# CLATSOP COMMUNITY COLLEGE

# FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED JUNE 30, 2024

**Clatsop Community College**
**Clatsop County, Oregon**

**Annual Financial Statements**

**Year Ended June 30, 2024**

## BOARD OF EDUCATION




**Clatsop Community College**

**1651 Lexington Avenue**

**Astoria, Oregon 97103**

CLATSOP COMMUNITY COLLEGE
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YEAR ENDED JUNE 30, 2024

# INDEPENDENT AUDITORS' REPORT

Board of Education
Clatsop Community College
Astoria, Oregon

## Report on the Audit of the Financial Statements

### *Opinions*

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, 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clatsop Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clatsop Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clatsop Community College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clatsop Community College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *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 of proportionate share, employer contributions, and changes in other postemployment benefits (OPEB) total liability and related ratios for OPEB funding progress be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

### *Supplementary 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 schedules of revenues, expenditures, and changes in fund balance compared with budget, and 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the list of board members but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Education
Clatsop Community College

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the Clatsop Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clatsop Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clatsop Community College's internal control over financial reporting and compliance.

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations,* we have also issued our report dated December 19, 2024, on our consideration of Clatsop Community College's compliance with certain provisions of laws, regulations contracts, and grants, including provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations.* The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations* in considering Clatsop Community College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
December 19, 2024

Jean Bushong

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

## 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, 2024. 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

Total reimbursable FTE in FY2024 was 883 compared to 1006 in FY2023. The decrease of 123 FTE (12.2%) was primarily the result of a statewide change in capturing Oregon Department of Public Safety Standards and Training (DPSST) reimbursable FTE. College strategic planning initiatives are intended to help grow enrollment in the future, which is critical to the State appropriation and tuition and fee general operating fund revenue streams.

During FY2024 the College provided $2.91 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) | $ 92,209 |
| Federal SEOG | 106,461 |
| Federal PELL Grants | 1,161,713 |
| Federal Direct Student Loans | 469,816 |
| CCC Foundation Scholarships | 272,576 |
| Oregon Need & Oregon Promise Grant | 610,090 |
| Institutional Waivers and Grants | 196,105 |
| Total Financial Aid Provided to Students | 2,908,970 |

The College's net position decreased 4.6% or approximately $1.01 million from the previous fiscal year. This resulted from several factors that will be outlined in upcoming sections of the management's discussion and analysis summary.

The College issued a $1.7 million tax anticipation note to meet short term cash flow needs.

**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.

### 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 2024 Compared to 2023

| | 2024 | 2023 | Percent Change |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets | $ 8,794,503 | $ 8,470,250 | 4% |
| Noncurrent Assets: | | | |
| Other Noncurrent Assets | 190,201 | 162,010 | 17% |
| Right-of-Use Assets - SBITA - Net of Accumulated Amortization | 3,186,083 | 340,168 | 100% |
| Right-of-Use Assets - Leases - Net of Accumulated Amortization | 36,605 | 15,612 | 134% |
| Capital Assets, Net of Depreciation | 37,496,053 | 39,582,327 | (5%) |
| Total Assets | $ 49,703,445 | $ 48,570,367 | 2% |
| Deferred Outflow of Resources | $ 3,749,312 | $ 4,750,094 | (21%) |
| **LIABILITIES** | | | |
| Current Liabilities | $ 6,590,327 | $ 4,288,569 | 54% |
| Long-Term Debt, Noncurrent Portion | 24,576,191 | 23,941,283 | 3% |
| Total Liabilities | $ 31,166,518 | $ 28,229,852 | 10% |
| Deferred Inflow of Resources | $ 1,607,166 | $ 3,403,084 | (53%) |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | $ 28,484,882 | $ 29,199,995 | (2%) |
| Restricted - OPEB Asset | 190,201 | 162,010 | 17% |
| Unrestricted | (7,996,010) | (7,674,480) | 4% |
| Total Net Position | $ 20,679,073 | $ 21,687,525 | (5%) |

The composition of current assets, current liabilities, and noncurrent liabilities can be found on the College's detail statement of net position financial report.

The College's current assets of $8.79 million and current liabilities of $6.59 million represent a current ratio of 1.33 in comparison to 1.98 in the prior fiscal year.

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

Net position decreased 4.6% or approximately $1.01 million in the current fiscal year and was caused by the following activity that impacted the statement of net position:

The increase in right-of-use assets-SBITA is described in Note 10 of the detailed financial statements.

The reduction of capital assets reflects the application of current year depreciation.

The decrease in deferred outflow of resources reflects the current year calculation and adjustment of PERS and OPEB asset amounts.

Current liabilities increased 53.7% or approximately $2.3 million in the current year primarily due to the issuance of a $1.7 million tax anticipation note with payment due in December 2024.

The decrease in deferred inflow of resources reflects the current year calculation and adjustment of PERS and OPEB liability amounts.

Net investment in capital assets decreased 2.4% or approximately $715 thousand in the current fiscal year primarily due to purchases of capital assets, related capital asset debt and depreciation.

Unrestricted net position decreased 4.2% or approximately $322 thousand in the current fiscal year and reflects the results of FY2024 operations combined with audit adjustments related to right-of-use assets and current year PERS and OPEB calculations.

**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.

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

### Fiscal Year 2024 Compared to 2023

| | 2024 | 2023 | Percent Change |
|---|---|---|---|
| Total Operating Revenues | $ 4,953,409 | $ 5,432,009 | (9%) |
| Total Operating Expenses | 20,853,433 | 19,821,847 | 5% |
| Operating Loss | (15,900,024) | (14,389,838) | 10% |
| Nonoperating Revenues, Net | 14,891,572 | 16,181,379 | (8%) |
| Total Increase (Decrease) in Net Position | (1,008,452) | 1,791,541 | (156%) |
| Net Position - Beginning of Year | 21,687,525 | 19,466,299 | 11% |
| Restatement - Correction of an Error | - | 429,685 | |
| Net Position - Beginning of Year, as Restated | 21,687,525 | 19,895,984 | |
| Net Position - End of Year | $ 20,679,073 | $ 21,687,525 | (5%) |

The composition of operating and nonoperating revenues can be found on the College's detail Statement of Revenues, Expenses, and Changes in Net Position financial report.

### Revenues

Operating revenues decreased 8.8% or approximately $479 thousand in the current fiscal year due to reduced State and local government grants and contracts revenue.

Nonoperating revenues decreased 8.0% or approximately $1.29 million in the current fiscal year. The decrease was comprised of the $1.83 million employee retention credit award recognized in FY2023 and a decline in other federal and local revenue offset by a $1.16 million increase in property tax and timber revenues.

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

## Expenses

Operating expenses totaling approximately $20.85 million include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. The greatest percentage of total operating expenses is instruction and instructional support 40.5%). Student services expenses (13.6%) provide support to students for activities that occur outside the classroom and include enrollment services, counseling, and financial aid assistance. Institutional support (17.4%) represents the operational aspects of the College, including the administration, business office, and computer services.

The following chart shows FY2024 expenses by category and percentage change compared to FY2023 for the College:

| | 2024 Actual Expense | 2023 Actual Expense | Percent Change |
|---|---|---|---|
| Educational and General: | | | |
| Instruction | $ 5,870,112 | $ 5,033,147 | 17% |
| Instructional Support | 2,568,951 | 2,359,437 | 9% |
| Student Services | 2,829,448 | 2,694,408 | 5% |
| Institutional Support | 3,624,114 | 3,775,139 | (4%) |
| Operation and Maintenance of Plant | 1,874,927 | 1,567,320 | 20% |
| Community Services | 583,044 | 430,857 | 35% |
| Student Financial Aid | 1,493,256 | 1,619,784 | (8%) |
| Other Expense | 255,333 | 169,920 | 50% |
| Depreciation and Amortization Expense | 1,754,248 | 2,171,835 | (19%) |
| Total Operating Expenses | $ 20,853,433 | $ 19,821,847 | 5% |

Operating expenses increased 5.2% or approximately $1.03 million in the current fiscal year. The increase was the result of higher salary and benefit costs, increased operational costs caused by inflation, the impact of required GASB student financial aid and PERS adjustments, and reduced depreciation and amortization expense.

## Operating Activities

The major sources of funds included in operating activities include student tuition and fees, federal financial aid, and grants and contracts. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships.

## 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. In addition, the College issued a $1.7 million tax anticipation note payable in December 2024.

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

**Capital Financing Activities**

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

**Investing Activities**

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

**Budgetary Highlights**

The College adopts an annual budget at the fund level, which is under the modified accrual basis of accounting for governmental funds. The original budget was amended for the General fund, Grant & Financial Aid fund, Unexpended Plant fund and the Clubs and 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, 2024 is $40.7 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and library books. Additional information on the College's capital assets can be found in the footnotes of the report.

The College has loans for ERP implementation, energy improvements, PERS pension obligations and facility bond obligations. Total outstanding debt as of June 30, 2024 is $18.5 million and additional information on the College's debt can be found in footnotes of the report.

Oregon Revised Statutes Chapter 341 limits the amount of general obligation bonds which an Oregon community college may have outstanding at any time to 1.5 percent of the true cash value of the taxable property within the community college district. The College has $7.2 million in general obligation bonds outstanding at June 30, 2024. Subject to voter approval, the College could issue up to a total of approximately $244.6 million of general obligation bonds to stay within the limit. Obligations secured by lease payments and other non-general obligations are not subject to the debt limitations described in this section.

## Economic Factors and Next Year's Budget

Maintaining a balanced general operating fund budget is a critical strategic objective. The College will employ a strategic budgeting process to optimize resource identification, allocation and sustainability. As part of this approach, the College will assess and align staffing and program expenditures with current and projected fiscal forecasts and enrollment patterns. This will help ensure financial stability while advancing student success, regional needs and organizational effectiveness.

Efforts to enhance student retention and support services remain a priority in budget development for the current and future fiscal years. The 2025-2030 Strategic Plan Framework identifies five strategic priorities: Improve Student Access, Increase Student Success, Strengthen Our Reputation, Increase Organizational Effectiveness, and Build and Sustain Partnerships. Each priority is supported by specific objectives that integrate into the budget development process, ensuring our financial planning aligns with our mission to empower all students to reach their full potential.

Property tax continues to be the most significant revenue component of the College's general operating fund, accounting for 41.4% of FY2024 total revenue and 43% (+/-) of FY2025 anticipated revenue. Valuations and the resulting assessments are closely tracked, allowing the College to forecast this revenue component in a consistent manner.

State appropriations, primarily allocated based on FTE, accounted for 28.8% of FY2024 total general operating fund revenue and remains 29% (+/-) of the College's FY2025 anticipated revenue. Strategic enrollment and student retention efforts will help maintain/grow FTE and the College's resulting share of this statewide revenue component.

Tuition and fee revenue in the general operating fund increased slightly and accounted for 20.7% of FY2024 total revenue and remains 21% (+/-) of anticipated revenue in FY2025. This revenue component can be difficult to forecast due to the many variables that impact enrollment and the resulting tuition and fees generated.

Labor costs including benefits represent 80% of expenditures in the general operating fund in FY2024 and continue to increase due to negotiated agreements and higher benefit costs.

Other costs of college operation continue to increase and have been adversely affected by economic conditions including inflation. Aging College facilities and infrastructure create the need for continual maintenance, renovation, and occasional replacement to meet current student, staff, and regional needs.

Implementing technology, software, and equipment solutions that best meet student, staff, and regional needs drives College technology investment along with continued need in cyber security.

The College made the decision to move away from the Campus Nexus computer system and implement a system offered by Ellucian. The system was selected for its functionality and student-centered features and went live in FY2024.

The College is continuing to partner with Linn-Benton Community College to provide institutional research contracted services.

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

## 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:

Jarrod Hogue, President
Clatsop Community College
1651 Lexington Avenue
Astoria, OR 97103

# CLATSOP COMMUNITY COLLEGE
# STATEMENT OF NET POSITION
# JUNE 30, 2024

| | Primary Government | Component Unit: Clatsop Community College Foundation |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 3,493,377 | $ 424,970 |
| Restricted Cash and Cash Equivalents | 1,628,878 | - |
| Restricted Investments | - | 6,460,159 |
| Receivables: | | |
| Property Taxes | 418,310 | - |
| Governmental | 3,016,271 | - |
| Student Receivables, Net | 91,349 | - |
| Inventories | 93,565 | - |
| Other | 52,753 | 1,500 |
| Total Current Assets | 8,794,503 | 6,886,629 |
| **NONCURRENT ASSETS** | | |
| Capital Assets - Net of Accumulated Depreciation | 37,496,053 | - |
| Right-of-Use Assets - SBITA - Net of Accumulated Amortization | 3,186,083 | |
| Right-of-Use Assets - Leases - Net of Accumulated Amortization | 36,605 | - |
| OPEB Asset | 190,201 | - |
| Total Noncurrent Assets | 40,908,942 | - |
| Total Assets | $ 49,703,445 | $ 6,886,629 |
| **DEFERRED OUTFLOW OF RESOURCES** | | |
| Related to Pensions | $ 3,531,537 | $ - |
| Related to OPEB | 10,636 | - |
| Loss on Refunding | 207,139 | - |
| Total Deferred Outflow of Resources | $ 3,749,312 | $ - |

*See accompanying Notes to Financial Statements.*

# CLATSOP COMMUNITY COLLEGE
# STATEMENT OF NET POSITION (CONTINUED)
# JUNE 30, 2024

| | Primary Government | Component Unit Clatsop Community College Foundation |
|---|---|---|
| **LIABILITIES AND NET POSITION** | | |
| **CURRENT LIABILITIES** | | |
| Accounts Payable | $ 385,974 | $ 81,470 |
| Payroll Liabilities | 1,034,152 | - |
| Unearned Revenue | 362,058 | - |
| Due to Student Groups | 30,000 | - |
| Other Current Liabilities | 17,035 | - |
| SBITA Payable | 973,163 | |
| Leases and Financed Purchases Payable | 37,816 | - |
| Current Portion of Long-Term Debt | 3,750,129 | - |
| Total Current Liabilities | 6,590,327 | 81,470 |
| **NONCURRENT LIABILITIES** | | |
| Bonds and Notes Payable, Less Current Portion of Long-Term Debt | 12,231,193 | - |
| SBITA Payable | 1,053,083 | |
| Leases and Financed Purchases Payable | 79,539 | - |
| Net Pension Liability | 10,674,534 | - |
| OPEB Liability | 204,949 | - |
| Pre-SLGRP Transition Liability | 332,893 | - |
| Total Noncurrent Liabilities | 24,576,191 | - |
| Total Liabilities | $ 31,166,518 | $ 81,470 |
| **DEFERRED INFLOW OF RESOURCES** | | |
| Related to Pensions | $ 1,549,291 | $ - |
| Related to OPEB | 57,875 | - |
| Total Deferred Inflow of Resources | $ 1,607,166 | $ - |
| **NET POSITION** | | |
| Net Investment in Capital Assets | $ 28,484,882 | $ - |
| Restricted - OPEB Asset | 190,201 | - |
| Restricted - Unexpendable | - | 611,797 |
| Restricted - Expendable | - | 5,366,847 |
| Unrestricted | (7,996,010) | 826,515 |
| Total Net Position | $ 20,679,073 | $ 6,805,159 |

*See accompanying Notes to Financial Statements.*

# CLATSOP COMMUNITY COLLEGE
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## YEAR ENDED JUNE 30, 2024

| | Primary Government | Component Unit Clatsop Community College Foundation |
|---|---|---|
| **OPERATING REVENUES** | | |
| Student Tuition and Fees, Net of Scholarship Allowance of $874,970 | $ 2,100,210 | $ - |
| Federal Student Financial Aid Grant | 198,670 | - |
| State Student Financial Aid Grant | 610,090 | - |
| Federal Grants and Contracts | 1,636,298 | - |
| State and Local Government Grants and Contracts | 377,851 | - |
| Other Local Sources | 30,290 | 1,689,857 |
| Total Operating Revenues | 4,953,409 | 1,689,857 |
| **OPERATING EXPENSES** | | |
| Educational and General: | | |
| Instruction | 5,870,112 | - |
| Instructional Support | 2,568,951 | - |
| Student Services | 2,829,448 | - |
| Institutional Support | 3,624,114 | - |
| Operation and Maintenance of Plant | 1,874,927 | - |
| Community Services | 583,044 | - |
| Student Financial Aid | 1,493,256 | - |
| Other Expense | 255,333 | 955,541 |
| Depreciation and Amortization Expense | 1,754,248 | - |
| Total Operating Expenses | 20,853,433 | 955,541 |
| **OPERATING INCOME (LOSS)** | (15,900,024) | 734,316 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| State FTE Reimbursement | 4,106,512 | - |
| Property Taxes and Timber Revenues | 8,521,336 | - |
| Pell Grants | 1,161,713 | - |
| Investment Income | 278,176 | - |
| Other Local Revenue | 1,156,139 | - |
| Other Federal Revenue | 233,990 | - |
| Interest Expense | (566,294) | - |
| Total Nonoperating Revenues (Expenses) | 14,891,572 | - |
| **CHANGES IN NET POSITION** | (1,008,452) | 734,316 |
| Net Position - Beginning of Year | 21,687,525 | 6,070,843 |
| **NET POSITION - END OF YEAR** | $ 20,679,073 | $ 6,805,159 |

*See accompanying Notes to Financial Statements.*

**CLATSOP COMMUNITY COLLEGE**
**STATEMENT OF CASH FLOWS**
**YEAR ENDED JUNE 30, 2024**

| | Primary Government |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Tuition and Fees | $ 2,100,670 |
| Paid to Students | (1,493,256) |
| Grants and Contracts | 3,240,236 |
| Aid Received for Students | 808,760 |
| Payments to Vendors | (3,223,410) |
| Payments to Employees | (13,846,967) |
| Other | 30,290 |
| Fiduciary Activities - Direct Lending Receipts | 469,816 |
| Fiduciary Activities - Direct Lending Disbursements | (469,816) |
| Net Cash Used by Operating Activities | (12,383,677) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Local Property Taxes and Timber Revenues | 8,622,818 |
| State Appropriations and Other Payments | 4,106,512 |
| Nonoperating Grants | 1,395,703 |
| Tax Anticipation Note | 1,700,000 |
| Other Local Revenue | 1,165,805 |
| Net Cash Provided by Noncapital Financing Activities | 16,990,838 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Purchase of Capital Assets | (648,212) |
| Principal Payments on Long-Term Debt, Leases, and SBITA | (2,043,396) |
| Interest Payments on Long-Term Debt, Leases, and SBITA | (566,294) |
| Net Cash Used by Capital and Related Financing Activities | (3,257,902) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Investment Income | 278,176 |
| Net Cash Provided by Investing Activities | 278,176 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 1,627,435 |
| Cash and Cash Equivalents - Beginning of Year | 3,494,820 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 5,122,255 |

*See accompanying Notes to Financial Statements.*

## CLATSOP COMMUNITY COLLEGE
## STATEMENT OF CASH FLOWS (CONTINUED)
## YEAR ENDED JUNE 30, 2024

| | Primary Government |
|---|---|
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES** | |
| Operating Loss | $ (15,900,024) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation and Amortization | 1,754,248 |
| (Increase) Decrease in Assets: | |
| Receivables (Net) | 1,231,157 |
| Inventories | 1,463 |
| Other Assets | (59,111) |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | 119,303 |
| Payroll Liabilities | (502,636) |
| Unearned Revenue | (4,610) |
| Other Current Liabilities | (43,129) |
| Pension Expense Changes Related to Net Pension Liability | 984,311 |
| OPEB Expense Changes Related to Net OPEB Liability | 35,351 |
| Net Cash Used by Operating Activities | $ (12,383,677) |
| | |
| **RECONCILIATION TO STATEMENT OF NET POSITION** | |
| Cash and Cash Equivalents | $ 3,493,377 |
| Restricted Cash and Cash Equivalents | 1,628,878 |
| Cash and Cash Equivalents - End of Year | $ 5,122,255 |
| | |
| **NONCASH TRANSACTIONS** | |
| Capital Assets Acquired by Incurring Lease and SBITA Obligations | $ 2,316,304 |

*See accompanying Notes to Financial Statements.*

## 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, 2024. Financial information about the Foundation may be obtained from the Foundation at 1651 Lexington Avenue, Astoria, OR 97103.

### Significant Accounting Policies

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

### Basis of Accounting

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

### Cash and Cash Equivalents

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

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

### Restricted Cash and Cash Equivalents

Current restricted cash and cash equivalents for the College consists of funds for other grant projects, $312,698, unspent bond proceeds $1,258,925, and clubs and organizations, $57,255. All funds of the Foundation are in depository accounts at June 30, 2024.

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

### Restricted Investments

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

### Inventories

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

### Receivables

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

### Capital Assets

Property, buildings, equipment and right-of-use assets 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, and an initial life extending beyond a single reporting period.

Depreciation and amortization 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 |
| Right-of-Use Assets | 3-10 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 payroll liabilities. Benefit payments for July and August are not accrued but rather expensed as paid. The accrued wages at June 30, 2024 were $406,611.

### Compensated Absences

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

The College accrues the expense for accumulated vested vacation leave and recognizes the liability as of the end of the fiscal year. The total accumulated vacation liability is included with payroll liabilities on the statement of net position and was $254,129 at June 30, 2024.

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

### Tuition and Fees

Tuition and fees include all assessments to students for educational and general purposes. It is stated net of institutional aid provided to students. The College's fiscal year begins with summer term and ends with spring term.

### Retirement Plans

The College offers two retirement options to qualifying employees: 1) the Oregon State Public Employees Retirement System (PERS), and 2) 403(b) tax-sheltered annuity plans. The College reports their proportionate share of the net PERS liability along with the associated deferred outflows of resources and deferred inflows of resources. See Note 11 *Pension Plan* for a detailed description of the plan and the proportionate share methodology. The expense and liability related to the 403(b) plans are recorded in the fiscal year in which they are withheld from employees.

### Pre-SLGRP Pooled Liability

Actuarially determined liability recorded in the statement of net position based on the College's entry into the Oregon Public Employees Retirement System (PERS) State and Local Government Rate Pool. The transition liability is reduced each year by contributions to PERS and increased for interest charged by PERS. The balance at June 30, 2024 is $332,893.

### 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 12 *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.

## 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 amortization and related debt less unspent bond proceeds.

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

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

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

### Federal Financial Assistance Programs

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

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

### Classification of Revenues

Operating revenue includes activities that generally have the characteristics of exchange transactions (a transaction in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services). Examples operating revenues include student tuition and fees, sales and services of auxiliary activity, most federal, state and local grants, and contract and other operating revenue. 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). Examples of nonoperating revenues include: local property taxes, state appropriations, some federal, state, and local grants and contracts and federal appropriations, and gifts and contributions.

## 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 30, 2023. 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 13, 2023.

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

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

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

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

Supplemental budgets were advertised as required. After public hearings these budgets were approved by the board. Other budget adjustments not requiring public hearings were also approved by the board. For the year ended June 30, 2024, the College was in compliance with ORS 294.456(6).

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

## NOTE 3 CASH AND INVESTMENTS

Total cash and investments at June 30, 2024 were comprised of the following:

| | Total Primary Government | Component Unit Clatsop Community College Foundation |
|---|---|---|
| Cash and Cash Equivalents: | | |
| Cash on Hand | $ 60,797 | $ - |
| Deposits | 314,705 | 424,970 |
| Oregon Short-Term Fund, LGIP | 4,746,753 | - |
| Total | $ 5,122,255 | $ 424,970 |

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

### Deposits with State Local Government Investment Pool

The College maintains most of its cash balances on deposit with the State Treasury. These deposits at the State Treasury are held on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The State Treasurer of the state of Oregon maintains the OSTF, of which the LGIP is a part. The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The State Treasury invests these deposits in high-grade short-term investment securities. The OSTF is managed by the Investment Division of the Oregon State Treasury within the guidelines established in the OSTF Portfolio Rules. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. At the fiscal year ended June 30, 2024, the College cash and cash equivalents on deposit at State Treasury were $4,746,753. At June 30, 2024, the fair value of College deposits with LGIP approximates cost.

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

### Policies

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

### 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, 2024 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, 2024, they were within the 5% required disclosure limits.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

### Foreign Currency Risk

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

### Fair Value of Financial Instruments

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

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

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

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

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

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

At June 30, 2024, 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, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Bonds | $ 503,229 | $ 23,625 | $ - | $ 526,854 |
| Mutual Funds - Equity | 732,248 | - | - | 732,248 |
| Common Stocks | 4,605,057 | - | - | 4,605,057 |
| Treasuries | 582,817 | - | - | 582,817 |
| Accrued Interest | - | 13,183 | - | 13,183 |
| Total Investments at Fair Value | $ 6,423,351 | $ 36,808 | $ - | $ 6,460,159 |

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, 2024.

## 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 2023-2024, the College imposed a tax rate of $.7785 per $1,000 of assessed value. Property tax receivables as of June 30, 2024 are $418,310.

**Governmental**

The governmental receivables include $660,000 in timber revenue. Total governmental receivables are $3,016,271 and 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, amounts owed by students in collections and amounts returned due to insufficient funds, and amounts owed by agencies for other services provided by the College. Amounts owed by agencies are fully collectible. An estimated bad debt allowance is included ($35,000) for student accounts. Net student accounts receivable as of June 30, 2024 was $91,349.

## 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 – unexpendable of $611,797 and restricted net position – expendable of $5,366,847 in the Foundation are primarily for endowment programs and scholarships.

## NOTE 7 CAPITAL ASSETS

### Primary Government

The following changes occurred in capital assets for the year ended June 30, 2024.

| | July 1, 2023 | Additions | Deletions | June 30, 2024 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Improvements | $ 950,208 | $ - | $ - | $ 950,208 |
| Construction in Progress | 682,087 | - | 682,087 | - |
| Total Capital Assets Not Being Depreciated | 1,632,295 | - | 682,087 | 950,208 |
| Capital Assets Being Depreciated and Amortized: | | | | |
| Buildings | 56,966,644 | 45,273 | - | 57,011,917 |
| Land Improvements | 166,599 | - | - | 166,599 |
| Equipment | 3,611,748 | 115,887 | 886,479 | 2,841,156 |
| Library Books | 147,278 | - | - | 147,278 |
| Right of Use Asset - SBITA | 435,706 | 2,961,786 | 31,276 | 3,366,216 |
| Right of Use Asset - Equipment Leases | 46,840 | 36,605 | - | 83,445 |
| Total Capital Assets Being Amortized and Depreciated | 61,374,815 | 3,159,551 | 917,755 | 63,616,611 |
| Less Accumulated Depreciation and Amortization for: | | | | |
| Buildings | 18,881,122 | 1,466,006 | - | 20,347,128 |
| Land Improvements | 166,599 | - | - | 166,599 |
| Equipment | 3,747,238 | 99,341 | 886,479 | 2,960,100 |
| Library Books | 147,278 | - | - | 147,278 |
| Right of Use Asset - SBITA Amortization | 95,538 | 115,871 | 31,276 | 180,133 |
| Right of Use Asset - Equipment Leases Amortization | 31,228 | 15,612 | - | 46,840 |
| Total Accumulated Amortization and Depreciation | 23,069,003 | 1,696,830 | 917,755 | 23,848,078 |
| Total Capital Assets Being Amortized and Depreciated | 38,305,812 | 1,462,721 | - | 39,768,533 |
| Capital Assets, Net | $ 39,938,107 | $ 1,462,721 | $ 682,087 | $ 40,718,741 |

### Clatsop Community College Foundation

The Foundation has no property, buildings, and equipment as of June 30, 2024.

## NOTE 8 LONG-TERM DEBT

### Tax Anticipation Note – Cash Flow

| | Amount |
|---|---|
| Bond payable - Short-Term Borrowing Program. Bonds payable to U.S. Bank, Trustee, for $1,700,000 at 4.820% short-term tax anticipation promissory note, Certificate of Participation, Series 2024 (Federally Taxable), maturity date December 31, 2024 | $ 1,700,000 |
| Balance - June 30, 2024 | $ 1,700,000 |

## NOTE 8 LONG-TERM DEBT (CONTINUED)

The College has the following long-term debt arrangements:

**Bonds Payable – Facilities – Direct Placement**

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

| Description | Amount |
|---|---|
| Bond payable to US Bank, Trustee, for $5,060,000. Refunding of 2006 Full Faith & Credit obligation dated August 5, 2014 with scheduled interest and principal payments due semi-annually through June 30, 2026. Refunding saves $30,000 annually. | $ 1,555,000 |
| Less: Principal Payments 2023-2024 | (500,000) |
| Balance - June 30, 2024 | $ 1,055,000 |

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 $2.136 million outstanding at June 30, 2024. Series 2015 has $5.110 million outstanding at June 30, 2024. 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).

| Description | Amount |
|---|---|
| General Obligation Bonds, Series 2015 | |
| Bond payable to U.S. Bank National Association, Trustee, for $8,200,000 at 3.0% for the redevelopment of Patriot Hall and to pay the costs of issuance of the obligations, dated February 26, 2015, with scheduled interest and principal payments due semi-annually through June 15, 2035 | $ 5,490,000 |
| Less: Principal Payments 2023-2024 | (380,000) |
| Balance - June 30, 2024 | $ 5,110,000 |
| General Obligation Refunding Bond, Series 2016 | |
| Bond payable to JPMorgan Chase Bank for $3,985,000 at a price of 100% par at 1.85% per annum with all accrued interest due semi-annually through June 2029 | $ 2,505,000 |
| Less: Principal Payments 2023-2024 | (369,000) |
| Balance - June 30, 2024 | $ 2,136,000 |

## NOTE 8 LONG-TERM DEBT (CONTINUED)

### Bonds Payable – PERS – Direct Placement

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

| Description | Amount |
|---|---|
| Bond payable to Wells Fargo, Trustee, for $7,240,000 at 4.6% to 4.8% for paying PERS unfunded actuarial liability, dated June 9, 2005, with scheduled interest and principal payments due semi-annually through June 30, 2028 | $ 3,365,000 |
| Less: Principal Payments 2023-2024 | (640,000) |
| Balance - June 30, 2024 | $ 2,725,000 |

### Bonds Payable – Enterprise Resource Planning – Direct Placement

| Description | Amount |
|---|---|
| Bond payable to JP Morgan Chase Bank, for $3,058,000 at 3.0% for ERP funding liability, dated November 29, 2022, with scheduled interest and principal payments due semi-annually through June 30, 2037 | $ 2,988,000 |
| Less: Principal Payments 2023-2024 | (5,000) |
| Balance - June 30, 2024 | $ 2,983,000 |

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

| | Total | Total | PERS Bonding 2005 | | Facilities US Bank, 2014 | | Facilities GO Bonds, 2015 | | Facilities GO Bonds, 2016 | | ERP System Full Faith Agreement, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | $ 2,007,000 | $ 498,422 | $ 705,000 | $ 131,645 | $ 520,000 | $ 31,650 | $ 390,000 | $ 157,200 | $ 387,000 | $ 39,516 | $ 5,000 | $ 138,411 |
| 2026 | 2,135,000 | 425,772 | 780,000 | 97,586 | 535,000 | 16,050 | 405,000 | 141,600 | 410,000 | 32,357 | 5,000 | 138,179 |
| 2027 | 1,914,000 | 352,073 | 860,000 | 59,904 | - | - | 415,000 | 129,450 | 426,000 | 24,772 | 213,000 | 137,947 |
| 2028 | 1,480,000 | 280,313 | 380,000 | 18,358 | - | - | 430,000 | 117,000 | 447,000 | 16,891 | 223,000 | 128,064 |
| 2029 | 1,144,000 | 230,438 | - | - | - | - | 445,000 | 104,100 | 466,000 | 8,621 | 233,000 | 117,717 |
| 2030-2034 | 3,821,000 | 725,644 | - | - | - | - | 2,480,000 | 309,900 | - | - | 1,341,000 | 415,744 |
| 2035-2038 | 1,508,000 | 107,107 | - | - | - | - | 545,000 | 16,350 | - | - | 963,000 | 90,757 |
| Total | $ 14,009,000 | $ 2,619,768 | $ 2,725,000 | $ 307,493 | $ 1,055,000 | $ 47,700 | $ 5,110,000 | $ 975,600 | $ 2,136,000 | $ 122,157 | $ 2,983,000 | $ 1,166,819 |

## NOTE 8 LONG-TERM DEBT (CONTINUED)

### Changes in Long-Term Liabilities

A summary of long-term liability activity follows:

| | Balance July 1, 2023 | Additions | Reductions | Balance June 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable | $ 15,903,000 | $ - | $ 1,894,000 | $ 14,009,000 | $ 2,007,000 |
| Bond Premium | 315,451 | - | 43,129 | 272,322 | 43,129 |
| Tax Anticipation Note | - | 1,700,000 | - | 1,700,000 | 1,700,000 |
| Finance Purchase Agreement: | | | | | |
| Community Leasing Partners | 106,132 | - | 25,382 | 80,750 | 26,135 |
| SBITA Payable | 337,701 | 1,792,646 | 104,101 | 2,026,246 | 973,163 |
| Leases Payable | 19,913 | 36,605 | 19,913 | 36,605 | 11,681 |
| Total | 16,682,197 | 3,529,251 | 2,086,525 | 18,124,923 | 4,761,108 |
| PERS Pre-SLGRP Pooled Liability | 414,741 | - | 81,848 | 332,893 | - |
| Total | $ 17,096,938 | $ 3,529,251 | $ 2,168,373 | $ 18,457,816 | $ 4,761,108 |

## NOTE 9 FINANCED PURCHASE AGREEMENTS

### Financed Purchase Agreements

On September 15, 2021, the College entered into a financed purchase agreement with Community Leasing Partners to acquire twenty-five SCBA's and fifty-one RIT cylinder packs. The amount financed was $130,784 after making a down payment of $321,127. Payments are due annually in the amount of $28,528. The interest rate is 4.0%.

The future payments for the equipment at June 30, 2024 is as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 26,135 | $ 2,393 | $ 28,528 |
| 2026 | 26,909 | 1,619 | 28,528 |
| 2027 | 27,706 | 822 | 28,528 |
| Total | $ 80,750 | $ 4,834 | $ 85,584 |

## NOTE 10 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

### Subscription-Based Information Technology Arrangements (SBITAs)

A summary of the Colleges SBITA terms and interest rates are as follows:

The College added $1,792,646 for new SBITAs and made principal payments of $104,101 plus interest. The SBITAs range in contract length with the last one ending January 1, 2027. Certain SBITAs provide for increases in future minimum annual payments based on defined increases stated in the agreements and no agreements contain variable payments.

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 973,163 | $ 37,053 | $ 1,010,216 |
| 2026 | 526,304 | 37,488 | 563,792 |
| 2027 | 526,779 | 13,436 | 540,215 |
| Total | $ 2,026,246 | $ 87,977 | $ 2,114,223 |

Per GASB 96, Paragraph 18: the future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be the interest rate implicit in the SBITA. If the interest rate cannot be readily determined by the government, the government's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the subscription payment amounts during the term) is used. The College used 4.65% as the incremental borrowing rate.

### College as a Lessee

The College leases several copiers from Solutions Yes, in which the College is the lessee. The general terms of these agreements include an incremental borrowing rate of 4.83% with monthly payments. The leases are set to expire in FY2027.

The following is a schedule of principal and interest payments on these agreements:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 11,681 | $ 1,526 | $ 13,207 |
| 2026 | 12,240 | 864 | 13,104 |
| 2027 | 12,684 | 277 | 12,961 |
| Total | $ 36,605 | $ 2,667 | $ 39,272 |

## NOTE 11 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 Annual Comprehensive 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 Annual Comprehensive Financial Report and Actuarial Valuations may be obtained from the Oregon PERS website at: https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.

**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.

## NOTE 11 PENSION PLAN (CONTINUED)

**Basis of Accounting**

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

**Proportionate Share Allocation Methodology**

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

**Changes Subsequent to Measurement Date**

The College is not aware of any changes to benefit terms subsequent to the June 30, 2023 measurement date.

**Pension Plan Liability**

The components of the Plan's collective net pension liability as of the measurement date of June 30, 2023 are as follows (dollars in millions):

| | | |
|---|---|---|
| Total Pension Liability | $ | 102,218 |
| Plan Fiduciary Net Position | | 83,487 |
| Plan Net Position Liability | $ | 18,731 |

**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.

## NOTE 11 PENSION PLAN (CONTINUED)

**Pension Benefits**

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

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

**Death Benefits**

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

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

**Disability Benefits**

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

**Benefit Changes after Retirement**

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

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

## NOTE 11 PENSION PLAN (CONTINUED)

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

1. The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rate for the OPSRP defined benefit pension plan at June 30, 2020 is 9.08% as provided by the Summary of PERS Employer Contribution Rates, adjusted for the side account rate relief 15.17%.

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

### OPSRP Pension Program (OPSRP DB)

#### Pension Benefits

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

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

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

#### Death Benefits

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

#### Disability Benefits

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

## NOTE 11 PENSION PLAN (CONTINUED)

### OPSRP Pension Program (OPSRP DB) (Continued)

#### Benefit Changes After Retirement

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

### OPSRP Pension Program (OPSRP IAP)

#### Pension Benefits

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

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

#### Death Benefits

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

### Pension Plan Contributions

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

Employer contribution rates for the fiscal year ended June 30, 2024 were based on the December 31, 2021 actuarial valuation. The College requires members of PERS, except for the President, to contribute 6% of their salary covered under the plan. In addition, the College is required to contribute at an actuarially determined rate. The Net Employer Contribution Rate has been determined for July 1, 2023 – June 30, 2025 at 16.31% for PERS Tier One/Two and 13.12% for OPSRP General Service.

Employer contributions for the year ended June 30, 2024 were $1,063,112, excluding amounts to fund employer specific liabilities.

## NOTE 11 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, 2024 was $1.752 million. At June 30, 2024, the College reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | $ 522,017 | $ (42,325) |
| Changes of Assumptions | 948,262 | (7,070) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 191,865 | - |
| Changes in Proportionate Share | 806,281 | - |
| Difference in Proportionate Share and Actual Employer's Contributions | - | (1,499,896) |
| Total | 2,468,425 | (1,549,291) |
| Net Deferred Outflow (Inflow) of Resources Before Contributions Subsequent to the Measurement Date | 1,063,112 | - |
| Net Deferred Outflow (Inflow) of Resources | $ 3,531,537 | $ (1,549,291) |

Of the amount reported as deferred outflows of resources, $1,063,112 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2025 | $ 183,019 |
| 2026 | (479,029) |
| 2027 | 885,997 |
| 2028 | (374,593) |
| 2029 | 703,740 |
| Total | $ 919,134 |

### 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.

## NOTE 11 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, 2024 |
| Valuation Date | December 31, 2021 |
| Measurement Date | June 30, 2023 |
| Experience Study Report | 2020, Published July 20, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| **Actuarial Assumptions:** | |
| Inflation Rate | 2.40% |
| Long-Term Expected Rate of Return | 6.90% |
| Discount Rate | 6.90% |
| Projected Salary Increases | 3.40% |
| 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 | *Healthy Retirees and Beneficiaries:* |
| | Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation |
| | *Active Members:* |
| | Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation |
| | *Disabled Retirees:* |
| | Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-backs as described in the valuation. |

### Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 11 PENSION PLAN (CONTINUED)

**Net Pension Liability**

At June 30, 2024, the College reported a liability of $10,674,534 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The basis for the College's proportion is actuarially determined by comparing the employers' projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. At June 30, 2023, the College's proportionate share was 0.05698955% compared to 0.05676976% 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, 2024, 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, 2023 – 5.4 years
- Measurement period ended June 30, 2022 – 5.5 years
- Measurement period ended June 30, 2021 – 5.4 years
- Measurement period ended June 30, 2020 – 5.3 years
- Measurement period ended June 30, 2019 – 5.2 years
- Measurement period ended June 30, 2018 – 5.2 years

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 2024.

## NOTE 11 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

| Asset Class/Strategy | Low Range | High Range | Target Range |
|---|---|---|---|
| Debt Securities | 20.0% | 30.0% | 25.0% |
| Public Equity | 22.5% | 32.5% | 27.5% |
| Real Estate | 9.0% | 16.5% | 12.5% |
| Private Equity | 17.5% | 27.5% | 20.0% |
| Real Assets | 2.5% | 10.0% | 7.5% |
| Diversifying Strategies | 2.5% | 10.0% | 7.5% |
| Opportunity Portfolio* | 0.0% | 5.0% | 0.0% |
| Total | | | 100.0% |

## NOTE 11 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 January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
|---|---|---|
| Global Equity | 27.50% | 7.07% |
| Private Equity | 25.50 | 8.83 |
| Core Fixed Income | 25.00 | 4.50 |
| Real Estate | 12.25 | 5.83 |
| Master Limited Partnerships | 0.75 | 6.02 |
| Infrastructure | 1.50 | 6.51 |
| Hedge Fund of Funds - Multistrategy | 1.25 | 6.27 |
| Hedge Fund Equity - Hedge | 0.63 | 6.48 |
| Hedge Fund - Macro | 5.62 | 4.83 |
| Assumed Inflation – Mean | | 2.35% |

*2023 PERS Annual Comprehensive Financial Report, Table 31, page 92*

### Sensitivity Analysis

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability (Asset) | $ 17,632,320 | $ 10,674,534 | $ 4,851,604 |

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 6.90% as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

## NOTE 11 PENSION PLAN (CONTINUED)

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

See Schedule of Changes in Net Pension (Asset) Liability on page 76 of the PERS June 30, 2023 Annual Comprehensive Financial Report.

**Transition Liability**

The College reports a separate liability to the plan with a balance of $332,893 at June 30, 2024. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 19.68% of covered payroll for payment of this transition liability.

**Tax Sheltered Annuities**

Voluntary tax sheltered 403(b) annuity plans are available to College employees. Regular full-time employees are eligible to participate. The maximum contribution for calendar years 2024 and 2023 is $20,500, with higher levels for employees over age 50.

## NOTE 12 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 11 for details concerning Tier One and Tier Two membership in PERS.)

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

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

#### Plan Description (Continued)

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 Annual Comprehensive financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

#### Basis of Accounting

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

#### Summary of Significant Accounting Policies

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

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

## NOTE 12 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 total collective PERS Net OPEB (Asset) Liability for the OPEB plan as of the measurement date of June 30, 2023 is as follows:

| Net OPEB - RHIA (Asset) | Amounts in Millions |
| --- | --- |
| Total OPEB - RHIA Liability | $ 360.4 |
| Plan Fiduciary Net Position | 726.6 |
| Plan Net OPEB - RHIA (Asset) | $ (366.2) |

#### Changes Subsequent to Measurement Date

The College is not aware of any changes that would impact RHIA subsequent to the June 30, 2023 measurement date.

#### Contributions

The OPEB plan administered by PERS is funded through actuarially determined employer contributions. For the fiscal year ended June 30, 2024, the College contributes 0.50% of PERS covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, the College contributes 0.58% of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contribution was approximately $1 thousand for the year ended June 30, 2024. The actual contribution equaled the annual required contribution for the fiscal year.

#### Net OPEB Asset/Liability

At June 30, 2024, the College reported an asset of $190,201 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2024 was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020.

For the year ended June 30, 2024, the College recorded total OPEB expense of $25,146 due to the change in the net RHIA OPEB asset and changes to deferred outflows and deferred inflows.

## NOTE 12 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, 2024, deferred items include:

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

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

- Measurement period ended June 30, 2023 – 2.3 years
- Measurement period ended June 30, 2022 – 2.5 years
- Measurement period ended June 30, 2021 – 2.7 years
- Measurement period ended June 30, 2020 – 2.9 years
- Measurement period ended June 30, 2019 – 3.1 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 2024.

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

#### Deferred Items (Continued)

Of the amount reported as deferred outflows of resources, $91 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, 2024.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference Between Expected and Actual Experience | $ - | $ (4,775) |
| Changes of Assumptions | - | (2,051) |
| Net Difference Between Projected and Actual Earnings on Investments | 540 | - |
| Change in Proportionate Share | - | (12,077) |
| Difference Between Contributions and Proportionate Share of Contributions | - | - |
| Total (Prior to Post-MD Contributions) | 540 | (18,903) |
| Contributions Subsequent to the MD | 91 | - |
| Net Deferred Outflow (Inflow) of Resources | $ 631 | $ (18,903) |

As of June 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2025 | $ (18,013) |
| 2026 | (9,716) |
| 2027 | 7,029 |
| 2028 | 2,337 |
| Total | $ (18,363) |

#### Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2020 Experience Study.

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

#### Actuarial Methods and Assumptions (Continued)

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

| **Actuarial Methods and Assumptions:** | **RHIA** |
|---|---|
| As of: | June 30, 2023 |
| Valuation Date | December 31, 2021 |
| Measurement Date | June 30, 2023 |
| Experience Study Report | 2020, published July 20, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| **Actuarial Assumptions:** | |
| Inflation Rate | 2.40% |
| Long-Term Expected Rate of Return | 6.90% |
| Discount Rate | 6.90% |
| Projected Salary Increases | 3.40% |
| Retiree Healthcare Participation | Healthy retirees: 27.5%, Disabled retirees: 15% |
| Mortality | *Healthy retirees and beneficiaries:* |
| | Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |
| | *Active members:* |
| | Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |
| | *Disabled retirees:* |
| | Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

#### Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

## NOTE 12 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 6.90%, 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:

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|---|
| Proportionate Share of the Net OPEB - RHIA Liability (Asset) | $ (172,893) | $ (190,201) | $ (205,051) |

#### Assumed Asset Allocation

| Asset Class/Strategy | Target Allocation |
|---|---|
| Debt Securities | 25.00 |
| Public Equity | 27.50 |
| Private Equity | 20.00 |
| Real Estate | 12.50 |
| Real Assets | 7.50 |
| Diversifying Strategies | 7.50 |
| Total | 100.00 % |

*2023 PERS Annual Comprehensive Financial Report, Table 1, page 49*

## NOTE 12 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 January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
|---|---|---|
| Global Equity | 27.50% | 7.07% |
| Private Equity | 25.50 | 8.83 |
| Core Fixed Income | 25.00 | 4.50 |
| Real Estate | 12.25 | 5.83 |
| Master Limited Partnerships | 0.75 | 6.02 |
| Infrastructure | 1.50 | 6.51 |
| Hedge Fund of Funds - Multistrategy | 1.25 | 6.27 |
| Hedge Fund Equity - Hedge | 0.63 | 6.48 |
| Hedge Fund - Macro | 5.62 | 4.83 |
| | | |
| Assumed Inflation – Mean | | 2.35% |

*2023 PERS Annual Comprehensive Financial Report, Table 31, page 92*

## NOTE 12 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.

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Early Retirement Plan

#### Plan Description

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

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

#### OPEB Funding Policy

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

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

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

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

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Early Retirement Plan (Continued)

#### Summary of Significant Accounting Policies

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

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

#### Changes in Total OPEB Plan Liability

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

| | Increase (Decrease) Total OPEB Liability |
|---|---|
| Changes in Total OPEB Liability | |
| Balance as of June 30, 2023 | $ 232,829 |
| Changes for the Year: | |
| Service Cost | 8,731 |
| Interest on Total OPEB Liability | 8,471 |
| Changes of Benefit Terms | - |
| Difference Between Expected and Actual Experience | - |
| Changes in Assumptions Changes or Other Inputs | (449) |
| Benefit Payments | (44,633) |
| Net Changes | (27,880) |
| Balance as of June 30, 2024 | $ 204,949 |

For the year ended June 30, 2024, the College recognized postemployment healthcare benefits liability expense of $6,497 due to the changes to the total OPEB liability, deferred inflows, and amortization of deferred amounts.

## NOTE 12 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 2024.

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference Between Expected and Actual Experience | $ 5,994 | $ (1,432) |
| Changes of Assumptions or Other Input | 4,011 | (37,540) |
| Net Deferred Outflow (Inflow) of Resources | $ 10,005 | $ (38,972) |

As of June 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB. OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2025 | $ (9,197) |
| 2026 | (11,627) |
| 2027 | (8,143) |
| Total | $ (28,967) |

#### 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:

## NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Early Retirement Plan (Continued)

#### Actuarial Methods and Assumptions (Continued)

| Actuarial Methods and Assumptions | |
|---|---|
| Valuation Date | July 1, 2023<br>Standard actuarial update procedures were used to project/discount from valuation to measurement dates. |
| Measurement Date | June 30, 2024 |
| **Actuarial Assumptions:** | |
| Actuarial Cost Method | Entry Age Normal, level percent of pay |
| Discount Rate | 3.97% |
| General Inflation | 2.40% |
| Payroll Growth | 3.4%, plus salary merit scale for school districts from most recent Oregon PERS experience study |

Source: Actuarial Valuation Update Report as of September 19, 2024

#### 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, 2024 reporting date is 3.97%.

#### 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 3.97%, as well as what the total OPEB liability would be if it were calculated using a discount rate at 2.97% and 4.97%:

| | 1% Decrease (2.97%) | Discount Rate (3.97%) | 1% Increase (4.97%) |
|---|---|---|---|
| OPEB Liability | $ 208,861 | $ 204,949 | $ 200,705 |

## NOTE 12 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:

| | 1% (4.20% current, 3.00% ultimate) Decrease | Current (5.20% current, 4.00% ultimate) Trend Rates | 1% (6.20% current, 5.00% ultimate) Increase |
|---|---|---|---|
| OPEB Liability Using Current Healthcare Cost Trend Rates | $ 197,402 | $ 204,949 | $ 212,900 |

#### Payable to the Early Retirement Plan

At June 30, 2024, the College reported a payable of $166,731 for the outstanding amount of contributions to the early retirement plan for the year ended June 30, 2024.

## NOTE 13 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 2023-2024.

## NOTE 14 COMMITMENTS AND CONTINGENCIES

Amounts received and expended by the College under various federal and state grants, contracts and other programs are subject to audit and potential disallowance. From time to time the College is named as a defendant in legal proceedings or cited in regulatory actions related to the conduct of its operations. In the normal course of business, the College also has various other commitments and contingent liabilities which are not reflected in the accompanying financial statements. In the opinion of management, the College will not be affected materially by the final outcome of any of these proceedings, or insufficient information exists to make an opinion.

## NOTE 15 COMPONENT UNIT REPORTING

The Clatsop Community College Foundation (the "Foundation") is a legally separate, tax-exempt organization that is reported as a discretely presented component unit of the College. The Foundation was established to support the College's mission and programs through fundraising and other activities.

The Foundation follows the Financial Accounting Standards Board (FASB) standards, while the College follows the Governmental Accounting Standards Board (GASB) standards. There are several significant differences in accounting policies between the Foundation and the College due to the different accounting standards they follow. These differences include, but are not limited to:

**Revenue Recognition**: The Foundation recognizes contributions and grants as revenue when they are received or unconditionally pledged, in accordance with FASB standards. The College recognizes revenue when it is earned and becomes measurable and available, in accordance with GASB standards.

**Net Asset Classification**: The Foundation classifies its net assets into three categories: unrestricted, temporarily restricted, and permanently restricted, as required by FASB standards. The College classifies its net position into three categories: net investment in capital assets, restricted, and unrestricted, as required by GASB standards.

The differences in accounting policies between the Foundation and the College do not have a material impact on the overall financial position or results of operations of the College. However, users of the financial statements should be aware of these differences when comparing the financial information of the Foundation and the College.

# REQUIRED SUPPLEMENTARY INFORMATION

# CLATSOP COMMUNITY COLLEGE
# SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
# YEAR ENDED JUNE 30, 2024

**Clatsop Community College**
**SCHEDULE OF CONTRIBUTIONS**

| Year Ended June 30, | (a) Statutorily Required Contribution | (b) Contributions in Relation to the Statutorily Required Contribution | (a-b) Contribution Deficiency (Excess) | (c) College's Covered Payroll | (b/c) Contributions as a Percent of Covered Payroll |
|---|---|---|---|---|---|
| 2024 | $ 1,063,113 | $ 1,063,113 | $ - | $ 9,572,832 | 11.11% |
| 2023 | 984,323 | 984,323 | - | 8,938,249 | 11.01% |
| 2022 | 965,519 | 965,519 | - | 7,722,959 | 12.50% |
| 2021 | 679,471 | 679,471 | - | 8,072,763 | 8.42% |
| 2020 | 697,341 | 697,341 | - | 8,154,312 | 8.55% |
| 2019 | 436,487 | 436,487 | - | 7,688,924 | 5.68% |
| 2018 | 374,705 | 374,705 | - | 7,135,037 | 5.25% |
| 2017 | 215,846 | 215,846 | - | 6,606,897 | 3.27% |
| 2016 | 306,963 | 306,963 | - | 6,481,333 | 4.74% |
| 2015 | 347,599 | 347,599 | - | 6,298,140 | 5.52% |
| 2014 | 343,630 | 343,630 | - | 6,164,785 | 5.57% |

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

| Year Ended * June 30, | (a) College's Proportion of the Net Pension Liability (Asset) | (b) College's Proportionate Share of the Net Pension Liability (Asset) | (c) College's Covered Payroll | (b/c) College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2023 | 0.05698955% | $ 10,674,534 | $ 8,938,249 | 119.43% | 81.70% |
| 2022 | 0.05676976% | 8,692,589 | 7,722,959 | 112.56% | 84.50% |
| 2021 | 0.05417102% | 6,482,364 | 8,072,763 | 80.30% | 87.60% |
| 2020 | 0.05139604% | 11,216,384 | 8,154,312 | 137.55% | 75.80% |
| 2019 | 0.04356747% | 7,536,129 | 7,688,924 | 98.01% | 80.20% |
| 2018 | 0.04078398% | 6,178,236 | 7,135,037 | 86.59% | 82.10% |
| 2017 | 0.04170001% | 5,621,177 | 6,606,897 | 85.08% | 83.10% |
| 2016 | 0.03822211% | 5,738,026 | 6,481,333 | 88.53% | 80.50% |
| 2015 | 0.03901406% | 2,239,977 | 6,298,140 | 35.57% | 91.90% |
| 2014 | 0.03472124% | (787,026) | 6,164,785 | -12.77% | 103.60% |
| 2013 | 0.03472124% | 1,771,876 | 5,462,769 | 32.44% | 91.97% |

* As of measurement ending date.

**CLATSOP COMMUNITY COLLEGE**
**SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS, AND CHANGES IN TOTAL OPEB LIABILITY AMD RELATED RATIOS FOR OTHER POSTEMPLOYMENT BENEFITS**
**YEAR ENDED JUNE 30, 2024**

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

| Year Ended * June 30, | (a) College's Proportion of the Net Pension Liability (Asset) | (b) College's Proportionate Share of the Net Pension Liability (Asset) | (c) College's Covered Payroll | (b/c) College's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 2023 | 0.05194387% | $ (190,201) | $ 8,938,249 | -2.13% | 201.60% |
| 2022 | 0.04559360% | (162,010) | 7,722,959 | -2.10% | 194.60% |
| 2021 | 0.04405275% | (151,277) | 8,072,763 | -1.87% | 183.90% |
| 2020 | 0.05750668% | (117,176) | 8,154,312 | -1.44% | 150.10% |
| 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% |

* As of measurement ending date.

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

| Year Ended June 30, | (a) Contractually Required Contribution | (b) Contributions in Relation to the Contractually Required Contribution | (a-b) Contribution Deficiency (Excess) | (c) College's Covered Payroll | (b/c) Contributions as a Percent of Covered Payroll |
|---|---|---|---|---|---|
| 2024 | $ 91 | $ 91 | $ - | $ 9,572,832 | 0.00% |
| 2023 | 1,111 | 1,111 | - | 8,938,249 | 0.01% |
| 2022 | 1,123 | 1,179 | - | 7,722,959 | 0.01% |
| 2021 | 1,179 | 1,179 | - | 8,072,763 | 0.01% |
| 2020 | 4,107 | 4,107 | - | 8,154,312 | 0.05% |
| 2019 | 30,752 | 30,752 | - | 7,688,924 | 0.40% |
| 2018 | 27,453 | 27,453 | - | 7,135,037 | 0.38% |
| 2017 | 26,910 | 26,910 | - | 6,606,897 | 0.41% |
| 2016 | 27,337 | 27,337 | - | 6,481,333 | 0.42% |
| 2015 | 29,707 | 29,707 | - | 6,298,140 | 0.47% |
| 2014 | 29,186 | 29,186 | - | 6,164,785 | 0.47% |

# CLATSOP COMMUNITY COLLEGE
# SCHEDULE OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS, AND CHANGES IN TOTAL OPEB LIABILITY AMD RELATED RATIOS FOR OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)
# YEAR ENDED JUNE 30, 2024

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | | |
| Service Cost | $ 8,731 | $ 8,964 | $ 55,848 | $ 55,101 | $ 46,192 | $ 44,630 | $ 36,739 |
| Interest | 8,471 | 23,680 | 13,866 | 21,427 | 33,870 | 32,005 | 27,346 |
| *Change of Benefit Terms | - | (353,186) | (232,649) | - | - | - | - |
| Difference Between Expected and Actual Exp | - | (44,050) | 12,657 | - | - | - | - |
| Changes in Assumptions - Other | (449) | (786) | (78,935) | - | 24,076 | 111,413 | - |
| Contributions - Employer - Implicit Subsidy | - | - | - | - | (8,597) | - | - |
| Contributions - Employer | - | - | - | - | - | - | - |
| Benefit Payments | (44,633) | (68,515) | (46,164) | (63,284) | (47,392) | (54,136) | (56,294) |
| Net Change in Total OPEB Liability | (27,880) | (433,893) | (275,377) | 13,244 | 48,149 | 133,912 | 7,791 |
| Total OPEB Liability - Beginning | 232,829 | 666,722 | 942,099 | 928,855 | 880,706 | 746,794 | 739,003 |
| Total OPEB Liability - Ending | $ 204,949 | $ 232,829 | $ 666,722 | $ 942,099 | $ 928,855 | $ 880,706 | $ 746,794 |
| Covered Employee Payroll | $ 981,678 | $ 922,795 | $ 7,675,813 | $ 8,439,713 | $ 8,154,312 | $ 5,671,734 | $ 5,479,936 |
| Total OPEB Liability as a Percentage of the Covered Employee Payroll | 20.88% | 25.23% | 8.69% | 11.16% | 11.39% | 15.53% | 13.63% |

* One-time adjustment to reflect change in benefit eligibility due to clarification of plan provisions.

## SUPPLEMENTARY INFORMATION

# CLATSOP COMMUNITY COLLEGE
# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – GENERAL FUND
# YEAR ENDED JUNE 30, 2024

| Unrestricted Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| State Sources | $ 4,106,512 | $ - | $ 4,106,512 | $ 4,106,512 | $ - |
| Federal Sources | 1,540 | - | 1,540 | 1,540 | - |
| Local Sources: | | | | | |
| Current Year Property Taxes | 6,425,231 | - | 6,425,231 | 5,765,230 | (660,001) |
| Prior Years Property Taxes | 129,627 | - | 129,627 | 129,627 | - |
| Tuition and Fees | 2,953,180 | - | 2,953,180 | 2,953,180 | - |
| All Other | 638,395 | - | 638,395 | 1,298,396 | 660,001 |
| Total Revenues | 14,254,485 | - | 14,254,485 | 14,254,485 | - |
| **EXPENDITURES** | | | | | |
| Instruction | 5,462,231 | - | 5,462,231 | 5,643,981 | 181,750 |
| Support Services | 8,513,655 | 8,729 | 8,522,384 | 9,057,211 | 534,827 |
| Public Service | 8,854 | - | 8,854 | 20,224 | 11,370 |
| All Other | 1,138,586 | (943,444) | 195,142 | 669,016 | 473,874 |
| Total Expenditures | 15,123,326 | (934,715) | 14,188,611 | 15,390,432 | 1,201,821 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (868,841) | 934,715 | 65,874 | (1,135,947) | (1,201,821) |
| **OTHER FINANCING USES** | | | | | |
| Transfers Out | (110,862) | 57,718 | (53,144) | (49,500) | 3,644 |
| Total Other Financing Uses | (110,862) | 57,718 | (53,144) | (49,500) | 3,644 |
| **NET CHANGES IN FUND BALANCE** | (979,703) | 876,997 | 12,730 | (1,185,447) | (1,198,177) |
| Restated | (6,433,338) | - | 1,661,398 | - | - |
| **FUND BALANCE - END OF YEAR** | $ (7,413,041) | $ 876,997 | $ 1,674,128 | $ (1,185,447) | $ - |

GAAP adjustments are for the annual accruals for compensated absences, SBITA implementation, and other GASB adjustments not budgeted by the College. (Note for the current year, there is a resulting positive amount as the GASB adjustments related to PERS and OPEB were negative.)

## General Fund

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

# CLATSOP COMMUNITY COLLEGE
# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – RESTRICTED FUND
# YEAR ENDED JUNE 30, 2024

| Restricted Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Federal Sources | $ 3,700,487 | $ - | $ 3,700,487 | $ 3,700,985 | $ 498 |
| State Sources | 987,941 | - | 987,941 | 988,660 | 719 |
| Local Sources | 915,704 | - | 915,704 | 913,826 | (1,878) |
| Tuition and Fees | 22,000 | - | 22,000 | 22,000 | - |
| Other | 96,941 | - | 96,941 | 333,391 | 236,450 |
| Total Revenues | 5,723,073 | - | 5,723,073 | 5,958,862 | 235,789 |
| **EXPENDITURES** | | | | | |
| Total Instruction | 277,724 | - | 277,724 | 300,000 | 22,276 |
| Total Support Services | 2,014,390 | - | 2,014,390 | 2,182,278 | 167,888 |
| Total Public Service | 553,227 | - | 553,227 | 573,084 | 19,857 |
| All Other | 2,928,699 | - | 2,928,699 | 2,950,000 | 21,301 |
| Total Expenditures | 5,774,040 | - | 5,774,040 | 6,005,362 | 231,322 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (50,967) | - | (50,967) | (46,500) | 4,467 |
| **OTHER FINANCING SOURCES** | | | | | |
| Transfers In | 50,967 | - | 50,967 | 46,500 | (4,467) |
| **NET CHANGES IN FUND BALANCE** | - | - | - | - | - |
| Fund Balance - Beginning of Year | - | - | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - | $ - | $ - |

## Restricted Fund

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

# CLATSOP COMMUNITY COLLEGE
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – UNEXPENDED PLANT FUND
## YEAR ENDED JUNE 30, 2024

| Unexpended Plant Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Timber Sales | $ 998,374 | $ - | $ 998,374 | $ 718,822 | $ (279,552) |
| Other | 1,297,129 | (1,297,129) | - | 2,876,038 | 2,876,038 |
| Total Revenues | 2,295,503 | (1,297,129) | 998,374 | 3,594,860 | 2,596,486 |
| **EXPENDITURES** | | | | | |
| All Other Expenditures | 710,774 | 487,516 | 1,198,290 | 2,904,566 | 1,706,276 |
| Total Expenditures | 710,774 | 487,516 | 1,198,290 | 2,904,566 | 1,706,276 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 1,584,729 | (1,784,645) | (199,916) | 690,294 | 890,210 |
| **OTHER FINANCING USES** | | | | | |
| Transfers Out to Debt Service | (1,235,262) | 544,935 | (690,327) | (690,294) | (33) |
| Total Other Financing Uses | (1,235,262) | 544,935 | (690,327) | (690,294) | (33) |
| **NET CHANGES IN FUND BALANCE** | 349,467 | (1,239,710) | (890,243) | - | 890,177 |
| Fund Balance - Beginning of Year | (8,964,334) | - | 3,624,558 | - | - |
| **FUND BALANCE - END OF YEAR** | $ (8,614,867) | $ (1,239,710) | $ 2,734,315 | $ - | $ - |

GAAP adjustments represent current year adjustments required to be included in budgetary actual amounts that are not included in GAAP Actual.

Unexpended Plant Fund

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

## CLATSOP COMMUNITY COLLEGE
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – PLANT – RETIREMENT OF INDEBTEDNESS
## YEAR ENDED JUNE 30, 2024

| Plant - Retirement of Indebtedness | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|---|---|
| **REVENUES** | $ 968,104 | $ - | $ 968,104 | $ 968,343 | $ 239 |
| **EXPENDITURES** | 1,658,431 | - | 1,658,431 | 1,658,637 | 206 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (690,327) | - | (690,327) | (690,294) | (33) |
| **OTHER FINANCING SOURCES** | | | | | |
| Transfers In from Unexpended Plant | 690,327 | - | 690,327 | 690,294 | 33 |
| Total Other Financing Sources | 690,327 | - | 690,327 | 690,294 | 33 |
| **NET CHANGES IN FUND BALANCE** | - | - | - | - | - |
| Fund Balance - Beginning of Year | - | - | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - | $ - | $ - |

### Plant – Retirement of Indebtedness

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

# CLATSOP COMMUNITY COLLEGE
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – DEBT SERVICE
## YEAR ENDED JUNE 30, 2024

| Debt Service Fund | GAAP Actual | GAAP Adjustments | Budgetary Basis Actual | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Other Local Revenue | $ 661,827 | $ - | $ 661,827 | $ 1,167,000 | $ 505,173 |
| Investment Income | 25,367 | - | 25,367 | 5,000 | (20,367) |
| Total Revenues | 687,194 | - | 687,194 | 1,172,000 | 484,806 |
| **EXPENDITURES** | | | | | |
| Total Other Uses | 162,563 | 640,000 | 802,563 | 1,172,000 | 369,437 |
| Total Expenditures | 162,563 | 640,000 | 802,563 | 1,172,000 | 369,437 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 524,631 | (640,000) | (115,369) | - | 115,369 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers In from General Fund | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| **NET CHANGES IN FUND BALANCE** | 524,631 | (640,000) | (115,369) | - | 115,369 |
| Fund Balance - Beginning of Year | (2,450,045) | - | 665,166 | - | - |
| **FUND BALANCE - END OF YEAR** | $ (1,925,414) | $ (640,000) | $ 549,797 | $ - | - |

GAAP adjustments represent current year adjustments required to be included in budgetary actual amounts that are not included in GAAP Actual.

Debt Service Fund

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

## CLATSOP COMMUNITY COLLEGE
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED WITH BUDGET – CLUBS AND ORGANIZATIONS FUND
## YEAR ENDED JUNE 30, 2024

| Clubs and Organizations Fund | Actual Amount | Budgeted Amount | (Over) Under Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Fees | $ 30,290 | $ 69,718 | $ 39,428 |
| Total Revenues | 30,290 | 69,718 | 39,428 |
| | | | |
| **EXPENDITURES** | | | |
| Total Student Services | 15,743 | 16,000 | 257 |
| Total Other | 20,135 | 43,457 | 23,322 |
| Total Public Service | 215 | 13,261 | 13,046 |
| Total Expenditures | 36,093 | 72,718 | 36,625 |
| | | | |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (5,803) | (3,000) | 2,803 |
| | | | |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In | 2,177 | 3,000 | 823 |
| Transfers Out | - | - | - |
| Total Other Financing Sources | 2,177 | 3,000 | 823 |
| | | | |
| **NET CHANGES IN FUND BALANCE** | (3,626) | - | 3,626 |
| | | | |
| Fund Balance - Beginning of Year | 60,881 | - | - |
| | | | |
| **FUND BALANCE - END OF YEAR** | $ 57,255 | $ - | $ - |

### Clubs and Organization Fund

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

# STATE AND FEDERAL COMPLIANCE SECTION

**AUDIT COMMENTS AND DISCLOSURES**
**REQUIRED BY THE STATE OF OREGON**

Oregon Administrative Rules 162-10-000 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations,* prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

# 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, 2024, and have issued our report thereon dated December 19, 2024.

**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).

Board of Education
Clatsop Community College

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

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

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

This report is intended solely for the information and use of the board of 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

**CliftonLarsonAllen LLP**

Bellevue, Washington
December 19, 2024

Jean Bushong

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Clatsop Community College (the College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Clatsop Community College's basic financial statements, and have issued our report thereon dated December 19, 2024. The financial statements of Clatsop Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Clatsop Community College Foundation.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 College'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 or significant deficiencies may exist that were not identified.

Board of Education
Clatsop Community College

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
December 19, 2024

Jean Bushong

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

# 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

### *Opinion on Each Major Program*

We have audited Clatsop Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Clatsop Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

## Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed other 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 2024-001, 2024-002, 2024-003, 2023-004, 2024-005, and 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004 and 2024-005 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-006, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Education
Clatsop Community College

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
December 19, 2024

# CLATSOP COMMUNITY COLLEGE
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| **STUDENT FINANCIAL AID ASSISTANCE CLUSTER:** | | | | |
| **Department of Education Direct Programs** | | | | |
| Federal Pell Grant Program | 84.063 | | | $ 1,161,713 |
| Federal Direct Student Loans | 84.268 | | | 469,816 |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | | 106,461 |
| Federal Work-Study Program | 84.033 | | | 92,209 |
| Total Department of Education Direct Programs | | | | 1,830,199 |
| **TRIO CLUSTER:** | | | | |
| **Department of Education Direct Programs** | | | | |
| TRIO—Talent Search | 84.044 | | | 378,332 |
| TRIO—Upward Bound | 84.047 | | | 361,025 |
| TRIO--Student Support Services | 84.042 | | | 350,960 |
| Total TRIO Cluster | | | | 1,090,317 |
| **Department of Education Pass-Through Programs From:** | | | | |
| State Department of Education—Career and Technical Education—Basic Grants to States | 84.048 | 36401 / 36427 | | 267,573 |
| Higher Education Coordinating Commission—Adult Education—Basic Grants to States | 84.002 | EE151608 | | 185,324 |
| Linn Benton Community College---COVID-19 ARP ESSER---CCL Navigator | 84.425U | 22496 | | 104,281 |
| Subtotal Department of Education Pass-Through Programs | | | | 557,178 |
| Total Department of Education | | | | 3,477,694 |
| **Small Business Administration Pass-Through Program From:** | | | | |
| Oregon Small Business Development Network Office -- Small Business Development Center | 59.037 | 15-144 | | 93,084 |
| **US Department of the Treasury Pass-Through program From:** | | | | |
| Clatsop County - COVID 19 Coronavirus State & Local Recovery Funds | 21.027 | C8077 | | 129,709 |
| Total Expenditures of Federal Awards | | | | $ 3,700,487 |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

## NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Clatsop Community College under programs of the federal government for the year ended June 30, 2024. 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% de minimis indirect cost rate as allowed under the Uniform Guidance.

## NOTE 3 STUDENT FINANCIAL ASSISTANCE INSTITUTIONAL AND PROGRAM ELIGIBILITY METRICS

The Institution is in compliance with the following institutional and program eligibility requirements under the Higher Education Act of 1965 and Federal regulations under 34 CFR 668.23:

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g)
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and
- (g)
- Institution’s regular students that are incarcerated under 34 CFR 600.7(c) and (g)
- Completion rates for confined or incarcerated individuals enrolled in nondegree
- programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g)
- Institution’s regular students that lack a high school diploma or its equivalent under
- 34 CFR 600.7(d) and (g)
- Completion rates for short-term programs under 34 CFR 668.8(f) and (g)
- Placement rates for short-term programs under 34 CFR 886.8(e)(2)

## *Section I – Summary of Auditors' Results*

*Financial Statements*

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

*Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| • Material weakness(es) identified? | __X__ yes ______ 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:

| *Assistance Listing Number(s)* | *Name of Federal Program or Cluster* |
|---|---|
| 84.007, 84.033, 84.063, 84.268 | Student Financial Assistance Cluster |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | ______ yes __X__ no |

## *Section II – Financial Statement Findings*

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

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

**2024-001**

Federal Agency: U.S. Department of Education

Federal Program Title: U.S. Department of Education

Assistance Listing Number: 84.063 – Federal Pell Grant

Federal Award Identification Number and Year: P063P230355

Award Period: July 1, 2023 to June 30, 2024

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

**Criteria or specific requirement:** The amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year (34 CFR 690.62). The Code of Federal Regulations (34 CFR 690.80(b)(1)) states if the student's enrollment status changes from one academic term to another within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance. Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure students are awarded and disbursed the proper federal fund amounts.

**Condition:** During our eligibility testing, we identified that 2 out of 38 students who received Pell grants were over awarded and overpaid. The explanation provided indicated that the system packages Pell awards based on the annual award, divides it to calculate per-term disbursements, and then rounds the amounts up or down. CLA recalculated the awards using the annual award and found that the system was incorrectly rounding up, resulting in the over awards.

**Questioned Costs:** None

**Context:** During our eligibility testing of thirty-eight students who received Pell, we noted two students that were over awarded and overpaid in Pell grants.

**Cause:** The software that is used to auto package Pell awards has rounding rules inconsistent with that of the rules outlined in the Federal Student Aid handbook and was rounding amounts up when then it should have been rounded down.

**Effect:** A student received more aid than they were eligible for.

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

**2024-001 (Continued)**

**Repeat Finding:** No.

**Recommendation:** The College changed systems since the end of this fiscal year, and we recommend the College review the auto-packaging rounding rules of its new system to ensure that the Pell award is calculated in accordance with federal regulations.

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

**2024-002**

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.268 – Federal Direct Student Loans
84.063 – Federal Pell Grants

Federal Award Identification Number and Year: P063P230355, P268K240355

Award Period: July 1, 2023 to June 30, 2024

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

**Criteria or specific requirement:** 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) and Direct Loan (34 CFR 685.309) funds to a student. In addition, per the Uniform Guidance 2 CRF 200.303, non-federal entities receiving federal awards are required to establish and maintain internal controls designed to reasonable ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** During our testing, we noted two of the 20 Pell grant disbursements were not reported to COD timely. Additionally, we did not note evidence of a key control occurring for COD disbursement reporting.

**Questioned Costs:** None

**Context:** During our eligibility testing, we noted two of 20 Pell disbursements were not reported to COD within 15 days of the disbursement date. Additionally, we did not note evidence of a key control occurring for COD disbursement reporting.

**Cause:** The College did not have proper control or procedures in place to verify disbursements were reported to COD within the required 15 days after disbursement.

**Effect:** A lack of timely reporting may prevent the College and other schools from having the most accurate student information which may lead to over awards.

**Repeat Finding:** Yes. Prior year finding 2023-002.

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

**2024-002 (Continued)**

**Recommendation:** We recommend the College evaluate its procedures and policies around reporting disbursements to COD to ensure that student information is reported accurately and timely. In addition, the College should revise their procedures to include documentation of the key control.

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

**2024-003**

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

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

Federal Award Identification Number and Year: P063P230355, P268K240355, P033A2333474, P007A2333474

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Material Weakness in Internal Control over Compliance; Compliance, Other Matter

**Criteria or specific requirement:** 2 CFR part 200 section 200.303 requires that non-Federal entities receiving federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the federal award. The Code of federal Regulations, 34 CFR 688.164, requires any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued. If a check or an EFT is returned, the College may make additional attempts to deliver the funds, provided that those attempts are made no later than 45 days after the funds were returned or rejected. In case where the College does not make another attempt, the funds must be returned before the end of the initial 45-day period. The College must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. Under no circumstances may unclaimed Title IV FSA funds escheat to the state, or revert to the college, or any other third party.

**Condition:** The College does not have a control or process in place that would specifically monitor outstanding checks to students for Title IV federal funded checks so that the College would be able to timely return the money prior to 240 days after issuance of the check.

**Questioned Costs:** None

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

**2024-003 (Continued)**

**Context:** During our testing, it was noted the College did not have a control in place to identify the outstanding Title IV federal funded checks that were old and needed to be returned to the U.S. Department of Education prior to 240 days after issuance. During our testing of outstanding checks, we did not note any checks that were out of compliance with this requirement.

**Cause:** The College did not have a process in place to specifically monitor the federal checks throughout the year.

**Effect:** The College is not in compliance with Department of Education requirements.

**Repeat Finding:** No.

**Recommendation:** We recommend the College review the requirement and implement an internal process and control to specifically monitor the outstanding Title IV funded checks throughout the year.

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

**2024-004**

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

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

Federal Award Identification Number and Year: P063P230355, P268K240355, P033A2333474, P007A233474

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Material Weakness in Internal Control over Compliance; Compliance, Other Matter

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of 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. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. In addition, Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

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

**2024-004 (Continued)**

**Condition:** There were instances in which the College did not report the correct status and effective dates, enrollment was not certified timely, and the status changes were not always reported timely. In addition, the College did not have a control in place to ensure timely and accurate reporting to NSLDS.

**Questioned Costs:** None

**Context:** In our statistically valid sample of sixty students selected for National Student Loan Data System (NSLDS) enrollment reporting testing, we identified 4 students where the campus enrollment status was not reported correctly, 6 students where the enrollment effective date was not reported correctly, 57 students where the enrollment was not reported timely to NSLDS, and 60 students where enrollment was not certified every 60 days. There was no control in place to ensure timely and accurate reporting to NSLDS.

**Cause:** The College did not have proper controls or procedures in place to verify students' status in NSLDS matched the institutions records in a timely manner.

**Effect:** Failure to properly report enrollment status changes on NSLDS could affect the timing of the grace period for repayment of Title IV loans. Additionally, the College was not in compliance with the requirements to properly report student enrollment data correctly or timely to NSLDS.

**Repeat Finding:** Yes, Prior year finding 2023-004.

**Recommendation:** We recommend the College implement an internal control that ensures timely and accurate reporting. We also recommend the College implement changes in process and procedures for NSLDS enrollment reporting and implement an internal control that ensures reporting is both timely and accurate.

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

**2024-005**

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

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

Federal Award Identification Number and Year: P063P230355, P268K240355, P033A2333474, P007A233474

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Material Weakness in Internal Control over Compliance; Compliance, Other Matters.

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

**2024-005 (Continued)**

**Criteria or specific requirement:** The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) (GLBA) 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 because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Institutions agree to comply with GLBA in their Program Participation Agreement with ED. Institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the Federal student financial aid programs (16 CFR 314.3; HEA 483(a)(3)(E) and HEA 485B(d)(2)). In addition, per Uniform Guidance 2 CFR 200.303, non-federal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition:** The College does not have an updated written information security program (WISP) to reflect the current practices that address the required components outlined in the GLBA Safeguards Rule.

**Questioned Costs:** None

**Context:** During our testing, we noted the College has procedures in place for the required elements identified, however, the College does not have an updated WISP that meets the compliance requirements outlined in the GLBA Safeguards Rule.

**Cause:** The College is drafting the necessary IT policies, and they were not in place at the time of testing.

**Effect:** The College is out of compliance with GLBA requirements because they do not have a written information security plan, formal change management policy, and formal vendor management policy in place.

**Repeat Finding:** Yes. Prior year finding 2023-005.

**Recommendation:** We recommend the College implement IT policies and create an updated WISP to ensure the College is compliant with the GLBA Safeguards Rule.

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

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

**2024-006**

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.063 – Federal Pell Grant Program
84.268 – Federal Direct Loans
84.007 – Federal Supplemental Educational Opportunity Grants

Federal Award Identification Number and Year: P063P230355, P268K240355, P007A233474

Award Period: July 1, 2023 to June 30, 2024

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

**Criteria or specific requirement:** An institution may enter into an arrangement with a servicer or a financial institution to make a direct payment of FSA credit balances to students through electronic funds transfer to a bank account designated by a student or parent, to issue a check payment to the student or to use an access device such as a debit, demand, or smart card provided by the servicer or its financial partner. Regulations at 34 CFR 668.164(e) and (f) establish two different types of arrangements between schools and financial account providers: Tier One arrangements and Tier Two arrangements. The type of arrangement determines the provisions that are applicable to the school. Additional guidance on Tier One and Tier Two arrangements can be found in Dear Colleague Letter GEN-22-14; Volume 4, Chapter 2 of the FSA Handbook; and the Cash Management Q&A. These schools must take affirmative steps, by way of contractual arrangements with the third-party servicer as necessary, to ensure that requirements for these arrangements are met with respect to all accounts offered pursuant to the arrangement (34 CFR 668.164(e)(2)(x) and (f)(4)(ix)). In addition, per Uniform Guidance 2 CFR 200.303, non-federal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

**Condition:** The College did not provide the URL for the contract or cost information to the Department of Education.

**Questioned Costs:** None

**Context:** The College did not meet the compliance requirement to report the URL for the contract and cost information to the Department of Education.

**Cause:** The College did not have proper procedures in place to ensure that all requirements were being met.

**Effect:** The College is not in compliance with disclosure requirements of a Tier One arrangement with a third-party servicer.

**Repeat Finding:** Yes, Prior year finding 2023-006.

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

**2024-006 (Continued)**

**Recommendation:** We recommend the College implement procedures to ensure all requirements of a Tier One arrangement for a third-party servicer are being met.

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