Incentive Program. These employees were given the option between two annual lump sums or a monthly stipend for 24 months. All benefits under this program are payable to a beneficiary should the former employee die before their payments expire. Because of the limited duration of this program and the fact that program benefits were in addition to (and did not replace) other retirement benefits, this program meets the definition of GASB No. 47. Liabilities due to this program are recognized in the fiscal year during which they were incurred. The present value of the liabilities attributable to this program is \$15,000 and has been recorded in current liabilities. Liabilities were valued using the assumptions described above.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 RESTRICTED NET POSITION

Primary Government

The College received funds from a settlement of a lawsuit related to student housing. These funds have been approved for use on the Health and Wellness Center which is phase 3 of the Facilities Strategic Plan. Earnings are to be used to provide or supplement student housing for the College students. As of June 30, 2013, the balance of \$992,014 is included in restricted net position - expendable. In addition, the balance includes \$1,616,192 in funds restricted for the Jerome Campus Redevelopment Project.

Clatsop Community College Foundation

Temporarily restricted net position of \$2,018,392 and permanently restricted net position of \$584,597 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, 2012 and 2013:

	June 30, 2012	Additions	Deletions	June 30, 2013
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 85,535	\$ -	\$ -	\$ 85,535
Total Capital Assets not Being Depreciated	85,535	-	-	85,535
Capital Assets Being Depreciated:				
Buildings	41,866,138	36,350	-	41,902,488
Land Improvements	166,599	-	-	166,599
Equipment	2,384,768	54,775	174,243	2,265,300
Library Books	208,201	-	69,400	138,801
Total Capital Assets Being Depreciated	44,625,706	91,125	243,643	44,473,188
Less Accumulated Depreciation for:				
Buildings	5,659,334	1,024,331	4,546	6,679,119
Land Improvements	16,660	16,660	-	33,320
Equipment	2,341,033	33,578	174,243	2,200,368
Library Books	194,020	6,908	69,400	131,528
Total Accumulated Depreciation	8,211,047	1,081,477	248,189	9,044,335
Total Capital Assets Being Depreciated	36,414,659	(990,352)	(4,546)	35,428,853
Capital Assets, Net	<u>\$ 36,500,194</u>	<u>\$ (990,352)</u>	<u>\$ (4,546)</u>	<u>\$ 35,514,388</u>

Clatsop Community College Foundation

The Foundation has no property, plant, and equipment as of June 30, 2013.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 LONG-TERM DEBT

The College has the following long-term debt arrangements:

Notes Payable – Physical Plant

Note payable to the City of Astoria for \$331,657 at 5.01% for MERTS waterline improvements, dated May 13, 1999, with semi-annual payments of \$13,223, scheduled maturity date of November 2018; secured by the improvements	\$ 145,593
Less: Principal Payments 2012-2013	(19,444)
Balance, June 30, 2013	<u><u>\$ 126,149</u></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 2012-2013	-
Balance, June 30, 2013	<u><u>\$ 10,451,231</u></u>

Bonds Payable – Facilities

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

Bond payable to Wells Fargo, Trustee, for \$7,500,000 at 4.25% for acquisition of land, site preparation, and development costs for a new campus in the greater Astoria region of Oregon, and to pay the costs of issuance of the obligations, dated August 3, 2006, with scheduled interest and principal payments due semi-annually through June 30, 2026	\$ 5,900,000
Less: Principal Payments 2012-2013	(315,000)
Balance, June 30, 2013	<u><u>\$ 5,585,000</u></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	\$ 4,825,000
Less: Principal Payments 2012-2013	(125,000)
Balance, June 30, 2013	<u><u>\$ 4,700,000</u></u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Tax Anticipation Note – Cash Flow

Bond payable - Revenue and Tax Anticipation Note. Bonds payable to Wells Fargo, Trustee, for \$1,595,000 at 0.28% short-term tax and revenue anticipation promissory note, Series 2013A, maturity date December 30, 2013

Balance, June 30, 2013 \$ 1,595,000

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 2012-2013 (130,000)
Balance, June 30, 2013 \$ 6,840,000

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

	Total		City of Astoria		PERS Bonding		Facilities		Facilities		Facilities		Tax Anticipation Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,260,430	\$ 767,016	\$ 20,430	\$ 6,016	\$ 165,000	\$ 326,812	\$ 330,000	\$ 250,056	\$ 150,000	\$ 184,132	\$ -	\$ -	\$ 1,595,000	\$ -
2015	731,467	739,793	21,467	4,979	195,000	319,151	345,000	236,031	170,000	179,632	-	-	-	-
2016	11,243,787	709,887	22,556	3,890	230,000	310,097	355,000	221,368	185,000	174,532	10,451,231	-	-	-
2017	863,700	675,577	23,700	2,746	270,000	299,418	370,000	206,281	200,000	167,132	-	-	-	-
2018	934,902	641,039	24,902	1,544	310,000	286,882	385,000	191,481	215,000	161,132	-	-	-	-
2019-2023	5,888,094	2,526,356	13,094	304	2,305,000	1,171,259	2,210,000	683,581	1,360,000	671,212	-	-	-	-
2024-2028	6,900,000	969,216	-	-	3,365,000	470,056	1,590,000	145,350	1,945,000	353,810	-	-	-	-
2029	475,000	19,950	-	-	-	-	-	-	475,000	19,950	-	-	-	-
	<u>\$ 29,297,380</u>	<u>\$ 7,048,834</u>	<u>\$ 126,149</u>	<u>\$ 19,479</u>	<u>\$ 6,840,000</u>	<u>\$ 3,183,675</u>	<u>\$ 5,585,000</u>	<u>\$ 1,934,148</u>	<u>\$ 4,700,000</u>	<u>\$ 1,911,532</u>	<u>\$ 10,451,231</u>	<u>\$ -</u>	<u>\$ 1,595,000</u>	<u>\$ -</u>

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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

	\$ 425,726
Less: Payments 2012-2013	(130,622)
Balance, June 30, 2013	\$ 295,104

Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

	July 1, 2012 Beginning Balance	Additions	Reductions	June 30, 2013 Ending Balance	Due Within One Year
Notes Payable	\$ 10,596,824	\$ -	\$ 19,444	\$ 10,577,380	\$ 20,430
Bonds Payable	17,695,000	-	570,000	17,125,000	645,000
Bond Premium	131,581	-	8,990	122,591	8,990
Tax Anticipation Note	625,000	1,595,000	625,000	1,595,000	1,595,000
Other Long-Term Obligations	425,726	-	130,622	295,104	130,956
Total	\$ 29,474,131	\$ 1,595,000	\$ 1,354,056	\$ 29,715,075	\$ 2,400,376

NOTE 10 OPERATING LEASES

The following is an analysis of operating leases for the year ended June 30:

	Key Government Virtual Server		Wells Fargo Copier	ABECO Copier Maint.	DSL		Olstedt SCC	Toyota Corolla Lease	Sunset Pool STCW Class
	Principal	Interest			MERTS	Dock			
2014	\$ 19,776	\$ 1,571	\$ 12,547	\$ 18,780	\$ 13,087	\$ 275	\$ 18,935	\$ 1,090	\$ 749
2015	20,546	800	3,137	4,695	13,480	275	19,503	-	764
2016	-	-	-	-	13,884	275	20,088	-	779
2017	-	-	-	-	14,301	275	20,691	-	795
2018	-	-	-	-	14,730	275	21,312	-	811
2019-2023	-	-	-	-	80,549	1,375	-	-	4,304
2024-2028	-	-	-	-	93,378	-	-	-	4,752
2029-2031	-	-	-	-	63,022	-	-	-	-
	\$ 40,322	\$ 2,371	\$ 15,684	\$ 23,475	\$ 306,431	\$ 2,750	\$ 100,529	\$ 1,090	\$ 12,954

Rent expense for the year ended June 30, 2013 was \$87,381.

**CLATSOP COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 BOARD CONFLICT OF 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 2012-2013.

REQUIRED SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
YEAR ENDED JUNE 30, 2013**

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%

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

SUPPLEMENTARY INFORMATION

**CLATSOP COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2013**

	Current Funds		Plant Funds				Long-Term Debt	Clubs and Organizations Fund	Total All Primary Funds (Memorandum Only)
	Unrestricted	Restricted	Unexpended	JCRP	Retirement of Indebtedness	Investment in Plant			
ASSETS									
Cash and Investments	\$ 264,028	\$ 9,147	\$ 996,040	\$ 1,439,517	\$ -	\$ -	\$ (14,897)	\$ 52,724	\$ 2,746,559
Receivables:									
Property Taxes	561,784	-	-	-	-	-	-	-	561,784
Governmental	968,850	-	-	-	-	-	-	-	968,850
Student Receivables (Less Allowance for Doubtful Accounts)	658,391	-	-	-	-	-	-	-	658,391
Inventories	164,125	-	-	-	-	-	-	-	164,125
Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
Note Receivable from Auxiliary Funds	205,000	-	-	-	-	-	-	-	205,000
Note Receivable from OCCA	-	-	-	8,931,003	-	-	-	-	8,931,003
Property, Buildings, and Equipment:									
Land	-	-	-	-	-	85,535	-	-	85,535
Land Improvements	-	-	-	-	-	166,599	-	-	166,599
Accumulated Depreciation	-	-	-	-	-	(33,320)	-	-	(33,320)
Buildings	-	-	-	-	-	41,902,488	-	-	41,902,488
Accumulated Depreciation	-	-	-	-	-	(6,679,119)	-	-	(6,679,119)
Equipment	-	-	-	-	-	2,265,300	-	-	2,265,300
Accumulated Depreciation	-	-	-	-	-	(2,200,368)	-	-	(2,200,368)
Library Books	-	-	-	-	-	138,801	-	-	138,801
Accumulated Depreciation	-	-	-	-	-	(131,528)	-	-	(131,528)
Other Assets	30,178	96,152	18,884	229,706	-	-	6,084,002	-	6,458,922
Total Assets	\$ 2,852,356	\$ 105,299	\$ 1,014,924	\$ 10,600,226	\$ -	\$ 35,514,388	\$ 6,069,105	\$ 52,724	\$ 56,209,022
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	\$ 85,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,749
Accrued Liabilities	705,108	-	-	-	-	-	-	-	705,108
Miscellaneous Deposits	3,560	-	-	-	-	-	-	-	3,560
Due to Student Groups and Agencies	30,000	-	-	-	-	-	-	-	30,000
Short-Term Note Payable	1,595,000	-	-	-	-	-	-	-	1,595,000
Deferred Revenues	637,836	105,299	-	-	-	-	-	52,724	795,859
Accrued Interest Payable	-	-	-	53,032	-	-	-	-	53,032
Other Miscellaneous Liabilities	-	-	-	122,591	-	-	-	-	122,591
Other Liabilities	16,693	-	-	295,104	-	-	-	-	311,797
Long-Term Debt:									
Note Payable to General Fund	205,000	-	-	-	-	-	-	-	205,000
Note Payable to ShoreBank (NMTC)	-	-	-	11,817,332	-	-	-	-	11,817,332
Other Postemployment Benefits	108,355	-	-	-	-	-	-	-	108,355
Bond Payable	-	-	-	10,285,000	-	-	6,840,000	-	17,125,000
Waterline Improvement Note to City of Astoria	-	-	-	-	-	126,149	-	-	126,149
Total Liabilities	3,387,301	105,299	-	22,573,059	-	126,149	6,840,000	52,724	33,084,532
Fund Balances									
Unrestricted	(534,945)	-	22,910	-	-	-	(770,895)	-	(1,282,930)
Restricted - Expendable	-	-	992,014	1,616,192	-	-	-	-	2,608,206
Net Investment in Plant	-	-	-	(13,589,025)	-	35,388,239	-	-	21,799,214
Total Fund Balances	(534,945)	-	1,014,924	(11,972,833)	-	35,388,239	(770,895)	-	23,124,490
Total Liabilities and Fund Balances	\$ 2,852,356	\$ 105,299	\$ 1,014,924	\$ 10,600,226	\$ -	\$ 35,514,388	\$ 6,069,105	\$ 52,724	\$ 56,209,022

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2013**

	Current Funds			Plant Funds			Debt Service Fund	Clubs and Organizations Fund	Total All Funds (Memorandum Only)	
	Unrestricted	Restricted	Total	Unexpended	JCRP	Retirement of Indebtedness				Investment in Plant
REVENUES										
Local Sources	\$ 4,114,031	\$ 242,403	\$ 4,356,434	\$ 699,624	\$ -	\$ 313,381	\$ -	\$ 529,856	\$ -	\$ 5,899,295
State Appropriations	1,022,361	380,511	1,402,872	-	-	-	-	-	-	1,402,872
Government Grants and Contracts	4,356	6,789,063	6,793,419	-	-	-	-	-	-	6,793,419
Tuition and Fees	3,561,741	12,255	3,573,996	-	-	-	-	-	-	3,573,996
Investment Income	9,648	-	9,648	5,790	302,015	-	-	1,310	-	318,763
Auxiliary Revenue	461,805	-	461,805	-	-	-	-	-	-	461,805
Other Additions	483,172	64,550	547,722	20,601	8,990	-	115,115	-	34,135	726,563
Total Revenues	9,657,114	7,488,782	17,145,896	726,015	311,005	313,381	115,115	531,166	34,135	19,176,713
EXPENDITURES AND MANDATORY TRANSFERS										
Educational and General:										
Instruction	3,829,638	120,704	3,950,342	-	-	-	-	-	-	3,950,342
Instructional Support	996,111	397,600	1,393,711	-	-	-	-	-	-	1,393,711
Student Services	952,914	884,820	1,837,734	-	-	-	-	-	19,781	1,857,515
Institutional Support (Admin.)	2,238,402	64,550	2,302,952	-	-	-	-	-	-	2,302,952
Operation and Maintenance of Plant	1,021,676	-	1,021,676	74,685	-	19,033	-	-	-	1,115,394
Auxiliary Enterprises	497,030	-	497,030	-	-	-	-	-	-	497,030
Community Services	3,298	191,629	194,927	-	-	-	-	-	14,354	209,281
Depreciation Expense	-	-	-	-	-	-	1,081,477	-	-	1,081,477
Expended for Equipment and Facilities	-	-	-	-	(495,016)	459,413	-	-	-	(35,603)
Amortization of Bond Costs	-	-	-	-	44,357	-	-	-	-	44,357
Interest Expense	-	-	-	-	354,589	460,671	-	332,848	-	1,148,108
Pension Amortization	-	-	-	-	-	-	-	115,000	-	115,000
Other	-	-	-	120	-	1,250	-	131	-	1,501
Financial Aid	202,650	5,831,064	6,033,714	-	-	-	-	-	-	6,033,714
Total Educational and General	9,741,719	7,490,367	17,232,086	74,805	(96,070)	940,367	1,081,477	447,979	34,135	19,714,779
NONMANDATORY TRANSFERS, NET	17,147	(1,585)	15,562	611,424	-	(626,986)	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCES	(101,752)	-	(101,752)	39,786	407,075	-	(966,362)	83,187	-	(538,066)
FUND BALANCE - JUNE 30, 2012										
Unrestricted	(433,193)	-	(433,193)	(33,077)	-	-	-	(854,082)	-	(1,320,352)
Restricted - Expendable	-	-	-	1,008,215	1,789,184	-	-	-	-	2,797,399
Net Investment in Plant	-	-	-	-	(14,169,092)	-	36,354,601	-	-	22,185,509
FUND BALANCE - JUNE 30, 2013	\$ (534,945)	\$ -	\$ (534,945)	\$ 1,014,924	\$ (11,972,833)	\$ -	\$ 35,388,239	\$ (770,895)	\$ -	\$ 23,124,490

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET
YEAR ENDED JUNE 30, 2013**

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
State Sources	\$ 1,022,361	\$ -	\$ 1,022,361	\$ 971,000	\$ 51,361
Federal Sources	4,356	-	4,356	5,000	(644)
Local Sources:					
Current Year Property Taxes	3,667,391	-	3,667,391	3,904,200	(236,809)
Prior Years Property Taxes	194,374	-	194,374	200,000	(5,626)
Tuition and Fees	3,561,741	-	3,561,741	3,962,000	(400,259)
All Other	745,085	-	745,085	1,009,000	(263,915)
Total Revenues	<u>9,195,308</u>	<u>-</u>	<u>9,195,308</u>	<u>10,051,200</u>	<u>(855,892)</u>
EXPENDITURES					
Instruction	3,829,638	28,421	3,858,059	4,042,660	(184,601)
Support Services	5,209,103	97,304	5,306,407	5,737,127	(430,720)
Public Service	3,298	11	3,309	4,656	(1,347)
All Other	202,650	-	202,650	201,601	1,049
Total Expenditures	<u>9,244,689</u>	<u>125,736</u>	<u>9,370,425</u>	<u>9,986,044</u>	<u>(615,619)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(49,381)	(125,736)	(175,117)	65,156	(240,273)
OTHER FINANCING SOURCES (USES)					
Transfers In	16,999	-	16,999	17,096	(97)
Transfers Out	(34,146)	-	(34,146)	(82,252)	48,106
Total Other Financing Sources (Uses)	<u>(17,147)</u>	<u>-</u>	<u>(17,147)</u>	<u>(65,156)</u>	<u>48,009</u>
NET CHANGES IN FUND BALANCE					
	(66,528)	(125,736)	(192,264)	-	(192,264)
Fund Balance - Beginning of Year	<u>239,111</u>	<u>296,165</u>	<u>535,276</u>	<u>-</u>	<u>535,276</u>
FUND BALANCE - END OF YEAR	<u>\$ 172,583</u>	<u>\$ 170,429</u>	<u>\$ 343,012</u>	<u>\$ -</u>	<u>\$ 343,012</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, 2013**

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Bookstore Sales	\$ 390,088	\$ 6,634	\$ 396,722	\$ 797,908	\$ (401,186)
All Other	71,717	32,561	104,278	133,773	(29,495)
Total Revenues	461,805	39,195	501,000	931,681	(430,681)
EXPENDITURES					
Total Instruction	51,272	-	51,272	122,577	(71,305)
Total Support Services	431,916	-	431,916	761,052	(329,136)
Total Public Service	13,842	-	13,842	48,052	(34,210)
Total Expenditures	497,030	-	497,030	931,681	(434,651)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,225)	39,195	3,970	-	3,970
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	-	-	-
NET CHANGES IN FUND BALANCE	(35,225)	39,195	3,970	-	3,970
Fund Balance - Beginning of Year	(455,599)	136,346	(319,253)	-	(319,253)
FUND BALANCE - END OF YEAR	<u>\$ (490,824)</u>	<u>\$ 175,541</u>	<u>\$ (315,283)</u>	<u>\$ -</u>	<u>\$ (315,283)</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, 2013**

Restricted Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
REVENUES			
Federal Sources	\$ 6,789,063	\$ 6,851,107	\$ (62,044)
State Sources	380,511	248,559	131,952
Local Sources	242,403	254,564	(12,161)
Tuition and Fees	12,255	13,000	(745)
Other	64,550	344,709	(280,159)
Total Revenues	<u>7,488,782</u>	<u>7,711,939</u>	<u>(223,157)</u>
EXPENDITURES			
Total Instruction	120,704	118,859	1,845
Total Support Services	1,346,970	1,606,890	(259,920)
Total Public Service	191,629	201,917	(10,288)
All Other	5,831,064	5,833,963	(2,899)
Total Expenditures	<u>7,490,367</u>	<u>7,761,629</u>	<u>(271,262)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,585)	(49,690)	48,105
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,585</u>	<u>49,690</u>	<u>(48,105)</u>
NET CHANGES IN FUND BALANCE	(0)	-	(0)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</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, 2013

Unexpended Plant Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Investment Income	\$ 307,805	\$ (302,015)	\$ 5,790	\$ 5,000	\$ 790
Timber Sales	699,624	-	699,624	600,000	99,624
Other	29,590	(8,990)	20,600	691,875	(671,275)
Total Revenues	<u>1,037,019</u>	<u>(311,005)</u>	<u>726,014</u>	<u>1,296,875</u>	<u>(570,861)</u>
EXPENDITURES					
All Other Expenditures	<u>(21,265)</u>	<u>226,693</u>	<u>205,428</u>	<u>685,354</u>	<u>(479,926)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	1,058,284	537,698	520,586	611,521	(90,935)
OTHER FINANCING SOURCES (USES)					
Transfers Out to Debt Service	(594,425)	-	(594,425)	(594,425)	-
Transfers Out to General Fund	(16,999)	-	(16,999)	(17,096)	(97)
Total Other Financing Sources (Uses)	<u>(611,424)</u>	<u>-</u>	<u>(611,424)</u>	<u>(611,521)</u>	<u>(97)</u>
NET CHANGES IN FUND BALANCE					
	446,860	537,698	(90,838)	-	(91,032)
Fund Balance - Beginning of Year	<u>(11,404,771)</u>	<u>14,844,724</u>	<u>(3,007,688)</u>	<u>-</u>	<u>3,007,688</u>
FUND BALANCE - END OF YEAR	<u>\$ (10,957,911)</u>	<u>\$ 15,382,422</u>	<u>\$ (3,098,526)</u>	<u>\$ -</u>	<u>\$ 2,916,656</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, 2013**

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES	\$ 313,381	\$ -	\$ 313,381	\$ 313,383	\$ (2)
EXPENDITURES	940,367	-	940,367	940,370	(3)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(626,986)	-	(626,986)	(626,987)	1
OTHER FINANCING SOURCES (USES)					
Transfers in from Unexpended Plant	594,425	-	594,425	594,425	-
Transfers in from General Fund	32,561	-	32,561	32,562	(1)
Total Other Financing Sources (Uses)	626,986	-	626,986	626,987	(1)
NET CHANGES IN FUND BALANCE	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Plant - Retirement of Indebtedness

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

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Other Local Revenue	\$ 529,856	\$ -	\$ 529,856	\$ 461,968	\$ 67,888
Investment Income	1,310	-	1,310	1,000	310
Total Revenues	531,166	-	531,166	462,968	68,198
EXPENDITURES	447,979	14,999	462,978	462,968	10
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	83,187	(14,999)	68,188	-	68,188
NET CHANGES IN FUND BALANCE	83,187	(14,999)	68,188	-	68,188
Fund Balance - Beginning of Year	(854,082)	392,259	(461,823)	-	(461,823)
FUND BALANCE - END OF YEAR	<u>\$ (770,895)</u>	<u>\$ 377,260</u>	<u>\$ (393,635)</u>	<u>\$ -</u>	<u>\$ (393,635)</u>

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

Debt Service Fund

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

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2013**

<u>Clubs and Organizations Fund</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Over (Under) Budget</u>
REVENUES			
Fees	\$ 34,135	\$ 95,042	\$ (60,907)
EXPENDITURES			
Total Support Services	-	-	-
Total Other	19,781	29,013	(9,232)
Total Public Service	14,354	66,029	(51,675)
Total Expenditures	<u>34,135</u>	<u>95,042</u>	<u>(60,907)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2013, and have issued our report thereon dated January 14, 2014.

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*, except as follows:

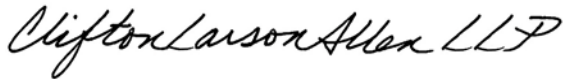
The College did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2013 as follows:

<u>Fund</u>	<u>Over Expenditure</u>
General Fund – All Other Expenditures	\$ 1,049
Debt Service Fund – Expenditures	\$ 10

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 14, 2014



John T. Fisher, CPA, CGFM
Principal
Oregon License #9781
Municipal License #1305

**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, 2013, 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 14, 2014. 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.

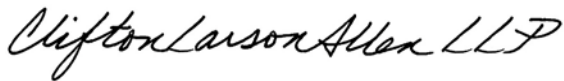
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 14, 2014



John T. Fisher, CPA, CGFM
Principal
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**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, 2013. 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, 2013.

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 2013-01, 2013-02, 2013-03, 2013-04, 2013-05, and 2013-06. Our opinion on each major federal program is not modified with respect to these matters.

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

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, as described in the accompanying schedule of findings and questioned costs as items 2013-01, 2013-02, 2013-03, 2013-04, 2013-05, and 2013-06, that we consider to be significant deficiencies.

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

Board of Directors
Clatsop Community College

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

CliftonLarsonAllen LLP

Bellevue, Washington
January 14, 2014



John T. Fisher, CPA, CGFM
Principal
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**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

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>U.S. Department of Labor</u>				
Passed through the Dept. of Community Colleges and Workforce Development	17.267	Incentive Grants - WIA Section 503	IGA0458	\$ 28,614
	17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	09-33-SEP	15,947
Passed through Clackamas Community College	17.282	Trade Adjustment Assistance Community College & Career Training		238,276
Total U.S. Department of Labor				282,837
<u>Small Business Administration</u>				
Passed through the Oregon Small Business Development Center Network Office	59.037	Small Business Development Center	12-144	31,150
Total Small Business Administration				31,150
<u>U.S. Department of Education</u>				
Direct Programs:				
Student Financial Aid Cluster	84.007	Federal Supplemental Educational Opportunity Grants		96,216
	84.033	Federal Work Study Program		99,500
	84.063	Federal Pell Grant Program		2,651,158
	84.268	Federal Direct Loans		2,545,765
Total Student Financial Aid Cluster				5,392,639
TRIO Grant Cluster	84.042A	Student Support Services		273,068
	84.044A	Talent Search		286,191
	84.047A	Upward Bound		311,945
Total TRIO Grant Cluster				871,204
Subtotal Direct Programs				6,263,843
Passed through the Dept. of Community Colleges and Workforce Development	84.002	Adult Education - State Grant Program	121308	101,747
	84.048	Vocational Education - Basic Grants to States	24826	109,486
Total Passed through the Dept. of Community Colleges and Workforce Development				211,233
Total U.S. Department of Education				6,475,076
Total Expenditures of Federal Awards for Clatsop Community College				\$ 6,789,063

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, 2013**

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 report in, or used in the preparation of, the basic financial statements.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

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, 2013**

Section II - Financial Statement Findings

There were no findings required to be reported relating to financial statements for the fiscal year ended June 30, 2013.

Section III - Federal Award Findings and Questioned Costs

Finding 2013-01

Program Information

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

Criteria

The Department of Education requires that students be notified no earlier than 30 days before and no later than 30 days after a disbursement of federal loan funds to the student's account.

Condition Found and Context

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

During our testing, 22 of the 40 students tested received loan funds. We noted notifications were not sent notifying the students of a loan disbursement being made to their account.

Effect

The College did not comply with the Department of Education's requirement to notify students of disbursements of federal loan funds.

Cause

The College believed they were notifying the students about federal fund disbursements by posting disbursements to a student's account.

Questioned Costs

None.

Recommendation

We recommend that the College put a process in place to ensure all students are timely notified of federal loan funds being disbursed to their account.

Views of Responsible Officials and Planned Corrective Actions

Beginning with Winter term 2014, all students receiving federal funds will receive email notification when funds are credited to their account.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-02

Program Information

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

U.S. Department of Education

Criteria

The Department of Education requires that once federal funds have been drawn into the College's bank account, the College has 3 business days to credit the students' accounts with those funds.

Condition Found and Context

[X] *Compliance Finding (Cash Management)* [X] *Significant Deficiencies* [] *Material Weakness*

During our testing, we noted that federal funds drawn from G5 for Oregon Coast Community College (OCCC) students did not get credited to their account within 3 business days. In addition, we noted the disbursements of federal funds on OCCC student accounts did not distinguish the funding source of those federal aid funds.

Effect

The College did not comply with the Department of Education's requirement to credit federal funds within 3 business days to students' accounts for OCCC students' federal aid. OCCC students were not provided the detail on their accounts of federal funds disbursed which would allow them to understand the amount of funds they are taking on that will need to be repaid (loans) versus not repaid (grants).

Cause

There is a delay in the drawdown roster being sent to OCCC after the draw is made and then a further delay in OCCC posting the credit to the students' accounts.

Questioned Costs

None.

Recommendation

We recommend the College put a process in place to ensure all OCCC students' federal funds are credited to the students' accounts within 3 business days. In addition, we recommend OCCC include the funding source detail for all aid payments being credited to the students' account.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-02 (Continued)

Views of Responsible Officials and Planned Corrective Actions

Beginning with Fall term 2013, the College has implemented the following changes to ensure that all OCCC student federal funds are identified individually and are posted to student accounts within 3 business days.

- 1) When the file containing federal awards is transferred to OCCC, the OCCC AR accountant responds to the College within 24 hours to assure that the funds have been credited to the students' accounts. After receiving notification, the Director of Accounting at the College draws the cash from G5 and transfers the cash to OCCC.
- 2) Rogue Community College programmers rewrote the interface between the College and OCCC so that all awards that are transferred between the two Colleges carry the program identifying name with them. Previously, all funds were just identified as financial aid. They now are identified by program (Pell, Subsidized Loan, and Unsubsidized Loan).

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-03

Program Information

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

U.S. Department of Education

Criteria

Federal regulation requires that credit balances created by federal funds must be refunded to students within 14 days.

Condition Found and Context

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

During our testing, we noted that 24 out of 40 students tested had credit balances created by federal funds which were not refunded within 14 days.

Effect

The College did not comply with the Department of Education's requirement to refund student account credit balances created by federal funds within 14 days.

Cause

Student accounts are credited prior to the start of the term to allow students to obtain books prior to the start of class. However, the procedure to refund any credit on the second Friday after classes start sometimes puts the refund beyond the 14 days.

Questioned Costs

None.

Recommendation

We recommend that the College change their process of crediting student accounts prior to the start of class and refunding credit balances on the second Friday of the term to ensure credit balances will be refunded within 14 days.

Views of Responsible Officials and Planned Corrective Actions

Beginning with Fall term 2013 financial aid has not been credited to a student's account prior to the start of the term. The first day of the term has been selected as the disbursement date. Refunds occur on the second Friday of the term. This ensures credit balances will be refunded within 14 days. Financial aid disbursement procedures have been revised to accommodate the new disbursement procedure.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-04

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. Federal regulations also require the College to report status changes within 30 days of a change in status if the new status will not be reported on a regularly scheduled enrollment status transmission within the next 60 days.

Condition Found and Context

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

During our testing, we noted 4 out of the 25 NSLDS status changes tested did not use the correct effective date for withdrawals. The actual withdrawal date or start of term date did not coincide with the effective date of the status change. Also, the status changes were not done timely.

Effect

The College did not use the actual date of enrollment status changes as the effective date for NSLDS enrollment status changes. This could affect the date for which payment is due back to the government. The reporting of these changes was also not done timely.

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. Timely reporting was caused by the College knowing a student had withdrawn at the end of a semester and not reporting them until the start of the following semester.

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 in a timely manner.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-04 (Continued)

Views of Responsible Officials and Planned Corrective Actions

The College employed the use of a Z grade requiring a last date of attendance (LDA) and an F grade (or NC). There was substantial misunderstanding regarding appropriate use of the two grades, and no technical mechanism existed to record a date for the LDA relating to F or NC grades in the Student Information System (SIS). Related complications associated with determination of the LDA required independent investigation by the Financial Aid Office. While establishing a correct date based on phone or email correspondence with instructors, this date was not recordable within the SIS file transmitted to the National Student Clearinghouse. Communication with faculty proved difficult as the review occurs only after the conclusion of the term when faculty members have no contract days until the beginning of the next term.

Effective Winter term 2013-14, the College is requiring all faculty members to provide a last date of attendance associated with any grade of F or NC when grading.

Since grades may not be submitted without a last date of attendance for F or NC grades, this will:

1. Ensure common LDA dates are entered into the SIS, viewable to Financial Aid staff without additional research, and reported in a consistent manner.
2. Improve timeliness of submissions by eliminating the need for exhaustive research regarding a student's last date of attendance—often dependent upon the return of faculty to campus.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-05

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 the disbursement date reported to COD to be the same date the funds were credited to the students' account.

Condition Found and Context

[X] *Compliance Finding (Reporting)* [X] *Significant Deficiencies* [] *Material Weakness*

During our testing, we noted 18 out of the 37 disbursements tested on COD did not have a disbursement date that matched the date the funds were credited to the students' account.

Effect

The College did not update the disbursement date to actual on COD when students' accounts were credited on a different day than the disbursement was reported to COD, which results in inaccurate disbursement history.

Cause

The data form used to submit information to COD did not include a field for the disbursement date. The disbursement date is auto filling with the date reported to COD. If reporting to COD and posting to student account don't occur on the same day, there is a discrepancy.

Questioned Costs

None.

Recommendation

We recommend the College put a process in place to ensure that disbursement dates per student accounts are updated to actual on COD after funds are disbursed to students.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-05 (Continued)

Views of Responsible Officials and Planned Corrective Actions

The College was not aware that this problem was occurring. The College software provider, Rogue Community College has been contacted for assistance in reconciling the difference of dates. Testing has been ongoing during the Winter term to isolate the problem area and institute a fix. The date of disbursement on COD has not been able to be changed through the College software system. The date is embedded in information transmitted by the College to create a loan for a student and is not able to be changed at this time in COD. The COD/College disbursement variable that causes the mismatch has not been identified. Ongoing analysis will be carried out over the next two terms.

Internal financial aid procedures have been reviewed in an attempt to identify if Title IV regulatory compliance is occurring. The College feels confident that we are following all guidance in regards to the disbursing of Direct Loan funds. The issue of the difference in dates is being monitored and if possible documented.

**CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2013-06

Program Information

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

U.S. Department of Education

Criteria

Federal regulation requires certain ECAR information to be updated within 10 days of a change to that information.

Condition Found and Context

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

During our testing, we noted the ECAR did not include the chief financial officer that is currently employed by the College.

Effect

The College did not update the ECAR to report the most recent chief financial officer as required by the Department of Education. This could result in a misrepresentation of the governance structure at any given time.

Cause

Updating the ECAR was an oversight as a result of staff turnover.

Questioned Costs

None.

Recommendation

We recommend that the College update the ECAR to add chief financial officer. The College should also put a process in place to ensure all changes to ECAR information be updated within the required timeframe.

Views of Responsible Officials and Planned Corrective Actions

The College has updated and submitted to ED the Eligibility and Certification Approval Report (ECAR) to include the new chief financial officer. An institutional procedure has been developed involving the Office of the President, Vice President for Academic and Student Affairs, Vice President for Finance and Operations and the Financial Aid office to ensure that all changes necessary with the ECAR and other federal financial aid participatory processes are up to date. A review of all documents necessary for the administration of Title IV has been conducted. Key individuals have been identified for inclusion in the maintenance of these documents.

**CLATSOP COMMUNITY COLLEGE
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

Section II - Financial Statement Findings

Finding 2012-01

Condition Found and Context

Significant Deficiencies *Material Weakness*

During our testing of 40 payroll transactions, we noted two instances when an employee's timesheet was not signed by their supervisor indicating the supervisor had reviewed and approved the employee's time.

Recommendation

Supervisors should review employee timesheets and denote their review of the timesheet via signature denoting their responsibility of the timesheet.

Status

Implemented.

Section III - Federal Award Findings and Questioned Costs

Finding 2012-02

Program Information

Student Financial Aid Cluster:
CFDA #84.033 – Federal Work Study Program
U.S. Department of Education

Condition Found and Context

Compliance Finding *Significant Deficiencies* *Material Weakness*

During our testing of 40 payroll transactions, we noted two instances, both of which were Federal Work Study, when the employee's timesheet was not signed by their supervisor indicating the supervisor had reviewed and approved the employee's time.

Recommendation

Supervisors should review employee timesheets and denote their review of the timesheet via signature denoting their responsibility of the timesheet.

Status

Implemented.

**CLATSOP COMMUNITY COLLEGE
PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

Finding 2012-03

Program Information

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

Condition Found and Context

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

The College has students that graduated in June 2012 (and one in August 2012), that were not reported to NSLDS until November 2012. When the student's status did change, it was updated to a "withdrawal" as opposed to "graduated." We also noted three students whose statuses changed during the year that were not reported to NSLDS within the 60-day timeframe. In addition, we noted two students whose statuses changed during the year and the College correctly reported their data to the clearinghouse; however, NSLDS did not reflect the change within the 60-day timeframe.

Recommendation

Management should review student status uploads, as well as services offered by their clearinghouse to ensure they are updating student statuses in a timely manner. This could be done through review of students whose status changed compared to what NSLDS has recorded.

Status

See current year finding 2013-04.