CLATSOP COMMUNITY COLLEGE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

CliftonLarsonAllen LLP

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Clatsop Community College
Clatsop County, Oregon

Annual Financial Statements

Year Ended June 30, 2018

BOARD OF DIRECTORS

Clatsop Community College

1651 Lexington Avenue

Astoria, Oregon 97103

CLATSOP COMMUNITY COLLEGE
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YEAR ENDED JUNE 30, 2018

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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 discretely presented component unit of Clatsop Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component unit were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of Clatsop Community College as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Implementation of GASB Statement No. 75

During fiscal year ended June 30, 2018, Clatsop Community College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* As a result of the implementation of this standard, Clatsop Community College reported a restatement for the cumulative effect of a change in accounting principle (see Note 1). As of July 1, 2017, Clatsop Community College's net position was restated to reflect the impact of this adoption. Our auditors' opinion was not modified with respect to the restatement.

Correction of an Error

For the year ended June 30, 2018, the College restated beginning net position to correct the recording of the Pre-SLGRP Transition Liability (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of contributions and schedule of proportionate share of the net pension liability, and the schedule of other postemployment benefits (OPEB) funding progress as listed in the table of contents 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 required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 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 December 11, 2018, 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 solely 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 the effectiveness of Clatsop Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clatsop Community College's internal control over financial reporting and compliance.

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations,* we have also issued our report dated December 11, 2018, on our consideration of Clatsop Community College's compliance with certain provisions of laws, regulations contracts, and grants, including provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations.* The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations* in considering Clatsop Community College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 11, 2018

Caroline Wright

Caroline Wright, CPA
Director
Oregon License #13852
Municipal License #1569

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, 2018. 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 College's primary funding source is public support from local property tax supplemented by grants-in-aid received from the state of Oregon. The primary basis of state support is the calculation of student Full-Time Equivalents (FTEs). During the 2017-2018 academic year, total reported reimbursable FTEs were 1,326.99 as contrasted to 1,371.08 (corrected) in the 2016-2017 academic year with the "hold harmless" factor to fall term enrollment applied to both years. As FTE enrollment for which the College could be reimbursed by the state's enrollment management formula was capped at 1,321, enrollment exceeded the cap by 5.99 FTE.

- Significant expense reductions in FY12 resized the institution and provided fiscal sustainability with continued focus on monitoring student enrollment, annual revenue, and expenses closely for material variances from budget estimates. The 2018-19 planning priorities included investment in new program development, student retention and support services with an increase in general fund reserves.

- During the 2017-18 fiscal year, the College provided more than $2.855 million in financial aid to students. This aid was in the form of grants, scholarships, student employment opportunities, and loans funded through the federal government, state of Oregon, and local funding as shown below.

	Amount
Federal Work Study (including College match)	$ 117,683
Federal SEOG	125,670
Federal PELL Grants	1,223,637
Federal Direct Student Loans	782,405
CCC Foundation Scholarships	88,258
Oregon Need & Oregon Promise Grant	426,143
Institutional Waivers and Grants	91,982
Total Financial Aid Provided to Students	$ 2,855,778

Overview of the Financial Statements

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

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

Financial Analysis of the College as a Whole

Statement of Net Position

The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College using the accrual basis of accounting, which is 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 2018 Compared to 2017

	2018	2017	Percent Change
ASSETS			
Current Assets	$ 8,617,485	$ 7,983,958	8%
Noncurrent Assets:			
Capital Assets, Net of Depreciation	45,678,122	46,239,186	(1)
Total Assets	$ 54,295,607	$ 54,223,144	0
Deferred Outflow of Resources	$ 2,590,558	$ 3,574,373	(28)
LIABILITIES			
Current Liabilities	$ 5,053,008	$ 4,462,199	13
Long-Term Debt, Noncurrent Portion	27,177,535	27,459,001	(1)
Total Liabilities	$ 32,230,543	$ 31,921,200	1
Deferred Inflow of Resources	$ 296,559	$ 153,726	93
NET POSITION			
Net Investment in Capital Assets	$ 30,369,633	$ 29,858,669	2
Restricted	-	1,201,085	(100)
Unrestricted	(6,010,570)	(5,337,163)	(13)
Total Net Position	$ 24,359,063	$ 25,722,591	(5)

At June 30, 2018, the College's assets increased slightly to approximately $54.3 million. The College's current assets of $8.6 million and the $5.05 million in current liabilities represent a current ratio of 1.71 in comparison to 1.78 in the prior year. Efforts to improve cash flow have reached a sustainable level. Cash flow borrowing was prudent due to potential large expenditures for the SeaNet system replacement and MERTS property purchase in 2018. Cash and investments of $5.765 million represent cash flow borrowing, fund balances including timber proceeds. The remaining current assets are made up of receivables from property taxes, governmental receivables and student receivables. Capital assets are $45.7 million compared to $46.239 million in 2017.

Financial Analysis of the College as a Whole

Deferred outflows of resources decreased to $2.591 million compared to $3.574 million in 2017. Deferred outflows fluctuate according to the Public Employee Retirement System (PERS) actuarial annual report. Deferred outflow now includes $27,453 for Other Postemployment Benefits (OPEB) as a result of the new GASB 75 reporting requirement. In addition, $551,653 of the deferred outflow represents a loss on refunding (prepaid interest) GO Bond and FFCO debt issuance.

The College's current liabilities of $5.053 million consist primarily of payroll, various payables for operations, unearned revenues, pension bond obligations and facilities bond obligations. Noncurrent liabilities decreased slightly to $27.2 million compared to $27.5 million in 2017. Noncurrent liabilities consist of long-term debt: pension bond obligations, facilities bond obligations, and the liability to record (OPEB) in accordance with GASB 75.

Deferred inflows of resources increased to $297 thousand compared to $154 thousand in 2017. Deferred inflows include PERS at $285 thousand and OPEB (new GASB 75) at $11 thousand, respectively.

Within net position, the "capital assets - net" amounts to $30.370 million, an increase of $511 thousand more than the prior year. This amount represents the College's plant and equipment, less accumulated depreciation and related debt.

Statement of Revenues, Expenses, and Changes in Net Position

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

Fiscal Year 2018 Compared to 2017

	2018	2017	Percent Change
Total Operating Revenues	$ 3,867,276	$ 4,598,570	(16%)
Total Operating Expenses	15,243,097	14,100,706	8
Operating Loss	(11,375,821)	(9,502,136)	20
Nonoperating Revenues, Net	11,400,453	18,606,719	(39)
Total Increase (Decrease) in Net Position	24,632	9,104,583	(100)
Net Position - Beginning of Year	25,722,591	16,618,008	55
OPEB - Change in Accounting Principle	(528,029)	-	
Pre-SLGRP Transitional Liability Correction of Error	(860,131)	-	
Net Position - Beginning of Year Restated	24,334,431	16,618,008	
Net Position - End of Year	$ 24,359,063	$ 25,722,591	(5)

Financial Analysis of the College as a Whole (Continued)

Revenues

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from federal, state, other local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes and totaled $1.521 million, net of scholarship allowances and aid paid to students, $91,982 and $1,382,982, respectively. Financial aid, grants, and contracts (not including Pell grants) totaled $1.975 million. Auxiliary services consist of operations that furnish goods or services to students, faculty, staff, or the general public and charge a fee directly related to the cost of these goods or services. They consist of bookstore and vessel operations. Auxiliary services revenue amounted to $338 thousand. Other local sources were $33 thousand.

The College's major sources of nonoperating revenue are from property taxes and timber revenues ($7.7 million), funding for operations from the state of Oregon ($2.6 million), and Pell grants for students ($1.2 million). Investment income of $101 thousand consists primarily of interested earned on the Patriot Hall Redevelopment Project.

Major Clatsop County Taxpayers are Provided Below:

Fiscal Year 2018
Clatsop Community College

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Georgia Pacific Consumer Products	Paper Manufacturing	1,836,243	$ 182,496,338	2.97%
L&C Tree Farms LLC	Forest Products	949,916	20,298,515	0.33%
WorldMark The Club	Timeshare Resort	611,063	9,868,314	0.16%
PacifiCorp (Pacific Power)	Electrical Utility	560,296	44,559,000	0.72%
Northwest Natural Gas Co.	Natural Gas Utility	507,681	39,666,000	0.65%
Hampton Lumber Mills Inc.	Forest Products	454,098	38,301,728	0.62%
Charter Communication	Telecommunications	448,027	32,583,600	0.53%
Centurylink	Telecommunications	429,780	33,584,000	0.55%
Weyerhaeuser Columbia Timberlands LLC	Forest Products	414,261	10,315,892	0.17%
Western Generation Agency	Electrical Utility	285,980	28,500,000	0.46%
Subtotal - Ten of County's largest taxpayers			440,173,387	7.16%
All other County's taxpayers			5,706,863,128	92.84%
Total District			$ 6,147,036,515	100.00%

Financial Analysis of the College as a Whole (Continued)

Real Market Value

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value
2018	$ 8,953,187,193	$ 6,298,872,930	$ 152,409,474	$ 6,147,036,515
2017	8,326,584,223	6,060,813,093	135,406,434	5,925,406,659
2016	7,933,131,303	5,876,087,187	127,452,672	5,748,634,515
2015	10,313,180,487	7,782,736,040	116,124,355	7,764,064,554
2014	7,281,392,025	5,534,159,999	179,596,756	5,354,563,243
2013	7,254,191,848	5,249,149,439	171,485,547	5,077,663,892
2012	7,704,823,561	5,132,363,950	157,514,983	4,974,848,967
2011	8,128,017,096	5,006,555,416	152,080,427	4,854,474,989
2010	8,855,704,653	4,917,937,839	134,034,366	4,783,903,473

Expenses

Operating expenses totaling $15.243 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is instruction and instructional support (40%). Student financial aid represents (3%) which includes federal, state, and institutional aid to students to pay the costs of education. Student services expenses (14%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (17%) represents the operational aspects of the College, including the administration, business office, and computer services.

The general fund provides resources, as needed, to balance the auxiliary fund. The resources necessary to balance the auxiliary fund are considered in the budgetary process and in long-term sustainability planning. The following chart shows expenses by category and percentage change compared to 2017 for the College:

	2018 Actual Expense	2017 Actual Expense	Percent Change
Educational and General:			
Instruction	$ 4,626,871	$ 4,393,543	5 %
Instructional Support	1,490,491	1,369,483	9
Student Services	2,082,240	2,046,916	2
Institutional Support	2,610,156	2,165,134	21
Operation and Maintenance of Plant	1,318,700	1,221,587	8
Auxiliary Enterprises	402,043	382,660	5
Community Services	312,691	264,698	18
Student Financial Aid	510,151	853,522	(40)
Other Expense	240,605	203,892	18
Depreciation and Amortization Expense	1,649,149	1,199,271	38
Total Operating Expenses	$ 15,243,097	$ 14,100,706	8

Financial Analysis of the College as a Whole (Continued)

Statement of Cash Flows

This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period.

The statement of cash flows also helps users assess the ability to meet obligations as they come due and the need for external financing.

Fiscal Year 2018 Compared to 2017

	2018	2017	Percent Change
Cash Provided (Used) by:			
Operating Activities	$ (8,421,757)	$ (8,728,341)	(4)%
Noncapital Financing Activities	12,002,960	18,793,514	(36)
Capital and Related Financing Activities	(1,843,499)	(11,198,428)	(84)
Investing Activities	100,649	63,072	60
Net Increase/(Decrease) in Cash and Cash Equivalents	1,838,353	(1,070,183)	(272)
Cash and Cash Equivalents - Beginning of Year	3,926,825	4,997,008	(21)
Cash and Cash Equivalents - End of Year	$ 5,765,178	$ 3,926,825	47

Operating Activities

The major sources of funds included in operating activities include student tuition and fees, federal financial aid, grants and contracts, and auxiliary enterprises. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. The College's cash and cash equivalents increased by $1.8 million mostly as a result of cash flow borrowing.

Noncapital Financing Activities

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

Capital Financing Activities

The College completed the Patriot Hall construction closeout in FY17-18. Loan principal and interest represent approximately $1 million of the total capital and related financing activities.

Additionally, a capital lease with Dell for a Brocade virtual server upgraded the College wi-fi technology. The principal investment was $117,897 paid over a five-year term. Balance at June 30, 2018 is $82,668.

Investing Activities

The College earned $101 thousand in interest on bank balances and funds invested in the long-term governmental investment pool.

Financial Analysis of the College as a Whole (Continued)

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, Auxiliary fund and Unexpended Plant fund. The amendment was necessary due to unknown circumstances at the time the budgets were originally prepared. For more information, please refer to the budgetary schedules as Supplementary Information in the Financial Section of this report.

Capital Assets and Debt

The College's investment in capital assets as of June 30, 2018, amounted to $45.7 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for energy improvements, PERS pension obligations and facilities bonds obligations. The total outstanding on this debt at June 30, 2018 was $20.9 million.

Debt Capacity

ORS 341.675 establishes a parameter of general obligation bonded indebtedness for community colleges. Community Colleges may issue an aggregate principal amount up to 1.5% of the Real Market Value of all taxable properties within the district if the district's voters approve the general obligation bonds. Real Market Value for 2018 is $8.953 billion. The General Obligation Bonds, Series 2009, for $5 million has $235,000 remaining after the 2016 refunding, $3.874 million in 2016 refinanced issue and Series 2015, for $7.260 million outstanding debt subject to the limit. The district has 8.47% issued compared to total debt capacity.

Real Market Value (Fiscal Year 2018)		8,953,187,193
Debt Capacity		
General Obligation Debt Capacity (1.50% of Real Market Value)	$	134,297,808
Less: Outstanding Debt Subject to Limit		(11,369,000)
Remaining General Obligation Debt Capacity	$	122,928,808
Percent of Capacity Issued		8.47%

Financial Analysis of the College as a Whole (Continued)

Debt Ratios

Fiscal Year 2018

Real Market Value	$	8,953,187,193		
Estimated Population (2017)		39,182		
Per Capita Real Market Value	$	228,503		
Debt Information		**Gross Direct Debt***		**Net Direct Debt**
District Direct Debt	$	20,894,000	$	20,894,000
Overlapping Direct Debt		N/A		N/A
Total Direct Debt	$	20,894,000	$	20,894,000
Bonded Debt Ratios				
District Direct Debt to Real Market Value		0.23%		0.23%
Total Direct Debt to Real Market Value		0.23%		0.23%
Per Capita District Direct Debt	$	533	$	533
Per Capita Total Direct Debt	$	533	$	533

* See Note 9 Long-Term Debt Schedule

Economic Factors and Next Year's Budget

The Budget Advisory Committee, established by the President in 2012, is part of the College's participatory governance structure to inform all constituent groups about resources and spending. The 2017-18 general fund operating budget was developed using guiding principles and priorities to invest in new program development, student retention and support services. State funding for community colleges has improved in the 2017-19 to $2.617 million and $3.239 million, respectively, based on a $570 million community college funding level (Source, Final CCSF Formula Tool 6th Qtr October 15, 2018). The state support funding represents approximately 22% of the College's annual revenue based on the funding formula allocation. The College's percentage of total formula allocation has increased from 1% in 2018 to 1.15% in 2019. 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 through FY16. Efforts to invest in student retention and support services have been a focus of budget development in FY18 and FY19. Rebuilding and maintaining the general fund ending fund balance at 15% is a strategic priority.

Debt management and, specifically refunding current debt to lower interest rates, has been a priority. In August 2014, an advance refunding of Full Faith and Credit Obligation (FFCO) issued in 2006 was completed. The advance refunding reduces annual debt payments by an average of $30 thousand and will save more than $315 thousand over the remaining debt term. Timber revenue provides resources to meet debt service obligations. Favorable interest rates continued in 2016 and the 2009 General Obligation bonds were refunded to a lower interest rate to pass the savings to the local taxpayers.

Local property tax information (Summary of Property Tax Collections 2017-18) indicates a 3.0% increase in the total certified tax amount for 2018 in Clatsop County. County officials are predicting the total property tax assessed value increase will grow by the statutory 3% in the next budgeting period.

Financial Analysis of the College as a Whole (Continued)

Economic Factors and Next Year's Budget (Continued)

Fall 2018 enrollment reports indicate an increase of approximately 1.5% in student enrollment compared to fall 2017. 2018-19 budgetary priorities are to increase student enrollment and retention with the addition of a full-time Spanish/ESL instructor and developing a new Maritime Science Qualified Member of Engineering Department (QMED). Patriot Hall opened July 10, 2017 and is a beautiful new facility for students and community. The additional 36,000 square feet required an additional full-time maintenance assistant. In addition, Clatsop is continuing to partner with Linn-Benton Community College to provide institutional research contracted services.

Restoring the general fund reserve to 15% continues to be a priority for fiscal sustainability and to meet cash flow requirements, which requires close monitoring of actual revenue and expenditures.

All three collective bargaining agreements have been successfully and timely completed, which provides administration planning/projection clarity through FY20 for full-time faculty and FY19 for part-time faculty and classified.

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 & Operations
Clatsop Community College
1651 Lexington Avenue
Astoria, OR 97103

CLATSOP COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government	Component Unit Clatsop Community College Foundation
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,626,333	$ 430,517
Restricted Cash and Investments	138,845	3,307,387
Receivables:		
Property Taxes	458,992	-
Governmental	1,508,239	-
Student Receivables, Net	696,169	-
Contributions	-	4,370
Inventories	127,437	-
Other	61,470	-
Total Current Assets	8,617,485	3,742,274
NONCURRENT ASSETS		
Capital Assets - Net	45,678,122	-
Total Noncurrent Assets	45,678,122	-
Total Assets	$ 54,295,607	$ 3,742,274
DEFERRED OUTFLOW OF RESOURCES		
Related to Pensions	$ 2,011,452	$ -
Related to OPEB	27,453	-
Loss on Refunding	551,653	-
Total Deferred Outflow of Resources	$ 2,590,558	$ -

See accompanying Notes to Financial Statements.

LIABILITIES AND NET POSITION	Primary Government	Component Unit Clatsop Community College Foundation
CURRENT LIABILITIES		
Accounts Payable	$ 578,452	$ 9,857
Payroll Liabilities	859,281	-
Unearned Revenue	758,905	-
Due to Student Groups	30,000	-
Accrued Interest Payable	22,385	-
Other Current Liabilities	3,747	-
Current Portion of Long-Term Debt	2,800,238	-
Total Current Liabilities	5,053,008	9,857
NONCURRENT LIABILITIES		
Bonds and Notes Payable, Less Current Portion of Long-Term Debt	20,022,525	-
Net Pension Liability	5,621,177	-
Net OPEB Liability	724,132	-
Pre-SLGRP Transition Liability	809,701	-
Total Noncurrent Liabilities	27,177,535	-
Total Liabilities	$ 32,230,543	$ 9,857
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	$ 285,175	$ -
Related to OPEB	11,384	-
Total Deferred Inflow of Resources	$ 296,559	$ -
NET POSITION		
Capital Assets	$ 45,678,122	$ -
Less: Related Debt	(15,308,489)	-
Net Investment in Capital Assets	30,369,633	-
Restricted - Expendable	-	2,867,675
Restricted - Unexpendable	-	586,297
Unrestricted	(6,010,570)	278,445
Total Net Position	$ 24,359,063	$ 3,732,417

CLATSOP COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

	Primary Government	Component Unit Clatsop Community College Foundation
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of $1,474,964	$ 1,521,478	$ -
Federal Student Financial Aid Grant	192,458	-
State Student Financial Aid Grant	426,143	-
Federal Grants and Contracts	1,250,930	-
State and Local Government Grants and Contracts	105,653	-
Other Local Sources	33,069	817,333
Auxiliary Enterprises	337,545	-
Total Operating Revenues	3,867,276	817,333
OPERATING EXPENSES		
Educational and General:		
Instruction	4,626,871	-
Instructional Support	1,490,491	-
Student Services	2,082,240	-
Institutional Support	2,610,156	-
Operation and Maintenance of Plant	1,318,700	-
Auxiliary Enterprises	402,043	-
Community Services	312,691	-
Student Financial Aid	510,151	-
Other Expense	240,605	325,729
Depreciation and Amortization Expense	1,649,149	-
Total Operating Expenses	15,243,097	325,729
OPERATING INCOME (LOSS)	(11,375,821)	491,604
NONOPERATING REVENUES (EXPENSES)		
State FTE Reimbursement	2,625,707	-
Property Taxes and Timber Revenues	7,683,082	-
Investment Income	100,649	-
Other Local Revenue	498,892	-
Pell Grants	1,223,637	-
Interest Expense	(731,514)	-
Total Nonoperating Revenues	11,400,453	-
CHANGES IN NET POSITION	24,632	491,604
Net Position - Beginning of Year	25,722,591	
Change in Accounting Principle	(528,029)	
Pre-SLGRP Transitional Liability	(860,131)	
Net Position - Beginning of Year Restated	24,334,431	3,240,813
NET POSITION - END OF YEAR	$ 24,359,063	$ 3,732,417

CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

	Primary Government	Component Unit Clatsop Community College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 1,487,438	$ -
Paid to Students	(510,151)	-
Grants and Contracts	2,530,835	-
Aid Received for Students	618,601	-
Payments to Vendors	(3,969,039)	-
Payments to Employees	(8,548,012)	-
Other	33,069	287,323
Auxiliary Enterprises	(64,498)	-
Net Cash Provided (Used) by Operating Activities	(8,421,757)	287,323
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes and Timber Revenues	7,697,854	-
State Appropriations and Other Payments	2,625,707	-
Nonoperating Grants	1,223,637	-
Other Local Revenue	455,762	-
Direct Lending Receipts	782,405	-
Direct Lending Disbursements	(782,405)	-
Net Cash Provided by Noncapital Financing Activities	12,002,960	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(1,030,666)	-
Loan Proceeds	1,315,000	-
Loan Principal Paid	(1,394,776)	-
Loan Interest Paid	(733,057)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,843,499)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income (Loss)	100,649	(150,757)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,838,353	136,566
Cash and Cash Equivalents - Beginning of Year	3,926,825	293,951
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,765,178	$ 430,517

CLATSOP COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Primary Government	Component Unit Clatsop Community College Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (11,375,821)	$ 491,604
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,649,149	-
Realized and Unrealized (Gain) Loss on Investments	-	(192,348)
(Increase) Decrease in Assets:		
Receivables (Net)	1,202,108	-
Contributions Receivable	-	(3,530)
Inventories	4,604	-
Other Assets	(16,658)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(789,764)	(8,403)
Payroll Liabilities	68,348	-
Unearned Revenue	(61,896)	-
Other Current Liabilities	21	-
Pension Expense Changes Related to Net Pension Liability	918,021	-
OPEB Expense Changes Related to Net OPEB Liability	(19,869)	-
Net Cash Provided (Used) by Operating Activities	$ (8,421,757)	$ 287,323
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 5,626,333	$ 430,517
Restricted Cash and Cash Equivalents	138,845	-
Cash and Cash Equivalents - End of Year	$ 5,765,178	$ 430,517

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Clatsop Community College (the College) is a public, two-year co-educational institution. The College is a municipal corporation governed under the laws prescribed by the state of Oregon, charged with educating students. A seven-member board of directors is locally elected and is authorized to establish policies governing the operations of the College. It is legally separate and fiscally independent from all other state and local governments. The College is not included in any other governmental reporting entity.

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

As defined by accounting principles generally accepted in the United States of America (GAAP), the College includes one discretely presented component unit in its financial statements: the Clatsop Community College Foundation (hereinafter referred to as “the Foundation”). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation had an audit for the fiscal year ended June 30, 2018. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

Significant Accounting Policies

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

Basis of Accounting

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

Cash and Cash Equivalents

Cash consists of petty cash, cash on deposit with banks, and funds invested with the Oregon State Treasurer’s Local Government Investment Pool (LGIP), which are part of the Oregon Short-Term Fund (OSTF). All are carried at cost, which approximates fair value.

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

Restricted Cash and Investments

Current restricted cash for the College consists of funds for other grant projects, $95,418, and clubs and organizations, $43,427. All funds of the Foundation are in depository accounts at June 30, 2018.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments (Continued)

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 and print shop. They are stated at cost determined on a first-in, first-out method.

Receivables

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

Property, Buildings, and Equipment

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

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

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

Accrued Wages and Payroll Costs

Contracts for faculty begin in September and end in mid-June. All other employee agreements begin July 1 for the ensuing fiscal year and end June 30. All salaries are paid over 12 months. The salary amounts due for payment in July and August are included in accrued liabilities. Benefit payments for July and August are not accrued but rather expensed as paid. The accrued wages at June 30, 2018 were $386,755.

Compensated Absences

Sick leave accumulates, but does not vest until illness occurs. Neither the leave days nor monetary compensation is available upon termination of employment; therefore, no liability for unused sick leave is recorded in the financial statements. Employees may only carry forward the number of vacation hours they have accrued in the previous year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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 $214,418 at June 30, 2018.

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, 2018 for the College's 2018-2019 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was $575,148 at June 30, 2018.

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.

Pre-SLGRP Pooled Liability

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

Other Postemployment Benefits Obligation (OPEB)

Under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* the College reported a Net OPEB Obligation related to the implicit rate subsidy provided to retirees who were allowed to purchase health insurance under the College's Oregon Educators Benefits Board (OEBB) health care plans. The implementation of GASB Statement No. 75, effective for fiscal year ending June 30, 2018, supersedes GASB Statement No. 45. Under GASB Statement No. 75, the College now reports their proportionate share of the net PERS Retiree Health Insurance Account (RHIA) OPEB asset and the total Early Retirement Plan OPEB liability along with the associated deferred outflows of resources and deferred inflows of resources. Historically, the Early Retirement Plan OPEB Obligation was included in the noncurrent portion of long-term liabilities. With the implementation of GASB Statement No. 75, the OPEB asset and OPEB liabilities are now reported on separate lines in the Statement of Net Position. See Note 11 Other Postemployment Benefits (OPEB) for a detailed description of each plan and the proportionate share methodology for each. The change from GASB Statement No. 45 to GASB Statement No. 75 had the following impact on the College's reported OPEB liability:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits Obligation (OPEB) (Continued)

GASB 45 OPEB Obligation at June 30, 2017	$	199,903
Reversal of Prior OPEB Obligation		(199,903)
GASB 75 Total Early Retirement Plan OEBB Liability		746,794
GASB 75 Total PERS RHIA OPEB Asset		(22,662)
Ending OPEB Liability at June 30, 2018	$	724,132

Deferred Inflows and Deferred Outflows

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

Budgetary Basis

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

Net Position

The College's net position is classified as follows:

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

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

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

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

Federal Financial Assistance Programs

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs (Continued)

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

Classification of Revenues

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

Allowances

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

Use of Estimates

The preparation of financial statements in accordance with 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.

Change in Accounting Principle

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is effective for fiscal years beginning after June 15, 2017. Clatsop Community College implemented GASB 75 in the fiscal year ended June 30, 2018. As a result of implementing GASB 75, beginning net position was restated in the amount of $524,164. See prior period adjustment section below.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The College elected to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the year ended June 30, 2018. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be capitalized and included in the historical cost of a capital asset for the College beginning in fiscal year 2018.

Restatement for PERS Pre-SLGRP Transition Liability

As of July 1, 2014, the College adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information.

Pre-SLGRP (State and Local Government Rate Pool) liabilities/surpluses are the result of a change in pooled status. Prior to formation of the SLGRP, all state agencies and community colleges were pooled by statute, and local governments had the option of pooling with other local governments. The SLGRP replaced the state/community college pool, which had an unfunded liability at the time, and the local government pool, which had an actuarial surplus at the time. The state/community college pool's UAL remained with those entities as a pre-SLGRP liability. The local government pool's surplus remained with participating local governments as a pre-SLGRP surplus. During the year, the College noted the SLGRP liability was not properly recorded with the implementation of GASB No. 68 in prior years; therefore, beginning net position was restated to retroactively report the Pre-SLGRP transition liability in the amount of $860,131.

Summary of Restatements

Based on implementation of GASB 75 and the restatement for the Pre-SLGRP transition liability, the College had a prior period adjustment to the beginning net position as follows:

Net Position - Beginning of Year, as Previously Reported	$ 25,722,591
Change in Accounting Principle	(528,029)
Pre-SLGRP Transition Liability	(860,131)
Net Position - Beginning of Year, as Restated	$ 24,334,431

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 2, 2017. 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 13, 2017. The budget was amended by the board on June 12, 2018.

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

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

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

Supplemental budgets were advertised as required. After public hearings these budgets were approved by the board. Other budget adjustments not requiring public hearings were also approved by the board. For the year ended June 30, 2018, the College was in compliance with ORS 294.456(6).

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

NOTE 3 CASH AND INVESTMENTS

Total cash and investments at June 30, 2018 were comprised of the following:

	Total Primary Government	Component Unit Clatsop Community College Foundation
Cash and Cash Equivalents:		
Cash on Hand	$ 5,350	$ -
Deposits	559,222	434,887
Investments	5,200,606	3,307,387
Total	$ 5,765,178	$ 3,742,274

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

Deposits with State Local Government Investment Pool

The College maintains the majority of its cash balances on deposit with the State Treasury. These deposits at the State Treasury are held on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The State Treasurer of the state of Oregon maintains the OSTF, of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The State Treasury invests these deposits in high-grade short-term investment securities. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At the fiscal year ended June 30, 2018, the College cash and cash equivalents on deposit at State Treasury were $5,200,606. At June 30, 2018, the fair value of College deposits with LGIP approximates cost.

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

Policies

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Current State statutes (ORS Chapter 295) require that all bank deposits in excess of FDIC and FSLIC insurance (currently $250,000) be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program (PFCP). ORS 295 created a shared liability structure for participating depositories though not guaranteeing that all funds are 100% protected. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2018 bank balance was exposed to custodial credit risk because it was adequately insured and collateralized. The state provides a list of qualified depositories, and the College Board approves a list of depositories from this list in July each year. The cash balances held on deposit at the State Treasury are invested continuously, therefore, custodial credit risk exposure to the State Treasury is low.

Concentration of Credit Risk

College investments are entirely maintained in the local government investment pool (LGIP). OSTF follows their rules on the maximum that may be invested in any one issuer, as a percentage of the OSTF's total investments. On June 30, 2018, they were within the required limits.

Foreign Currency Risk

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

Fair Value of Financial Instruments

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

At June 30, 2018, all of the OSTF investments were considered Level 2 investments.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Foundation Investments

The Foundation's investments are recorded at fair value and consisted of the following at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Bonds	$ -	$ 587,792	$ -	$ 587,792
Mutual Funds - Equity	2,255,207	-	-	2,255,207
Treasuries	464,388	-	-	464,388
Total Investments at Fair Value	$ 2,719,595	$ 587,792	$ -	$ 3,307,387

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2018.

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 executive committee of the Foundation. All Foundation investments are held in the Foundation's name.

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. Taxes are billed and collected by Clatsop County and remittance to the College is made in periodic intervals. For fiscal year 2017-2018, the College imposed a tax rate of $.7785 per $1,000 of assessed value. This resulted in a net levy of $5,384,144 after reduction for compression loss due to constitutional limits, and after increases due to additional taxes, penalties, and other adjustments. Property tax receivables as of June 30, 2018 are $458,992.

NOTE 4 RECEIVABLES (CONTINUED)

Governmental

The governmental receivables include $650,207 in timber revenues and $858,032 in various federal and state grants or contracts. The total governmental receivables is $1.508 million. It is expected that all funds will be received so no allowance for doubtful accounts is included.

Student

This account includes three kinds of receivables: amounts owed by students and agencies for tuition and fees $485,365, amounts owed by students in collections and amounts returned due to insufficient funds $189,010, and amounts owed by agencies $51,794 for other services provided by the College. Amounts owed by agencies are considered to be fully collectible. An estimated bad debt allowance is included $(30,000) for student accounts. Net student accounts receivable as of June 30, 2018 was $696,169.

NOTE 5 RISK MANAGEMENT

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

NOTE 6 RESTRICTED NET POSITION

Clatsop Community College Foundation

Restricted net position – expendable of $2.8 million and restricted net position – unexpendable of $586,297 in the Foundation are primarily for scholarships.

NOTE 7 PROPERTY, BUILDINGS, AND EQUIPMENT

Primary Government

The College established an inventory of property, buildings, and equipment at estimated historical cost, from College records and efforts of an appraisal firm, as of June 30, 1988. The following changes occurred in property, buildings, and equipment owned by the College between June 30, 2017 and 2018.

	June 30, 2017	Additions	Deletions	June 30, 2018
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 85,535	$ -	$ -	$ 85,535
Construction in Progress	16,817,164	899,836	17,717,000	-
Total Capital Assets Not Being Depreciated	16,902,699	899,836	17,717,000	85,535
Capital Assets Being Depreciated:				
Buildings	39,531,553	17,717,000	-	57,248,553
Land Improvements	166,599	-	-	166,599
Equipment	2,376,657	130,830	-	2,507,487
Library Books	147,278	-	-	147,278
Total Capital Assets Being Depreciated	42,222,087	17,847,830	-	60,069,917
Less Accumulated Depreciation for:				
Buildings	10,478,827	1,467,910	-	11,946,737
Land Improvements	99,959	16,660	-	116,619
Equipment	2,156,801	109,895	-	2,266,696
Library Books	150,013	(2,735)	-	147,278
Total Accumulated Depreciation	12,885,600	1,591,730	-	14,477,330
Total Capital Assets Being Depreciated	29,336,487	16,256,100	-	45,592,587
Capital Assets, Net	$ 46,239,186	$ 17,155,936	$ 17,717,000	$ 45,678,122

Clatsop Community College Foundation

The Foundation has no property, buildings, and equipment as of June 30, 2018.

NOTE 8 LONG-TERM DEBT

Tax Anticipation Note – Cash Flow

	Amount
Bond payable - Revenue and Tax Anticipation Note. Bonds payable to U.S. Bank, Trustee, for $1,315,000 at 2.500% short-term tax and revenue anticipation promissory note, Series 2018A (Federally Taxable), maturity date December 31, 2018	$ 1,315,000
Balance - June 30, 2018	$ 1,315,000

NOTE 8 LONG-TERM DEBT (CONTINUED)

The College has the following long-term debt arrangements:

Notes Payable – Physical Plant

		Amount
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	$	38,170
Less: Principal Payments 2017-2018		(38,170)
Balance - June 30, 2018	$	-

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.

		Amount
Bond payable to US Bank, Trustee, for $5,060,000. Refunding of 2006 Full Faith & Credit obligation dated August 5, 2014 with scheduled interest and principal payments due semi-annually through June 30, 2026. Refunding saves $30,000 annually.	$	4,280,000
Less: Principal Payments 2017-18		(425,000)
Balance - June 30, 2018	$	3,855,000
General Obligation Bonds, Series 2009, Refunded July 7, 2016 $3,985,000 at 100% of par 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	$	450,000
Less: Principal Payments 2017-2018		(215,000)
Balance - June 30, 2018	$	235,000

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable – Facilities (Continued)

General Obligation Bonds, Series 2009 and 2015, respectively, qualified to participate in the Oregon School Bond Guaranty program in order to secure lower interest costs on general obligation bonds. Series 2009 has $4.109 million outstanding at June 30, 2018. Series 2015 has $7.260 million outstanding at June 30, 2018. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the "Act").

	Amount
General Obligation Bonds, Series 2015	
Bond payable to U.S. Bank National Association, Trustee, for $8,200,000 at 3.0% for the redevelopment of Patriot Hall and to pay the costs of issuance of the obligations, dated February 26, 2015, with scheduled interest and principal payments due semi-annually through June 15, 2035	$ 7,595,000
Less: Principal Payments 2017-2018	(335,000)
Balance - June 30, 2018	$ 7,260,000

General Obligation Refunding Bond, Series 2016	
Bond payable to JPMorgan Chase Bank for $3,985,000 at a price of 100% par at 1.85% per annum with all accrued interest due semi-annually through June 2029	$ 3,927,000
Less: Principal Payments 2017-2018	(53,000)
Balance - June 30, 2018	$ 3,874,000

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.

	Amount
Bond payable to Wells Fargo, Trustee, for $7,240,000 at 4.6% to 4.8% for paying PERS unfunded actuarial liability, dated June 9, 2005, with scheduled interest and principal payments due semi-annually through June 30, 2028	$ 5,980,000
Less: Principal Payments 2017-2018	(310,000)
Balance - June 30, 2018	$ 5,670,000

NOTE 8 LONG-TERM DEBT (CONTINUED)

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

	Total	Total	PERS Bonding		Facilities US Bank, 2014		Facilities GO Bonds, 2009		Facilities GO Bonds, 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 1,419,000	$ 694,071	$ 355,000	$ 272,489	$ 435,000	$ 115,650	$ 235,000	$ 8,313	$ 340,000	$ 225,950
2020	1,500,000	648,426	405,000	256,006	445,000	102,600	-	-	345,000	219,150
2021	1,590,000	603,730	455,000	237,202	460,000	89,250	-	-	355,000	212,250
2022	1,680,000	551,379	515,000	215,221	470,000	75,450	-	-	360,000	201,600
2023	1,790,000	491,801	575,000	190,341	490,000	61,350	-	-	370,000	187,200
2024-2028	8,979,000	1,441,933	3,365,000	470,056	1,555,000	94,350	-	-	2,020,000	717,650
2029-2033	2,861,000	390,371	-	-	-	-	-	-	2,395,000	381,750
2034-2035	1,075,000	48,600	-	-	-	-	-	-	1,075,000	48,600
	$ 20,894,000	$ 4,870,311	$ 5,670,000	$ 1,641,315	$ 3,855,000	$ 538,650	$ 235,000	$ 8,313	$ 7,260,000	$ 2,194,150

	Facilities US Bank, 2016 (Chase)	
	Principal	Interest
2019	$ 54,000	$ 71,669
2020	305,000	70,670
2021	320,000	65,028
2022	335,000	59,108
2023	355,000	52,910
2024-2028	2,039,000	159,877
2029	466,000	8,621
	$ 3,874,000	$ 487,883

Capital Lease Obligation

The following is a schedule of the Dell Brocade virtual server capital lease obligation as of June 30, 2018. The cost of the asset and related accumulated depreciation as of June 30, 2018 was $117,897 and $78,598, respectively.

	Amount
Balance - Beginning	$ 101,274
Additions 2017-18	-
Less: Payments 2017-18	(18,606)
Balance - June 30, 2018	$ 82,668

The total interest incurred for the year ended June 30, 2018 was $3,422.

Minimum future lease payments are as follows:

Year Ending June 30,	Amount
2019	$ 23,109
2020	23,992
2021	24,909
2022	10,658
Total Minimum Lease Payments	$ 82,668

NOTE 8 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

	Balance July 1, 2017 (as restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Notes Payable	$ 38,170	$ -	$ 38,170	$ -	$ -
Bonds Payable	22,232,000	-	1,338,000	20,894,000	1,419,000
Bond Premium	574,225	-	43,129	531,095	43,129
Tax Anticipation Note	-	1,315,000	-	1,315,000	1,315,000
Capital Leases	101,274	-	18,606	82,668	23,109
	22,945,669	1,315,000	1,437,905	22,822,763	2,800,238
PERS pre-SLGRP Pooled Liability	860,131	-	50,430	809,701	23,109
Total	$ 46,751,469	$ 2,630,000	$ 2,926,240	$ 46,455,227	$ 5,623,585

As of June 30, 2018, defeased refunding bonds aggregating $3,545,000 remain outstanding. In accordance with state law, the College has appointed Chase Bank as third party custodian for the administration of debt service payments.

NOTE 9 OPERATING LEASES

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

	Total	Key Government DSL MERTS	DSL Dock	US Bank Copiers	LEAF Copiers	Solutions YES Copiers	Damarkom SCC
2019	$ 100,005	$ 14,264	$ 358	$ 25,813	$ 1,720	$ 18,914	$ 38,936
2020	105,068	14,692	369	22,133	-	18,914	48,960
2021	76,119	15,133	380	7,025	-	3,152	50,429
2022	67,920	15,587	391	-	-	-	51,942
2023	33,941	16,055	403	-	-	-	17,483
2024-2028	88,208	87,794	414	-	-	-	-
2029-2033	59,254	59,254	-	-	-	-	-
2034-2038	-	-	-	-	-	-	-
	$ 530,515	$ 222,779	$ 2,315	$ 54,971	$ 1,720	$ 40,980	$ 207,750

Lease expense for the year ended June 30, 2018 was $73,561.

NOTE 10 PENSION PLAN

Public Employee Retirement System (PERS)

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

PERS' financial statements are prepared on the basis of a fiscal year ended June 30. The Oregon State Treasurer has statutory responsibility for custody and investment of PERS assets. As a result of this fiduciary responsibility, PERS is included as part of the primary government in the State of Oregon Comprehensive Annual Financial Report.

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

Copies of the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report and Actuarial Valuations may obtained from the Oregon PERS website at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Summary of Significant Accounting Policies

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

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

Basis of Accounting

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

NOTE 10 PENSION PLAN (CONTINUED)

Proportionate Share Allocation Methodology

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

Changes Subsequent to Measurement Date

The PERS Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. The rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS board adopted a 7.20% assumed rate. The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018.

Pension Plan Liability

The components of the Plan's collective net pension liability as of the measurement date of June 30, 2018 are as follows (dollars in millions):

Total Pension Liability	$	79,851.7
Plan Fiduciary Net Position		66,371.7
Plan Net Position Liability	$	13,480.0

(Source: June 30, 2017, OPERS CAFR, table 27, p. 64)

Plan Benefits

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

Tier One/Tier Two Retirement Benefit (Chapter 238)

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

NOTE 10 PENSION PLAN (CONTINUED)

Pension Benefits (Continued)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

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

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

NOTE 10 PENSION PLAN (CONTINUED)

Benefit Changes After Retirement (Continued)

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

1. The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rate for the OPSRP defined benefit pension plan at June 30, 2015 is 3.72%, adjusted for the side account rate relief (11.02%).

2. The defined contribution pension plan (called the Individual Account Program) (IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 will be deposited in the member's IAP, not into the member's PERS account.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

Death Benefits

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

Disability Benefits

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

NOTE 10 PENSION PLAN (CONTINUED)

OPSRP Pension Program (OPSRP DB) (Continued)

Benefit Changes After Retirement

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

OPSRP Pension Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Pension Plan Contributions

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

NOTE 10 PENSION PLAN (CONTINUED)

Pension Plan Contributions (Continued)

Employer contribution rates for the fiscal year ended June 30, 2018 were based on the December 31, 2015 actuarial valuation. The College requires members of PERS to contribute 6% of their salary covered under the plan. In addition, the College is required to contribute at an actuarially determined rate. The rate at June 30, 2018 is 11.9% for PERS Tier One/Two and 5.39% for OPSRP.

Employer contributions for the year ended June 30, 2018 were $374,705, excluding amounts to fund employer specific liabilities.

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

Total pension expense for the year ended June 30, 2018 was $1.3 million. At June 30, 2018, the College reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 271,843	$ -
Changes of Assumptions	1,024,640	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	57,911	-
Changes in Proportionate Share	275,759	(32,719)
Difference in Proportionate Share and Actual Employer's Contributions	6,594	(252,456)
Total	1,636,747	(285,175)
Net Deferred Outflow (Inflow) of Resources Before Contributions Subject to the Measurement Date	-	1,351,572
Contributions Subsequent to the Measurement Date	374,705	-
Net Deferred Outflow (Inflow) of Resources		$ 1,726,277

Of the amount reported as deferred outflows of resources, $374,705 are related to contributions subsequent to the measurement date and will be recognized as reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization	Amount
2019	$ 263,628
2020	717,953
2021	481,382
2022	(124,216)
2023	12,825

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

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

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

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, Published September, 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50%
Long-Term Expected rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blended based on service.
Mortality	*Healthy Retirees and Beneficiaries:* RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. *Active Members:* Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. *Disabled Retirees:* Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability. (Source: June 30, 2017 PERS CAFR; p. 64)

NOTE 10 PENSION PLAN (CONTINUED)

Net Pension Liability

At June 30, 2018, the College reported a liability of $5,621,177 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For fiscal year ended June 30, 2018, deferred items include:

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

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

- Measurement period ended June 30, 2017 - 5.3 years
- Measurement period ended June 30, 2016 - 5.3 years
- Measurement period ended June 30, 2015 - 5.4 years
- Measurement period ended June 30, 2014 - 5.6 years

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

One year of amortization is recognized in the College’s total pension expense for fiscal year 2018.

NOTE 10 PENSION PLAN (CONTINUED)

Depletion Date Projection

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

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

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

(Source: June 30, 2017 PERS CAFR; p. 66)

NOTE 10 PENSION PLAN (CONTINUED)

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2017 PERS CAFR; p. 92)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTE 10 PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-U.S. Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund - Diversified	2.50	4.64
Hedge Fund - Event-Driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation – Mean		2.50%

Sensitivity Analysis

	1% Decrease	Current Discount Rate	1% Increase
Employers' Net Pension Liability	(6.50%)	(7.50%)	(8.50%)
Defined Benefit Pension Plan	$ 9,579,512	$ 5,621,177	$ 2,311,276

The above is an analysis of the College's proportionate share of the net pension asset to changes in the discount rate. It presents the College's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50% as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate

NOTE 10 PENSION PLAN (CONTINUED)

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

See Schedule of Changes in Net Pension (Asset) Liability on page 71 of the PERS June 30, 2017 CAFR.

Transition Liability

The College reports a separate liability to the plan with a balance of $809,701 at June 30, 2018. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.76% of covered payroll for payment of this transition liability.

Tax Sheltered Annuities

Voluntary tax sheltered 403(b) annuity plans are available to College employees. Regular full-time employees are eligible to participate. The maximum contribution for calendar years 2017 and 2018 is $18,000 and $18,500, respectively, with higher levels for employees over age 50.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Public Employees Retirement Plan (PERS)

Plan Description

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

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

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

OPEB Plan Report

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

Basis of Accounting

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

Summary of Significant Accounting Policies

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

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

Proportionate Share Allocation Methodology

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

OPEB Plan (Asset)/Liability

The components of the total PERS Net OPEB (Asset)/Liability for the OPEB plan as of the measurement date of June 30, 2017 is as follows:

Net OPEB - RHIA (Asset)	
Total OPEB - RHIA Liability	$470,045,522
Plan Fiduciary Net Position	511,799,602
Plan Net OPEB - RHIA (Asset)	$981,845,124

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Changes Subsequent to Measurement Date

The PERS Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. The rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS board adopted a 7.20% assumed rate. The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018.

Contributions

The OPEB plan administered by PERS is funded through actuarially determined employer contributions. For the fiscal year ended June 30, 2018, the College contributes 0.50% of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, the College contributes 0.43% of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contribution was approximately $27 thousand for the year ended June 30, 2018. The actual contribution equaled the annual required contribution for the fiscal year.

Net OPEB Asset/Liability

At June 30, 2018, the College reported an asset of $22,662 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2018 was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015.

For the year ended June 30, 2018, the College recorded total OPEB expense of $207 due to the change in the net RHIA OPEB asset and changes to deferred outflows and deferred inflows.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For fiscal year ended June 30, 2018, deferred items include:

- No difference between expected and actual experience
- No difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- A difference between projected and actual earnings

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of the measurement period ended June 30, 2017 is 3.7 years.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Deferred Items (Continued)

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

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2018.

	Deferred Outflows of	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	$ -	$ 10,496
Change in proportionate share	-	798
Total (prior to post-MD contributions)	-	11,294
Contributions Subsequent to the MD	27,453	-
Resources	$ 27,453	$ 11,294

Of the amount reported as deferred outflows of resources, $27,453 is related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2019.

As of June 30, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	$ (2,919)
2020	(2,919)
2021	(2,832)
2022	(2,624)
	$ (11,294)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Actuarial Methods and Assumptions (Continued)

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

Actuarial Methods and Assumptions:		
	RHIA	
Valuation Date	December 31, 2015	
Measurement Date	June 30, 2017	
Experience Study Report	2014, published September 2015	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.50 percent	
Discount Rate	7.50 percent	
Projected Salary Increases	3.50 percent	
Retiree Healthcare Participation	Healthy retirees: 38%; Disabled retirees: 20%	
Healthcare Cost Trend Rate	Not applicable	
Mortality	*Healthy retirees and beneficiaries:*	
		RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.
	Active members:	
		Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	Disabled retirees:	
		Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per scale BB, disabled mortality table.

Discount Rate

The discount rate used to measure the total OPEB liability/(asset) was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's proportionate share of the net OPEB liability/ (asset) calculated using the discount rate of 7.50 percent, as well as what the net OPEB liability/ (asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of the Net OPEB - RHIA Liability (Asset)	$ 3,149	$ (22,662)	$ (44,635)

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

	1% Decrease	Current Trend Rate	1% Increase
Proportionate Share of the Net OPEB - RHIA Liability (Asset) Using Current Healthcare Cost Trend Rates	$ (22,662)	$ (22,662)	$ (22,662)

Assumed Asset Allocation

Asset Class/ Strategy	Low	High	OIC Target
Cash	0.00 %	3.00 %	0.00 %
Debt Securities	15.00	25.00	20.00
Public Equity	32.50	42.50	37.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Equity	0.00	12.50	12.50
Opportunity Portfolio	0.00	3.00	0.00
Total			100 %

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:
www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-U.S. Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund - Diversified	2.50	4.64
Hedge Fund - Event-Driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation – Mean		2.50%

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Public Employees Retirement Plan (PERS) (Continued)

Depletion Date Projection

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

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

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

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

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan

Plan Description

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

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

OPEB Funding Policy

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

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

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

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan

Summary of Significant Accounting Policies

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

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

Changes in Total OPEB Plan Liability

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

	Increase (Decrease) Total OPEB Liability
Changes in total OPEB Liability	
Balance as of June 30, 2017	$ 739,003
Changes for the year:	
Service cost	36,739
Interest on total OPEB liability	27,346
Effect of changes to benefit terms	-
Effect of economic/demographic gain or loss	-
Effect of assumptions changes or inputs	-
Benefit payments	(56,294)
Net changes	7,791
Balance as of June 30, 2018	$ 746,794

For the year ended June 30, 2018, the College recognized postemployment healthcare benefits liability expense of $7,791 due to the changes to the total OPEB liability, deferred inflows, and amortization of deferred amounts.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions	
Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal, level percent of salary
Interest Rate for Discounting Future Liabilities	3.75% per year, based on all years discounted at municipal bond rate(based on Bond Buyer 20-Bond General Obligation Index).
General Inflation	2.5% per year.
Payroll Growth	3.5% per year.
Healthcare Cost Trend Rate	7% graded down to 5%

Discount Rate

Unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The Bond Buyer 20-Year General Obligation Bond Index was used to determine the discount rate for the OPEB liability. The discount rate in effect for the June 30, 2018 reporting date is 3.75 percent.

Plan Assets

The College’s Early Retirement OPEB Plan is currently “unfunded” in accordance with the relevant GASB statements.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Plan (Continued)

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the College's total OPEB liability calculated using the discount rate of 3.75 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
OPEB Liability	$ 782,719	$ 2,522,710	$ 711,801

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

	1% Decrease 6% Graded Down to 4%	Current Trend Rates 7% Graded Down to 5%	1% Increase 8% Graded Down to 6%
OPEB Liability Using Current Healthcare Cost Trend Rates	$ 695,399	$ 746,794	$ 804,064

NOTE 12 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 2017-2018.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the College entered into a new software for service master agreement. The terms of the agreement are an initial term for seven years, commencing on July 1, 2018 and renewing annually thereafter. The agreement is to pay $108,000 per year. The total estimated implementation costs are $806,137 to be paid over the next four years.

REQUIRED SUPPLEMENTARY INFORMATION

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2018

Clatsop Community College
SCHEDULE OF CONTRIBUTIONS
For the last five fiscal years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	$ 374,705	$ 374,705	$ -	$ 7,135,037	5.25%
2017	215,846	215,846	-	6,606,897	3.27%
2016	306,963	306,963	-	6,481,333	4.74%
2015	347,599	347,599	-	6,298,140	5.52%
2014	343,630	343,630	-	6,164,785	5.57%

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

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.04170001%	$ 5,621,177	$ 7,135,037	78.78%	83.10%
2017	0.03822211%	5,738,026	6,606,897	86.85%	80.50%
2016	0.03901406%	2,239,977	6,481,333	34.56%	91.90%
2015	0.03472124%	(787,026)	6,298,140	-12.50%	103.60%
2014	0.03472124%	1,771,876	6,164,785	28.74%	91.97%

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF PROPORTIONATE SHARE AND EMPLOYER CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2018

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

Year Ended June 30,	College's Proportion of the Net Pension Liability (Asset) (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	0.05430037%	$ (22,662)	$ 6,606,897	-0.34%	108.88%
2016	0.05832541%	15,839	6,481,333	0.24%	94.15%

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

Year Ended June 30,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percent of Covered Payroll (b/c)
2018	$ 27,453	$ 27,453	$ -	$ 7,135,037	0.38%
2017	26,910	26,910	-	6,606,897	0.41%
2016	27,337	27,337	-	6,481,333	0.42%
2015	29,707	29,707	-	6,298,140	0.47%
2014	29,186	29,186	-	6,164,785	0.47%

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

Fiscal Year End Date	Total OPEB Liability (a)	Covered Payroll (b)	Total OPEB Liability as a Percentage of Covered Payroll (a/b)
6/30/2017	$ 739,003	$ 1,653,336	44.7%
6/30/2018	746,794	1,694,188	44.1%

*These tables will eventually contain 10 years of data. Only the data shown above is available at this time.

SUPPLEMENTARY INFORMATION

CLATSOP COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2018

	Current Funds		Plant Funds					
ASSETS	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness	Investment in Plant	Long-Term Debt	Clubs and Organizations Fund	Total All Primary Funds (Memorandum Only)
Cash and Investments	$ 1,956,192	$ 95,418	$ 3,070,723	$ -	$ -	$ 599,418	$ 43,427	$ 5,765,178
Receivables:								
Property Taxes	458,992	-	-	-	-	-	-	458,992
Governmental	650,207	-	-	-	-	-	-	650,207
Student Receivables (Less Allowance for Doubtful Accounts)	1,554,201	-	-	-	-	-	-	1,554,201
Inventories	127,437	-	-	-	-	-	-	127,437
Note Receivable from Auxiliary Funds	205,000	-	-	-	-	-	-	205,000
Property, Buildings, and Equipment:								
Land	-	-	-	-	85,535	-	-	85,535
Land Improvements	-	-	-	-	166,599	-	-	166,599
Accumulated Depreciation	-	-	-	-	(116,618)	-	-	(116,618)
Buildings	-	-	-	-	57,248,553	-	-	57,248,553
Accumulated Depreciation	-	-	-	-	(11,946,737)	-	-	(11,946,737)
Equipment	-	-	-	-	2,507,486	-	-	2,507,486
Accumulated Depreciation	-	-	-	-	(2,266,696)	-	-	(2,266,696)
Library Books	-	-	-	-	147,278	-	-	147,278
Accumulated Depreciation	-	-	-	-	(147,278)	-	-	(147,278)
Other Assets	57,246	4,224	-	-	-	-	-	61,470
Total Assets	$ 5,009,275	$ 99,642	$ 3,070,723	$ -	$ 45,678,122	$ 599,418	$ 43,427	$ 54,500,607
Deferred Outflow of Resources								
PERS	$ 2,011,452	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,011,452
OPEB	27,453	-	-	-	-	-	-	27,453
Loss on Refunding	-	-	551,653	-	-	-	-	551,653
Total Deferred Outflows	$ 2,038,905	$ -	$ 551,653	$ -	$ -	$ -	$ -	$ 2,590,558
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 578,452	$ -	$ -	$ -	$ -	$ -	$ -	$ 578,452
Accrued Liabilities	859,281	-	-	-	-	-	-	859,281
Miscellaneous Deposits	1,654	-	-	-	-	-	-	1,654
Due to Student Groups and Agencies	30,000	-	-	-	-	-	-	30,000
Short-Term Note Payable	1,315,000	-	-	-	-	-	-	1,315,000
Deferred Revenues	615,836	99,642	-	-	-	-	43,427	758,905
Accrued Interest Payable	-	-	22,385	-	-	-	-	22,385
Other Miscellaneous Liabilities	-	-	531,096	-	-	-	-	531,096
Net Pension Liability	5,621,177	-	-	-	-	-	-	5,621,177
Other Liabilities	2,091	-	-	-	-	-	-	2,091
Long-Term Debt:								
Note Payable to General Fund	205,000	-	-	-	-	-	-	205,000
Total OPEB Liability	724,132	-	-	-	-	-	-	724,132
Total Pre-SLRGP	809,701	-	-	-	-	-	-	809,701
Bond Payable	-	-	15,224,000	-	-	5,670,000	-	20,894,000
Dell Brocade Virtual Server	-	-	-	-	82,669	-	-	82,669
Total Liabilities	10,762,324	99,642	15,777,481	-	82,669	5,670,000	43,427	32,435,543
PERS Deferred Inflow	285,175	-	-	-	-	-	-	285,175
OPEB Deferred Inflow	11,384	-	-	-	-	-	-	11,384
Total Deferred Inflows	296,559	-	-	-	-	-	-	296,559
Fund Balances								
Unrestricted	(4,010,703)	-	3,070,715	-	-	(5,070,582)	-	(6,010,570)
Net Investment in Plant	-	-	(15,225,820)	-	45,595,453	-	-	30,369,633
Total Fund Balances	(4,010,703)	-	(12,155,105)	-	45,595,453	(5,070,582)	-	24,359,063
Total Liabilities, Deferred Inflow and Fund Balances	$ 7,048,180	$ 99,642	$ 3,622,376	$ -	$ 45,678,122	$ 599,418	$ 43,427	$ 57,091,165

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018

	Current Funds			Plant Funds					Total All
							Debt	Clubs and	Funds
					Retirement of	Investment in	Service	Organizations	(Memorandum
	Unrestricted	Restricted	Total	Unexpended	Indebtedness	Plant	Fund	Fund	Only)
REVENUES									
Local Sources	$ 4,528,150	$ 121,327	$ 4,649,477	$ 1,510,538	$ 903,645	$ -	$ 749,335	$ -	$ 7,812,995
State Appropriations	2,625,707	531,796	3,157,503	-	-	-	-	-	3,157,503
Government Grants and									
Contracts	2,333	3,449,430	3,451,763	-	-	-	-	-	3,451,763
Tuition and Fees	2,985,507	10,935	2,996,442	-	-	-	-	-	2,996,442
Investment Income	85,426	-	85,426	9,147	-	-	6,076	-	100,649
Auxiliary Revenue	337,545	-	337,545	-	-	-	-	-	337,545
Other Additions	913,745	168,420	1,082,165	120,264	-	1,087,441	-	34,879	2,324,749
Total Revenues	11,478,413	4,281,908	15,760,321	1,639,949	903,645	1,087,441	755,411	34,879	20,181,646
EXPENDITURES AND									
MANDATORY TRANSFERS									
Educational and General:									
Instruction	4,438,707	125,927	4,564,634	-	-	-	-	-	4,564,634
Instructional Support	1,382,894	134,569	1,517,463	-	-	-	-	-	1,517,463
Student Services	1,040,295	993,742	2,034,037	-	-	-	-	21,563	2,055,600
Institutional Support (Admin.)	2,520,653	80,163	2,600,816	-	-	-	-	-	2,600,816
Operation and Maintenance									
of Plant	1,309,308	-	1,309,308	-	-	-	-	-	1,309,308
Auxiliary Enterprises	402,043	-	402,043	-	-	-	-	-	402,043
Community Services	8,975	284,606	293,581	-	-	-	-	16,053	309,634
Depreciation and									
Amortization Expense	-	-	-	57,419	-	1,591,730	-	-	1,649,149
Expended for Equipment									
and Facilities	-	-	-	196,150	-	-	-	-	196,150
Principal Expense	-	-	-		1,065,762	-	-	-	1,065,762
Interest Expense	-	-	-	(1,543)	446,221	-	286,836	-	731,514
GASB Pension & OPEB Adj.	898,153	-	898,153	-		-	-	-	898,153
Other	-	-	-	-	1,000	-	10	-	1,010
Financial Aid	91,982	2,763,796	2,855,778	-	-	-	-	-	2,855,778
Total Educational and									
General	12,093,010	4,382,803	16,475,813	252,026	1,512,983	1,591,730	286,846	37,616	20,157,014
NONMANDATORY									
TRANSFERS, NET	103,632	(100,895)	2,737	587,858	(587,858)	-	-	(2,737)	-
NET INCREASE (DECREASE)									
IN FUND BALANCES	(718,229)	-	(718,229)	800,065	(21,480)	(504,289)	468,565	-	24,632
FUND BALANCE -									
JUNE 30, 2017									
Unrestricted	(1,904,314)	-	(1,904,314)	3,285,903	21,480	-	(5,539,147)	-	(4,136,078)
Net Investment in Plant	-	-	-	(16,241,073)	-	46,099,742	-	-	29,858,669
Change in Accounting Principle	(528,029)	-	(528,029)	-	-	-	-	-	(528,029)
Prior Period Adjustment - Pre-SLGRP Correction of Error	(860,131)	-	(860,131)	-	-	-	-	-	(860,131)
FUND BALANCE -									
JUNE 30, 2018	$ (4,010,703)	$ -	$ (4,010,703)	$ (12,155,105)	$ -	$ 45,595,453	$ (5,070,582)	$ -	$ 24,359,063

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET
YEAR ENDED JUNE 30, 2018

General Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
State Sources	$ 2,625,707	$ -	$ 2,625,707	$ 2,356,351	$ 269,356
Federal Sources	2,333	-	2,333	5,000	(2,667)
Local Sources:					
Current Year Property Taxes	4,370,183	-	4,370,183	4,200,000	170,183
Prior Years Property Taxes	157,967	-	157,967	250,000	(92,033)
Tuition and Fees	2,985,507	-	2,985,507	3,543,300	(557,793)
All Other	999,171	-	999,171	1,337,600	(338,429)
Total Revenues	11,140,868	-	11,140,868	11,692,251	(551,383)
EXPENDITURES					
Instruction	4,438,707	25,039	4,463,746	4,720,235	(256,489)
Support Services	6,253,150	1,815	6,254,965	6,407,147	(152,182)
Public Service	8,975	20	8,995	12,036	(3,041)
All Other	990,135	(898,153)	91,982	421,833	(329,851)
Total Expenditures	11,690,967	(871,279)	10,819,688	11,561,251	(741,563)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(550,099)	871,279	321,180	131,000	190,180
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(128,632)	-	(128,632)	(131,000)	2,368
Total Other Financing Sources (Uses)	(128,632)	-	(128,632)	(131,000)	2,368
NET CHANGES IN FUND BALANCE	(678,731)	871,279	192,548	-	192,548
Fund Balance - Beginning of Year	(1,058,819)	1,726,411	1,555,924	-	1,555,924
FUND BALANCE - END OF YEAR	$ (1,737,550)	$ 2,597,690	$ 1,748,472	$ -	$ 1,748,472

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, 2018

Auxiliary Enterprises Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Bookstore Sales	$ 264,704	$ 4,137	$ 268,841	$ 674,560	$ (405,719)
All Other	72,841	22,748	95,589	132,581	(36,992)
Total Revenues	337,545	26,885	364,430	807,141	(442,711)
EXPENDITURES					
Total Instruction	105,933	-	105,933	107,829	(1,896)
Total Support Services	286,452	-	286,452	542,560	(256,108)
Total Public Service	9,657	-	9,657	181,752	(172,095)
Total Expenditures	402,042	-	402,042	832,141	(430,099)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(64,497)	26,885	(37,612)	(25,000)	(12,612)
OTHER FINANCING SOURCES (USES)					
Transfers In	25,000	-	25,000	25,000	-
Transfers Out	-	-	-	-	-
Sources (Uses)	25,000	-	25,000	25,000	-
NET CHANGES IN FUND BALANCE	(39,497)	26,885	(12,612)	-	(12,612)
Fund Balance - Beginning of Year	(579,980)	262,580	(333,887)	-	(348,666)
FUND BALANCE - END OF YEAR	$ (619,477)	$ 289,465	$ (346,499)	$ -	$ (361,278)

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, 2018

Restricted Fund	GAAP Actual	GAAP Adjustments	Actual Amount	Budgeted Amount	Over (Under) Budget
REVENUES					
Federal Sources	$ 3,449,430	$ -	$ 3,449,430	$ 3,687,525	$ (238,095)
State Sources	531,796	-	531,796	591,282	(59,486)
Local Sources	121,327	-	121,327	123,719	(2,392)
Tuition and Fees	10,935	-	10,935	19,383	(8,448)
Other	168,420	-	168,420	439,586	(271,166)
Total Revenues	4,281,908	-	4,281,908	4,861,495	(579,587)
EXPENDITURES					
Total Instruction	125,927	-	125,927	130,000	(4,073)
Total Support Services	1,208,474	-	1,208,474	1,527,390	(318,916)
Total Public Service	284,606	-	284,606	305,000	(20,394)
All Other	2,763,796	-	2,763,796	3,000,000	(236,204)
Total Expenditures	4,382,803	-	4,382,803	4,962,390	(579,587)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,895)	-	(100,895)	(100,895)	-
OTHER FINANCING SOURCES (USES)					
Transfers In	100,895	-	100,895	100,895	-
NET CHANGES IN FUND BALANCE	-	-	-	-	-
Fund Balance - Beginning of Year (Restated)	-	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -	$ -

Restricted Fund

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2018

Unexpended Plant Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Investment Income	$ 9,147	$ -	$ 9,147	$ -	$ 9,147
Timber Sales	1,510,538	-	1,510,538	500,000	1,010,538
Other	120,264	(43,129)	77,135	3,100,000	(3,022,865)
Total Revenues	1,639,949	(43,129)	1,596,820	3,600,000	(2,003,180)
EXPENDITURES					
All Other Expenditures	252,026	972,132	1,224,158	3,023,653	(1,799,495)
Total Expenditures	252,026	972,132	1,224,158	3,023,653	(1,799,495)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,387,923	(1,015,261)	372,662	576,347	(203,685)
OTHER FINANCING SOURCES (USES)					
Transfers In from capital improvements	18,348	-	18,348	-	18,348
Transfers Out to Debt Service	(594,695)	-	(594,695)	(576,347)	(18,348)
Transfers Out to Project	-	-	-	-	-
Total Other Financing Sources (Uses)	(576,347)	-	(576,347)	(576,347)	-
NET CHANGES IN FUND BALANCE	811,576	(1,015,261)	(203,685)	-	(203,685)
Fund Balance - Beginning of Year	(12,955,170)	23,509,858	3,285,911	-	10,910,671
FUND BALANCE - END OF YEAR	$ (12,143,594)	$ 22,494,597	$ 3,082,226	$ -	$ 10,706,986

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, 2018

Plant - Retirement of Indebtedness	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES	$ 903,645	$ -	$ 903,645	$ 925,463	$ (21,818)
EXPENDITURES	1,512,983	-	1,512,983	1,514,000	(1,017)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(609,338)	-	(609,338)	(588,537)	(20,801)
OTHER FINANCING SOURCES (USES)					
Transfers in from Unexpended Plant	587,858	-	587,858	588,537	(679)
Total Other Financing Sources (Uses)	587,858	-	587,858	588,537	(679)
NET CHANGES IN FUND BALANCE	(21,480)	-	(21,480)	-	(21,480)
Fund Balance - Beginning of Year	21,480	-	21,480	-	21,480
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -	$ -

Plant - Retirement of Indebtedness

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

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPARED WITH BUDGET (CONTINUED)
YEAR ENDED JUNE 30, 2018

Debt Service Fund	GAAP Actual	GAAP Adjustments	Budgetary Basis Actual	Budgeted Amount	Over (Under) Budget
REVENUES					
Other Local Revenue	$ 749,335	$ -	$ 749,335	$ 893,932	$ (144,597)
Investment Income	6,076	-	6,076	1,000	5,076
Total Revenues	755,411	-	755,411	894,932	(139,521)
EXPENDITURES					
Total Other Uses	286,846	310,000	596,846	894,932	(298,086)
Total Expenditures	286,846	310,000	596,846	894,932	(298,086)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	468,565	(310,000)	158,565	-	158,565
NET CHANGES IN FUND BALANCE	468,565	(310,000)	158,565	-	158,565
Fund Balance - Beginning of Year	(5,539,147)	(224,940)	191,065	-	191,065
FUND BALANCE - END OF YEAR	$ (5,070,582)	$ (534,940)	$ 349,630	$ -	$ 349,630

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, 2018

Clubs and Organizations Fund	Actual Amount	Budgeted Amount	Over (Under) Budget
REVENUES			
Fees	$ 34,879	$ 69,553	$ (34,674)
Total Revenues	34,879	69,553	(34,674)
EXPENDITURES			
Total Support Services	-	286	(286)
Total Other	21,563	36,320	(14,757)
Total Public Service	16,053	32,947	(16,894)
Total Expenditures	37,616	69,553	(31,937)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,737)	-	(2,737)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,737	-	2,737
Transfers out	-	-	-
Total Other Financing Sources (Uses)	2,737	-	2,737
NET CHANGES IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

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

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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, 2018, and have issued our report thereon dated December 11, 2018.

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).

Board of Directors
Clatsop Community College

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

OAR 162-10-0230 Internal Control

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 11, 2018

Caroline Wright

Caroline Wright, CPA
Director
Oregon License #13852
Municipal License #1569

CliftonLarsonAllen LLP
CLAconnect.com

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 discretely presented component unit of Clatsop Community College, as of and for the year ended June 30, 2018, 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 December 11, 2018. 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.

Board of Directors
Clatsop Community College

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

CliftonLarsonAllen LLP

Bellevue, Washington
December 11, 2018

Caroline Wright

Caroline Wright, CPA
Director
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 major federal programs. 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-003. 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 response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Clatsop Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clatsop Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, 2018-002, and 2018-003 that we consider to be a significant deficiencies.

The 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. The 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.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 11, 2018

Caroline Wright

Caroline Wright, CPA
Director
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CLATSOP COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
STUDENT FINANCIAL AID ASSISTANCE CLUSTER:				
Department of Education Direct Programs				
Federal Pell Grant Program	84.063			$ 1,223,637
Federal Direct Student Loans	84.268			782,405
Federal Supplemental Educational Opportunity Grants	84.007			101,616
Federal Work-Study Program	84.033			90,842
Total Department of Education Direct Programs				2,198,500
TRIO CLUSTER:				
Department of Education Direct Programs				
TRIO—Talent Search	84.044			338,223
TRIO—Upward Bound	84.047			336,477
TRIO--Student Support Services	84.042			288,316
Total TRIO Cluster				963,016
Department of Education Pass-Through Programs From:				
State Department of Education—Career and Technical Education—Basic Grants to States	84.048	36401 / 36427		132,269
Higher Education Coordinating Commission—Adult Education—Basic Grants to States	84.002	EE151608		122,645
Subtotal Department of Education Pass-Through Programs				254,914
Total Department of Education				3,416,430
Small Business Administration Pass-Through Program From:				
Oregon Small Business Development Network Office -- Small Business Development Center	59.037	15-144		33,000
General Services Administration:				
Donation of Federal Surplus Personal Property	39.003			811
Total Expenditures of Federal Awards				$ 3,450,241

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Clatsop Community College under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clatsop Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clatsop Community College.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Clatsop Community College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CLATSOP COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	______ yes __X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	______ yes __X__ none reported
Noncompliance material to financial statements noted?	______ yes __X__ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	______ yes __X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	__X__ 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 2 CFR 200.516(a)?	__X__ yes ______ no

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
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:	$750,000/$187,500
Auditee qualified as low-risk auditee?	__X__ yes ______ no

Section II – Financial Statement Findings

Material Weaknesses in Internal Control Over Financial Reporting

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

2018-001

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid Cluster:

CFDA Number: 84.007 -- Federal Supplemental Educational Opportunity Grants
84.033 -- Federal Work Study Program
84.063 – Federal Pell Grant Program
84.268 - Federal Direct Loans

Award Period: July 1, 2017 to June 30, 2018

Type of Finding: Significant Deficiency in Internal Control over Compliance; Compliance, Other Matter

Criteria: The Higher Education Act, Sec. 472 specifies the types and costs that are included in the cost of attendance. The college must determine the appropriate and reasonable amounts to include for each eligible student at the college based on the criteria described.

Condition and Context: During out testing, we noted that 25 of the 40 students tested had an incorrect cost of attendance used for the 2017-18 award year. Despite the inaccurate cost of attendance amounts used in calculation, we did not note any incorrectly awarded Title IV funds to any of the students in our sample.

Questioned costs: None

Cause: The cost of attendance error was due to an incorrect application of cost of attendance in the financial aid system. There were instances in which travel expenses were allocated to full-time students living with parents.

Effect: The College could improperly under or over award a student.

Repeat Finding: No

Recommendation: We recommend that the College design controls to ensure that the data entered in to the financial aid system for coast of attendance is accurate.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018-001 (Continued)

Views of responsible officials: The College is in agreement with the audit finding. As part of the April 2018 Department of Education Program Review, Clatsop has reviewed its process for adjusting COA components. The present process has the Director of Financial Aid entering the 60+ fields necessary to construct a student budget in RogueNET. From this point on, both the Director and Assistant Director of Financial Aid will review all budget components and their entry into the RogueNET system. Clatsop feels that this process will ensure accuracy in the construction of student budgets in the Financial Aid module of the RogueNET system.

2018-002

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid Cluster:

CFDA Number: 84.063 – Federal Pell Grant Program

Award Period: July 1, 2017 to June 30, 2018

Type of Finding: Significant Deficiency in Internal Control over Compliance; Compliance, Other Matter

Criteria: The Code of Federal Regulations, 34 CFR 690.62 states the Pell grant for an academic year is based upon the payment and disbursement scheduled published by the Secretary for each award year. The payment schedules take into account the cost of attendance, the student's EFC and the enrollment status of the student.

Condition and Context: During our testing, 1 out of the 40 students tested did not have accurate data in the 2017-18 Institutional Student Information Record (ISIR). Per review of the verification package, we noted that the 2017-18 ISIR was missing a $512 education credit. The student's Pell Grant was under-awarded by $66.

Questioned costs: None

Cause: The College did not detect the missing education credit during the verification process.

Effect: The College under-awarded a student's Pell Grant.

Repeat Finding: No

Recommendation: We recommend the College design controls to ensure that the data used in the awarding and verification process considered and accurately reflected on the ISIR.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018-002 (Continued)

Views of responsible officials: The College is in agreement with the audit finding. Clatsop reviewed, corrected and disbursed the Pell under award. Clatsop Financial Aid Policies and Procedures pertaining to verification of submitted FAFSA/ISIR data have been updated to include explicit language referencing "other" forms of income, including tax credits, to be resolved in future instances of verification.

2018-003

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid Cluster:

CFDA Number: 84.007 -- Federal Supplemental Educational Opportunity Grants
84.033 -- Federal Work Study Program
84.063 – Federal Pell Grant Program
84.268 - Federal Direct Loans

Award Period: July 1, 2017 to June 30, 2018

Type of Finding: Significant Deficiency in Internal Control over Compliance; Compliance, Other Matter

Criteria: The Code of Federal Regulations, 34 CFR 668.16(e) and 668.34 require an institution to have a satisfactory academic progress (SAP) policy for purposes of determining student eligibility for assistance under the Title IV, HEA programs. The institution must establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP in his or her educational program.

Condition and Context: During our testing, we noted 1 out of the 40 students tested in which the College did not follow their written SAP policy. In this instance, a student was placed directly from good standing to financial suspension, instead of warning. Per the SAP policy, the student should have been placed on a warning.

Questioned costs: None

Cause: The College did not follow its written SAP policy.

Effect: The College could improperly deny financial aid.

Repeat Finding: No

Recommendation: We recommend the College review their SAP policies and revise them as needed and then design controls and provide training to ensure the policy is followed.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2018-003 (Continued)

Views of responsible officials: The College is in agreement with the audit finding. As part of the April 2018 Department of Education Program Review, Clatsop has revised its Satisfactory Academic Progress policy to eliminate the "warning" status. The updated 2017-18 policy had been posted to the CCC website in May of 2018. The updated 2018-19 policy has been posted to the CCC web site for the start of the current academic year. In addition, changes have been made and published in the 2018-19 Student Handbook and 2018-19 Catalog.