

**CLATSOP COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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AUDIT, TAX, AND  
CONSULTING

**Clatsop Community College  
Clatsop County, Oregon**

**Annual Financial Statements**

**Year Ended June 30, 2020**



**BOARD OF EDUCATION**

**Position 1/Zone 1**

Karen Burke  
Director

92924 Knappa Dock Road  
Astoria, Oregon 97103

**Position 2/Zone 2**

Sara Meyer  
Director

555 Rivington  
Astoria, Oregon 97103

**Position 3/Zone 2**

Robert Duehmig  
Chair

818 Grand Avenue  
Astoria, Oregon 97103

**Position 4/Zone 2**

Anne Teaford-Cantor  
Director

1189 Jerome Avenue  
Astoria, Oregon 97103

**Position 5/Zone 3**

Rosemary Baker-Monaghan  
Vice-Chair

1880 S. Edgewood  
Seaside, Oregon 97138

**Position 6/Zone 3**

David E. Zunkel  
Director

1236 SW Pine Drive  
Warrenton, Oregon 97146

**Position 7/Zone 3**

Timothy Lyman  
Director

PO Box 2112  
Gearhart, Oregon 97138

Chris Breitmeyer, President  
JoAnn Zahn, Vice President, Finance & Operations

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

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YEAR ENDED JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Clatsop Community College  
Astoria, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Clatsop Community College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Clatsop Community College as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of contributions and schedule of proportionate share of the net pension liability, and schedule proportionate share, employer contributions and changes in other postemployment benefits (OPEB) total liability and related ratios for OPEB funding progress 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 a 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.

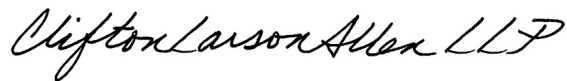
The balance sheet, schedule of changes in fund balances, schedule of revenues, expenditures, and changes in fund balance compared with budget, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting 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 February 12, 2021, 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.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated February 12, 2021, on our consideration of Clatsop Community College’s compliance with certain provisions of laws, regulations contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations* in considering Clatsop Community College’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
February 12, 2021



Jean Bushong, CPA  
Principal  
CPA License #98624  
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**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**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, 2020. It is designed to focus on current activities, resulting changes, and current known facts. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Management assumes responsibility for the completeness and reliability of all information presented in this report.

**Financial Highlights**

- The College's primary funding source is public support from local property tax supplemented by grants-in-aid received from the state of Oregon. The primary basis of state support is the calculation of student Full-Time Equivalents (FTEs). During the 2019-2020 academic year, total reported reimbursable FTEs were 1,232.11 as contrasted to 1,328.91 in the 2018-2019 academic year with the "hold harmless" factor to fall term enrollment applied to both years. The COVID-19 pandemic significantly impacted spring term 2020 enrollment and represents the decline in SFTE. If not for the pandemic impact, the college would have experienced enrollment growth in FY19-20. As FTE enrollment for which the College could be reimbursed by the state's enrollment management formula was capped at 1,340, enrollment was within the formula cap.
- 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 2019-2020 planning priorities included investment in new program development, student retention and support services with an increase in general fund reserves.
- During the 2019-2020 fiscal year, the College provided more than \$3.034 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)       | \$ 100,991   |
| Federal SEOG                                       | 89,916       |
| Federal PELL Grants                                | 1,179,985    |
| Federal Direct Student Loans                       | 541,680      |
| Higher Education Emergency Relief Fund - CARES Act | 251,712      |
| CCC Foundation Scholarships                        | 208,484      |
| Oregon Need & Oregon Promise Grant                 | 512,332      |
| Institutional Waivers and Grants                   | 148,977      |
| Total Financial Aid Provided to Students           | \$ 3,034,077 |

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Overview of the Financial Statements**

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

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

The statement of revenues, expenses, and changes in net position presents the revenues earned and the expenses incurred during the year. All changes in net position are reported using the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when the cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or nonoperating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations, property taxes, and Pell grants for students are classified as nonoperating revenues.

The statement of cash flows presents information on cash flows from operating activities, noncapital financial activities, capital and related financing activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and the College's ability to meet financial obligations as they become due.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.



**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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

**Statement of Net Position**

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

**Fiscal Year 2020 Compared to 2019**

|                                     | <u>2020</u>          | <u>2019</u>          | <u>Percent<br/>Change</u> |
|-------------------------------------|----------------------|----------------------|---------------------------|
| <b>ASSETS</b>                       |                      |                      |                           |
| Current Assets                      | \$ 4,821,600         | \$ 7,257,792         | (34%)                     |
| Noncurrent Assets:                  |                      |                      |                           |
| Other Noncurrent Assets             | 119,900              | -                    | -                         |
| Capital Assets, Net of Depreciation | <u>45,589,539</u>    | <u>44,930,081</u>    | 1                         |
| Total Assets                        | <u>\$ 50,531,039</u> | <u>\$ 52,187,873</u> | (3)                       |
| Deferred Outflow of Resources       | <u>\$ 3,068,183</u>  | <u>\$ 2,907,611</u>  | 6                         |
| <b>LIABILITIES</b>                  |                      |                      |                           |
| Current Liabilities                 | \$ 3,916,621         | \$ 4,802,057         | (18)                      |
| Long-Term Debt, Noncurrent Portion  | <u>26,004,964</u>    | <u>26,197,635</u>    | (1)                       |
| Total Liabilities                   | <u>\$ 29,921,585</u> | <u>\$ 30,999,692</u> | (3)                       |
| Deferred Inflow of Resources        | <u>\$ 787,485</u>    | <u>\$ 708,078</u>    | 11                        |
| <b>NET POSITION</b>                 |                      |                      |                           |
| Net Investment in Capital Assets    | \$ 32,408,044        | \$ 30,696,165        | 6                         |
| Restricted                          | 1,200                | -                    | -                         |
| Unrestricted                        | <u>(9,519,092)</u>   | <u>(7,308,451)</u>   | 30                        |
| Total Net Position                  | <u>\$ 22,890,152</u> | <u>\$ 23,387,714</u> | (2)                       |

At June 30, 2020, the College's assets are approximately \$50.5 million. The College's current assets of \$4.82 million and the \$3.92 million in current liabilities represent a current ratio of 1.23 in comparison to 1.38 in the prior year. Efforts to improve cash flow have reached a sustainable level. Cash flow borrowing was not required in 2020. Cash and cash equivalents of \$2.35 million represent fund balances including timber proceeds. The remaining current assets are made up of receivables from property taxes, governmental receivables and student receivables and other assets. Capital assets are \$45.6 million compared to \$44.9 million in 2019.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Financial Analysis of the College as a Whole (Continued)**

Deferred outflows of resources increased to \$3.068 million compared to \$2.908 million in 2019. Deferred outflows fluctuate according to the Public Employee Retirement System (PERS) actuarial annual report. Deferred outflow also includes \$98,445 for Other Postemployment Benefits (OPEB) as a result of the GASB 75 reporting requirement. In addition, \$436,815 of the deferred outflow represents a loss on refunding (prepaid interest) GO Bond and FFCO debt issuance.

The College's current liabilities of \$3.917 million consist primarily of payroll, various payables for operations, unearned revenues, pension bond obligations and facilities bond obligations. Noncurrent liabilities decreased to \$26 million compared to \$26.2 million in 2019. 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 \$787 thousand compared to \$708 thousand in 2019. Deferred inflows include PERS at \$753 thousand and OPEB (GASB 75) at \$34 thousand, respectively.

Within net position, the "Net Investment in Capital Assets" was \$32.352 million, an increase of \$1.7 million compared to prior year. This amount represents the College's plant and equipment, less accumulated depreciation and related debt.

**Statement of Revenues, Expenses, and Changes in Net Position**

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

**Fiscal Year 2020 Compared to 2019**

|   | <u>2020</u>          | <u>2019</u>          | <u>Percent<br/>Change</u> |
|---|----------------------|----------------------|---------------------------|
| Total Operating Revenues                  | \$ 3,946,858         | \$ 3,793,416         | 4%                        |
| Total Operating Expenses                  | 17,539,446           | 15,885,845           | 10                        |
| Operating Loss                            | (13,592,588)         | (12,092,429)         | 12                        |
| Nonoperating Revenues, Net                | <u>13,095,026</u>    | <u>11,121,080</u>    | 18                        |
| Total Increase (Decrease) in Net Position | (497,562)            | (971,349)            | (49)                      |
| Net Position - Beginning of Year          | <u>23,387,714</u>    | <u>24,359,063</u>    | (4)                       |
| Net Position - End of Year                | <u>\$ 22,890,152</u> | <u>\$ 23,387,714</u> | (2)                       |

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Financial Analysis of the College as a Whole (Continued)**

**Revenues**

The most significant sources of operating revenue for the College are tuition and fees, financial aid, grants and contracts from federal, state, other local sources, and auxiliary services. Tuition and fees include all amounts paid for educational purposes and totaled \$1.401 million, net of scholarship allowances and aid paid to students, \$148,977 and \$1,504,506, respectively. Financial aid, grants, and contracts (not including Pell grants) totaled \$2.3 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 \$263 thousand. Other local sources were \$10,592.

The College's major sources of nonoperating revenue are from property taxes and timber revenues (\$7.198 million), funding for operations from the state of Oregon (\$4.134 million), and Pell grants for students (\$1.180 million). Investment income of \$105 thousand consists primarily of interest earned on fund balances.

Major Clatsop County Taxpayers are Provided Below:

**Fiscal Year 2020  
Clatsop Community College**

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

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**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 |
|-------------|----------------------|----------------------|----------------------|--------------------|
| 2020        | \$ 10,126,148,069    | \$ 6,832,654,797     | \$ 185,603,830       | \$ 6,647,660,747   |
| 2019        | 9,514,701,054        | 6,535,963,525        | 172,665,023          | 6,363,891,193      |
| 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 \$17.54 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of expenses is instruction and instructional support (39%). 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 (10%) 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 2020 expenses by category and percentage change compared to 2019 for the College:

|                                       | <u>2020<br/>Actual Expense</u> | <u>2019<br/>Actual Expense</u> | <u>Percent<br/>Change</u> |
|---------------------------------------|--------------------------------|--------------------------------|---------------------------|
| Educational and General:              |                                |                                |                           |
| Instruction                           | \$ 5,153,430                   | \$ 4,776,525                   | 8%                        |
| Instructional Support                 | 1,788,667                      | 1,580,091                      | 13                        |
| Student Services                      | 2,391,547                      | 2,120,271                      | 13                        |
| Institutional Support                 | 3,050,566                      | 2,860,531                      | 7                         |
| Operation and Maintenance of Plant    | 1,526,855                      | 1,410,791                      | 8                         |
| Auxiliary Enterprises                 | 358,756                        | 391,981                        | (8)                       |
| Community Services                    | 413,483                        | 388,547                        | 6                         |
| Student Financial Aid                 | 590,086                        | 269,610                        | 119                       |
| Other Expense                         | 584,062                        | 427,018                        | 37                        |
| Depreciation and Amortization Expense | 1,681,994                      | 1,660,480                      | 1                         |
| Total Operating Expenses              | <u>\$ 17,539,446</u>           | <u>\$ 15,885,845</u>           | <u>10</u>                 |

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**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 2020 Compared to 2019**

|  | 2020                | 2019                | Percent<br>Change |
|--|---------------------|---------------------|-------------------|
| Cash Provided (Used) by:                             |                     |                     |                   |
| Operating Activities                                 | \$ (10,182,259)     | \$ (9,973,659)      | 2%                |
| Noncapital Financing Activities                      | 13,363,325          | 11,661,174          | 15                |
| Capital and Related Financing Activities             | (5,094,243)         | (3,454,558)         | 47                |
| Investing Activities                                 | 105,213             | 162,605             | (35)              |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (1,807,964)         | (1,604,438)         | 13                |
| Cash and Cash Equivalents - Beginning of Year        | 4,160,740           | 5,765,178           | (28)              |
| Cash and Cash Equivalents - End of Year              | <u>\$ 2,352,776</u> | <u>\$ 4,160,740</u> | (43)              |

**Operating Activities**

The major sources of funds included in operating activities include student tuition and fees, federal financial aid, grants and contracts, and auxiliary enterprises. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. The College's cash and cash equivalents decreased by \$1.8 million due to not participating in the OSBA tax anticipation note borrowing and investment in new campus nexus computer system.

**Continuing Disclosure Certificates**

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

**Noncapital Financing Activities**

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

**Capital Financing Activities**

The College purchased the MERTS property and purchased software during FY19-20. The College continued to make principal and interest payments on existing bonds during the fiscal year.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Financial Analysis of the College as a Whole (Continued)**

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, 2020 is \$35,567. A new FY2019-2020 capital lease purchase (\$68,543) for Dell Storage technology needs. Balance at June 30, 2020 is \$53,917.

**Investing Activities**

The College earned \$105 thousand in interest on bank balances and funds invested in the long-term governmental investment pool.

**Budgetary Highlights**

The College adopts an annual budget at the fund level, which is under the modified accrual basis of accounting for governmental funds. The original budget was amended for the General fund and Clubs & Organizations 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, 2020, amounted to \$45.590 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, 2020 was \$17.975 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 2020 is \$10.126 billion. The General Obligation Bonds, Series 2009, for \$5 million has \$-0- remaining after the 2016 refunding, \$3.515 million in 2016 refinanced issue and Series 2015, for \$6.575 million outstanding debt subject to the limit. The district has 6.64% issued compared to total debt capacity.

|   |                       |
|---|-----------------------|
| Real Market Value (Fiscal Year 2020)                          | 10,126,148,069        |
| <b>Debt Capacity</b>  |                       |
| General Obligation Debt Capacity (1.50% of Real Market Value) | \$ 151,892,221        |
| Less: Outstanding Debt Subject to Limit                       | <u>(10,090,000)</u>   |
| Remaining General Obligation Debt Capacity                    | <u>\$ 141,802,221</u> |
| Percent of Capacity Issued                                    | 6.64%                 |

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Financial Analysis of the College as a Whole (Continued)**

**Debt Ratios**

**Fiscal Year 2020**

|   |                      |                      |
|---|----------------------|----------------------|
| Real Market Value                         | \$ 10,126,148,069    |                      |
| Estimated Population (2019)               | 40,224               |                      |
| Per Capita Real Market Value              | \$ 251,744           |                      |
|   | <b>Gross Direct</b>  | <b>Net Direct</b>    |
| <b>Debt Information</b>                   | <b>Debt*</b>         | <b>Debt</b>          |
| District Direct Debt                      | \$ 17,975,000        | \$ 17,975,000        |
| Overlapping Direct Debt                   | N/A                  | N/A                  |
| Total Direct Debt                         | <u>\$ 17,975,000</u> | <u>\$ 17,975,000</u> |
| <b>Bonded Debt Ratios</b>                 |                      |                      |
| District Direct Debt to Real Market Value | 0.18%                | 0.18%                |
| Total Direct Debt to Real Market Value    | 0.18%                | 0.18%                |
| Per Capita District Direct Debt           | \$ 447               | \$ 447               |
| Per Capita Total Direct Debt              | \$ 447               | \$ 447               |

\* See Note 8 Long-Term Debt Schedule

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

The Budget Advisory Committee, established by the President in 2012, is part of the College's participatory shared governance structure to inform all constituent groups about resources and spending. The 2020-21 general fund operating budget was developed using guiding principles. A priority to closely monitor revenue and expenditure in uncertain times which began with the change to remote instruction and remote work, except for essential services, in response to the COVID-19 pandemic in March 2020. A college-wide budget reduction process began before the FY2020-21 budget was adopted anticipating lower revenue resulting from the impact of COVID-19. More than \$1.1 million in budget reductions including the elimination of 3 FTE positions have been implemented to reduce expenditures to address anticipated lower revenue and mitigate uncertainty related to the impact from COVID-19 and the implementation of a new Anthology (formerly Campus Management) computer system.

In addition, an early retirement incentive resulted in two retirements at August 31, 2020. The 2019-2021 State funding was \$4.134 million in FY2019-2020 and \$4.218 million in FY2020-2021 based on a \$640 million community college funding level (Source: CCSF Distribution 2019-2021 August 2020 Payment). The state support funding represents approximately 30% of the College's annual revenue based on the revised funding formula allocation. The College's percentage of total formula allocation has increased from 1.1% in 2019 to 1.3% in the 2019-2021 biennium. Alternative revenue sources and establishing community partnerships while reducing expenditures will continue to be necessary to ensure expenditures are within available resources.

Efforts to invest in student retention and support services have been a focus of budget development in FY20 and FY21. The 2018-2023 strategic plan identifies four strategic initiatives, Strengthen the Academic Environment for Students, Cultivate Connections with the Community, Commit to Equity and Inclusiveness, and, Advance Institutional Accountability. Each strategic initiative has objectives which interweave the budget development process for progress toward mission fulfillment. Building and maintaining the general fund ending fund balance at 15% is a strategic priority.

**CLATSOP COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Financial Analysis of the College as a Whole (Continued)**

**Economic Factors and Next Year's Budget (Continued)**

Local property tax information (Summary of Property Tax Collections 2020-2021) indicates a 3.0% increase in the total certified tax amount for 2020 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.

Fall 2020 tuition and fee revenue indicates enrollment is down at approximately 14 percent compared to fall 2019. The uncertainty of the COVID-19 pandemic which required nearly all courses to be offered in an online format beginning in March 2020 has significantly impacted FTE enrollment. Additionally, the continuation of the Campus Nexus computer system implementation has impacted morale and a higher employee turnover through retirement and resignation. 2020-2021 budgetary priorities are to stabilize student enrollment and increase student and employee retention. A new Vice President, Academic Affairs, began July 1, 2020. A four-year collective bargaining agreement for the Classified and Part-time Faculty, respectively, are in place through FY2023. A one-year rollover agreement for the full-time faculty expires August 31, 2021.

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

**Requests for Information**

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

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



**CLATSOP COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

|                                      | Primary<br>Government | Component Unit<br>Clatsop Community<br>College<br>Foundation |
|--------------------------------------|-----------------------|--|
| <b>ASSETS</b>                        |                       |  |
| <b>CURRENT ASSETS</b>                |                       |  |
| Cash and Cash Equivalents            | \$ 1,999,677          | \$ 274,994   |
| Restricted Cash and Cash Equivalents | 353,099               |  |
| Restricted Investments               |                       | 3,852,888  |
| Receivables:                         |                       |  |
| Property Taxes                       | 475,691               | -  |
| Governmental                         | 1,122,421             | -  |
| Student Receivables, Net             | 702,165               | -  |
| Contributions                        | -                     | 61,100   |
| Inventories                          | 130,928               | -  |
| Other                                | 37,619                | -  |
| Total Current Assets                 | 4,821,600             | 4,188,982  |
| <b>NONCURRENT ASSETS</b>             |                       |  |
| Capital Assets - Net                 | 45,589,539            | -  |
| OPEB Asset                           | 119,900               | -  |
| Total Noncurrent Assets              | 45,709,439            | -  |
| Total Assets                         | \$ 50,531,039         | \$ 4,188,982   |
| <b>DEFERRED OUTFLOW OF RESOURCES</b> |                       |  |
| Related to Pensions                  | \$ 2,532,923          | \$ -   |
| Related to OPEB                      | 98,445                | -  |
| Loss on Refunding                    | 436,815               | -  |
| Total Deferred Outflow of Resources  | \$ 3,068,183          | \$ -   |

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2020**

|  | <u>Primary<br/>Government</u> | <u>Component Unit<br/>Clatsop Community<br/>College<br/>Foundation</u> |
|--|-------------------------------|--|
| <b>LIABILITIES AND NET POSITION</b>                                |                               |  |
| <b>CURRENT LIABILITIES</b>   |                               |  |
| Accounts Payable   | \$ 245,508                    | \$ 12,167  |
| Payroll Liabilities  | 1,043,745                     | -  |
| Unearned Revenue   | 891,756                       | -  |
| Due to Student Groups  | 30,000                        | -  |
| Accrued Interest Payable   | 18,991                        | -  |
| Other Current Liabilities  | 2,922                         | -  |
| Current Portion of Long-Term Debt                                  | 1,683,699                     | -  |
| Total Current Liabilities  | 3,916,621                     | 12,167   |
| <b>NONCURRENT LIABILITIES</b>                                      |                               |  |
| Bonds and Notes Payable, Less Current Portion of<br>Long-Term Debt | 16,825,620                    | -  |
| Net Pension Liability  | 7,536,129                     | -  |
| OPEB Liability   | 928,855                       | -  |
| Pre-SLGRP Transition Liability                                     | 714,360                       | -  |
| Total Noncurrent Liabilities                                       | 26,004,964                    | -  |
| Total Liabilities  | \$ 29,921,585                 | \$ 12,167  |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                |                               |  |
| Related to Pensions  | \$ 753,297                    | \$ -   |
| Related to OPEB  | 34,188                        | -  |
| Total Deferred Inflow of Resources                                 | \$ 787,485                    | \$ -   |
| <b>NET POSITION</b>  |                               |  |
| Capital Assets   | \$ 45,589,539                 | \$ -   |
| Less: Related Debt   | (13,181,495)                  | -  |
| Net Investment in Capital Assets                                   | 32,408,044                    | -  |
| Restricted - Expendable  | 1,200                         | 3,267,918  |
| Restricted - Unexpendable  | -                             | 596,197  |
| Unrestricted   | (9,519,092)                   | 312,700  |
| Total Net Position   | \$ 22,890,152                 | \$ 4,176,815   |

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2020**

|  | <u>Primary<br/>Government</u> | <u>Component Unit<br/>Clatsop Community<br/>College<br/>Foundation</u> |
|--|-------------------------------|--|
| <b>OPERATING REVENUES</b>  |                               |  |
| Student Tuition and Fees, Net of Scholarship<br>Allowance of \$1,653,483 | \$ 1,400,859                  | \$ -   |
| Federal Student Financial Aid Grant                                      | 190,907                       | -  |
| State Student Financial Aid Grant  | 512,332                       | -  |
| Federal Grants and Contracts   | 1,399,006                     | -  |
| State and Local Government Grants and Contracts                          | 170,473                       | -  |
| Other Local Sources  | 10,592                        | 563,085  |
| Auxiliary Enterprises  | 262,689                       | -  |
| Total Operating Revenues   | 3,946,858                     | 563,085  |
| <b>OPERATING EXPENSES</b>  |                               |  |
| Educational and General:   |                               |  |
| Instruction  | 5,153,430                     | -  |
| Instructional Support  | 1,788,667                     | -  |
| Student Services   | 2,391,547                     | -  |
| Institutional Support  | 3,050,566                     | -  |
| Operation and Maintenance of Plant                                       | 1,526,855                     | -  |
| Auxiliary Enterprises  | 358,756                       | -  |
| Community Services   | 413,483                       | -  |
| Student Financial Aid  | 590,086                       | -  |
| Other Expense  | 584,062                       | 485,245  |
| Depreciation and Amortization Expense                                    | 1,681,994                     | -  |
| Total Operating Expenses   | 17,539,446                    | 485,245  |
| <b>OPERATING INCOME (LOSS)</b>   | (13,592,588)                  | 77,840   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                  |                               |  |
| State FTE Reimbursement  | 4,134,090                     | -  |
| Property Taxes and Timber Revenues                                       | 7,197,646                     | -  |
| Cares Act Grant  | 248,703                       | -  |
| Pell Grants  | 1,179,985                     | -  |
| Investment Income  | 105,213                       | -  |
| Other Local Revenue  | 717,886                       | -  |
| Gain on Sale of Assets   | 178,904                       | -  |
| Interest Expense   | (667,401)                     | -  |
| Total Nonoperating Revenues  | 13,095,026                    | -  |
| <b>CHANGES IN NET POSITION</b>   | (497,562)                     | 77,840   |
| Net Position - Beginning of Year   | 23,387,714                    | 4,098,975  |
| <b>NET POSITION - END OF YEAR</b>  | \$ 22,890,152                 | \$ 4,176,815   |

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

|   | Primary<br>Government |
|---|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                       |
| Tuition and Fees  | \$ 1,323,017          |
| Paid to Students  | (590,086)             |
| Grants and Contracts  | 2,194,060             |
| Aid Received for Students                                       | 703,239               |
| Payments to Vendors   | (3,679,017)           |
| Payments to Employees   | (10,047,997)          |
| Other   | 10,592                |
| Auxiliary Enterprises - Net                                     | (96,067)              |
| Net Cash Used by Operating Activities                           | (10,182,259)          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                       |
| Local Property Taxes and Timber Revenues                        | 7,125,788             |
| State Appropriations and Other Payments                         | 4,134,090             |
| Nonoperating Grants   | 1,428,688             |
| Other Local Revenue   | 674,759               |
| Direct Lending Receipts   | 541,680               |
| Direct Lending Disbursements                                    | (541,680)             |
| Net Cash Provided by Noncapital Financing Activities            | 13,363,325            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                       |
| Purchase of Capital Assets                                      | (2,409,708)           |
| Proceeds from Sale of Assets                                    | 373,122               |
| Loan Principal Paid   | (2,388,621)           |
| Loan Interest Paid  | (669,036)             |
| Net Cash Used by Capital and Related Financing Activities       | (5,094,243)           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                       |
| Investment Income   | 105,213               |
| Net Cash Provided by Investing Activities                       | 105,213               |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | (1,807,964)           |
| Cash and Cash Equivalents - Beginning of Year                   | 4,160,740             |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | \$ 2,352,776          |

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

|  | Primary<br>Government |
|--|-----------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH USED BY OPERATING ACTIVITIES</b>          |                       |
| Operating Income (Loss)  | \$ (13,592,588)       |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash<br>Used by Operating Activities:          |                       |
| Depreciation and Amortization  | 1,681,994             |
| (Increase) Decrease in Assets:   |                       |
| Receivables (Net)  | 700,297               |
| Contributions Receivable   | -                     |
| Inventories  | (9,291)               |
| Other Assets   | 9,080                 |
| Increase (Decrease) in Liabilities:  |                       |
| Accounts Payable   | 40,333                |
| Payroll Liabilities  | (38,447)              |
| Unearned Revenue   | (153,558)             |
| Other Current Liabilities  | 1,293                 |
| Pension Expense Changes Related to Net Pension Liability   | 1,146,506             |
| OPEB Expense Changes Related to Net OPEB Liability   | 32,122                |
| Net Cash Used by Operating Activities  | \$ (10,182,259)       |
| <br><b>RECONCILIATION TO STATEMENT OF NET POSITION</b>   |                       |
| Cash and Cash Equivalents  | \$ 1,999,677          |
| Restricted Cash and Cash Equivalents   | 353,099               |
| Cash and Cash Equivalents - End of Year  | \$ 2,352,776          |
| <br><b>NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL<br/>AND RELATED FINANCING TRANSACTIONS</b> |                       |
| Capital Assets Acquired by Incurring Capital Lease Obligations   | \$ 68,543             |

See accompanying Notes to Financial Statements.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

As defined by accounting principles generally accepted in the United States of America (U.S. GAAP), the College includes one discretely presented component unit in its financial statements: the Clatsop Community College Foundation (hereinafter referred to as "the Foundation"). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation had an audit for the fiscal year ended June 30, 2020. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

**Significant Accounting Policies**

The accounting policies of the College conform to U.S. GAAP as applicable to colleges and universities. The following is a summary of the more significant policies.

**Basis of Accounting**

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

**Cash and Cash Equivalents**

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

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash and Cash Equivalents**

Current restricted cash and cash equivalents for the College consists of funds for other grant projects, \$300,977, and clubs and organizations, \$52,122. All funds of the Foundation are in depository accounts at June 30, 2020.

**Restricted Investments**

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

**Inventories**

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

**Receivables**

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

**Property, Buildings, and Equipment**

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

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

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

**Accrued Wages and Payroll Costs**

Contracts for faculty begin in September and end in mid-June. All other employee agreements begin July 1 for the ensuing fiscal year and end June 30. All salaries are paid over 12 months. The salary amounts due for payment in July and August are included in accrued liabilities. Benefit payments for July and August are not accrued but rather expensed as paid. The accrued wages at June 30, 2020 were \$395,422.

**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.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 \$305,893 at June 30, 2020.

**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, 2020 for the College's 2020-2021 summer and fall terms are recorded as unearned revenue. Unearned revenue from tuition and fees was \$505,186 at June 30, 2020.

**Retirement Plans**

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

**Pre-SLGRP Pooled Liability**

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

**Other Postemployment Benefits Obligation (OPEB)**

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

**Deferred Inflows and Deferred Outflows**

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

**Budgetary Basis**

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



**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

The College's net position is classified as follows:

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

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

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

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

**Federal Financial Assistance Programs**

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

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

**Classification of Revenues**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowances**

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

**Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

As mandated by Oregon statutes, a budget was prepared by the College administration and budget officer. The budget committee, with public input, considered and approved the budget for transmittal to the Board of Education on May 7, 2019. After public notices and a hearing, the final budget was adopted, appropriations made, and a tax levy declared by the Board of Education on June 11, 2019. The budget was amended by the Board on June 9, 2020.

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

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

Supplemental budgets were advertised as required. After public hearings these budgets were approved by the board. Other budget adjustments not requiring public hearings were also approved by the board. For the year ended June 30, 2020, 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, 2020 were comprised of the following:

|                              | Total<br>Primary<br>Government | Component Unit<br>Clatsop Community<br>College<br>Foundation |
|------------------------------|--------------------------------|--|
| Cash and Cash Equivalents:   |                                |  |
| Cash on Hand                 | \$ 2,950                       | \$ -   |
| Deposits                     | 445,791                        | 274,994  |
| Oregon Short-Term Fund, LGIP | 1,904,035                      | 3,852,888  |
| Total                        | \$ 2,352,776                   | \$ 4,127,882   |

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

**Deposits with State Local Government Investment Pool**

The College maintains most of its cash balances on deposit with the State Treasury. These deposits at the State Treasury are held on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The State Treasurer of the state of Oregon maintains the OSTF, of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The State Treasury invests these deposits in high-grade short-term investment securities. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At the fiscal year ended June 30, 2020, the College cash and cash equivalents on deposit at State Treasury were \$1.9 million. At June 30, 2020, the fair value of College deposits with LGIP approximates cost.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with State Local Government Investment Pool (Continued)**

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

**Policies**

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

**Custodial Credit Risk – Deposits**

Current State statutes (ORS Chapter 295) require that all bank deposits in excess of FDIC and FSLIC insurance (currently \$250,000) be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program (PFCP). ORS 295 created a shared liability structure for participating depositories though not guaranteeing that all funds are 100% protected. The College was in compliance with this statutory requirement throughout the year, and none of the College's June 30, 2020 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, 2020, 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.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value of Financial Instruments**

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

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

*Level 2* – Inputs to the valuation methodology include:

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

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

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

At June 30, 2020, all of the OSTF investments were considered Level 2 investments.

**Foundation Investments**

The Foundation's investments are recorded at fair value and consisted of the following at June 30, 2020:

|                                    | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>        |
|------------------------------------|---------------------|-------------------|----------------|---------------------|
| Bonds                              | \$ -                | \$ 530,032        | \$ -           | \$ 530,032          |
| Mutual Funds - Equity              | 1,684,341           | -                 | -              | 1,684,341           |
| Common Stocks                      | 1,085,592           | -                 | -              | 1,085,592           |
| Treasuries                         | 552,923             | -                 | -              | 552,923             |
| Total Investments<br>at Fair Value | <u>\$ 3,322,856</u> | <u>\$ 530,032</u> | <u>\$ -</u>    | <u>\$ 3,852,888</u> |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2020.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 RECEIVABLES**

**Property Taxes**

Clatsop County assesses and collects all property taxes for the College. Taxes are assessed on all taxable property in the county. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the tax is paid in full prior to November 15; taxes unpaid and outstanding after May 16 are considered delinquent. Since property may be seized and sold to satisfy any unpaid taxes, all taxes receivable at year-end are considered collectible. Taxes are billed and collected by Clatsop County and remittance to the College is made in periodic intervals. For fiscal year 2019-2020 the College imposed a tax rate of \$.7785 per \$1,000 of assessed value. This resulted in a net levy of \$5,897,226 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, 2020 are \$475,691.

**Governmental**

The governmental receivables include \$413,982 in timber revenue, \$373,122 for sale of the Performing Arts Center and Josie Peper properties and \$335,317 various federal and state grants or contracts. The total governmental receivables are \$1.122 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 \$558,942, amounts owed by students in collections and amounts returned due to insufficient funds \$148,698, and amounts owed by agencies \$24,525 for other services provided by the College. Amounts owed by agencies are fully collectible. An estimated bad debt allowance is included \$(30,000) for student accounts. Net student accounts receivable as of June 30, 2020 was \$702,165.

**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 \$3.268 million and restricted net position – unexpendable of \$596,197 in the Foundation are primarily for endowment programs and scholarships.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2019 and 2020.

|  | <u>June 30, 2019</u> | <u>Additions</u>   | <u>Deletions</u>  | <u>June 30, 2020</u> |
|--|----------------------|--------------------|-------------------|----------------------|
| Capital Assets Not Being Depreciated:      |                      |                    |                   |                      |
| Land and Improvements                      | \$ 85,535            | \$ 864,673         | \$ -              | \$ 950,208           |
| Construction in Progress                   | 723,015              | 1,310,099          | -                 | 2,033,114            |
| Total Capital Assets Not Being Depreciated | <u>808,550</u>       | <u>2,174,772</u>   | <u>-</u>          | <u>2,983,322</u>     |
| Capital Assets Being Depreciated:          |                      |                    |                   |                      |
| Buildings                                  | 57,336,277           | 85,720             | 460,073           | 56,961,924           |
| Land Improvements                          | 166,599              | -                  | -                 | 166,599              |
| Equipment                                  | 2,551,768            | 217,759            | -                 | 2,769,527            |
| Library Books                              | 147,278              | -                  | -                 | 147,278              |
| Total Capital Assets Being Depreciated     | <u>60,201,922</u>    | <u>303,479</u>     | <u>460,073</u>    | <u>60,045,328</u>    |
| Less Accumulated Depreciation for:         |                      |                    |                   |                      |
| Buildings                                  | 13,416,840           | 1,470,103          | 265,855           | 14,621,088           |
| Land Improvements                          | 133,279              | 16,660             | -                 | 149,939              |
| Equipment                                  | 2,382,994            | 137,812            | -                 | 2,520,806            |
| Library Books                              | 147,278              | -                  | -                 | 147,278              |
| Total Accumulated Depreciation             | <u>16,080,391</u>    | <u>1,624,575</u>   | <u>265,855</u>    | <u>17,439,111</u>    |
| Total Capital Assets Being Depreciated     | <u>44,121,531</u>    | <u>(1,321,096)</u> | <u>194,218</u>    | <u>42,606,217</u>    |
| Capital Assets, Net                        | <u>\$ 44,930,081</u> | <u>\$ 853,676</u>  | <u>\$ 194,218</u> | <u>\$ 45,589,539</u> |

**Clatsop Community College Foundation**

The Foundation has no property, buildings, and equipment as of June 30, 2020.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 LONG-TERM DEBT**

The College has the following long-term debt arrangements:

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

| <u>Description</u>  | <u>Amount</u>       |
|---|---------------------|
| Bond payable to US Bank, Trustee, for \$5,060,000.<br>Refunding of 2006 Full Faith & Credit obligation dated<br>August 5, 2014 with scheduled interest and principal<br>payments due semi-annually through June 30, 2026.<br>Refunding saves \$30,000 annually. | \$ 3,420,000        |
| Less: Principal Payments 2019-20  | <u>(445,000)</u>    |
| Balance - June 30, 2020   | <u>\$ 2,975,000</u> |

General Obligation Bonds, 2015 qualified to participate in the Oregon School Bond Guaranty program in order to secure lower interest costs on general obligation bonds. Series 2016 (refunded Series 2009) has \$3.515 million outstanding at June 30, 2020. Series 2015 has \$6.575 million outstanding at June 30, 2020. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the "Act").



**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Bonds Payable – Facilities (Continued)**

| <u>Description</u>  | <u>Amount</u>              |
|---|----------------------------|
| <u>General Obligation Bonds, Series 2015</u>  |                            |
| Bond payable to U.S. Bank National Association, Trustee, for \$8,200,000 at 3.0% for the redevelopment of Patriot Hall and to pay the costs of issuance of the obligations, dated February 26, 2015, with scheduled interest and principal payments due semi-annually through June 15, 2035 | \$ 6,920,000               |
| Less: Principal Payments 2019-2020  | <u>(345,000)</u>           |
| Balance - June 30, 2020   | <u><u>\$ 6,575,000</u></u> |

|   |                            |
|---|----------------------------|
| <u>General Obligation Refunding Bond, Series 2016</u>   |                            |
| Bond payable to JPMorgan Chase Bank for \$3,985,000 at a price of 100% par at 1.85% per annum with all accrued interest due semi-annually through June 2029 | \$ 3,820,000               |
| Less: Principal Payments 2019-2020  | <u>(305,000)</u>           |
| Balance - June 30, 2020   | <u><u>\$ 3,515,000</u></u> |

**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.

| <u>Description</u>   | <u>Amount</u>              |
|--|----------------------------|
| Bond payable to Wells Fargo, Trustee, for \$7,240,000 at 4.6% to 4.8% for paying PERS unfunded actuarial liability, dated June 9, 2005, with scheduled interest and principal payments due semi-annually through June 30, 2028 | \$ 5,315,000               |
| Less: Principal Payments 2019-2020   | <u>(405,000)</u>           |
| Balance - June 30, 2020  | <u><u>\$ 4,910,000</u></u> |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Bonds Payable – PERS (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<br>Principal | Total<br>Interest | PERS Bonding |              | Facilities<br>Facilities<br>US Bank, 2014 |            | Facilities<br>Facilities<br>US Bank, 2016 (Chase) |            | Facilities<br>Facilities<br>GO Bonds, 2015 |              |
|-----------|--------------------|-------------------|--------------|--------------|---|------------|---|------------|--|--------------|
|           |                    |                   | Principal    | Interest     | Principal                                 | Interest   | Principal   | Interest   | Principal                                  | Interest     |
| 2021      | \$ 1,590,000       | \$ 603,730        | \$ 455,000   | \$ 237,202   | \$ 460,000                                | \$ 89,250  | \$ 320,000  | \$ 65,028  | \$ 355,000                                 | \$ 212,250   |
| 2022      | 1,680,000          | 551,379           | 515,000      | 215,221      | 470,000                                   | 75,450     | 335,000   | 59,108     | 360,000                                    | 201,600      |
| 2023      | 1,790,000          | 491,801           | 575,000      | 190,341      | 490,000                                   | 61,350     | 355,000   | 52,910     | 370,000                                    | 187,200      |
| 2024      | 1,889,000          | 427,956           | 640,000      | 162,563      | 500,000                                   | 46,650     | 369,000   | 46,343     | 380,000                                    | 172,400      |
| 2025      | 2,002,000          | 360,011           | 705,000      | 131,645      | 520,000                                   | 31,650     | 387,000   | 39,516     | 390,000                                    | 157,200      |
| 2026-2030 | 6,459,000          | 857,437           | 2,020,000    | 175,849      | 535,000                                   | 16,050     | 1,749,000   | 82,638     | 2,155,000                                  | 582,900      |
| 2031-2035 | 2,565,000          | 235,500           | -            | -            | -   | -          | -   | -          | 2,565,000                                  | 235,500      |
| Total     | \$ 17,975,000      | \$ 3,527,814      | \$ 4,910,000 | \$ 1,112,821 | \$ 2,975,000                              | \$ 320,400 | \$ 3,515,000                                      | \$ 345,543 | \$ 6,575,000                               | \$ 1,749,050 |

**Capital Lease Obligation**

The following is a schedule of the Dell Brocade virtual server capital lease obligation as of June 30, 2020. The cost of the asset and related accumulated depreciation as of June 30, 2020 was \$117,897 and \$117,897, respectively.

|                         | <u>Amount</u>    |
|-------------------------|------------------|
| Balance - Beginning     | \$ 59,559        |
| Additions 2019-20       | -                |
| Less: Payments 2019-20  | <u>(23,992)</u>  |
| Balance - June 30, 2020 | <u>\$ 35,567</u> |

The total interest incurred for the year ended June 30, 2020 was \$1,827.

Minimum future lease payments are as follows:

| <u>Year Ending June 30,</u>  | <u>Amount</u>    |
|------------------------------|------------------|
| 2021                         | \$ 24,909        |
| 2022                         | <u>10,658</u>    |
| Total Minimum Lease Payments | <u>\$ 35,567</u> |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

**Capital Lease Obligations (Continued)**

The following is a schedule of the Dell storage area network array capital lease obligation as of June 30, 2020. The cost of the asset and related accumulated depreciation at June 30, 2020 is \$68,543 and \$13,328.

|                              | Amount    |
|------------------------------|-----------|
| Balance - Beginning          | \$ -      |
| Additions 2019-20            | 68,543    |
| Less: Payments 2019-20       | (14,629)  |
| Balance - June 30, 2020      | \$ 53,914 |
| <br>                         |           |
| Year Ending June 30,         | Amount    |
| 2021                         | \$ 25,661 |
| 2022                         | 28,253    |
| Total Minimum Lease Payments | \$ 53,914 |

The total interest incurred for the year ended June 30, 2020 was \$552.

**Changes in Long-Term Liabilities**

A summary of long-term liability activity follows:

|                                 | Balance<br>July 1, 2018 | Additions | Reductions   | Balance<br>June 30, 2019 | Due Within<br>One Year |
|---------------------------------|-------------------------|-----------|--------------|--------------------------|------------------------|
| Bonds Payable                   | \$ 19,475,000           | \$ -      | \$ 1,500,000 | \$ 17,975,000            | \$ 1,590,000           |
| Bond Premium                    | 487,967                 | -         | 43,129       | 444,838                  | 43,129                 |
| Tax Anticipation Note           | 850,000                 | -         | 850,000      | -                        | -                      |
| Capital Leases                  | 59,559                  | 68,543    | 38,621       | 89,481                   | 50,570                 |
|                                 | 20,872,526              | 68,543    | 2,431,750    | 18,509,319               | 1,683,699              |
| <br>                            |                         |           |              |                          |                        |
| PERS pre-SLGRP Pooled Liability | 745,816                 | -         | 31,456       | 714,360                  | -                      |
| Total                           | \$ 21,618,342           | \$ 68,543 | \$ 2,463,206 | \$ 19,223,679            | \$ 1,683,699           |

As of June 30, 2020, defeased refunding bonds aggregating \$2,975,000 remain outstanding. In accordance with state law, the College has appointed Chase Bank as third-party custodian for the administration of debt service payments.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 OPERATING LEASES**

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

| Years Ending<br>June 30, | Total             | Government<br>DSL<br>Dock | City of<br>Moorage<br>Forerunner | US Bank<br>Copiers | Solutions<br>YES<br>Copiers | Damarkom<br>SCC   |
|--------------------------|-------------------|---------------------------|----------------------------------|--------------------|-----------------------------|-------------------|
| 2021                     | \$ 81,120         | \$ 380                    | \$ 2,200                         | \$ 11,625          | \$ 18,915                   | \$ 48,000         |
| 2022                     | 56,151            | 391                       | 2,200                            | 4,600              | -                           | 48,960            |
| 2023                     | 19,083            | 403                       | 2,200                            | -                  | -                           | 16,480            |
| 2024                     | 2,615             | 415                       | 2,200                            | -                  | -                           | -                 |
| Total                    | <u>\$ 158,969</u> | <u>\$ 1,589</u>           | <u>\$ 8,800</u>                  | <u>\$ 16,225</u>   | <u>\$ 18,915</u>            | <u>\$ 113,440</u> |

Lease expense for the year ended June 30, 2020 was \$ 103,386.

**NOTE 10 PENSION PLAN**

**Public Employee Retirement System (PERS)**

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

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

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

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Summary of Significant Accounting Policies**

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

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

**Basis of Accounting**

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

**Proportionate Share Allocation Methodology**

The basis for the employer's proportion is actuarially determined by comparing the 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 College is not aware of any changes to benefit terms subsequent to the June 30, 2019 measurement date.

**Pension Plan Liability**

The components of the Plan's collective net pension liability as of the measurement date of June 30, 2019 are as follows (dollars in millions):

|                             |                           |
|-----------------------------|---------------------------|
| Total Pension Liability     | \$ 87,501.2               |
| Plan Fiduciary Net Position | 70,203.7                  |
| Plan Net Position Liability | <u><u>\$ 17,297.5</u></u> |

(Source: June 30, 2019, OPERS CAFR, table 24, p. 71)

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**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 (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit result.

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

**Death Benefits**

Upon the death of a 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.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**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 (COLA) changes. The COLA is capped at 2.0%.

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

1. The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rate for the OPSRP defined benefit pension plan at June 30, 2020 is 9.08% as provided by the Summary of PERS Employer Contribution Rates, adjusted for the side account rate relief 15.17%.
2. The defined contribution pension plan (called the Individual Account Program) (IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 will be deposited in the member's IAP, not into the member's PERS account.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**OPSRP Pension Program (OPSRP DB)**

**Pension Benefits**

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

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

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

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

**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.



**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**OPSRP Pension Program (OPSRP IAP) (Continued)**

**Pension Benefits (Continued)**

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.

Employer contribution rates for the fiscal year ended June 30, 2020 were based on the December 31, 2017 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, 2020 is 15.17% for PERS Tier One/Two and 9.08% for OPSRP.

Employer contributions for the year ended June 30, 2020 were \$697,341, excluding amounts to fund employer specific liabilities.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

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

Total pension expense for the year ended June 30, 2020 was \$1.875 million. At June 30, 2020, the College reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Experience  | \$ 415,595                           | \$ -                                |
| Changes of Assumptions  | 1,022,362                            |                                     |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments                   | -                                    | (213,642)                           |
| Changes in Proportionate Share  | 397,625                              | (70,568)                            |
| Difference in Proportionate Share and Actual<br>Employer's Contributions                              | -                                    | (469,087)                           |
| Total   | 1,835,582                            | (753,297)                           |
| Net Deferred Outflow (Inflow) of Resources Before<br>Contributions Subsequent to the Measurement Date | 697,341                              | -                                   |
| Net Deferred Outflow (Inflow) of Resources  | \$ 2,532,923                         | \$ (753,297)                        |

Of the amount reported as deferred outflows of resources, \$697,341 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2021                        | \$ 684,887    |
| 2022                        | 51,461        |
| 2023                        | 194,816       |
| 2024                        | 187,570       |
| 2025                        | (36,449)      |

**Actuarial Methods and Assumptions**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

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

**Actuarial Methods:**

|                         |                               |
|-------------------------|-------------------------------|
| As of:                  | June 30, 2020                 |
| Valuation Date          | December 31, 2017             |
| Measurement Date        | June 30, 2019                 |
| Experience Study Report | 2016, Published July 26, 2017 |
| Actuarial Cost Method   | Entry Age Normal              |

**Actuarial Assumptions:**

|                                   |  |
|-----------------------------------|--|
| Inflation Rate                    | 2.50%  |
| Long-Term Expected Rate of Return | 7.20%  |
| Discount Rate                     | 7.20%  |
| Projected Salary Increases        | 3.50%  |
| Cost of Living Adjustments        | Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision; blend based on service  |
| Mortality                         | <i>Healthy Retirees and Beneficiaries:</i><br>RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation |
|                                   | <i>Active Members:</i><br>RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation                             |
|                                   | <i>Disabled Retirees:</i><br>RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.  |

**Discount Rate**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Net Pension Liability**

At June 30, 2020, the College reported a liability of \$7,536,129 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The College's proportion of the net pension liability was based on the College's contributions received by PERS during the measurement period, relative to the total employer contributions received from all of PERS participating employers. At June 30, 2019, the College's proportionate share was 0.04356747% which was an increase of .00278349% from its last measurement date.

**Deferred Items**

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Others are calculated at the employer level. For fiscal year ended June 30, 2020, deferred items include:

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

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

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

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

One year of amortization is recognized in the College's total pension expense for fiscal year 2020.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Depletion Date Projection**

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

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

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

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

**Assumed Asset Allocation**

| <u>Asset Class/Strategy</u> | <u>OIC Policy Range</u> |       | <u>OIC Target</u> |
|-----------------------------|-------------------------|-------|-------------------|
| 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, 2019, OPERS CAFR, p. 100)

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in 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 31 below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Asset Class                       | Target<br>Allocation * | Compound<br>Annual Return<br>(Geometric) |
|-----------------------------------|------------------------|--|
| Core Fixed Income                 | 8.00%                  | 3.49%                                    |
| Short-Term Bonds                  | 8.00                   | 3.38                                     |
| Bank/Leveraged Loans              | 3.00                   | 5.09                                     |
| High Yield Bonds                  | 1.00                   | 6.45                                     |
| Large/Mid Cap US Equities         | 15.75                  | 6.30                                     |
| Small Cap US Equities             | 1.31                   | 6.69                                     |
| Micro Cap US Equities             | 1.31                   | 6.80                                     |
| Developed Foreign Equities        | 13.13                  | 6.71                                     |
| Emerging Market Equities          | 4.13                   | 7.45                                     |
| Non-U.S. Small Cap Equities       | 1.88                   | 7.01                                     |
| Private Equity                    | 17.50                  | 7.82                                     |
| Real Estate (Property)            | 10.00                  | 5.51                                     |
| Real Estate (REITS)               | 2.50                   | 6.37                                     |
| Hedge Fund of Funds - Diversified | 2.50                   | 4.09                                     |
| Hedge Fund - Event-driven         | 0.63                   | 5.86                                     |
| Timber                            | 1.88                   | 5.62                                     |
| Farmland                          | 1.88                   | 6.15                                     |
| Infrastructure                    | 3.75                   | 6.60                                     |
| Commodities                       | 1.88                   | 3.84                                     |
| Assumed Inflation – Mean          |                        | 2.50%                                    |

\*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

(Source: June 30, 2019 PERS CAFR; p.74)

**Sensitivity Analysis**

|  | 1% Decrease              | Current<br>Discount Rate | 1% Increase             |
|--|--------------------------|--------------------------|-------------------------|
| Employers' Net Pension Liability<br>Defined Benefit Pension Plan | (6.20%)<br>\$ 12,068,442 | (7.20%)<br>\$ 7,536,129  | (8.20%)<br>\$ 3,743,207 |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Sensitivity Analysis (Continued)**

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

**Plan Fiduciary Net Position as a Percentage of Total Pension Liability**

See Schedule of Changes in Net Pension (Asset) Liability on page 69 of the PERS June 30, 2019 CAFR.

**Transition Liability**

The College reports a separate liability to the plan with a balance of \$714,360 at June 30, 2020. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 12.40% 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 2019 and 2020 is \$19,000 and \$19,500, respectively, with higher levels for employees over age 50.

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Public Employees Retirement Plan (PERS)**

**Plan Description**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Plan Description (Continued)**

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

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

**OPEB Plan Report**

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

**Basis of Accounting**

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

**Summary of Significant Accounting Policies**

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

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



**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Proportionate Share Allocation Methodology**

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

**OPEB Plan (Asset)/Liability**

The components of the PERS Net OPEB (Asset)/Liability for the OPEB plan as of the measurement date of June 30, 2019 is as follows:

|                              | Amounts in<br>Millions |
|------------------------------|------------------------|
| Net OPEB - RHIA (Asset)      |                        |
| Total OPEB - RHIA Liability  | \$ 270.3               |
| Plan Fiduciary Net Position  | 390.2                  |
| Plan Net OPEB - RHIA (Asset) | <u>\$ (119.9)</u>      |

**Changes Subsequent to Measurement Date**

The College is not aware of any changes that would impact RHIA subsequent to the June 30, 2019 measurement date.

**Contributions**

The OPEB plan administered by PERS is funded through actuarially determined employer contributions. For the fiscal year ended June 30, 2020, the College contributes 0.50% of PERS covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, the College contributes 0.58% of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contribution was approximately \$47 thousand for the year ended June 30, 2020. The actual contribution equaled the annual required contribution for the fiscal year.

**Net OPEB Asset/Liability**

At June 30, 2020, the College reported an asset of \$119,900 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017.

For the year ended June 30, 2020, the College recorded total OPEB expense of (\$17,590) due to the change in the net RHIA OPEB asset and changes to deferred outflows and deferred inflows.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Deferred Items**

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Others are calculated at the employer level. For fiscal year ended June 30, 2020, deferred items include:

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

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

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

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

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2020.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Deferred Items (Continued)**

Of the amount reported as deferred outflows of resources, \$4,107 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, 2020.

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference Between Expected and Actual Experience                            | \$ -  | \$ (15,811)                                  |
| Changes of Assumptions   | -   | (124)  |
| Net Difference Between Projected and Actual Earnings<br>on Investments       | -   | (7,401)                                      |
| Change in Proportionate Share  | -   | (3,666)                                      |
| Difference Between Contributions and Proportionate<br>Share of Contributions | -   | (22)   |
| Total (Prior to Post-MD Contributions)                                       | <u>-</u>                                      | <u>(27,024)</u>                              |
| Contributions Subsequent to the MD   | 4,107   | -  |
| Net Deferred Outflow/(Inflow) of Resources                                   | <u>\$ 4,107</u>                               | <u>\$ (27,024)</u>                           |

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>      |
|-----------------------------|--------------------|
| 2021                        | \$ (13,904)        |
| 2022                        | (12,354)           |
| 2023                        | (1,528)            |
| 2024                        | 762                |
| 2025                        | -                  |
| Total                       | <u>\$ (27,024)</u> |

**Actuarial Methods and Assumptions**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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:**

|                                   |   |
|-----------------------------------|---|
|                                   | <b>RHIA</b>   |
| As of:                            | June 30, 2020   |
| Valuation Date                    | December 31, 2017   |
| Measurement Date                  | June 30, 2019   |
| Experience Study Report           | 2016, published July 26, 2017   |
| Actuarial Cost Method             | Entry Age Normal  |
| <b>Actuarial Assumptions:</b>     |   |
| Inflation Rate                    | 2.50%   |
| Long-Term Expected Rate of Return | 7.20%   |
| Discount Rate                     | 7.20%   |
| Projected Salary Increases        | 3.50%   |
| Retiree Healthcare Participation  | Healthy retirees: 35%, Disabled retirees: 20%   |
| Healthcare Cost Trend Rate        | Not applicable  |
| Mortality                         | <i>Healthy retirees and beneficiaries:</i>  |
|                                   | RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. |
|                                   | <i>Active members:</i>  |
|                                   | RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.         |
|                                   | <i>Disabled retirees:</i>   |
|                                   | RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.  |

(Source: June 30, 2019 PERS CAFR, table 25, p. 71)

**Discount Rate**

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Sensitivity Analysis**

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

|   | <u>1% Decrease<br/>(6.20%)</u> | <u>Discount<br/>Rate<br/>(7.20%)</u> | <u>1% Increase<br/>(8.20%)</u> |
|---|--------------------------------|--------------------------------------|--------------------------------|
| Proportionate Share of the Net<br>OPEB - RHIA Liability (Asset) | \$ (92,953)                    | \$ (119,900)                         | \$ (142,860)                   |

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

|  | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|--|--------------------|-------------------------------|--------------------|
| Proportionate Share of the Net<br>OPEB - RHIA Liability (Asset) Using<br>Current Healthcare Cost Trend Rates | \$ (119,900)       | \$ (119,900)                  | \$ (119,900)       |

**Assumed Asset Allocation**

| <u>Asset Class/ Strategy</u> | <u>Low</u> | <u>High</u> | <u>OIC Target</u> |
|------------------------------|------------|-------------|-------------------|
| 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               | 13.50      | 21.50       | 17.50             |
| Real Estate                  | 9.50       | 15.50       | 12.50             |
| Alternative Equity           | 0.00       | 12.50       | 12.50             |
| Opportunity Portfolio        | 0.00       | 0.00        | 0.00              |
| Total                        |            |             | <u>100.00 %</u>   |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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](http://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<br>Allocation | Compound<br>Annual Return<br>(Geometric) |
|-----------------------------|----------------------|--|
| Core Fixed Income           | 8.00%                | 3.49%                                    |
| Short-Term Bonds            | 8.00                 | 3.38                                     |
| Bank/Leveraged Loans        | 3.00                 | 5.09                                     |
| High Yield Bonds            | 1.00                 | 6.45                                     |
| Large/Mid Cap US Equities   | 15.75                | 6.30                                     |
| Small Cap US Equities       | 1.31                 | 6.69                                     |
| Micro Cap US Equities       | 1.31                 | 6.80                                     |
| Developed Foreign Equities  | 13.13                | 6.71                                     |
| Emerging Market Equities    | 4.13                 | 7.45                                     |
| Non-U.S. Small Cap Equities | 1.88                 | 7.01                                     |
| Private Equity              | 17.50                | 7.82                                     |
| Real Estate (Property)      | 10.00                | 5.51                                     |
| Real Estate (REITS)         | 2.50                 | 6.37                                     |
| Hedge Fund - Diversified    | 2.50                 | 4.09                                     |
| Hedge Fund - Event-Driven   | 0.63                 | 5.86                                     |
| Timber                      | 1.88                 | 5.62                                     |
| Farmland                    | 1.88                 | 6.15                                     |
| Infrastructure              | 3.75                 | 6.60                                     |
| Commodities                 | 1.88                 | 3.84                                     |
| Assumed Inflation – Mean    |                      | 2.50%                                    |

*2019 PERS CAFR, Table 31, page 74*

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Public Employees Retirement Plan (PERS) (Continued)**

**Depletion Date Projection**

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

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

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

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

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

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Early Retirement Plan**

**Plan Description**

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

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

**OPEB Funding Policy**

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

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

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

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



**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Early Retirement Plan (Continued)**

**Summary of Significant Accounting Policies**

Employers participating in OEGB 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<br>(Decrease)<br>Total<br>OPEB Liability |
|---|----|---|
| <u>Changes in Total OPEB Liability</u>      |    |   |
| Balance as of June 30, 2019                 | \$ | 880,706   |
| Changes for the Year:                       |    |   |
| Service Cost                                |    | 46,192  |
| Interest on Total OPEB Liability            |    | 33,870  |
| Effect of Changes to Benefit Terms          |    | -   |
| Effect of Economic/Demographic Gain or Loss |    | (8,597)   |
| Effect of Assumptions Changes or Inputs     |    | 24,076  |
| Benefit Payments                            |    | <u>(47,392)</u>                                   |
| Net Changes                                 |    | <u>48,149</u>                                     |
| Balance as of June 30, 2020                 | \$ | <u>928,855</u>                                    |

For the year ended June 30, 2020, the College recognized postemployment healthcare benefits liability expense of \$48,149 due to the changes to the total OPEB liability, deferred inflows, and amortization of deferred amounts.

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Early Retirement Plan (Continued)**

**Deferred Items**

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

One year of amortization is recognized in the College's total OPEB expense for fiscal year 2020.

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to the OEGB Plan from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Difference Between Expected and Actual Experience | \$ -                                      | \$ -                                     |
| Changes of Assumptions or other input             | 94,338                                    | 7,164                                    |
| Total (Prior to Post-MD Contributions)            | <u>94,338</u>                             | <u>7,164</u>                             |
| Contributions Subsequent to the MD                | -   | -  |
| Net Deferred Outflow/(Inflow) of Resources        | <u>\$ 94,338</u>                          | <u>\$ 7,164</u>                          |

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OEGB OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>    |
|-----------------------------|------------------|
| 2021                        | \$ 21,149        |
| 2022                        | 21,149           |
| 2023                        | 21,149           |
| 2024                        | 21,149           |
| 2025                        | 2,589            |
| Thereafter                  | -                |
| Total                       | <u>\$ 87,175</u> |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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:

| <b>Actuarial Methods and Assumptions</b>         |   |
|--|---|
| Valuation Date                                   | July 1, 2019<br>Data was collected as of September 1, 2020, and benefits were valued as if the data was representative data on July 1, 2019 |
| Measurement Date                                 | June 30, 2020   |
| <b>Actuarial Assumptions:</b>                    |   |
| Actuarial Cost Method                            | Entry Age Normal, level percent of salary   |
| Interest Rate for Discounting Future Liabilities | 2.25% per Year, Based on all Years Discounted at Municipal Bond Rate(Based on Bond Buyer 20-Bond General Obligation Index).                 |
| General Inflation                                | 2.5% per Year.  |
| Payroll Growth                                   | 3.5% per Year.  |

**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, 2020 reporting date is 2.25%.

**Plan Assets**

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

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

|                | 1% Decrease<br>1.25% | Discount<br>Rate<br>2.25% | 1% Increase<br>3.25% |
|----------------|----------------------|---------------------------|----------------------|
| OPEB Liability | \$ 971,080           | \$ 928,855                | \$ 887,712           |

**CLATSOP COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 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:

|   | <u>1%<br/>Decrease</u> | <u>Current<br/>Trend Rates</u> | <u>1%<br/>Increase</u> |
|---|------------------------|--------------------------------|------------------------|
| OPEB Liability Using Current<br>Healthcare Cost Trend Rates | \$ 862,328             | \$ 928,855                     | \$ 1,004,175           |

**NOTE 12 BOARD CONFLICT OF INTEREST**

The College's board of education is made up of seven elected members. The College did not purchase any supplies from any of the board members during fiscal year 2019-2020.

**NOTE 13 RISKS AND UNCERTAINTIES**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Clatsop Community College, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes Clatsop Community College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2020**

**Clatsop Community College  
SCHEDULE OF CONTRIBUTIONS  
For the Last Six Fiscal Years**

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

**Clatsop Community College  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
For the Last Six Fiscal Years**

| Year Ended<br>June 30, | (a)<br>District's<br>Proportion of<br>the Net Pension<br>Liability (Asset) | (b)<br>District's<br>Proportionate Share<br>of the Net Pension<br>Liability (Asset) | (c)<br>District's<br>Covered<br>Payroll | (b/c)<br>District's<br>Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of its<br>Covered Payroll | Plan Fiduciary<br>Net Position as<br>a Percentage<br>of the Total<br>Pension Liability |
|------------------------|--|---|---|---|--|
| 2020                   | 0.04356747%  | \$ 7,536,129  | \$ 8,154,312                            | 92.42%  | 80.20%   |
| 2019                   | 0.04078398%  | 6,178,236   | 7,688,924                               | 80.35%  | 82.10%   |
| 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%   |

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS,  
AND CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR OTHER  
POSTEMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2020**

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

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

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

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

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS,  
AND CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR OTHER  
POSTEMPLOYMENT BENEFITS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

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

\* 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, 2020**

| ASSETS  | Current Funds       |                   | Plant Funds         |                            |                      | Long-Term Debt     | Clubs and Organizations Fund | Total All Primary Funds (Memorandum Only) |
|---|---------------------|-------------------|---------------------|----------------------------|----------------------|--------------------|------------------------------|---|
|   | Unrestricted        | Restricted        | Unexpended          | Retirement of Indebtedness | Investment in Plant  |                    |                              |   |
| Cash and Investments  | \$ 817,343          | \$ 300,977        | \$ 212,808          | \$ 1,200                   | \$ -                 | \$ 968,326         | \$ 52,122                    | \$ 2,352,776                              |
| Receivables:  |                     |                   |                     |                            |                      |                    |                              |   |
| Property Taxes  | 475,691             | -                 | -                   | -                          | -                    | -                  | -                            | 475,691                                   |
| Governmental  | 823,404             | -                 | -                   | -                          | -                    | -                  | -                            | 823,404                                   |
| Student Receivables (Less Allowance for Doubtful Accounts)  | 1,001,182           | -                 | -                   | -                          | -                    | -                  | -                            | 1,001,182                                 |
| Inventories   | 130,928             | -                 | -                   | -                          | -                    | -                  | -                            | 130,928                                   |
| Note Receivable from Auxiliary Funds                        | 205,000             | -                 | -                   | -                          | -                    | -                  | -                            | 205,000                                   |
| Total OPEB Asset  | 119,900             | -                 | -                   | -                          | -                    | -                  | -                            | 119,900                                   |
| Property, Buildings, and Equipment:                         |                     |                   |                     |                            |                      |                    |                              |   |
| Land  | -                   | -                 | -                   | -                          | 950,208              | -                  | -                            | 950,208                                   |
| Construction in Progress                                    | -                   | -                 | -                   | -                          | 2,033,114            | -                  | -                            | 2,033,114                                 |
| Land Improvements   | -                   | -                 | -                   | -                          | 166,599              | -                  | -                            | 166,599                                   |
| Accumulated Depreciation                                    | -                   | -                 | -                   | -                          | (149,939)            | -                  | -                            | (149,939)                                 |
| Buildings   | -                   | -                 | -                   | -                          | 56,961,924           | -                  | -                            | 56,961,924                                |
| Accumulated Depreciation                                    | -                   | -                 | -                   | -                          | (14,621,088)         | -                  | -                            | (14,621,088)                              |
| Equipment   | -                   | -                 | -                   | -                          | 2,769,527            | -                  | -                            | 2,769,527                                 |
| Accumulated Depreciation                                    | -                   | -                 | -                   | -                          | (2,520,806)          | -                  | -                            | (2,520,806)                               |
| Library Books   | -                   | -                 | -                   | -                          | 147,278              | -                  | -                            | 147,278                                   |
| Accumulated Depreciation                                    | -                   | -                 | -                   | -                          | (147,278)            | -                  | -                            | (147,278)                                 |
| Other Assets  | 33,749              | 3,870             | -                   | -                          | -                    | -                  | -                            | 37,619                                    |
| <b>Total Assets</b>   | <b>\$ 3,607,197</b> | <b>\$ 304,847</b> | <b>\$ 212,808</b>   | <b>\$ 1,200</b>            | <b>\$ 45,589,539</b> | <b>\$ 968,326</b>  | <b>\$ 52,122</b>             | <b>\$ 50,736,039</b>                      |
| Deferred Outflow of Resources                               |                     |                   |                     |                            |                      |                    |                              |   |
| PERS  | \$ 2,532,923        | \$ -              | \$ -                | \$ -                       | \$ -                 | \$ -               | \$ -                         | \$ 2,532,923                              |
| OPEB  | 98,445              | -                 | -                   | -                          | -                    | -                  | -                            | 98,445                                    |
| Loss on Refunding   | -                   | -                 | 436,815             | -                          | -                    | -                  | -                            | 436,815                                   |
| <b>Total Deferred Outflows</b>                              | <b>\$ 2,631,368</b> | <b>\$ -</b>       | <b>\$ 436,815</b>   | <b>\$ -</b>                | <b>\$ -</b>          | <b>\$ -</b>        | <b>\$ -</b>                  | <b>\$ 3,068,183</b>                       |
| <b>LIABILITIES AND FUND BALANCES</b>                        |                     |                   |                     |                            |                      |                    |                              |   |
| <b>Liabilities</b>  |                     |                   |                     |                            |                      |                    |                              |   |
| Accounts Payable  | \$ 245,508          | \$ -              | \$ -                | \$ -                       | \$ -                 | \$ -               | \$ -                         | \$ 245,508                                |
| Accrued Liabilities   | 1,043,745           | -                 | -                   | -                          | -                    | -                  | -                            | 1,043,745                                 |
| Miscellaneous Deposits                                      | 1,055               | -                 | -                   | -                          | -                    | -                  | -                            | 1,055                                     |
| Due to Student Groups and Agencies                          | 30,000              | -                 | -                   | -                          | -                    | -                  | -                            | 30,000                                    |
| Short-Term Note Payable                                     | -                   | -                 | -                   | -                          | -                    | -                  | -                            | -   |
| Deferred Revenues   | 534,787             | 304,847           | -                   | -                          | -                    | -                  | 52,122                       | 891,756                                   |
| Accrued Interest Payable                                    | -                   | -                 | 18,991              | -                          | -                    | -                  | -                            | 18,991                                    |
| Other Miscellaneous Liabilities                             | -                   | -                 | 444,838             | -                          | -                    | -                  | -                            | 444,838                                   |
| Net Pension Liability                                       | 7,536,129           | -                 | -                   | -                          | -                    | -                  | -                            | 7,536,129                                 |
| Other Liabilities   | 1,867               | -                 | -                   | -                          | -                    | -                  | -                            | 1,867                                     |
| Long-Term Debt:   |                     |                   |                     |                            |                      |                    |                              |   |
| Note Payable to General Fund                                | 205,000             | -                 | -                   | -                          | -                    | -                  | -                            | 205,000                                   |
| Total OPEB Liability  | 928,855             | -                 | -                   | -                          | -                    | -                  | -                            | 928,855                                   |
| Total Pre-SLRGP   | 714,360             | -                 | -                   | -                          | -                    | -                  | -                            | 714,360                                   |
| Bond Payable  | -                   | -                 | 13,065,000          | -                          | -                    | 4,910,000          | -                            | 17,975,000                                |
| Dell Brocade Virtual Server                                 | -                   | -                 | -                   | -                          | 89,481               | -                  | -                            | 89,481                                    |
| <b>Total Liabilities</b>                                    | <b>11,241,306</b>   | <b>304,847</b>    | <b>13,528,829</b>   | <b>-</b>                   | <b>89,481</b>        | <b>4,910,000</b>   | <b>52,122</b>                | <b>30,126,585</b>                         |
| PERS Deferred Inflow  | 753,297             | -                 | -                   | -                          | -                    | -                  | -                            | 753,297                                   |
| OPEB Deferred Inflow  | 34,188              | -                 | -                   | -                          | -                    | -                  | -                            | 34,188                                    |
| <b>Total Deferred Inflows</b>                               | <b>787,485</b>      | <b>-</b>          | <b>-</b>            | <b>-</b>                   | <b>-</b>             | <b>-</b>           | <b>-</b>                     | <b>787,485</b>                            |
| <b>Fund Balances</b>  |                     |                   |                     |                            |                      |                    |                              |   |
| Unrestricted  | (5,790,226)         | -                 | 212,808             | -                          | -                    | (3,941,674)        | -                            | (9,519,092)                               |
| Restricted - Expendable                                     | -                   | -                 | -                   | 1,200                      | -                    | -                  | -                            | 1,200                                     |
| Net Investment in Plant                                     | -                   | -                 | (13,092,014)        | -                          | 45,500,058           | -                  | -                            | 32,408,044                                |
| <b>Total Fund Balances</b>                                  | <b>(5,790,226)</b>  | <b>-</b>          | <b>(12,879,206)</b> | <b>1,200</b>               | <b>45,500,058</b>    | <b>(3,941,674)</b> | <b>-</b>                     | <b>22,890,152</b>                         |
| <b>Total Liabilities, Deferred Inflow and Fund Balances</b> | <b>\$ 6,238,565</b> | <b>\$ 304,847</b> | <b>\$ 649,623</b>   | <b>\$ 1,200</b>            | <b>\$ 45,589,539</b> | <b>\$ 968,326</b>  | <b>\$ 52,122</b>             | <b>\$ 53,804,222</b>                      |

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

|   | Current Funds  |            |                | Plant Funds     |                            |                     | Debt Service Fund | Clubs and Organizations Fund | Total All Funds (Memorandum Only) |
|---|----------------|------------|----------------|-----------------|----------------------------|---------------------|-------------------|------------------------------|-----------------------------------|
|   | Unrestricted   | Restricted | Total          | Unexpended      | Retirement of Indebtedness | Investment in Plant |                   |                              |                                   |
| <b>REVENUES</b>                                 |                |            |                |                 |                            |                     |                   |                              |                                   |
| Local Sources                                   | \$ 4,785,659   | \$ 219,086 | \$ 5,004,745   | \$ 1,021,167    | \$ 940,820                 | \$ -                | \$ 786,347        | \$ -                         | \$ 7,753,079                      |
| State Appropriations                            | 4,134,090      | 682,805    | 4,816,895      | -               | -                          | -                   | -                 | -                            | 4,816,895                         |
| Government Grants and Contracts                 | 1,992          | 3,560,281  | 3,562,273      | -               | -                          | -                   | -                 | -                            | 3,562,273                         |
| Tuition and Fees                                | 3,042,899      | 11,443     | 3,054,342      | -               | -                          | -                   | -                 | -                            | 3,054,342                         |
| Investment Income                               | 97,511         | -          | 97,511         | -               | -                          | -                   | 7,702             | -                            | 105,213                           |
| Auxiliary Revenue                               | 262,689        | -          | 262,689        | -               | -                          | -                   | -                 | -                            | 262,689                           |
| Other Additions                                 | 574,309        | 306,692    | 881,001        | 1,567,634       | -                          | 2,254,111           | -                 | 11,099                       | 4,713,845                         |
| Total Revenues                                  | 12,899,149     | 4,780,307  | 17,679,456     | 2,588,801       | 940,820                    | 2,254,111           | 794,049           | 11,099                       | 24,268,336                        |
| <b>EXPENDITURES AND MANDATORY TRANSFERS</b>     |                |            |                |                 |                            |                     |                   |                              |                                   |
| Educational and General:                        |                |            |                |                 |                            |                     |                   |                              |                                   |
| Instruction                                     | 4,852,524      | 144,894    | 4,997,418      | -               | -                          | -                   | -                 | -                            | 4,997,418                         |
| Instructional Support                           | 1,589,207      | 169,401    | 1,758,608      | -               | -                          | -                   | -                 | -                            | 1,758,608                         |
| Student Services                                | 1,198,593      | 1,108,279  | 2,306,872      | -               | -                          | -                   | -                 | 9,513                        | 2,316,385                         |
| Institutional Support (Admin.)                  | 2,813,469      | 190,831    | 3,004,300      | -               | -                          | -                   | -                 | -                            | 3,004,300                         |
| Operation and Maintenance of Plant              | 1,499,670      | -          | 1,499,670      | -               | -                          | -                   | -                 | -                            | 1,499,670                         |
| Auxiliary Enterprises                           | 358,756        | -          | 358,756        | -               | -                          | -                   | -                 | -                            | 358,756                           |
| Community Services                              | 12,536         | 384,999    | 397,535        | -               | -                          | -                   | -                 | 4,179                        | 401,714                           |
| Depreciation and Amortization Expense           | -              | -          | -              | 57,419          | -                          | 1,624,575           | -                 | -                            | 1,681,994                         |
| Expended for Equipment and Facilities           | -              | -          | -              | 2,811,717       | -                          | -                   | -                 | -                            | 2,811,717                         |
| Principal Expense                               | -              | -          | -              | -               | 1,095,000                  | -                   | -                 | -                            | 1,095,000                         |
| Interest Expense                                | -              | -          | -              | 18,991          | 392,420                    | -                   | 255,990           | -                            | 667,401                           |
| GASB Pension & OPEB Adj.                        | 1,178,632      | -          | 1,178,632      | -               | -                          | -                   | -                 | -                            | 1,178,632                         |
| Other   | -              | -          | -              | -               | 550                        | -                   | 10                | -                            | 560                               |
| Financial Aid                                   | 148,977        | 2,844,766  | 2,993,743      | -               | -                          | -                   | -                 | -                            | 2,993,743                         |
| Total Educational and General                   | 13,652,364     | 4,843,170  | 18,495,534     | 2,888,127       | 1,487,970                  | 1,624,575           | 256,000           | 13,692                       | 24,765,898                        |
| <b>NONMANDATORY TRANSFERS, NET</b>              | 65,456         | (62,863)   | 2,593          | 548,350         | (548,350)                  | -                   | -                 | (2,593)                      | -                                 |
| <b>NET INCREASE (DECREASE) IN FUND BALANCES</b> | (818,671)      | -          | (818,671)      | (847,676)       | 1,200                      | 629,536             | 538,049           | -                            | (497,562)                         |
| <b>FUND BALANCE - JUNE 30, 2019</b>             |                |            |                |                 |                            |                     |                   |                              |                                   |
| Unrestricted                                    | (4,971,555)    | -          | (4,971,555)    | 2,142,827       | -                          | -                   | (4,479,723)       | -                            | (7,308,451)                       |
| Net Investment in Plant                         | -              | -          | -              | (14,174,357)    | -                          | 44,870,522          | -                 | -                            | 30,696,165                        |
| <b>FUND BALANCE - JUNE 30, 2020</b>             | \$ (5,790,226) | \$ -       | \$ (5,790,226) | \$ (12,879,206) | \$ 1,200                   | \$ 45,500,058       | \$ (3,941,674)    | \$ -                         | \$ 22,890,152                     |

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE COMPARED WITH BUDGET**  
**YEAR ENDED JUNE 30, 2020**

| General Fund   | GAAP Actual           | GAAP<br>Adjustments | Budgetary<br>Basis Actual | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|-----------------------|---------------------|---------------------------|--------------------|------------------------|
| <b>REVENUES</b>  |                       |                     |                           |                    |                        |
| State Sources  | \$ 4,134,090          | \$ -                | \$ 4,134,090              | \$ 3,639,460       | \$ 494,630             |
| Federal Sources  | 1,992                 | -                   | 1,992                     | 5,000              | (3,008)                |
| Local Sources:   |                       |                     |                           |                    |                        |
| Current Year Property Taxes  | 4,598,421             | -                   | 4,598,421                 | 4,455,780          | 142,641                |
| Prior Years Property Taxes   | 187,238               | -                   | 187,238                   | 200,000            | (12,762)               |
| Tuition and Fees   | 3,042,899             | -                   | 3,042,899                 | 3,274,925          | (232,026)              |
| All Other  | 671,820               | -                   | 671,820                   | 1,729,600          | (1,057,780)            |
| Total Revenues   | <u>12,636,460</u>     | <u>-</u>            | <u>12,636,460</u>         | <u>13,304,765</u>  | <u>(668,305)</u>       |
| <b>EXPENDITURES</b>  |                       |                     |                           |                    |                        |
| Instruction  | 4,852,524             | 24,480              | 4,877,004                 | 5,240,616          | (363,612)              |
| Support Services   | 7,100,939             | 947                 | 7,101,886                 | 7,286,297          | (184,411)              |
| Public Service   | 12,536                | 14                  | 12,550                    | 17,269             | (4,719)                |
| All Other  | 1,327,609             | (1,178,632)         | 148,977                   | 755,583            | (606,606)              |
| Total Expenditures   | <u>13,293,608</u>     | <u>(1,153,191)</u>  | <u>12,140,417</u>         | <u>13,299,765</u>  | <u>(1,159,348)</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                       |                     |                           |                    |                        |
|  | (657,148)             | 1,153,191           | 496,043                   | 5,000              | 491,043                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                     |                           |                    |                        |
| Transfers In   | -                     | -                   | -                         | 100,000            | (100,000)              |
| Transfers Out  | (100,456)             | -                   | (100,456)                 | (105,000)          | 4,544                  |
| Total Other Financing<br>Sources (Uses)                              | <u>(100,456)</u>      | <u>-</u>            | <u>(100,456)</u>          | <u>(5,000)</u>     | <u>(95,456)</u>        |
| <b>NET CHANGES IN FUND BALANCE</b>                                   |                       |                     |                           |                    |                        |
|  | (757,604)             | 1,153,191           | 395,587                   | -                  | 395,587                |
| Fund Balance - Beginning of Year                                     | <u>(2,659,207)</u>    | <u>3,224,062</u>    | <u>1,453,187</u>          | <u>-</u>           | <u>1,453,187</u>       |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <u>\$ (3,416,811)</u> | <u>\$ 4,377,253</u> | <u>\$ 1,848,774</u>       | <u>\$ -</u>        | <u>\$ 1,848,774</u>    |

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

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General Fund

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

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE COMPARED WITH BUDGET (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

| Auxiliary Enterprises Fund   | GAAP Actual         | GAAP<br>Adjustments | Budgetary<br>Basis Actual | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|---------------------|---------------------|---------------------------|--------------------|------------------------|
| <b>REVENUES</b>  |                     |                     |                           |                    |                        |
| Bookstore Sales  | \$ 220,670          | \$ 2,693            | \$ 223,363                | \$ 580,221         | \$ (356,858)           |
| All Other  | 42,019              | 22,748              | 64,767                    | 171,729            | (106,962)              |
| Total Revenues   | <u>262,689</u>      | <u>25,441</u>       | <u>288,130</u>            | <u>751,950</u>     | <u>(463,820)</u>       |
| <b>EXPENDITURES</b>  |                     |                     |                           |                    |                        |
| Total Instruction  | 64,504              | -                   | 64,504                    | 125,679            | (61,175)               |
| Total Support Services   | 276,598             | -                   | 276,598                   | 516,680            | (240,082)              |
| Total Public Service   | 17,654              | -                   | 17,654                    | 144,591            | (126,937)              |
| Total Expenditures   | <u>358,756</u>      | <u>-</u>            | <u>358,756</u>            | <u>786,950</u>     | <u>(428,194)</u>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                     |                     |                           |                    |                        |
|  | (96,067)            | 25,441              | (70,626)                  | (35,000)           | (35,626)               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                           |                    |                        |
| Transfers In   | 35,000              | -                   | 35,000                    | 35,000             | -                      |
| Transfers Out  | -                   | -                   | -                         | -                  | -                      |
| Total Other Financing<br>Sources (Uses)                              | <u>35,000</u>       | <u>-</u>            | <u>35,000</u>             | <u>35,000</u>      | <u>-</u>               |
| <b>NET CHANGES IN FUND BALANCE</b>                                   |                     |                     |                           |                    |                        |
|  | (61,067)            | 25,441              | (35,626)                  | -                  | (35,626)               |
| Fund Balance - Beginning of Year                                     | <u>(686,474)</u>    | <u>315,168</u>      | <u>(387,793)</u>          | <u>-</u>           | <u>(389,960)</u>       |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <u>\$ (747,541)</u> | <u>\$ 340,609</u>   | <u>\$ (423,419)</u>       | <u>\$ -</u>        | <u>\$ (425,586)</u>    |

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**Auxiliary Enterprises Fund**

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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, 2020**

| Restricted Fund  | GAAP Actual  | GAAP<br>Adjustments | Actual<br>Amount | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|--------------|---------------------|------------------|--------------------|------------------------|
| <b>REVENUES</b>  |              |                     |                  |                    |                        |
| Federal Sources  | \$ 3,560,281 | \$ -                | \$ 3,560,281     | \$ 4,000,000       | \$ (439,719)           |
| State Sources  | 682,805      | -                   | 682,805          | 700,000            | (17,195)               |
| Local Sources  | 219,086      | -                   | 219,086          | 250,423            | (31,337)               |
| Tuition and Fees   | 11,443       | -                   | 11,443           | 20,000             | (8,557)                |
| Other  | 306,692      | -                   | 306,692          | 639,077            | (332,385)              |
| Total Revenues   | 4,780,307    | -                   | 4,780,307        | 5,609,500          | (829,193)              |
| <b>EXPENDITURES</b>  |              |                     |                  |                    |                        |
| Total Instruction  | 144,894      | -                   | 144,894          | 150,000            | (5,106)                |
| Total Support Services   | 1,468,511    | -                   | 1,468,511        | 2,000,000          | (531,489)              |
| Total Public Service   | 384,999      | -                   | 384,999          | 410,000            | (25,001)               |
| All Other  | 2,844,766    | -                   | 2,844,766        | 3,107,000          | (262,234)              |
| Total Expenditures   | 4,843,170    | -                   | 4,843,170        | 5,667,000          | (823,830)              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |              |                     |                  |                    |                        |
|  | (62,863)     | -                   | (62,863)         | (57,500)           | (5,363)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |              |                     |                  |                    |                        |
| Transfers In   | 62,863       | -                   | 62,863           | 57,500             | 5,363                  |
| <b>NET CHANGES IN FUND BALANCE</b>                                   |              |                     |                  |                    |                        |
|  | -            | -                   | -                | -                  | -                      |
| Fund Balance - Beginning of Year                                     | -            | -                   | -                | -                  | -                      |
| <b>FUND BALANCE - END OF YEAR</b>                                    |              |                     |                  |                    |                        |
|  | \$ -         | \$ -                | \$ -             | \$ -               | \$ -                   |

**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, 2020**

| Unexpended Plant Fund  | GAAP Actual            | GAAP<br>Adjustments  | Budgetary<br>Basis Actual | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|------------------------|----------------------|---------------------------|--------------------|------------------------|
| <b>REVENUES</b>  |                        |                      |                           |                    |                        |
| Timber Sales   | \$ 1,021,167           | \$ -                 | \$ 1,021,167              | \$ 1,000,000       | \$ 21,167              |
| Other  | 1,567,634              | (806,523)            | 761,111                   | 13,328,438         | (12,567,327)           |
| Total Revenues   | 2,588,801              | (806,523)            | 1,782,278                 | 14,328,438         | (12,546,160)           |
| <b>EXPENDITURES</b>  |                        |                      |                           |                    |                        |
| All Other Expenditures   | 2,888,127              | 243,320              | 3,131,447                 | 13,360,360         | (10,228,913)           |
| Total Expenditures   | 2,888,127              | 243,320              | 3,131,447                 | 13,360,360         | (10,228,913)           |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                        |                      |                           |                    |                        |
|  | (299,326)              | (1,049,843)          | (1,349,169)               | 968,078            | (2,317,247)            |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                        |                      |                           |                    |                        |
| Transfers Out to Debt Service  | (548,350)              | -                    | (548,350)                 | (968,078)          | 419,728                |
| Total Other Financing<br>Sources (Uses)                              | (548,350)              | -                    | (548,350)                 | (968,078)          | 419,728                |
| <b>NET CHANGES IN FUND BALANCE</b>                                   |                        |                      |                           |                    |                        |
|  | (847,676)              | (1,049,843)          | (1,897,519)               | -                  | (1,897,519)            |
| Fund Balance - Beginning of Year                                     | (12,031,530)           | 21,435,018           | 2,146,222                 | -                  | 9,974,667              |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <u>\$ (12,879,206)</u> | <u>\$ 20,385,175</u> | <u>\$ 248,703</u>         | <u>\$ -</u>        | <u>\$ 8,077,148</u>    |

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

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Unexpended Plant Fund

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

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

| Plant - Retirement of Indebtedness                                   | GAAP Actual     | GAAP<br>Adjustments | Budgetary<br>Basis Actual | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|-----------------|---------------------|---------------------------|--------------------|------------------------|
| <b>REVENUES</b>  | \$ 940,820      | \$ -                | \$ 940,820                | \$ 940,820         | \$ -                   |
| <b>EXPENDITURES</b>  | 1,487,970       | -                   | 1,487,970                 | 1,489,170          | (1,200)                |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (547,150)       | -                   | (547,150)                 | (548,350)          | 1,200                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                 |                     |                           |                    |                        |
| Transfers in from Unexpended Plant                                   | 548,350         | -                   | 548,350                   | 548,350            | -                      |
| Total Other Financing<br>Sources (Uses)                              | 548,350         | -                   | 548,350                   | 548,350            | -                      |
| <b>NET CHANGES IN FUND BALANCE</b>                                   | 1,200           | -                   | 1,200                     | -                  | 1,200                  |
| Fund Balance - Beginning of Year                                     | -               | -                   | -                         | -                  | -                      |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <u>\$ 1,200</u> | <u>\$ -</u>         | <u>\$ 1,200</u>           | <u>\$ -</u>        | <u>\$ 1,200</u>        |

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Plant – Retirement of Indebtedness

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



**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE COMPARED WITH BUDGET (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

| Debt Service Fund  | GAAP Actual           | GAAP<br>Adjustments   | Budgetary<br>Basis Actual | Budgeted<br>Amount | Over (Under)<br>Budget |
|--|-----------------------|-----------------------|---------------------------|--------------------|------------------------|
| <b>REVENUES</b>  |                       |                       |                           |                    |                        |
| Other Local Revenue  | \$ 786,347            | \$ -                  | \$ 786,347                | \$ 1,489,170       | \$ (702,823)           |
| Investment Income  | 7,702                 | -                     | 7,702                     | -                  | 7,702                  |
| Total Revenues   | 794,049               | -                     | 794,049                   | 1,489,170          | (695,121)              |
| <b>EXPENDITURES</b>  |                       |                       |                           |                    |                        |
| Total Other Uses   | 256,000               | 405,000               | 661,000                   | 1,489,170          | (828,170)              |
| Total Expenditures   | 256,000               | 405,000               | 661,000                   | 1,489,170          | (828,170)              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                       |                       |                           |                    |                        |
|  | 538,049               | (405,000)             | 133,049                   | -                  | 133,049                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                       |                           |                    |                        |
| Transfers Out to Debt Service  | -                     | -                     | -                         | -                  | -                      |
| Transfers Out to General Fund  | -                     | -                     | -                         | -                  | -                      |
| Total Other Financing<br>Sources (Uses)                              | -                     | -                     | -                         | -                  | -                      |
| <b>NET CHANGES IN FUND BALANCE</b>                                   |                       |                       |                           |                    |                        |
|  | 538,049               | (405,000)             | 133,049                   | -                  | 133,049                |
| Fund Balance - Beginning of Year                                     | (4,479,723)           | (889,940)             | 585,489                   | -                  | 585,489                |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <b>\$ (3,941,674)</b> | <b>\$ (1,294,940)</b> | <b>\$ 718,538</b>         | <b>\$ -</b>        | <b>\$ 718,538</b>      |

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

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Debt Service Fund

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

**CLATSOP COMMUNITY COLLEGE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE COMPARED WITH BUDGET (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

| <u>Clubs and Organizations Fund</u>    | <u>Actual</u><br><u>Amount</u> | <u>Budgeted</u><br><u>Amount</u> | <u>Over (Under)</u><br><u>Budget</u> |
|--|--------------------------------|----------------------------------|--------------------------------------|
| <b>REVENUES</b>                        |                                |                                  |                                      |
| Fees                                   | \$ 11,099                      | \$ 59,189                        | \$ (48,090)                          |
| Total Revenues                         | <u>11,099</u>                  | <u>59,189</u>                    | <u>(48,090)</u>                      |
| <b>EXPENDITURES</b>                    |                                |                                  |                                      |
| Total Student Services                 | 9,513                          | 41,310                           | (31,797)                             |
| Total Other                            | -                              | 10,069                           | (10,069)                             |
| Total Public Service                   | 4,179                          | 10,810                           | (6,631)                              |
| Total Expenditures                     | <u>13,692</u>                  | <u>62,189</u>                    | <u>(48,497)</u>                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES</b> |                                |                                  |                                      |
| <b>OVER (UNDER) EXPENDITURES</b>       | (2,593)                        | (3,000)                          | 407                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                |                                  |                                      |
| Transfers In                           | 2,593                          | 3,000                            | (407)                                |
| Transfers Out                          | -                              | -                                | -                                    |
| Total Other Financing                  | <u>2,593</u>                   | <u>3,000</u>                     | <u>(407)</u>                         |
| <b>NET CHANGES IN FUND BALANCE</b>     | -                              | -                                | -                                    |
| Fund Balance - Beginning of Year       | <u>-</u>                       | <u>-</u>                         | <u>-</u>                             |
| <b>FUND BALANCE - END OF YEAR</b>      | <u>\$ -</u>                    | <u>\$ -</u>                      | <u>\$ -</u>                          |

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Clubs and Organization Fund

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

**AUDITORS' COMMENTS AND REPORTS**



## INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education  
Clatsop Community College  
Astoria, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, the basic financial statements of Clatsop Community College (the College) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 12, 2021.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clatsop Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The discretely presented component unit was not tested for compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

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

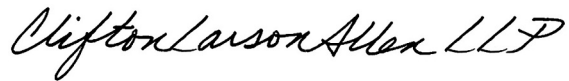
- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of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

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

**OAR 162-10-0230 Internal Control**

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

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



**CliftonLarsonAllen LLP**

Bellevue, Washington  
February 12, 2021



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



**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 Education  
Clatsop Community College  
Astoria, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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, 2020, 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 February 12, 2021. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



### **CliftonLarsonAllen LLP**

Bellevue, Washington  
February 12, 2021



Jean Bushong, CPA  
Principal  
CPA License #98624  
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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 Education  
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, 2020. 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, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control Over Compliance***

Management of Clatsop Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clatsop Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, and 2020-004, that we consider to be significant deficiencies.

Board of Education  
Clatsop Community College

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
February 12, 2021



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**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass through Grantor/<br>Program or Cluster Title                        | Federal<br>CFDA<br>Number | Pass-Through Entity<br>Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Federal<br>Expenditures |
|--|---------------------------|--|---------------------------------------|-------------------------|
| <b>STUDENT FINANCIAL AID ASSISTANCE CLUSTER:</b>   |                           |  |                                       |                         |
| <b>Department of Education Direct Programs</b>   |                           |  |                                       |                         |
| Federal Pell Grant Program   | 84.063                    |  |                                       | \$ 1,179,985            |
| Federal Direct Student Loans   | 84.268                    |  |                                       | 541,680                 |
| Federal Supplemental Educational Opportunity Grants                                      | 84.007                    |  |                                       | 89,916                  |
| Federal Work-Study Program   | 84.033                    |  |                                       | 100,991                 |
| Total Department of Education Direct Programs  |                           |  |                                       | <u>1,912,572</u>        |
| <b>Education Stabilization Fund - CARES Act</b>  |                           |  |                                       |                         |
| CARES Act Student Support  | 84.425E                   |  |                                       | 207,125                 |
| CARES Act Institutional Support  | 84.425F                   |  |                                       | 41,578                  |
|  |                           |  |                                       | <u>248,703</u>          |
| <b>TRIO CLUSTER:</b>   |                           |  |                                       |                         |
| <b>Department of Education Direct Programs</b>   |                           |  |                                       |                         |
| TRIO—Talent Search   | 84.044                    |  |                                       | 371,609                 |
| TRIO—Upward Bound  | 84.047                    |  |                                       | 321,469                 |
| TRIO--Student Support Services   | 84.042                    |  |                                       | 383,903                 |
| Total TRIO Cluster   |                           |  |                                       | <u>1,076,981</u>        |
| <b>Department of Education Pass-Through Programs From:</b>                               |                           |  |                                       |                         |
| State Department of Education—Career and Technical<br>Education—Basic Grants to States   | 84.048                    | 36401 / 36427                                |                                       | 142,607                 |
| Higher Education Coordinating Commission—Adult<br>Education—Basic Grants to States       | 84.002                    | EE151608                                     |                                       | 143,702                 |
| Subtotal Department of Education Pass-Through Programs                                   |                           |  |                                       | <u>286,309</u>          |
| Total Department of Education  |                           |  |                                       | <u>3,524,565</u>        |
| <b>Small Business Administration Pass-Through Program From:</b>                          |                           |  |                                       |                         |
| Oregon Small Business Development Network Office -- Small<br>Business Development Center | 59.037                    | 15-144                                       |                                       | 35,716                  |
| Total Expenditures of Federal Awards   |                           |  |                                       | <u>\$ 3,560,281</u>     |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CLATSOP COMMUNITY COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020. 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. 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, 2020**

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***Section I – Summary of Auditors’ Results***

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*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:

|                       |   |
|-----------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|

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                                |

TRIO Cluster:

|        |                                 |
|--------|---------------------------------|
| 84.044 | TRIO – Talent Search            |
| 84.047 | TRIO – Upward Bound             |
| 84.042 | TRIO – Student Support Services |

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

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2020-001**

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, 2019 to June 30, 2020

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

**Criteria:** The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not. This includes the enrollment effective date and related enrollment status, which must be reported for both the Campus-Level and the Program-Level as well as the program begin date. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that do not pass the NSLDS enrollment reporting edits.

**Condition and Context:** During our testing, we noted that the National Student Loan Data Systems (NSLDS) rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. The College utilizes the National Student Clearinghouse (NSC) as a third-party provider in order to submit student information to NSLDS.

In addition, we noted that the enrollment status of 8 of the 40 students tested was not reported correctly to NSLDS. The enrollment effective date of 5 of the 40 students tested was not reported correctly to NSLDS. The status change of 8 of the 40 students tested was not reported timely to NSLDS. The program begin date of 11 of the 40 students tested was not reported correctly to NSLDS.

**Questioned Costs:** None

**Cause:** Management did not determine if student status changes in enrollment and program were being updated accurately and timely and they did not ensure the error reports were timely responded to.

**Effect:** The College was not in compliance with the requirements to timely respond to error reports and to properly report student enrollment data correctly or timely to NSLDS.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

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**2020-001 (Continued)**

**Repeat Finding:** Yes

**Recommendation:** We recommend that the College put a process in place to ensure all error reports are updated within the required 10 days. They should also establish a process to ensure all students who have a status change are accurately and timely reported to NSLDS. This process should include understanding of NSC's processes and ensuring they are correctly reporting to NSLDS.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2020-002**

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, 2019 to June 30, 2020

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

**Criteria:** The Gramm-Leach-Bliley Act (Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. (16 CFR 314) The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi)).

**Condition and Context:** Under an institution's Program Participation Agreement with the Department of Education and the Gramm-Leach-Bliley Act, schools must protect student financial aid information, with particular attention to information provided to institutions by the Department or otherwise obtained in support of the administration of the federal student financial aid programs.

During our audit procedures, it was noted that the College did not perform a risk assessment in the current year that addresses the three areas noted in 16 CFR 314.4 (b) which are (1) Employee training and management; (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) Detecting, preventing and responding to attacks, intrusions, or other systems failures and documented safeguards for identified risks. We did note a risk assessment was performed in July 2020 that covered some of the required elements.

**Questioned Costs:** None

**Cause:** The College did not perform an IT Risk Assessment in the current year.

**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

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**2020-002 (Continued)**

**Effect:** The College was not in compliance with the requirements of the Gramm-Leach-Bliley Act.

**Repeat Finding:** Yes

**Recommendation:** We recommend the College review the risk assessment performed in July 2020 and ensure it addresses all of the requirements in 16 CFR 314.4(b).

**Views of responsible officials:** There is no disagreement with the audit finding.

**2020-003**

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, 2019 to June 30, 2020

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

**Criteria:** The Department of Education requires the College to report the disbursement dates and amounts to the Common Origination and Disbursement (COD) system within 15 days of disbursing Pell (34 CFR 690.83(b)(2) funds to a student.

**Condition and Context:** During our testing, we noted 2 of the 40 Pell disbursements tested were not reported within the required 15 days.

**Questioned Costs:** None

**Cause:** These late submissions occurred in April 2020, as the SFA department was adjusting to a remote environment. This change in the working environment caused the delay in reporting to COD.

**Effect:** A lack of timely reporting may prevent the College and other schools have the most accurate information available about students' Pell Lifetime Eligibility Used (LEU) and may lead to overawards.

**Repeat Finding:** No

**Recommendation:** We recommend the College evaluate its procedures and policies around reporting Pell disbursements to COD to ensure that student information is reported timely, even during periods of disruption.

**Views of responsible officials:** There is no disagreement with the audit finding.



**CLATSOP COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

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**2020-004**

Federal agency: U.S. Department of Education

Federal program title: TRIO Cluster

CFDA Number: 84.044 -- Talent Search

84.047 – Upward Bound

84.042 – Student Support Services

Award Period: July 1, 2019 to June 30, 2020

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

**Criteria:** Compensation for personal services charged to a grant should be for employees engaged in work on that federal program.

**Condition and Context:** During our testing, we noted 1 of 40 payroll disbursements tested was charged to the grant in error.

**Questioned Costs:** \$2,480

**Cause:** The employee's time was incorrectly coded to the grant, and the error was not caught in the review process.

**Effect:** The College charged salaries and benefits to the grant that were unallowed costs.

**Repeat Finding:** No

**Recommendation:** We recommend a process be put in place to ensure that all payroll costs charged to the grant and paid with federal funds are allowable.

**Views of responsible officials:** There is no disagreement with the audit finding.