

Comprehensive Annual

# Financial Report



**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

# CLACKAMAS COMMUNITY COLLEGE

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

Prepared by the Business Office  
Clackamas Community College  
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Oregon City, OR 97045-7998

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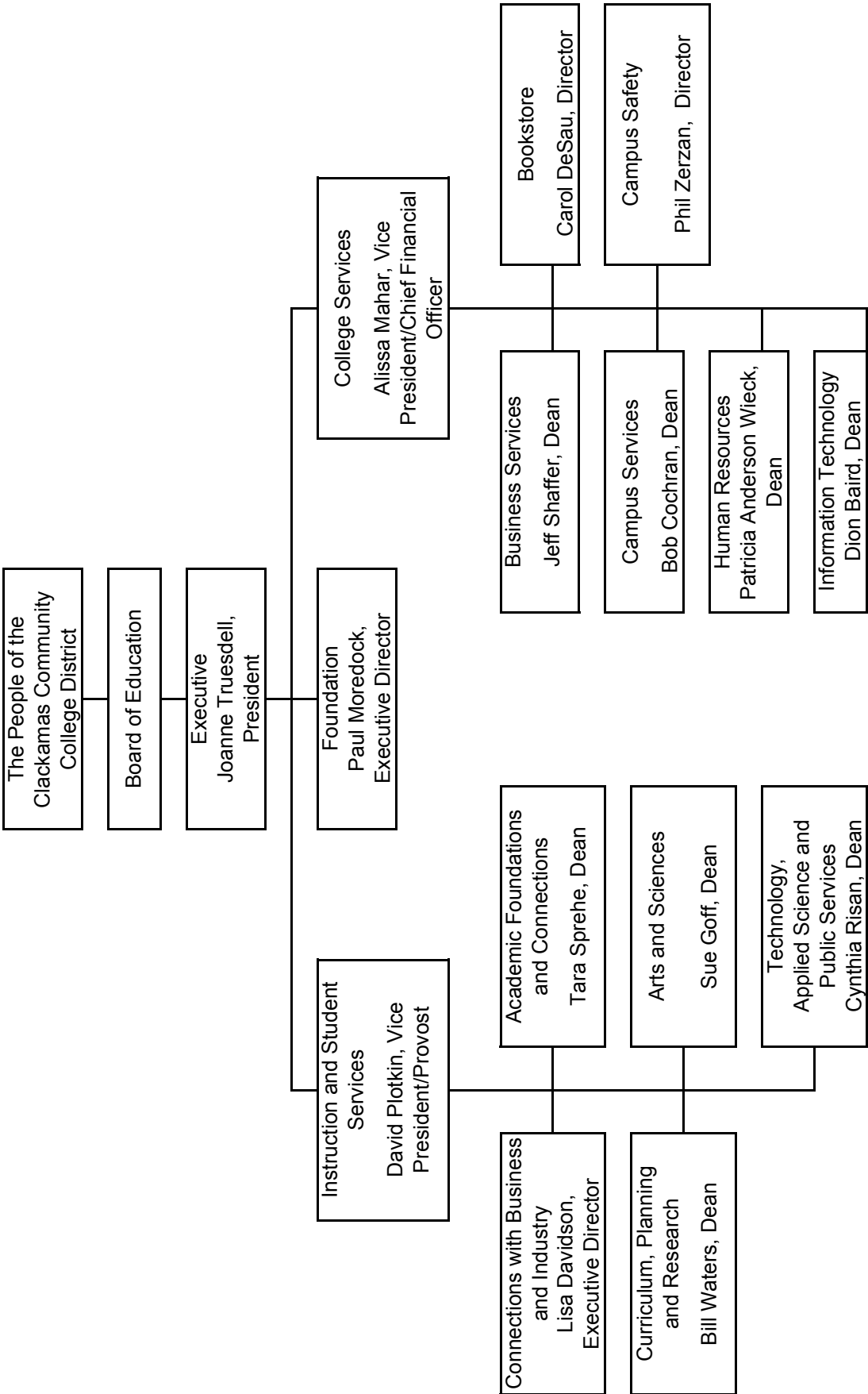
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# INTRODUCTORY SECTION

CLACKAMAS COMMUNITY COLLEGE  
BOARD OF EDUCATION  
June 30, 2017

<u>Name</u>	<u>Address</u>	<u>Zone</u>	<u>Term Expires</u>
Chairperson: Richard Oathes	PO Box 1226 334 SE 10th Canby, OR 97013	Zone 7	6/30/2017
Vice Chairperson: Jane Reid	PO Box 556 32795 SE Coupland Road Estacada, OR 97023	Zone 6	6/30/2017
Board Members: Greg Chaimov	12323 SE 25th Avenue Milwaukie, OR 97222-7882	Zone 1	6/30/2019
Jean Bidstrup	14385 SE Thelma Circle Milwaukie, OR 97267	Zone 2	6/30/2017
Dave Hunt	16655 SE Kingsridge Ct. Milwaukie, OR 97267	Zone 3	6/30/2017
Chris Groener	PO Box 1961 201 Woodfield Ct. Oregon City, OR 97045	Zone 4	6/30/2019
Ron Adams	1494 Braemar Drive West Linn, OR 97068	Zone 5	6/30/2019
Clerk: Dr. Joanne Truesdell	19600 Molalla Avenue Oregon City OR 97045		

CLACKAMAS COMMUNITY COLLEGE  
 ORGANIZATION CHART  
 June 30, 2017



October 23, 2017

To the Board of Education and Executive Team  
Clackamas Community College

### **Transmittal**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Clackamas Community College (the College) for the fiscal year ended June 30, 2017.

This annual audited financial report is required by Oregon Revised Statutes 297.425 through 297.555, and by various grant awards and debt covenants. The CAFR has been prepared in conformance with the financial reporting standards applicable to governmental entities set forth by the Governmental Accounting Standards Board, as well as the financial reporting standards of the Government Finance Officers Association. The College is required to undergo an annual single audit in conformity with the provisions of Title 2, Code of Federal Regulations, Part 200, Subpart F, and the consequent schedules and reports are included in this CAFR.

This report was prepared by the College's Business Office. Responsibility for the data presented, as well as accompanying disclosures, rests with the College. We believe the report is accurate and complete in all material respects and presents fairly the financial position and results of operations of the College at June 30, 2017, and for the year then ended.

We believe internal controls as designed are adequate and that they are functioning as intended. Internal controls are the attitudes, policies and procedures designed to prevent or detect material errors or irregularities in recording and reporting financial activity. Examples include approval of transactions, routine reconciliation of accounts, and managerial review of account balances and financial reports. Because the costs of internal controls should not outweigh their benefits, controls have been designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

The CAFR has been audited by Kenneth Kuhns & Co., independent Certified Public Accountants, whose opinions and reports appear in the Financial and Grant Compliance sections.

Management's discussion and analysis (MD&A), included in the Financial section, highlights the financial status of the College and explains the structure of the financial statements.

### **Profile of the College**

Clackamas Community College was formed in 1966 to provide educational opportunities and vocational training to the residents of Clackamas County. Accredited by the Northwest Commission on Colleges and Universities since 1971, the College is a public two-year institution offering comprehensive programs in college transfer, professional technical training, continuing education, and developmental learning skills. The College's purpose is to create lifetime opportunities for success through responsive education. Campuses include the main site in Oregon City, the Harmony Road campus six miles north of Oregon City, and the utility training alliance facility in Wilsonville.

The Clackamas Community College district is essentially Clackamas County, excluding the cities of Lake Oswego and Sandy. Clackamas County is located south and south east of the city of Portland. The College district is in the Portland-Vancouver-Beaverton, OR-WA Metropolitan Statistical Area, which includes



Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington. The five Oregon counties contain nearly half of Oregon's population. The economy of the Portland metropolitan area is broad and widely diversified.

The College is governed by a seven member Board of Education, elected by zones. The Board of Education is responsible for all activities of the College. The Board appoints the College President, who delegates administrative responsibilities to college staff.

In accordance with Oregon budget law for public corporations, the Budget Committee includes the Board and seven citizens appointed by the Board. The Budget Committee receives the budget proposed by the College President, makes any changes deemed necessary, and approves the budget. The Board of Education adopts the budget in June, prior to the start of the fiscal year, and makes appropriations for all funds, at the functional level. The budget is available to the public on the College website, as is this financial report.

The college maintains a multi-year financial forecast for the General Fund, our main operating fund. The forecast is routinely updated for changes in projected enrollment, tuition, state support, staffing and other expenditures. The forecast is monitored by the executive team and presented periodically to the Board of Education and to College staff. Board financial policies require a minimum contingency in the General Fund and allow long-term debt to be issued only for capital projects.

The Clackamas Community College Foundation is a legally separate nonprofit corporation organized with the mission of "friend raising and fundraising" for the College. The Foundation raises and donates funds to assist the College in various programs and facility construction, and for direct aid to students in the form of scholarships. The Foundation's Board of Directors is independent of the College's Board of Education. For financial reporting purposes, the Foundation is a component unit of the College and its financial statements are included in this CAFR.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College for its CAFR for the fiscal year ended June 30, 2016. This was the 24<sup>th</sup> consecutive year that the College has received the award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Business Office staff are to be commended for the work that underlies this report. We would also like to thank the Board of Education for their continued support and dedication to the financial operations of the College.

Respectfully submitted,



Jeff Shaffer,  
Dean of Business Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Clackamas Community College  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

October 23, 2017

Board of Education  
Clackamas Community College  
Oregon City, Oregon

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

We have audited the accompanying financial statements of Clackamas Community College as of and for the year ended June 30, 2017, and Clackamas Community College Foundation, its discretely presented component unit, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Clackamas Community College's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clackamas Community College as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended, and the financial position of Clackamas Community College Foundation as of December 31, 2016, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the basic financial statements under the caption “New Accounting Pronouncements – GASB Statements No. 73 and 75,” during the 2016-17 fiscal year the College adopted new accounting guidance related to accounting and financial reporting for pensions and postemployment benefits other than pensions. GASB Statement No. 73 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 establishes standards for measuring and recognizing other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Supplementary Information and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clackamas Community College’s basic financial statements. The other supplementary information listed in the table of contents, introductory section, statistical section, and schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Reports on Other Legal and Regulatory Requirements**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 on our consideration of Clackamas Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Clackamas Community College's internal control over financial reporting and compliance.

### ***Other Reporting Required by Oregon State Regulations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated October 23, 2017 on our consideration of Clackamas Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is 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 internal control over financial reporting or on compliance.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

CLACKAMAS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2017

**Structure of Financial Reports**

Financial information for the college is presented in this report in two very different ways, as follows.

<u>Information</u>	<u>Measurement Focus</u>	<u>Basis of Accounting</u>	<u>Location in this Report</u>
Basic financial statements	Economic resources	Full accrual	Financial section
Fund balance sheet and schedules of budget and actual	Current financial resources	Modified accrual	Other supplementary information

The basic financial statements essentially combine all of the college's funds and convert the total to what it would be if the college had been accounted for as a for-profit business since inception. These statements are designed for comparing Clackamas to other educational institutions.

The fund information reflects how the college plans, accounts for, and manages its operations. Each fund is a distinct accounting entity which segregates resources in accordance with specific restrictions or managerial purposes. Fund accounting is required by generally accepted accounting principles and Oregon budget law. All funds are accounted for as governmental funds, which measure available spendable resources.

Measurement focus defines what types of transactions are recorded. The economic resources measurement focus is similar to private-sector businesses, recording all economic events. The current financial resources focus records transactions relevant to near-term liquidity; fund balance represents available spendable resources.

The major differences between the basic financial statements and the fund information include the following.

1. In the funds and budget, purchase of capital assets is an expenditure. In the basic financial statements, purchase of capital assets does not affect the operating statement, but depreciation expense is recorded as capital assets are exhausted through use over time.
2. In the funds, issuance of and principal payments on long-term debt appear in the operating statement as other financing sources and expenditures, respectively. In the basic financial statements, changes in long-term debt principal do not affect the operating statement.
3. In the funds, PERS expenditures are the amounts paid to PERS during the fiscal year. In the basic financial statements, expenditures are adjusted for the effect of recording assets, liabilities, deferred outflows and deferred inflows related to PERS.
4. The state appropriation payment is treated differently, as detailed on the next page.

CLACKAMAS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2017

**State Appropriation Revenue**

The state appropriation is allocated annually to each of the 17 Oregon community colleges based largely on full time student enrollment. Payments are made quarterly. In 2003, the Oregon legislature reduced funding by eliminating that year's April payment. At the same time, they amended Oregon budget law and allowed community colleges to accrue in place of the lost payment the first payment in the following biennium. Clackamas chose to accrue the payment in the General Fund. About half of the colleges chose not to accrue the payment; that treatment is required for the basic financial statements, where payments are recognized as revenue in the year received. The effect of accrual is illustrated below.

<i>With accrual</i>	<i>Date of receipt</i>	<i>Without accrual</i>	
2001-02 4 payments	August 2001 October 2001 January 2002 April 2002	2001-02 4 payments	In 2001-03, Clackamas recognized 8 payments. Colleges that did not accrue recognized 7.
2002-03 4 payments	August 2002 October 2002 January 2003 July 2003	2002-03 3 payments	
2003-04 4 payments	August 2003 October 2003 January 2004 April 2004	2003-04 5 payments	In 2003-05 and subsequent bienniums, all colleges recognize 8 payments, but the pattern is 4/4 for those who accrue and 5/3 for those who do not.
2004-05 4 payments	August 2004 October 2004 January 2005 July 2005	2004-05 3 payments	

In the fund statements, state appropriation revenue is smoothed by accrual, with four payments recorded in each fiscal year. In the basic financial statements, state appropriation revenue is erratic because it includes payments received during the year, the 5/3 pattern created without accrual.

Historical revenue and the statewide Community College Support Fund (CCSF) appropriation follow.

	Number of payments		Amount (in millions)		Statewide Appropriation for Biennium
	General Fund	Basic Financial Statements	General Fund	Basic Financial Statements	
2007-08	4	5	\$19.9	\$24.0	\$494 million
2008-09	4	3	18.6	13.9	
2009-10	4	5	14.6	19.3	\$431 million
2010-11	4	3	11.8	8.4	
2011-12	4	5	11.2	14.5	\$396 million
2012-13	4	3	10.0	7.4	
2013-14	4	5	12.8	15.4	\$450 million
2014-15	4	3	13.0	10.0	
2015-16	4	5	14.7	17.6	\$550 million
2016-17	4	3	14.3	10.6	



CLACKAMAS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2017

### **Fund Financial Information**

In June 2017, the college issued the remaining \$45 million of the \$90 million in general obligation bonds authorized by district voters in November 2014 to construct buildings, modernize classrooms and equipment, and perform deferred maintenance and infrastructure projects. During the fiscal year ended June 30, 2017, construction was nearly completed for the first new building, at the Harmony community campus, with a projected opening in December of 2017. A Title IX major renovation to the locker rooms was completed. Significant information technology upgrades were completed, and construction began for a new Industrial Technology Center.

The General Fund balance decreased from \$18.7 to \$17.3 million during 2016-17. Total public resources – the sum of the state appropriation and property taxes – increased \$0.5 million over 2016-17, while tuition and fee revenue increased \$1.0 million over 2016-17. Personnel costs increased \$3.4 million.

### **Basic Financial Statements**

Governmental Accounting Standards Board (GASB) statements require that the basic financial statements incorporate the College's relative share of amounts related to PERS, Oregon's public employee retirement system. Amounts in the statement of net position for PERS represent the following.

- Net pension liability. The college's proportionate share of the total system-wide unfunded actuarial liability, net of the side account, is shown as a net pension liability. The side account was created when proceeds from the 2004 and 2005 pension bonds were invested with PERS; the side account and investment earnings on it partially fund the college's contributions to PERS, reducing the rate it would otherwise pay on wages.
- Deferred outflows include payments to PERS made after the date that the net pension liability was measured, which was June 30, 2016. These will be future reductions in the net PERS liability. Deferred outflows also include the college's proportionate share of the amount by which PERS's investment earnings are less than assumed earnings differences between expected and actual experience of the plan, and changes in assumptions.
- The pension transition liability was created in 2004 when community colleges moved into the State and Local Government (SLG) Rate Pool. It is distinct from the College's share of the system-wide unfunded actuarial liability and represents its account prior to joining the SLG rate pool.
- Deferred inflows represents the college's proportionate share of system contributions in excess of actual payments to PERS, and the change in the proportionate share percent between the prior and current measurement dates.

The intent of the GASB requirement is to capture the long-term liability for pension costs; the actual result is extreme volatility. With variable annual investment returns, the system-wide unfunded actuarial liability or asset can change dramatically, profoundly affecting the College's net position from year to year. While inclusion of PERS amounts reflects a long-term financial reality, it is beyond the influence of any one employer and obscures the results attributable to College operations and management. The following comparisons segregate the effect of PERS.

CLACKAMAS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2017

	<i>Fiscal Year Ended June 30, in Millions</i>					
	Exclusive of PERS			PERS		
	2016	2017	Change	2016	2017	Change
<b>STATEMENT OF NET POSITION</b>						
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
Current assets	\$ 64.1	\$ 74.3	\$ 10.2			
Noncurrent assets						
Investments	-	25.4	25.4			
Capital assets, net of depreciation	71.1	86.0	14.9			
Deferred outflows						
Deferred outflows related to pensions				\$ 2.4	\$ 18.7	\$ 16.3
Total assets and deferred outflows	<u>\$135.2</u>	<u>\$ 185.7</u>	<u>\$ 50.5</u>	<u>\$ 2.4</u>	<u>\$ 18.7</u>	<u>\$ 16.3</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>						
Current liabilities, excluding current portion of debt	\$ 4.1	\$ 6.4	\$ 2.3			
Liabilities for long-term debt, with current portion						
Bonds and full faith and credit obligations	92.7	140.7	48.0			
Compensated absences and early retirement	11.8	11.8	-			
Pension transition liability				\$ 4.4	\$ 4.2	\$ (0.2)
Net pension liability				6.0	31.8	25.8
Deferred inflows related to pensions				6.8	2.9	(3.9)
Total liabilities and deferred inflows	<u>108.6</u>	<u>158.9</u>	<u>50.3</u>	<u>17.2</u>	<u>38.9</u>	<u>21.7</u>
<b>NET POSITION</b>						
Net position	26.6	26.8	0.2	(14.8)	(20.2)	(5.4)
Total liabilities, deferred inflows and net position	<u>\$135.2</u>	<u>\$ 185.7</u>	<u>\$ 50.5</u>	<u>\$ 2.4</u>	<u>\$ 18.7</u>	<u>\$ 16.3</u>
<b>STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION</b>						
<b>REVENUE</b>						
Tuition and fees	\$ 17.0	\$ 17.0	\$ -			
State appropriations	17.6	10.6	(7.0)			
Property taxes	22.8	23.9	1.1			
All other revenue	19.3	20.7	1.4			
Total revenue	<u>76.7</u>	<u>72.2</u>	<u>(4.5)</u>			
<b>EXPENSES</b>						
Instruction	24.9	26.4		8.2	3.1	
Instructional support	6.3	7.0		1.7	0.6	
Student services	5.5	5.9		1.8	0.7	
College support	9.1	11.0		2.4	0.8	
Plant operations and maintenance	3.1	3.3		0.6	0.2	
Plant additions	2.4	1.1				
Financial aid	7.9	8.6				
All other expenses	9.9	8.7				
Total expenses	<u>69.1</u>	<u>72.0</u>	<u>2.9</u>	<u>14.7</u>	<u>5.4</u>	<u>(9.3)</u>
CHANGE IN NET POSITION	<u>7.6</u>	<u>0.2</u>	<u>(7.4)</u>	<u>(14.7)</u>	<u>(5.4)</u>	<u>9.3</u>
<b>NET POSITION</b>						
Net position - beginning of the year, as originally reported	\$ 25.0	\$ 11.8				
Prior period adjustment	(6.0)	-				
Net position - beginning of the year, as restated	<u>19.0</u>	<u>11.9</u>				
Net position - end of the year	<u>\$ 11.8</u>	<u>\$ 6.6</u>				

CLACKAMAS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2017

Basic Financial Statements - Exclusive of PERS

Exclusive of PERS, net position increased \$0.2 million.

Basic Financial Statements - PERS

Net position decreased \$5.4 million for the College's share of PERS, as the system-wide unfunded actuarial liability has grown largely due to insufficient investment returns and a ruling by the Oregon Supreme Court that re-instated certain post-retirement COLA benefits. Employer rates are projected to increase substantially for both the 2017-19 and 2019-21 bienniums.

**Capital Assets and Long-term Debt**

The College's investment in capital assets increased by \$14.9 million, net of accumulated depreciation, with investments in equipment and construction in progress. Details of the changes in capital assets are in Note 3.

The principal amount of general obligation and other full faith and credit debt outstanding at June 30, and repayment sources, follow.

<u>Debt</u>	<u>Amount (in millions)</u>	<u>Repayment Source</u>	<u>Repayment Method</u>
General obligation (GO) bonds	\$104.9	Annual property tax levy	Scheduled payments to trustee
Pension bonds	24.4	General college operations	Trustee intercepts a portion of state appropriation paid to the college
2009 full faith & credit obligations	1.4	Clackamas County	Scheduled payments to trustee

State statutes limit the amount of general obligation debt the college may issue to 1.5% of real market value of properties within the College district. The outstanding general obligation bonds are 15% of the legal debt limit.

**Known Items of Future Significance**

A portion of the state appropriation may be distributed based on outcomes in the future. The measures and timing are yet to be determined.

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CLACKAMAS COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
June 30, 2017

ASSETS	
Current assets	
Cash and cash equivalents	\$ 41,232,927
Short-term investments	27,071,747
Receivables, net	
Accounts	4,110,713
Property taxes	814,047
Interest Receivable	163,757
Inventories	443,348
Prepaid expenses and other current assets	477,006
Total current assets	<u>74,313,545</u>
Noncurrent assets	
Long-term investments	25,403,195
Non-depreciable capital assets	24,340,074
Depreciable capital assets	98,351,326
Less accumulated depreciation	<u>(36,714,372)</u>
Total noncurrent assets	<u>111,380,223</u>
Total assets	185,693,768
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	18,746,627
Total assets and deferred outflows	<u>\$ 204,440,395</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 3,756,654
Wages, taxes and benefits	2,174,697
Unearned revenue	279,813
Accrued interest	204,681
Current portion of long-term debt	6,801,452
Total current liabilities	<u>13,217,297</u>
Noncurrent liabilities	
General obligation bonds	115,034,548
Pension bonds	24,278,976
Full faith and credit obligations	1,376,461
Compensated absences	1,171,452
Obligations for postemployment healthcare benefits	9,753,994
Pension transition liability	4,218,733
Net pension liability	32,613,404
Less current portion of long-term debt	<u>(6,801,452)</u>
Total noncurrent liabilities	<u>181,646,116</u>
Total liabilities	<u>194,863,413</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,943,630
NET POSITION	
Net investment in capital assets	28,137,339
Restricted for debt service and student financial aid	563,427
Unrestricted	<u>(22,067,414)</u>
Total net position	<u>6,633,352</u>
Total liabilities, deferred inflows and net position	<u>\$ 204,440,395</u>

The Accompanying Notes to the Basic Financial Statements are an Integral Part of This Statement

CLACKAMAS COMMUNITY COLLEGE  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
Year Ended June 30, 2017

OPERATING REVENUE	
Tuition and fees	\$ 17,049,343
Operating grants and contracts	
State	4,157,491
Local	2,271,416
Federal	10,240,247
Auxiliary enterprises	
Bookstore	1,847,530
Customized Training	567,127
Other operating revenue	<u>838,948</u>
Total operating revenue	<u>36,972,102</u>
OPERATING EXPENSES	
Instruction	29,460,696
Instructional support	7,619,223
Student services	6,624,967
College support	11,827,828
Plant operations and maintenance	3,497,595
Plant additions	1,090,604
Financial aid	8,571,386
Auxiliary enterprises	
Bookstore	1,845,893
Customized Training	486,834
Depreciation expense	<u>2,382,915</u>
Total operating expenses	<u>73,407,941</u>
Operating loss	<u>(36,435,839)</u>
NONOPERATING REVENUE (EXPENSES)	
State appropriation	10,576,148
Property taxes	23,896,589
Investment income	564,623
Interest expense	(3,766,470)
Debt issuance costs	(271,745)
Gain on disposal of capital assets	<u>2,076</u>
Net nonoperating revenue (expenses)	<u>31,001,221</u>
Income - (loss) before capital contributions	(5,434,618)
CAPITAL CONTRIBUTIONS	<u>248,804</u>
Decrease in net position	(5,185,814)
NET POSITION	
Net position - beginning of the year, as originally reported	17,835,713
Prior period adjustment	<u>(6,016,547)</u>
Net position - beginning of the year, as restated	<u>11,819,166</u>
Net position - end of the year	<u>\$ 6,633,352</u>

The Accompanying Notes to the Basic Financial Statements are an Integral Part of This Statement

CLACKAMAS COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 35,878,831
Cash payments to suppliers for goods and services	(19,464,318)
Cash payments to employees for services	<u>(46,076,377)</u>
Net cash used by operating activities	<u>(29,661,864)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from state appropriation	10,576,148
Cash received from property taxes	17,781,497
Principal paid on pension bonds	(1,145,000)
Interest paid on pension bonds	<u>(1,311,701)</u>
Net cash provided by noncapital financing activities	<u>25,900,944</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Purchase of capital assets	(15,215,624)
Proceeds from sale of capital assets	10,926
Cash received from capital contributions	83,673
Proceeds from issuance of long-term debt	44,997,901
Premium on issuance of long-term debt	7,972,728
Debt issuance costs	(271,745)
Cash received from property taxes levied for capital debt	6,120,905
Principal paid on capital-related long-term debt	(4,570,000)
Interest paid on capital-related long-term debt	<u>(1,593,450)</u>
Net cash provided by capital financing activities	<u>37,535,314</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments, including accrued interest of \$148,147	(52,744,921)
Investment income	<u>670,845</u>
Net cash used by investing activities	<u>(52,074,076)</u>
Decrease in cash and cash equivalents	(18,299,682)
Beginning cash and cash equivalents	<u>59,532,609</u>
Ending cash and cash equivalents	<u><u>\$ 41,232,927</u></u>

The Accompanying Notes to the Basic Financial Statements are an Integral part of This Statement

CLACKAMAS COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS (continued)  
Year Ended June 30, 2017

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (36,435,839)</u>
Adjustments to reconcile operating loss	
to net cash used by operating activities:	
Depreciation	2,382,915
(Increase) decrease in:	
Operating receivables, net of allowance for uncollectibles	(743,257)
Inventories	45,334
Prepaid expenses and other current assets	(369,154)
Deferred outflows related to pensions	(16,344,458)
Increase (decrease) in:	
Operating accounts payable	196,946
Wages, taxes and benefits	246,391
Unearned revenue	(350,014)
Compensated absences	120,357
Obligations for postemployment health care benefits	(118,717)
Pension transition liability	(235,948)
Net pension liability	25,755,781
Deferred inflows related to pensions	<u>(3,812,201)</u>
Net adjustments	<u>6,773,975</u>
Net cash used by operating activities	<u><u>\$ (29,661,864)</u></u>

NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES	
Disposition of capital assets	\$ 8,850
Gain on disposition of capital assets	(8,850)
Investments	121,832
Decrease in fair value of investments	(121,832)
Amortization of premium/discount on long-term debt	(381,628)
Amortization of deferred interest bonds	1,154,524
Interest expense	<u>(772,896)</u>
Total noncash capital, financing and investing activities	<u><u>\$ -</u></u>

The Accompanying Notes to the Basic Financial Statements are an Integral part of This Statement



CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
December 31, 2016

Assets

Cash and cash equivalents	\$ 343,473
Unconditional promises to give	674,375
Prepaid expenses	10,049
Investments	15,903,373
Historical letter	<u>11,250</u>
 Total assets	 <u><u>\$ 16,942,520</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ 409,907
Deferred revenue	<u>3,360</u>
 Total liabilities	 <u>413,267</u>
 Net assets:	
Unrestricted	670,319
Temporarily restricted	3,271,625
Permanently restricted	<u>12,587,309</u>
 Total net assets	 <u>16,529,253</u>
 Total liabilities and net assets	 <u><u>\$ 16,942,520</u></u>

The accompanying notes are an integral part of this statement.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Contributions	\$ 96,050	\$ 660,184	\$ 282,256	\$ 1,038,490
Donated services	349,135	-	-	349,135
Donated materials	504,267	-	-	504,267
Investment earnings	11,494	296,897	-	308,391
Net unrealized gains on investments	21,480	682,109	-	703,589
Other income	59,315	240,302	3,115	302,732
Net assets reclassified due to change in policy for endowed funds	-	1,540,001	(1,540,001)	-
Net assets reclassified due to change in policy for endowed funds/holdback		162,169	(162,169)	-
Net assets released from restrictions for scholarships and program activities	898,205	(898,205)	-	-
Net assets released from restrictions for College capital projects	165,131	(165,131)		-
Net assets released from restrictions for general administration	500,943	(500,943)	-	-
Reclassifications	(107,262)	81,689	25,573	-
	<u>2,498,758</u>	<u>2,099,072</u>	<u>(1,391,226)</u>	<u>3,206,604</u>
Total revenues and other support				
Expenses:				
Program services:				
Scholarships and grants	691,637	-	-	691,637
Programs and instruction support	207,870	-	-	207,870
Contribution to College for capital projects	165,131	-	-	165,131
Materials donated to the College	504,267	-	-	504,267
	<u>1,568,905</u>	<u>-</u>	<u>-</u>	<u>1,568,905</u>
Total program services				
Supporting services:				
General administration	615,696	-	-	615,696
Donated services	349,135	-	-	349,135
	<u>964,831</u>	<u>-</u>	<u>-</u>	<u>964,831</u>
Total supporting services				
	<u>2,533,736</u>	<u>-</u>	<u>-</u>	<u>2,533,736</u>
Total expenses				
Change in net assets	(34,978)	2,099,072	(1,391,226)	672,868
Net assets, January 1, 2016	<u>705,297</u>	<u>1,172,553</u>	<u>13,978,535</u>	<u>15,856,385</u>
Net assets, December 31, 2016	<u>\$ 670,319</u>	<u>\$ 3,271,625</u>	<u>\$ 12,587,309</u>	<u>\$ 16,529,253</u>

The accompanying notes are an integral part of this statement.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies**

The Reporting Entity

Clackamas Community College (the College), a municipal corporation under the laws of the State of Oregon, is governed by an elected seven-member board. As required by generally accepted accounting principles, all significant activities and organizations have been included in the financial statements. For financial reporting purposes, the College's financial statements include all funds for which the College is financially accountable.

The Clackamas Community College Foundation is a legally separate nonprofit 501(c)(3) corporation with the purpose of providing funds to support the mission and students of the College. Although the Foundation selects its Board of Directors independently of the College Board of Education, the Foundation is a component unit as defined in Governmental Accounting Standards Board Statement No. 39 because of the nature and significance of its financial relationship with the College and its students. Financial statements and notes for the Foundation follow the College basic financial statements in this report.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements -- and Management's Discussion and Analysis -- for Public Colleges and Universities*, issued in June and November, 1999, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011. The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Use of Restricted Resources

The College receives resources restricted to specific uses by debt covenants, grants, contracts, laws and regulations, and enabling legislation. Unrestricted resources are available for any College purpose.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies (Continued)**

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the College uses restricted resources first.

Cash, Cash Equivalents and Investments

Cash and cash equivalents includes amounts in demand deposits, the Oregon Local Government Investment Pool, the Oregon Local Government Intermediate Fund, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the College to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U.S. Treasury and its agencies, the agencies and instrumentalities of the United States and the States of Oregon, Washington, Idaho, and California, the Oregon State Treasury's Local Government Investment Pool and Local Government Intermediate Fund, demand deposits, and fixed or variable life insurance or annuity contracts for funding deferred compensation.

Investments are stated at fair value.

Receivables

All accounts, grants, and property taxes receivable are shown net of an allowance for uncollectible accounts. Accounts receivable include amounts due from local, state, and federal agencies for programs and from students for the balance of tuition and fees.

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Inventory

Inventory is valued at the lower of cost or market, with cost on the first-in first-out basis.

Capital Assets

Capital assets include land; construction in progress; buildings, building improvements, land improvements and infrastructure; equipment, vehicles, furniture and artwork; and library collections, with a useful life of more than one year. The College's capitalization threshold is \$5,000 except that all licensed vehicles are capitalized regardless of cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred.

Capital assets other than land and construction in progress are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	45 - 60 years
Land improvements	15 - 25 years
Infrastructure	100 years
Equipment	5 - 25 years
Library collections	10 years

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies (Continued)**

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Pensions

Public Employees Retirement System - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Early Retirement Program – The College offers a voluntary early retirement program to exempt, full time classified, and full time faculty employees who were hired prior to July 1, 2011, have completed twelve consecutive years of service with the College just prior to retirement, are not yet 65 years of age, and elect the option of early retirement. The College pays a monthly stipend for eligible retirees, which ceases after a maximum of 48 months or when the retiree reaches age 62. The stipend amount is fixed given the employee's hire date and salary grade at retirement.

Postemployment Healthcare Benefits Obligation

For eligible early retirees described above, the College also contributes a set monthly amount toward health insurance premiums; the retiree pays any premium for their selected coverage which is in excess of the College contribution. The health insurance contribution ceases at age 65.

Compensated Absences

At June 30, vacation hours in excess of 184 for classified employees are lost. Vacation accrual ceases for exempt employees when the balance exceeds 384 hours. Unused vacation is payable at termination. Vacation pay is accrued when earned in the Statement of Net Position. The College has included the hourly pay rate and the related social security and pension obligations for all hours accrued at June 30. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvested accumulated rights to receive sick pay benefits.

Long-term Debt

Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

Operating and Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition and fees, grants and contracts for educational services, and charges for goods and services. Operating expenses include the cost of faculty, student services and financial aid, administration,

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies (Continued)**

facility operations and maintenance, bookstore operations and depreciation. All other revenues, including state community college support and property taxes, and expenses not meeting this definition are reported as non-operating revenues and expenses.

Federal Financial Assistance Programs

The College participates in federally funded direct loans, Work-Study, Pell grants, and SEOG grants. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Scholarship Allowances

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans and funds provided to students as awarded by others is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Tuition and fees are shown net of scholarship allowances of \$2,751,648 for the year ended June 30, 2017. Under the alternative method, these amounts are computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Net Position

GASB Statement No. 63 reports equity as "Net Position" rather than "Net Assets". The net position balance of \$6,633,352 at June 30, 2017 includes \$28,137,339 invested in capital assets, \$563,427 of restricted net position, and a deficit unrestricted amount of (\$22,067,414).

Budget

The College's legal spending authority is defined in the resolution passed by the Board of Education making appropriations and adopting the budget. The legally adopted appropriations are by fund and object category. One or more funds which are maintained for accounting purposes may be considered as a single fund for the purposes of appropriation. Categories defined in Oregon local budget law include personnel services, materials and services, capital outlay, debt service, transfers out, and contingency.

The College budgets and accounts for all funds, including proprietary funds, using the current financial resources measurement focus and the modified accrual basis of accounting, consistent with Oregon local budget law. In contrast, the basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Schedules comparing actual to budget on the budget basis are provided for all funds.

The College uses an integrated strategic planning process to drive its budget process. Throughout the academic school year, department managers do assessments of their departments, external and internal data is compiled during summer, and then department plans are created in fall. Those department plans then feed into budget requests through winter, which link back to planning and assessment. The college then establishes a budget committee. The budget committee receives and approves the budget in late spring. Public notices of the budget committee meetings and the public hearing prior to adoption are

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies (Continued)**

published in accordance with Oregon local budget law. The Board of Education may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted, appropriations are made and the tax levy is declared by the Board of Education no later than June 30.

Expenditures cannot legally exceed appropriations. The Board of Education can change the budget throughout the year by appropriation transfers and supplemental budgets as authorized by Oregon Revised Statutes. The budget basis financial schedules display the original adopted budget, and the final budget including all appropriation transfers and supplemental budgets. Management may amend line items in the budget without approval by the Board of Education as long as appropriation levels (the legal level of control) are not changed. The College's appropriations lapse at year end. The College had no outstanding encumbrances at June 30, 2017.

In 2016-17, the Externally Restricted Special Revenue Fund materials and services expenditures exceeded appropriations by \$599,476, and the Internal Service Fund materials and services expenditures exceeded appropriations by \$9,078.

New Accounting Pronouncements – GASB Statements No. 73 and 75

The Governmental Accounting Standards Board (GASB) issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The College implemented GASB Statements No. 73 and 75 in the year ending June 30, 2017. Additional information can be found in Note 6 – Pension Plans, Note 7 – Post Employment Healthcare Benefits and Note 9 – Prior Period Adjustment.

**2. Cash, Cash Equivalents and Investments**

Cash (stated at cost) and investments (fair value) on June 30, 2017 included the following:

Cash on hand	\$	23,889
Deposits with financial institutions		506,763
Investment in Oregon Local Government Investment Pool		33,622,328
Investment in Oregon Local Government Intermediate Fund		7,079,947
Total cash and cash equivalents		<u>41,232,927</u>
Investments in U.S. Government/Agency Bonds		<u>52,474,942</u>
Total cash and investments	\$	<u><u>93,707,869</u></u>

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**2. Cash, Cash Equivalents and Investments (continued)**

Deposits with Financial Institutions

Deposits with financial institutions are bank demand deposits. According to the College's records, these accounts total \$506,763 on June 30, 2017. The bank statements reflect a balance of \$1,364,061 at year end. Of this amount, \$250,000 is covered by federal depository insurance.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned. The College follows state law with respect to custodial credit risk and has not adopted a separate policy. Of the College's bank balance, \$1,114,061 was exposed to custodial credit risk at June 30, 2017 because deposits in excess of FDIC insurance were uncollateralized and/or were collateralized but not held by the third-party custodian bank in the College's name.

Investments

The College's investments at June 30, 2017 consisted of:

	Fair Value	Percent
U.S. Government/Agency Bonds:		
Federal National Mortgage Association	\$ 15,894,614	17.0%
Federal Home Loan Banks	12,476,505	13.4%
Federal Home Loan Mortgage Corporation	21,412,442	23.0%
Federal Farm Credit Banks	2,691,381	2.9%
Investment in Oregon Local Government		
Investment Pool	33,622,328	36.1%
Intermediate Fund	7,079,947	7.6%
Total Investments	\$ 93,177,217	100.0%
 <b>U.S Government/Agency Bonds by Maturity:</b>		
	Fair Value	Percent
Less than one year	\$ 27,071,747	51.6%
One to two years	25,403,195	48.4%
Total U.S. Government/Agency Bonds	\$ 52,474,942	100.0%

The Oregon Local Government Investment Pool (OLGIP) is part of the Oregon Short-Term Fund (Fund) that is approved for the investment of State of Oregon (State) funds. The Oregon Short-Term Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The Fund currently has no credit rating as assigned by the credit rating agencies. At June 30, 2017 the Fund's composite weighted average rating was equivalent to S&P's AA. Weighted average maturities of investments in the Oregon Short Term Fund at June 30, 2017 were: 65% mature within 93 days, 20% mature from 94 days to one year, and 15% mature from one to three years. Amounts in the Oregon Local Government Investment Pool are not required by law to be collateralized. The College's investment in the



CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**2. Cash, Cash Equivalents and Investments (continued)**

Oregon Local Government Investment Pool is in an open-ended, no-load diversified portfolio pool. Participants' account balances in the pool are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon Short-Term Fund.

The Oregon Local Government Intermediate Fund (OLGIF) is a commingled investment pool for local governments offered by Oregon State Treasury (OST) due to Legislation HB2140 and pursuant to ORS Chapter 294. OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). Participants invest in OLGIF by purchasing units of the Fund. Units in OLGIF represent a divisible interest in the underlying assets of the Fund. The value of each participant's investment is determined on a proportional basis to the net market value of the entire portfolio. The value of OLGIF's underlying bond market investments are marked-to-market on a daily basis. The value of OLGIF's underlying holdings and the net asset value (NAV) of participant investments fluctuates due to market movements and changes in the underlying holdings. OLGIF is not registered with the U.S. Securities and Exchange Commission as an investment company. The Fund currently has no credit rating as assigned by the credit rating agencies. At June 30, 2017 the Fund's composite weighted average rating was equivalent to S&P's AA. The weighted-average maturity of the investments held by the Fund at June 30, 2017 was 2.67 years. Amounts in the OLGIF are not required by law to be collateralized.

The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Oregon Short-Term Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, with Council approval. Investments in the Oregon Local Government Intermediate Fund are further governed by portfolio guidelines approved by the Council.

The College's investments in U.S. Government/Agency Bonds are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College's investments in U.S. Government/Agency Bonds are valued using quoted market prices (Level 1 inputs).

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College's U.S. Government/Agency Bonds are rated AA+ by Standard and Poor's and Aaa by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the College's investments in U.S. Government/Agency Bonds are held by the College's counterparty, not in the College's name.

As of June 30, 2017 and for the year then ended, the College was in compliance with State of Oregon statutes regarding types of investments. State statutes authorize the College to invest in certain types of investments as discussed in Note 1. The College has no investment policy that would further limit its investment choices.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**3. Capital Assets**

Changes in capital assets during the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 7,403,245	\$ -	\$ -	\$ 7,403,245
Construction in progress	2,585,381	16,674,286	(2,322,838)	16,936,829
Total capital assets not being depreciated	<u>9,988,626</u>	<u>16,674,286</u>	<u>(2,322,838)</u>	<u>24,340,074</u>
Capital assets being depreciated:				
Buildings & building improvements	86,896,156	2,322,838	-	89,218,994
Equipment	6,795,649	537,384	(186,352)	7,146,681
Library collection	1,917,321	74,740	(6,410)	1,985,651
Total capital assets being depreciated	<u>95,609,126</u>	<u>2,934,962</u>	<u>(192,762)</u>	<u>98,351,326</u>
Less accumulated depreciation for:				
Buildings & building improvements	29,895,902	1,816,424	-	31,712,326
Equipment	3,320,686	456,050	(177,502)	3,599,234
Library collection	1,298,781	110,441	(6,410)	1,402,812
Total accumulated depreciation	<u>34,515,369</u>	<u>2,382,915</u>	<u>(183,912)</u>	<u>36,714,372</u>
Total capital assets being depreciated, net	<u>61,093,757</u>	<u>552,047</u>	<u>(8,850)</u>	<u>61,636,954</u>
Total capital assets, net	<u>\$ 71,082,383</u>	<u>\$ 17,226,333</u>	<u>\$ (2,331,688)</u>	<u>\$ 85,977,028</u>

**4. Long-Term Debt**

On November 4, 2014, Clackamas Community College district voters approved a \$90 million bond measure to make capital improvements to expand and update equipment and facilities.

On June 2, 2015, the College issued General Obligation Bonds, Series A in the amount of \$16,605,000 and deferred interest General Obligation Bonds, Series B in the amount of \$28,391,012 (\$51,385,000 final maturity amount).

On June 14, 2017, the College issued deferred interest convertible General Obligation Bonds, Series A in the amount of \$24,752,901 (\$51,209,750 final maturity amount) and General Obligation Bonds, Series B in the amount of \$20,245,000.

General Obligation Bonds and the 2009 FFCO Refunding 1998 COPs (Certificates of Participation) are direct obligations and pledge the full faith and credit of the College. Funds provided by these debt issues are used for the acquisition and construction of major capital facilities.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**4. Long-Term Debt (continued)**

On February 14, 2004, the College issued \$15,695,000 of limited tax pension obligation bonds to finance its portion of the unfunded actuarial liability (UAL) with the Oregon Public Employees Retirement System (PERS) as of December 31, 2001. This issue was considered an advance refunding of the College's UAL and resulted in an estimated present value savings of approximately \$4 million over the life of the bonds based on a true interest cost of 5.48%.

On June 28, 2005, the College issued an additional \$14,620,000 of limited tax pension obligation bonds to finance its portion of the UAL with PERS as of December 31, 2003. This issue was also considered an advance refunding of the College's UAL and resulted in an estimated present value savings of approximately \$4.8 million over the life of the bonds based on a true interest cost of 4.80%. The actual savings or loss realized by the College over the life of the Pension Obligation Bonds cannot be determined because of uncertainty regarding the ultimate investment earnings of the advance refunding relative to the amount of interest expense that will be paid on the bonds, the various legislative changes to PERS, and legal issues pending with PERS which could impact the College's future required contribution rate.

Changes in Long-Term Debt

The following shows long-term debt activity during the year. Interest rates were fixed at issuance; the rate range shows coupon rates on individual bonds and certificates. The interest paid column shows interest matured and paid during the year, a requirement of Oregon Administrative Regulation 162-010-0160. There was no matured interest due at July 1, 2016 or June 30, 2017.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**4. Long-Term Debt (Continued)**

	Original Amount	Interest Rates	Principal					Interest Paid
			Balance July 1, 2016	Additions	Payments	Balance June 30, 2017	Due Within One Year	
General obligation bonds:								
2007 refunding of 2001	31,850,000	4.00-5.00%	\$ 17,580,000	\$ -	\$ 3,865,000	\$ 13,715,000	\$ 4,205,000	\$ 879,000
2015A	16,605,000	2.00-5.00%	16,090,000	-	585,000	15,505,000	-	657,650
2015B (Note A)	28,391,012	2.38-4.60%	29,536,376	1,151,079	-	30,687,455	-	-
2017A (Note B)	24,752,901	5.00%	-	24,756,346	-	24,756,346	-	-
2017B	20,245,000	2.00-5.00%	-	20,245,000	-	20,245,000	-	-
Principal amount			63,206,376	46,152,425	4,450,000	104,908,801	4,205,000	1,536,650
Plus unamortized premium			2,533,810	7,972,728	380,791	10,125,747	-	-
Total GO bonds			65,740,186	54,125,153	4,830,791	115,034,548	4,205,000	1,536,650
Pension bonds:								
2004	15,695,000	3.35-5.50%	13,380,000	-	575,000	12,805,000	660,000	730,852
2005	14,620,000	4.64-4.83%	12,130,000	-	570,000	11,560,000	645,000	580,849
Principal amount			25,510,000	-	1,145,000	24,365,000	1,305,000	1,311,701
Less unamortized discount			(93,843)	7,819	-	(86,024)	-	-
Total pension bonds			25,416,157	7,819	1,145,000	24,278,976	1,305,000	1,311,701
Full faith & credit obligations:								
2009 refunding 1998 COPs	2,770,000	3.00-4.00%	1,420,000	-	120,000	1,300,000	120,000	56,800
Plus unamortized premium			85,117	-	8,656	76,461	-	-
Total FFCOs			1,505,117	-	128,656	1,376,461	120,000	56,800
Compensated absences			1,051,095	1,300,720	1,180,363	1,171,452	1,171,452	-
Obligations for postemployment healthcare benefits			9,872,711	-	118,717	9,753,994	-	-
Pension transition liability			4,454,681	-	235,948	4,218,733	-	-
Net pension liability			6,857,623	25,755,781	-	32,613,404	-	-
Total noncurrent liabilities			\$ 114,897,570	\$ 81,189,473	\$ 7,639,475	\$ 188,447,568	\$ 6,801,452	\$ 2,905,151

**Notes**

A Additions to general obligation bonds include accreted interest of \$1,151,079

B Amount to general obligation bond 2017A includes accreted interest of \$3,445

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**4. Long-Term Debt (Continued)**

Future maturities of long-term debt are as follows.

Year Ending June 30	General Obligation Bonds											
	2007 Refunding of 2001		2015A		2015B		2017A		2017B			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 4,205,000	\$ 685,750	\$ -	\$ 640,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989,892
2019	4,565,000	475,500	-	640,100	-	-	-	-	-	-	75,000	987,150
2020	4,945,000	247,250	-	640,100	-	-	-	-	-	-	150,000	985,650
2021	-	-	-	640,100	2,801,876	278,124	1,073,551	1,606,949	-	-	-	981,150
2022	-	-	-	640,100	2,813,862	391,138	1,224,452	1,568,798	-	-	-	981,150
2023	-	-	-	640,100	2,809,954	520,046	1,375,353	1,521,897	-	-	-	981,150
2024	-	-	3,455,000	640,100	-	-	1,539,188	1,468,312	-	-	-	981,150
2025	-	-	3,750,000	477,350	-	-	-	1,133,250	1,985,000	-	-	981,150
2026	-	-	4,010,000	354,850	-	-	-	1,133,250	-	-	-	901,750
2027	-	-	4,290,000	214,500	-	-	-	1,133,250	45,000	-	-	901,750
2028	-	-	-	-	3,004,523	1,650,477	-	1,133,250	95,000	-	-	899,500
2029	-	-	-	-	2,945,465	1,859,535	-	1,133,250	155,000	-	-	894,750
2030	-	-	-	-	2,877,615	2,087,385	-	1,133,250	210,000	-	-	887,000
2031	-	-	-	-	2,813,369	2,311,631	-	1,133,250	280,000	-	-	876,500
2032	-	-	-	-	2,745,669	2,544,331	-	1,133,250	350,000	-	-	862,500
2033	-	-	-	-	2,685,610	2,779,390	-	1,133,250	425,000	-	-	845,000
2034	-	-	-	-	2,620,513	3,019,487	-	1,133,250	505,000	-	-	823,750
2035	-	-	-	-	2,569,000	3,256,000	-	1,133,250	590,000	-	-	798,500
2036	-	-	-	-	-	-	-	1,133,250	6,395,000	-	-	769,000
2037	-	-	-	-	-	-	-	1,133,250	6,965,000	-	-	449,250
2038	-	-	-	-	-	-	4,785,709	1,897,541	2,020,000	-	-	101,000
2039	-	-	-	-	-	-	7,083,712	1,987,038	-	-	-	-
2040	-	-	-	-	-	-	7,674,381	1,670,619	-	-	-	-
<b>Total</b>	<b>\$ 13,715,000</b>	<b>\$ 1,408,500</b>	<b>\$ 15,505,000</b>	<b>\$ 5,527,400</b>	<b>\$ 30,687,455</b>	<b>\$ 20,697,545</b>	<b>\$ 24,756,346</b>	<b>\$ 26,453,404</b>	<b>\$ 20,245,000</b>	<b>\$ 17,878,692</b>		

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

4. Long-Term Debt (Continued)

Year Ending June 30	Pension Bonds				Full Faith & Credit Obligations 2009 Refunding 1998 COPs	
	2004		2005		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 660,000	\$ 701,545	\$ 645,000	\$ 554,384	\$ 120,000	\$ 52,000
2019	750,000	667,244	720,000	524,437	130,000	47,200
2020	855,000	626,445	805,000	491,007	130,000	42,000
2021	965,000	579,933	895,000	453,631	140,000	36,800
2022	1,080,000	527,436	990,000	410,393	145,000	31,200
2023	1,210,000	468,685	1,095,000	362,567	150,000	25,400
2024	1,345,000	402,860	1,205,000	309,667	155,000	19,400
2025	1,495,000	328,482	1,325,000	251,454	160,000	13,200
2026	1,655,000	245,808	1,450,000	187,443	170,000	6,800
2027	1,825,000	154,287	1,590,000	117,393	-	-
2028	965,000	53,364	840,000	40,580	-	-
Total	\$ 12,805,000	\$ 4,756,089	\$ 11,560,000	\$ 3,702,956	\$ 1,300,000	\$ 274,000

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**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; and natural disasters for which the College carries commercial insurance. Insurance coverage is reviewed by the College each year, and there have been no reductions in insurance coverage from the prior year. After customary deductibles, there have been no settlements paid by the College in excess of amounts covered by insurance for the last three years.

**6. Pension Plans**

Public Employees Retirement System

Plan Description

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College employees hired on or after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The Individual Account Program (IAP), the defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits provided

**A. Tier One/Tier Two Retirement Benefit ORS Chapter 238**

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. 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.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (Continued)**

Public Employees Retirement System (continued)

**Death Benefits**

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

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

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

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

**B. 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 percent 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.



CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Public Employees Retirement System (continued)

**Death Benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent 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 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

**C. OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

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

**Death Benefits**

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

**Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Public Employees Retirement System (continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$1,469,874, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 9.63 percent for Tier One/Tier Two General Service Members and 4.16 percent for OPSRP Pension Program General Service Members, net of 10.13 percent of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2017, the College reported a liability of \$31,767,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2016, the College's proportion was 0.25924541%.

For the year ended June 30, 2017, the College recognized pension expense of approximately \$7.1 million. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,287,605	\$ -
Changes in assumptions	8,300,436	-
Net difference between projected and actual earnings on investments	7,688,712	-
Changes in proportionate share	-	1,115,823
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,827,807
College's contributions subsequent to the measurement date	<u>1,469,874</u>	<u>-</u>
Deferred outflows/inflows at June 30, 2017	<u>\$ 18,746,627</u>	<u>\$ 2,943,630</u>

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

*Public Employees Retirement System (continued)*

Contributions subsequent to the measurement date of \$1,469,874 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other deferred outflows of resources totaling \$17,276,753 less deferred inflows of resources of \$2,943,630 related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 2,207,746
2019	2,207,746
2020	5,115,458
2021	4,184,639
2022	617,534
Total	\$ 14,333,123

Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Public Employees Retirement System (continued)

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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

Long-term expected rate of return

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

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Public Employees Retirement System (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

Discount rate

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

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Public Employees Retirement System (continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	\$ 55,689,719	\$ 31,767,660	\$ 11,773,004

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Transition Liability

The College reports a separate liability to the plan with a balance of \$4,218,733 at June 30, 2017. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.85 percent of covered payroll for payment of this transition liability.

Early Retirement Plan:

Plan Description

The College maintains a single-employer defined benefit early retirement supplement plan. The plan covers exempt, full time classified, and full time faculty employees who were hired prior to July 1, 2011, have completed twelve consecutive years of service with the College just prior to retirement, are not yet 65 years of age, and elect the option of early retirement. The College pays a monthly stipend for eligible retirees, which ceases after a maximum of 48 months or when the retiree reaches age 62. The stipend amount is fixed given the employee's hire date and salary grade at retirement. The College Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The College does not issue a stand-alone report for this plan.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

	Classified	Confidential	Exempt	Faculty	Total
Active employees	188	8	40	161	397
Inactive employees	24	2	11	34	71
Total	212	10	51	195	468

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**6. Pension Plans (continued)**

Early Retirement Plan (continued)

Contributions and Funding

The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73. The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Benefits are paid when due. There are no administrative costs attributable to the plan and the plan's activities are reported in the financial statements. For the year ended June 30, 2017, changes in the pension liability are as follows:

Total pension liability - July 1, 2016	\$	893,391
Service cost		29,327
Interest on total pension liability		32,009
Benefit payments		<u>(108,983)</u>
 Total pension liability - June 30, 2017	 \$	 <u><u>845,744</u></u>

For the year ended June 30, 2017, the College recognized pension expense of \$61,336. At June 30, 2017, the College reported no deferred outflows of resources or deferred inflows of resources related to this plan.

Actuarial Valuation

The actuarial information is from a valuation dated July 1, 2016 rolled forward to June 30, 2017. The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year. The actuarial assumptions included (a) a discount rate of 3.75%, (b) an assumed inflation rate of 2.5% for all future years, and (c) 2.5% salary increases per annum for all employees.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.75%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Total pension liability - 6/30/2017	\$ 881,325	\$ 845,744	\$ 810,678

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**7. Postemployment Healthcare Benefits**

Plan Description

The College maintains a single-employer defined benefit postemployment healthcare benefits plan. For exempt, full time classified, and full time faculty employees who were hired prior to July 1, 2011, have completed twelve consecutive years of service with the College just prior to retirement, are not yet 65 years of age, and elect the option of early retirement, the College provides an explicit benefit consisting of a contribution of a set monthly amount toward health insurance premiums; the retiree pays any premium for their selected coverage which is in excess of the College contribution. The health insurance contribution ceases at age 65. Additionally, the College makes the same healthcare benefit plans offered to current employees available to retirees and their dependents (regardless of eligibility for the explicit benefits described above) until such time as the retirees are eligible for Medicare. Although the College does not pay any portion of the plan premiums for retirees not eligible for the explicit benefit, there is an implicit benefit because a) the greater claims associated with retirees are reflected in the plan rates and b) those who opt to be covered by the College plans pay lesser premiums than they would had they bought coverage elsewhere. The College Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The College does not issue a stand-alone report for this plan.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

	<u>Classified</u>	<u>Confidential</u>	<u>Exempt</u>	<u>Faculty</u>	<u>Total</u>
Active employees	188	8	40	161	397
Inactive employees	<u>24</u>	<u>2</u>	<u>11</u>	<u>34</u>	<u>71</u>
Total	<u><u>212</u></u>	<u><u>10</u></u>	<u><u>51</u></u>	<u><u>195</u></u>	<u><u>468</u></u>

Contributions and Funding

The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Benefits are paid when due. There are no administrative costs attributable to the plan and the plan's activities are reported in the financial statements. For the year ended June 30, 2017, changes in the postemployment healthcare benefits liability are as follows:

Total OPEB liability - July 1, 2016	\$ 9,872,711
Service cost	325,537
Interest on total OPEB liability	361,228
Benefit payments	<u>(805,482)</u>
Total OPEB liability - June 30, 2017	<u><u>\$ 9,753,994</u></u>

For the year ended June 30, 2017, the College recognized postemployment healthcare benefits liability expense of \$686,765. At June 30, 2017, the College reported no deferred outflows of resources or deferred inflows of resources related to this plan.



CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**7. Postemployment Healthcare Benefits (continued)**

Actuarial Valuation

The actuarial information is from a valuation dated July 1, 2016 rolled forward to June 30, 2017. The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year. The actuarial assumptions included (a) a discount rate of 3.75%, (b) an assumed inflation rate of 2.5% for all future years, (c) 2.5% salary increases per annum for all employees, and (d) a healthcare cost trend rate of 6.5% graded down to 5.0%.

Sensitivity of the Total OPEB Liability to Changes in the Discount and Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the discount rate of 3.75%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB liability - 6/30/2017	\$ 10,351,771	\$ 9,753,994	\$ 9,191,140

The following presents the total OPEB liability calculated using the healthcare cost trend rate of 6.50% graded down to 5.00%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.50% graded down to 4.00%) or 1-percentage-point higher (7.50% graded down to 6.00%) than the current rate:

	1% Decrease (5.50% Graded Down to 4.00%)	Healthcare Cost Trend Rate (6.50% Graded Down to 5.00%)	1% Increase (7.50% Graded Down to 6.00%)
Total OPEB liability - 6/30/2017	\$ 9,330,769	\$ 9,753,994	\$ 10,182,762

**8. Contingencies**

Grant revenue reflected in the financial statements is subject to audit and adjustment by grantor agencies, principally the federal government. Any costs which are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the College.

Various claims are pending against the College. In the opinion of College management, after consultation with legal counsel, the potential loss on these claims will not materially affect the College's financial position.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2017

**9. Prior Period Adjustment**

Based on implementation of GASB No. 73 and 75, the College had a prior period adjustment to the beginning net position. The effect of this adjustment follows.

NET POSITION

Net position - beginning of the year, as originally reported	17,835,713
Prior period adjustment:	
GASB 73 - Early Retirement Pension Plan	(647,841)
GASB 75 - Postemployment Healthcare Plan	<u>(5,368,706)</u>
Net position - beginning of the year, as restated	<u><u>11,819,166</u></u>

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Clackamas Community College Foundation (the Foundation) is a not-for-profit corporation which was organized with the mission of “friendraising and fundraising” for Clackamas Community College (the College). The Foundation raises and donates funds to assist the College in various program and facilities construction activities. The chief revenue sources for the Foundation are donor contributions and fundraising activities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Financial Statement Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Policy for Endowed Funds

The accounting procedure for endowed funds has been changed to conform to a change in the Foundation’s policy for endowed funds. Prior to July 1, 2015, endowment gifts (corpus), investment earnings and scholarship payouts were recorded as permanently restricted. Subsequent to June 30, 2015, endowment gifts (corpus) are being recorded as permanently restricted, and investment earnings and scholarship payouts are being recorded as temporarily restricted. Additionally, investment earnings and scholarship payouts have been reclassified from permanently restricted net assets to temporarily restricted net assets. This reclassification occurred over one-and-one half years with \$1,540,001 occurring during calendar year 2016 and \$849,245 occurring during the six months ending December 31, 2015.

Use of Estimates

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

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Investment Policy/Spending Policy

The Foundation uses an “Investment Policy Statement” for managing its investments and establishing its spending policy. The investment objective of the Foundation is to provide for the inflation-adjusted distribution and expense needs of the portfolio over time.

The “Investment Policy Statement” is intended to assist the Foundation in meeting its fiduciary obligations by effectively constructing, supervising, and evaluating the investment program established for the Foundation by:

1. Establishing a framework for developing and managing the asset allocation of the Foundation’s assets;
2. Establishing a process for measuring and assessing the Foundation’s investment portfolio performance; and
3. Establishing a process for selecting, monitoring, and evaluating the Investment Funds utilized in the management of Foundation assets.

The Foundation follows a spending policy that allows for up to seven and one-half percent (7.5%) based on the average of total assets over the prior twelve (12) quarters, valued as of December 31, each year. The Foundation used 5.8% as its spending guideline during 2016. On an annual basis, the Foundation Board of Directors may determine the allocation within the spending amount, deciding the percent to be used for the purpose specified by the endowments, as well as for any non-investment related administrative costs.

Oregon Revised Statutes 128.305 to 128.336 cited as the Uniform Prudent Management of Institutional Funds Act establishes requirements for the management and expenditure of endowment funds. The Foundation’s investment policy and spending policy related to its endowments is stated in its “Investment Policy Statement.”

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a financial institution and cash on hand.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Promises to give which are, in substance, unconditional are recorded as unrestricted, temporarily restricted, or permanently restricted support at the time the promise is made.

All donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

The Foundation receives donated services from the College in the form of management and administrative personnel support. Revenues and expenses for these services are reflected in the statement of activities based on compensation and fringe benefits paid to College personnel. The College also provides facilities for the operation and administration of the Foundation's activities. The estimated fair value for the use of these facilities is not reflected in the financial statements.

Donated Materials

The Foundation receives donated materials which are then donated to the College for use in the College's instructional programs. These donations are recorded at their estimated fair value, and are reflected as revenues and expenses in the statement of activities.

Deferred Revenue

Revenue that has been raised for future events is deferred and recognized in the period to which it relates.

Derivative Instruments

The Foundation, in consultation with its investment advisor, seeks an optimum mix of investments to produce flexibility and diversification in its portfolio. To that end, the Foundation includes a hedge fund in its balanced portfolio with the goal of reducing portfolio risk and volatility and increasing portfolio returns.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Derivative Instruments (Contd)

The Foundation has investments in Rimrock Low Volatility (Cayman) Fund, Ltd. Rimrock uses derivative instruments including futures contracts, options contracts, interest rate swaps, credit default swaps, and forward foreign currency contracts. While these derivatives are generally used as economic hedges as part of the investment company's investment objectives, the derivatives may increase, decrease or change the level or types of exposure to certain risk factors like credit risk, interest rate risk and foreign currency risk. Because investment companies value their derivatives at fair value and recognize changes in fair value through the statement of operations, they do not qualify for hedge accounting under ASC topic 815.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Oregon excise taxes under applicable state law. The Foundation's tax returns for years prior to 2013 are generally no longer subject to examination by taxing authorities.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2016:

Cash on hand	\$ 200
Deposits with financial institution	<u>343,273</u>
Total cash and cash equivalents	<u><u>\$ 343,473</u></u>

The Foundation maintains two accounts at a financial institution insured by the National Credit Union Share Insurance Fund (NCUSIF). Amounts on deposit may sometimes exceed NCUSIF coverage.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2016:

Unrestricted promises to give	\$ 19,018
Temporarily restricted promises to give	130,071
Permanently restricted promises to give	<u>598,238</u>
Total unconditional promises to give	747,327
Less discount to net present value	<u>(72,952)</u>
Net unconditional promises to give	<u><u>\$ 674,375</u></u>

Promises to give totaling \$218,758 are due within one year and promises to give totaling \$528,569 are due within two to five years.

4. INVESTMENTS

Investments are stated at fair value and consist of the following at December 31, 2016:

Cash and money market funds	\$ 121,833
Equity and debt mutual funds	15,008,830
Hedge fund	<u>772,710</u>
Total investments	<u><u>\$ 15,903,373</u></u>

The following summary summarizes the investment return and its classification in the statement of activities. Investment earnings include revenues from cash and money market funds, equity and debt mutual funds and hedge funds.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment earnings, net of \$35,020 of investment expenses	\$ 11,494	\$ 296,897	\$ -	\$ 308,391
Net unrealized gains on investments	<u>21,480</u>	<u>682,109</u>	<u>-</u>	<u>703,589</u>
Total	<u><u>\$ 32,974</u></u>	<u><u>\$ 979,006</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,011,980</u></u>

The Foundation's investments are diversified in a variety of equity and debt mutual funds and a hedge fund. However, the Foundation's investments are subject to market fluctuations which could dramatically affect the fair value of these assets. The Foundation's investments are held by third-party custodians and are subject to custodial risk.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

5. TEMPORARILY RESTRICTED NET ASSETS

Net assets include temporarily restricted funds. Temporarily restricted net assets consist of the following at December 31, 2016:

Endowment accounts:	
Restricted for scholarships and program activities	\$ 1,566,541
Non-endowment accounts:	
Restricted for scholarships and program activities	<u>1,705,084</u>
 Total	 <u><u>\$ 3,271,625</u></u>

During the year ended December 31, 2016, \$1,564,279 was released from temporarily restricted net assets because purpose restrictions were satisfied.

6. PERMANENTLY RESTRICTED NET ASSETS

Net assets include permanently restricted funds for endowments. The purpose of these funds is to provide investment earnings for scholarships and instructional programs. Permanently restricted net assets totaled \$12,587,309 at December 31, 2016.

7. ENDOWMENT FUNDS

Endowment funds activity during the year ended December 31, 2016 was as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, January 1, 2016	\$ (591,941)	\$ 13,978,535	\$ 13,386,594
Contributions	-	282,256	282,256
Investment earnings	296,897	-	296,897
Net unrealized gains on investments	682,109	-	682,109
Other income	-	3,115	3,115
Endowments reclassified due to change in policy for endowed funds	1,540,001	(1,540,001)	-
Endowments reclassified due to change in policy for endowed funds/holdback	162,169	(162,169)	-
Endowments released from restrictions for scholarships and program activities	(338,501)	-	(338,501)
Endowments released from restrictions for general administration	(184,193)	-	(184,193)
Reclassifications	<u>-</u>	<u>25,573</u>	<u>25,573</u>
Endowment funds, December 31, 2016	<u><u>\$1,566,541</u></u>	<u><u>\$ 12,587,309</u></u>	<u><u>\$ 14,153,850</u></u>



CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended December 31, 2016

8. FAIR VALUE MEASUREMENTS

The Foundation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. In accordance with FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to satisfy a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a framework for measuring fair value and a three level hierarchy for fair value measurements based upon observable and unobservable input valuation techniques. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect significant market assumptions including those made by the reporting entity. The three level hierarchy is summarized as follows:

Level 1 - Quoted prices in active markets for identical securities

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 - Significant unobservable inputs (including the reporting entity's own assumptions in determining the fair value of investments)

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Foundation's investments at December 31, 2016 consist of \$121,833 in cash and money market funds, \$15,008,830 in equity and debt mutual funds, and \$772,710 in a hedge fund.

The Foundation's investments in equity and debt mutual funds are reported at fair value using quoted market prices in active markets for identical securities. This measurement is a Level 1 input which is considered to be the most objective standard for fair value measurement.

The Foundation's investment in the hedge fund is not valued using quoted market prices in active markets and is not redeemable at net asset value in the near term of the measurement date. Therefore, the hedge fund investment is not classified as Level 1 or Level 2.

The hedge fund investment is classified as Level 3. Changes in Level 3 hedge fund investments during 2016 were as follows:

Balance, January 1, 2016	\$ 736,846
Net unrealized gains on investments	<u>35,864</u>
Balance, December 31, 2016	<u><u>\$ 772,710</u></u>

The Foundation's investment in the hedge fund may be redeemed quarterly with 45 days advance notice.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2016

9. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events for potential required disclosure through March 31, 2017, which is the date the financial statements were available to be issued.

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN  
For the last four fiscal years

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
2017	0.2592%	\$ 31,767,660	\$ 28,121,331	112.97%	80.53%
2016	0.2538%	5,964,232	26,252,668	22.72%	91.88%
2015	0.2879%	(16,207,218)	25,138,162	-64.47%	103.60%
2014	0.2879%	5,933,351	23,690,248	25.05%	91.97%

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

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

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN  
For the last four fiscal years

Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 1,469,874	\$ 1,469,874	\$ -	\$ 28,121,331	5.23%
2016	1,616,475	1,616,475	-	26,252,668	6.16%
2015	1,996,578	1,996,578	-	25,138,162	7.94%
2014	1,636,396	1,636,396	-	23,690,248	6.91%

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

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

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PLAN  
Year Ended June 30, 2017

**Changes in Plan Provisions**

Key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which was published on September 18, 2013 and can be found at:

<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf> and in a letter from the plan's actuary dated May 23, 2016 which can be found at:

<http://www.oregon.gov/pers/EMP/Documents/GASB/2015/Letter-From-Actuary-5-23-16.pdf>

**Changes in Assumptions**

Key changes in assumptions for the December 31, 2012 and 2013 valuations are described in the Oregon Public Employees Retirement System's 2012 Experience Study (Updated) which was published on September 18, 2013 and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2013/Experience-Study-Updated.pdf>

Key changes in assumptions for the December 31, 2014 and 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

CLACKAMAS COMMUNITY COLLEGE  
 SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL PENSION LIABILITY AND RELATED RATIOS  
 EARLY RETIREMENT PLAN

	Year Ended June 30, 2017
<b>Total pension liability</b>	
Service cost	\$ 29,327
Interest on total pension liability	32,009
Benefit payments	(108,983)
<b>Net change in total pension liability</b>	(47,647)
<b>Total pension liability - beginning</b>	893,391
<b>Total pension liability - ending (a)</b>	\$ 845,744
<b>Covered-employee payroll</b>	\$ 13,796,380
<b>Total pension liability - ending as a percentage of covered-employee payroll</b>	6.13%

Notes to Schedule:

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

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73.

CLACKAMAS COMMUNITY COLLEGE  
 SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
 POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN

	Year Ended June 30, 2017
<b>Total OPEB liability</b>	
Service cost	\$ 325,537
Interest on total OPEB liability	361,228
Benefit payments	(805,482)
<b>Net change in total OPEB liability</b>	(118,717)
<b>Total OPEB liability - beginning</b>	9,872,711
<b>Total OPEB liability - ending (a)</b>	\$ 9,753,994
<b>Covered-employee payroll</b>	\$ 25,016,346
<b>Total OPEB liability - ending as a percentage of covered-employee payroll</b>	38.99%

Notes to Schedule:

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

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.60

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## OTHER SUPPLEMENTARY INFORMATION

Local budget law, found in Oregon Revised Statutes (ORS) 294, requires the College budget current financial resources, on a modified accrual basis, in all funds. This section presents financial results on a budget basis.

CLACKAMAS COMMUNITY COLLEGE  
FUND DESCRIPTIONS  
Year Ended June 30, 2017

The **General Fund** accounts for ongoing College operations, recording all activity not segregated in other funds.

**Special Revenue** funds account for revenue that is legally restricted to specific purposes by outside parties, or designated for specific purposes by the Board of Education.

Fee Fund	Accounts for course fees which cover costs beyond those of the normal classroom.
Innovation Fund	Pays for projects and purchases which advance strategic priorities.
Student Technology Fund	Purchases, replaces and upgrades student technology, software, and related infrastructure; and covers operating costs for maintenance of student technology.
Intramurals and Athletics Fund	Intercollegiate athletic teams, intramural activities, and sports clubs.
Student Life and Leadership Fund	Promotes student activities which stimulate social, physical, moral and intellectual life on campus.
Computer Lab Fund	The Streeter computer labs provide computers and tutorial assistance to students.
Student Financial Aid Fund	Receipt and award of financial aid to students from loans, grants, scholarships and work study.
Grants & Contracts Fund	Cost-reimbursable grants and contracts.
Retirement Fund	Early retirement stipends & post employment health insurance benefits.
Insurance Reserve Fund	Reserves for the cost of insurance claims within self-insured retention.
PERS Reserve Fund	Reserves which can be used to mitigate future increases in PERS rates.

The **Debt Service** fund accounts for payment of principal and interest on long-term debt.

**Capital Projects** funds account for the construction of buildings, land improvements, utility and other infrastructure; major repair and renovation; and the purchase of equipment, land or buildings.

Staff Computer Replacement Fund	Purchase current computers for staff use.
Equipment Replacement Fund	Purchase instructional and other equipment.
Major Maintenance Fund	Major repairs, remodeling, and preventative maintenance of buildings and infrastructure.
Capital Projects (Bond) Fund	Construct buildings, modernize classrooms and equipment, and perform deferred maintenance and infrastructure projects.

**Proprietary** funds account for operations that are similar to private businesses, where the intent is that costs be recovered primarily through charges to those who use the services.

Bookstore Fund	Provides textbooks, software, school supplies, and other merchandise.
Customized Training Fund	Contracted training provided to business, industry, and government organizations.
Internal Service Fund	Accounts for services provided to departments within the college on a cost-reimbursement basis.

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Revenue from state sources				
State appropriation	\$ 14,022,081	\$ 14,022,081	\$ 14,279,231	\$ 257,150
State grants and contracts	2,000	2,000	21,679	19,679
Revenue from local sources				
Property taxes	17,775,438	17,775,438	17,802,732	27,294
Tuition	14,581,349	14,581,349	14,480,077	(101,272)
Fees	1,550,740	1,550,740	1,402,181	(148,559)
Local grants and contracts	263,489	263,489	276,993	13,504
Interest Income	-	-	540,437	540,437
Other local revenue	297,847	297,847	259,630	(38,217)
Revenue from federal sources				
Federal grants and contracts	50,000	50,000	52,871	2,871
Total revenue	<u>48,542,944</u>	<u>48,542,944</u>	<u>49,115,831</u>	<u>572,887</u>
<b>EXPENDITURES</b>				
Personnel services	38,377,350	40,016,820	38,739,703	1,277,117
Materials and services	6,974,414	7,176,796	7,117,820	58,976
Capital outlay	126,273	146,273	100,868	45,405
Total expenditures	<u>45,478,037</u>	<u>47,339,889</u>	<u>45,958,391</u>	<u>1,381,498</u>
Excess (deficiency) of revenue over (under) expenditures	<u>3,064,907</u>	<u>1,203,055</u>	<u>3,157,440</u>	<u>1,954,385</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other funds	230,000	259,562	258,561	(1,001)
Transfers (out to) other funds	(4,406,587)	(4,822,187)	(4,822,061)	126
Proceeds from sale of capital assets	25,000	25,000	8,626	(16,374)
Total other financing sources (uses)	<u>(4,151,587)</u>	<u>(4,537,625)</u>	<u>(4,554,874)</u>	<u>(17,249)</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	<u>(1,086,680)</u>	<u>(3,334,570)</u>	<u>(1,397,434)</u>	<u>1,937,136</u>
<b>FUND BALANCE</b>				
Beginning fund balance	<u>18,613,498</u>	<u>18,613,498</u>	<u>18,670,488</u>	<u>56,990</u>
Ending fund balance	<u>\$ 17,526,818</u>	<u>\$ 15,278,928</u>	<u>\$ 17,273,054</u>	<u>\$ 1,994,126</u>

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CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS - UNRESTRICTED OPERATIONS  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Fee Fund
<b>REVENUE</b>			
Revenue from local sources			
Fees	\$ 2,814,395	\$ 2,814,395	\$ 3,130,854
Sales of goods and services	40,000	40,000	22,109
Local grants and contracts	145,547	145,547	393,746
Other local revenue	1,000	1,000	27,575
Total revenue	<u>3,000,942</u>	<u>3,000,942</u>	<u>3,574,284</u>
<b>EXPENDITURES</b>			
Personnel services	2,507,429	2,543,031	2,258,089
Materials and services	1,186,994	1,517,924	966,067
Capital outlay	40,000	40,000	25,077
Total expenditures	<u>3,734,423</u>	<u>4,100,955</u>	<u>3,249,233</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(733,481)</u>	<u>(1,100,013)</u>	<u>325,051</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from other funds	350,000	770,930	-
Transfers (out to) other funds	<u>(65,000)</u>	<u>(242,524)</u>	<u>(242,524)</u>
Total other financing sources (uses)	<u>285,000</u>	<u>528,406</u>	<u>(242,524)</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(448,481)	(571,607)	82,527
<b>FUND BALANCE</b>			
Beginning fund balance	<u>1,062,025</u>	<u>1,062,025</u>	<u>2,000,969</u>
Ending fund balance	<u>\$ 613,544</u>	<u>\$ 490,418</u>	<u>\$ 2,083,496</u>

Actual (continued)		
Innovation Fund	Total Actual	Variance Favorable (Unfavorable)
\$ -	\$ 3,130,854	\$ 316,459
-	22,109	(17,891)
-	393,746	248,199
419	27,994	26,994
419	3,574,703	573,761
108,488	2,366,577	176,454
293,462	1,259,529	258,395
13,697	38,774	1,226
415,647	3,664,880	436,075
(415,228)	(90,177)	1,009,836
770,930	770,930	-
-	(242,524)	-
770,930	528,406	-
355,702	438,229	1,009,836
-	2,000,969	938,944
\$ 355,702	\$ 2,439,198	\$ 1,948,780

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS - DEDICATED STUDENT FEES  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	
			Student Technology Fund	Intramurals and Athletics Fund
<b>REVENUE</b>				
Revenue from local sources				
Fees	\$ 1,071,286	\$ 1,071,286	\$ 760,217	\$ 249,424
Sales of goods and services	2,000	2,000	-	-
Other local revenue	172,500	172,500	-	105,054
Total revenue	<u>1,245,786</u>	<u>1,245,786</u>	<u>760,217</u>	<u>354,478</u>
<b>EXPENDITURES</b>				
Personnel services	411,663	411,663	319,577	1,295
Materials and services	849,673	849,673	230,762	368,114
Total expenditures	<u>1,261,336</u>	<u>1,261,336</u>	<u>550,339</u>	<u>369,409</u>
Excess (deficiency) of revenue over (under) expenditures	(15,550)	(15,550)	209,878	(14,931)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from other funds	15,669	15,669	-	15,669
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	119	119	209,878	738
<b>FUND BALANCE</b>				
Beginning fund balance	193,500	193,500	471,184	35,782
Ending fund balance	<u>\$ 193,619</u>	<u>\$ 193,619</u>	<u>\$ 681,062</u>	<u>\$ 36,520</u>

Actual (continued)			
Student Life and Leadership Fund	Computer Lab Fund	Total Actual	Variance Favorable (Unfavorable)
\$ 41,753	\$ 48,529	\$ 1,099,923	\$ 28,637
394	-	394	(1,606)
89,546	-	194,600	22,100
<u>131,693</u>	<u>48,529</u>	<u>1,294,917</u>	<u>49,131</u>
-	53,881	374,753	36,910
148,049	749	747,674	101,999
<u>148,049</u>	<u>54,630</u>	<u>1,122,427</u>	<u>138,909</u>
(16,356)	(6,101)	172,490	188,040
-	-	15,669	-
(16,356)	(6,101)	188,159	188,040
<u>138,738</u>	<u>113,143</u>	<u>758,847</u>	<u>565,347</u>
<u>\$ 122,382</u>	<u>\$ 107,042</u>	<u>\$ 947,006</u>	<u>\$ 753,387</u>



CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS - EXTERNALLY RESTRICTED  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Student Financial Aid Fund
<b>REVENUE</b>			
Revenue from state sources			
State grants and contracts	\$ 300,000	\$ 300,000	\$ -
State student financial aid	1,400,000	1,400,000	2,876,792
Revenue from local sources			
Fees	100,000	100,000	-
Local grants and contracts	500,000	500,000	-
Local student financial aid	1,000,000	1,000,000	964,588
Other local revenue	600,000	600,000	-
Revenue from federal sources			
Federal grants and contracts	5,900,000	5,900,000	-
Federal student financial aid	8,560,382	8,560,382	7,523,843
Other federal revenue	17,395	17,395	15,279
Total revenue	<u>18,377,777</u>	<u>18,377,777</u>	<u>11,380,502</u>
<b>EXPENDITURES</b>			
Personnel services	5,419,223	5,419,223	192,932
Materials and services	12,812,000	12,927,600	11,130,104
Capital outlay	200,000	200,000	-
Total expenditures	<u>18,431,223</u>	<u>18,546,823</u>	<u>11,323,036</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(53,446)</u>	<u>(169,046)</u>	<u>57,466</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from other funds	50,000	165,600	50,000
Transfers (out to) other funds	(150,000)	(165,627)	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(27)</u>	<u>50,000</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	<u>(153,446)</u>	<u>(169,073)</u>	<u>107,466</u>
<b>FUND BALANCE</b>			
Beginning fund balance	<u>633,000</u>	<u>633,000</u>	<u>49,965</u>
Ending fund balance	<u>\$ 479,554</u>	<u>\$ 463,927</u>	<u>\$ 157,431</u>

Actual (continued)		
Grants and Contracts Fund	Total Actual	Variance Favorable (Unfavorable)
\$ 1,280,699	\$ 1,280,699	\$ 980,699
-	2,876,792	1,476,792
128,544	128,544	28,544
458,289	458,289	(41,711)
-	964,588	(35,412)
891,975	891,975	291,975
2,716,404	2,716,404	(3,183,596)
-	7,523,843	(1,036,539)
2,160	17,439	44
<u>5,478,071</u>	<u>16,858,573</u>	<u>(1,519,204)</u>
3,073,394	3,266,326	2,152,897
2,396,972	13,527,076	(599,476)
133,334	133,334	66,666
<u>5,603,700</u>	<u>16,926,736</u>	<u>1,620,087</u>
<u>(125,629)</u>	<u>(68,163)</u>	<u>100,883</u>
115,474	165,474	(126)
(164,626)	(164,626)	1,001
2,300	2,300	2,300
<u>(46,852)</u>	<u>3,148</u>	<u>3,175</u>
(172,481)	(65,015)	104,058
<u>666,045</u>	<u>716,010</u>	<u>83,010</u>
<u>\$ 493,564</u>	<u>\$ 650,995</u>	<u>\$ 187,068</u>

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS - RESERVE FUNDS  
Year Ended June 30, 2017

	Original Budget	Final Budget	<u>Actual</u> Retirement Fund
EXPENDITURES			
Personnel services	\$ 787,200	\$ 787,200	\$ 715,164
Materials and services	200,000	185,000	-
Capital outlay	-	15,000	-
Total expenditures	<u>987,200</u>	<u>987,200</u>	<u>715,164</u>
Excess (deficiency) of revenue over (under) expenditures	(987,200)	(987,200)	(715,164)
OTHER FINANCING SOURCES (USES)			
Transfers in from other funds	<u>2,850,000</u>	<u>2,850,000</u>	<u>750,000</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	1,862,800	1,862,800	34,836
FUND BALANCE			
Beginning fund balance	<u>3,015,200</u>	<u>3,015,200</u>	<u>1,832,617</u>
Ending fund balance	<u>\$ 4,878,000</u>	<u>\$ 4,878,000</u>	<u>\$ 1,867,453</u>

Actual (continued)			
Insurance Reserve Fund	PERS Reserve Fund	Total Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ 715,164	\$ 72,036
25,630	-	25,630	159,370
11,040	-	11,040	3,960
<u>36,670</u>	<u>-</u>	<u>751,834</u>	<u>235,366</u>
(36,670)	-	(751,834)	235,366
<u>100,000</u>	<u>2,000,000</u>	<u>2,850,000</u>	<u>-</u>
63,330	2,000,000	2,098,166	235,366
<u>291,520</u>	<u>1,000,000</u>	<u>3,124,137</u>	<u>108,937</u>
<u>\$ 354,850</u>	<u>\$ 3,000,000</u>	<u>\$ 5,222,303</u>	<u>\$ 344,303</u>

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Revenue from local sources				
Property taxes	\$ 5,986,294	\$ 5,986,294	6,130,445	\$ 144,151
Local grants and contracts	176,800	176,800	176,800	-
Interest income	-	-	3,564	3,564
Other local revenue	2,283,102	2,283,102	2,352,259	69,157
Total revenue	<u>8,446,196</u>	<u>8,446,196</u>	<u>8,663,068</u>	216,872
<b>EXPENDITURES</b>				
Debt service	<u>8,620,151</u>	<u>8,620,151</u>	<u>8,620,151</u>	-
Excess (deficiency) of revenue over (under) expenditures	(173,955)	(173,955)	42,917	216,872
<b>FUND BALANCE</b>				
Beginning fund balance	<u>2,600,463</u>	<u>2,600,463</u>	<u>2,444,082</u>	<u>(156,381)</u>
Ending fund balance	<u><u>\$ 2,426,508</u></u>	<u><u>\$ 2,426,508</u></u>	<u><u>\$ 2,486,999</u></u>	<u><u>\$ 60,491</u></u>

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CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUNDS - UNRESTRICTED OPERATIONS  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Staff Computer Replacement Fund
<b>REVENUE</b>			
Revenue from local sources			
Fees	\$ 35,000	\$ 35,000	\$ -
Local grants and contracts	-	-	-
Other local revenue	1,300,000	1,300,000	-
Total revenue	<u>1,335,000</u>	<u>1,335,000</u>	<u>-</u>
<b>EXPENDITURES</b>			
Materials and services	900,000	900,000	20,225
Capital outlay	1,550,000	1,550,000	-
Total expenditures	<u>2,450,000</u>	<u>2,450,000</u>	<u>20,225</u>
Excess (deficiency) of revenue over (under) expenditures	(1,115,000)	(1,115,000)	(20,225)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from other funds	1,195,918	1,238,577	150,000
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	80,918	123,577	129,775
<b>FUND BALANCE</b>			
Beginning fund balance	4,578,000	4,578,000	-
Ending fund balance	<u>\$ 4,658,918</u>	<u>\$ 4,701,577</u>	<u>\$ 129,775</u>

Actual (continued)			
Equipment Replacement Fund	Major Maintenance Fund	Total Actual	Variance Favorable (Unfavorable)
\$ 27,900	\$ -	\$ 27,900	\$ (7,100)
-	1,000	1,000	1,000
-	248,804	248,804	(1,051,196)
<u>27,900</u>	<u>249,804</u>	<u>277,704</u>	<u>(1,057,296)</u>
96,666	347,575	464,466	435,534
370,458	13,028	383,486	1,166,514
<u>467,124</u>	<u>360,603</u>	<u>847,952</u>	<u>1,602,048</u>
(439,224)	(110,799)	(570,248)	544,752
<u>597,659</u>	<u>490,918</u>	<u>1,238,577</u>	<u>-</u>
158,435	380,119	668,329	544,752
<u>1,551,799</u>	<u>2,912,459</u>	<u>4,464,258</u>	<u>(113,742)</u>
<u>\$ 1,710,234</u>	<u>\$ 3,292,578</u>	<u>\$ 5,132,587</u>	<u>\$ 431,010</u>



CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUNDS - EXTERNALLY RESTRICTED  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Revenue from state sources				
State grants and contracts	\$16,000,000	\$16,000,000	\$ -	\$ (16,000,000)
Revenue from local sources				-
Interest income	-	-	20,622	20,622
Other local revenue	80,000	80,000	10,000	(70,000)
Total revenue	<u>16,080,000</u>	<u>16,080,000</u>	<u>30,622</u>	<u>(16,049,378)</u>
<b>EXPENDITURES</b>				
Materials and services	4,000,000	7,000,000	6,674,296	325,704
Capital outlay	46,800,000	43,800,000	10,738,030	33,061,970
Total expenditures	<u>50,800,000</u>	<u>50,800,000</u>	<u>17,412,326</u>	<u>33,387,674</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(34,720,000)</u>	<u>(34,720,000)</u>	<u>(17,381,704)</u>	<u>17,338,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance Costs	(387,000)	(387,000)	(271,745)	115,255
Proceeds from issuance of long-term debt	45,000,000	45,000,000	52,970,629	7,970,629
Total other financing sources (uses)	<u>44,613,000</u>	<u>44,613,000</u>	<u>52,698,884</u>	<u>8,085,884</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	9,893,000	9,893,000	35,317,180	25,424,180
<b>FUND BALANCE</b>				
Beginning fund balance	<u>20,230,000</u>	<u>20,230,000</u>	<u>25,120,777</u>	<u>4,890,777</u>
Ending fund balance	<u>\$30,123,000</u>	<u>\$30,123,000</u>	<u>\$ 60,437,957</u>	<u>\$ 30,314,957</u>

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CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual <u>Bookstore Fund</u>
<b>REVENUE</b>			
Revenue from local sources			
Sales of goods and services	\$ 2,173,000	\$ 2,173,000	\$ 1,842,547
Local grants and contracts	400,000	400,000	-
Other local revenue	<u>6,200</u>	<u>6,200</u>	<u>4,983</u>
Total revenue	<u>2,579,200</u>	<u>2,579,200</u>	<u>1,847,530</u>
<b>EXPENDITURES</b>			
Personnel services	781,500	823,062	414,692
Materials and services	1,751,825	1,751,825	1,431,201
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>2,558,325</u>	<u>2,599,887</u>	<u>1,845,893</u>
Excess (deficiency) of revenue over (under) expenditures	20,875	(20,687)	1,637
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out to) other funds	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(49,125)	(90,687)	(68,363)
<b>FUND BALANCE</b>			
Beginning fund balance	<u>1,525,000</u>	<u>1,525,000</u>	<u>1,237,581</u>
Ending fund balance	<u><u>\$ 1,475,875</u></u>	<u><u>\$ 1,434,313</u></u>	<u><u>\$ 1,169,218</u></u>

Actual (continued)		
Customized Training Fund	Total Actual	Variance Favorable (Unfavorable)
\$ -	\$ 1,842,547	\$ (330,453)
567,127	567,127	167,127
-	4,983	(1,217)
<u>567,127</u>	<u>2,414,657</u>	<u>(164,543)</u>
351,647	766,339	56,723
134,642	1,565,843	185,982
545	545	24,455
<u>486,834</u>	<u>2,332,727</u>	<u>267,160</u>
80,293	81,930	102,617
-	(70,000)	-
80,293	11,930	102,617
<u>557,608</u>	<u>1,795,189</u>	<u>270,189</u>
<u>\$ 637,901</u>	<u>\$ 1,807,119</u>	<u>\$ 372,806</u>

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PROPRIETARY FUNDS - INTERNAL SERVICE FUND  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Sales of goods and services	\$ 317,000	\$ 317,000	\$ 344,904	\$ 27,904
EXPENDITURES				
Personnel services	84,050	98,541	93,906	4,635
Materials and services	162,000	252,000	261,078	(9,078)
Capital outlay	212,642	157,642	151,407	6,235
Total expenditures	458,692	508,183	506,391	1,792
Excess (deficiency) of revenue over (under) expenditures	(141,692)	(191,183)	(161,487)	29,696
FUND BALANCE				
Beginning fund balance	325,549	325,549	311,250	(14,299)
Ending fund balance	\$ 183,857	\$ 134,366	\$ 149,763	\$ 15,397

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# STATISTICAL SECTION

This section presents detailed and historical information as a context for understanding what the College financial statements, note disclosures, and required supplementary information say about its overall financial status. The information is categorized as follows.

Financial trend schedules show information over time.

- Net Position
- Changes in Net Position
- Fund Balance - Governmental Funds
- Change in Fund Balance - Governmental Funds

Revenue capacity schedules show details about property taxes, which provide a significant portion of the revenue used for College operations.

- Property Tax Rates, Assessed Valuation, and True Cash Value
- Direct and Overlapping Property Tax Rates
- Largest Taxpayers
- Property Tax Levies and Collections

Debt capacity tables are intended to help the reader assess the affordability of the College's current levels of outstanding debt and its ability to issue additional debt in the future.

- Debt Ratios
- Direct and Overlapping Bonded Debt
- Debt Limitation

Demographic and economic information provides background on the environment in which the College operates.

- Population, Personal Income, and Unemployment
- Largest Employers

Operating information includes historical data on the number of students served, and the resources used to deliver those services.

- Employees
- Students
- Buildings

CLACKAMAS COMMUNITY COLLEGE  
NET POSITION  
Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted - Expendable	Unrestricted	Total
2016-17	\$ 28,137,339	\$ 563,427	\$ (22,067,414)	\$ 6,633,352
2015-16	26,981,461	414,249	(15,576,544)	11,819,166
2014-15	26,534,908	247,858	(1,824,249)	24,958,517
2013-14	24,956,166	371,351	(11,184,114)	14,143,403
2012-13	22,366,431	541,512	16,721,959	39,629,902
2011-12	20,395,473	587,359	18,661,158	39,643,990
2010-11	18,845,119	1,455,381	16,298,975	36,599,475
2009-10	16,875,233	5,373,616	14,006,002	36,254,851
2008-09	21,344,293	2,255,669	4,044,016	27,643,978
2007-08	15,138,058	4,960,140	15,612,143	35,710,341

Note: GASB Statements No. 73 & 75 implemented in 2017-17 and GASB Statements No. 68 & 71 implemented in 2014-15 affected the presentation of pension costs and postemployment healthcare benefit and hence the unrestricted net position. Restatement for years prior to 2013-14 was not required and is not presented.



CLACKAMAS COMMUNITY COLLEGE  
CHANGES IN NET POSITION  
Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14
<b>OPERATING REVENUE</b>				
Tuition and fees	\$ 17,049,343	\$ 16,953,358	\$ 17,327,507	\$ 17,282,884
Operating grants and contracts				
State	4,157,491	1,619,443	2,299,451	1,625,348
Local	2,271,416	2,357,140	2,053,416	2,028,599
Federal	10,240,247	11,281,962	12,965,660	14,620,741
Auxiliary enterprises				
Bookstore	1,847,530	2,023,075	2,190,285	2,181,915
Technical mechanical	-	-	148,138	143,850
Customized training	567,127	671,304	439,915	461,754
Other operating revenues	838,948	945,858	1,399,954	1,642,295
Total operating revenues	<u>36,972,102</u>	<u>35,852,140</u>	<u>38,824,326</u>	<u>39,987,386</u>
<b>OPERATING EXPENSES</b>				
Instruction	29,460,696	33,056,620	19,500,877	25,049,681
Instructional support	7,619,223	7,978,310	5,675,648	6,523,625
Student services	6,624,967	7,286,477	3,929,072	5,025,345
Community services	-	-	-	-
College support	11,827,828	11,516,983	8,403,192	10,267,702
Plant operations and maintenance	3,497,595	3,650,200	2,605,043	2,933,696
Plant additions	1,090,604	2,421,154	831,825	569,637
Financial aid	8,571,386	7,868,277	8,462,789	8,511,295
Auxiliary enterprises				
Bookstore	1,845,893	1,992,989	2,135,088	2,130,845
Technical mechanical	-	-	152,964	175,924
Customized training	486,834	531,138	338,811	349,165
Depreciation expense	2,382,915	2,270,817	2,182,883	2,174,660
Total operating expenses	<u>73,407,941</u>	<u>78,572,965</u>	<u>54,218,192</u>	<u>63,711,575</u>
Operating loss	<u>(36,435,839)</u>	<u>(42,720,825)</u>	<u>(15,393,866)</u>	<u>(23,724,189)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
State appropriation	10,576,148	17,640,158	10,070,636	15,460,383
Property taxes	23,896,589	22,795,401	20,474,920	18,900,671
Interest income	564,623	408,960	183,045	165,623
Investment gain (loss) on pension asset	-	-	-	3,596,854
Interest expense	(3,766,470)	(4,259,702)	(4,038,082)	(3,514,698)
Cost of long-term debt issuance	(271,745)	-	(386,747)	-
Gain (loss) on disposition of capital assets	2,076	(986,796)	(94,792)	11,718
Net nonoperating revenue (expenses)	<u>31,001,221</u>	<u>35,598,021</u>	<u>26,208,980</u>	<u>34,620,551</u>
<b>CONTRIBUTED CAPITAL</b>				
Increase (decrease) in net position	<u>(5,185,814)</u>	<u>(7,122,804)</u>	<u>10,815,114</u>	<u>10,896,362</u>
<b>NET POSITION</b>				
Net position - beginning of the year	11,819,166	24,958,517	14,143,403	39,629,902
Prior period adjustment		(6,016,547)	-	(36,382,861)
Net position - end of the year	<u>\$ 6,633,352</u>	<u>\$11,819,166</u>	<u>\$24,958,517</u>	<u>\$14,143,403</u>

2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
\$ 17,765,226	\$ 14,529,352	\$ 15,925,463	\$ 19,070,108	\$ 14,650,380	\$12,152,102
1,593,032	1,770,704	970,945	3,400,965	2,572,179	851,658
2,367,387	2,591,059	2,801,232	3,118,674	3,414,620	3,126,910
15,339,172	16,155,833	16,008,245	24,379,394	13,744,580	10,397,418
2,453,055	2,661,229	2,818,601	2,872,400	2,610,122	2,563,605
211,340	206,117	212,496	182,784	121,787	118,944
475,006	391,039	382,441	291,377	345,470	503,259
1,112,714	1,168,092	859,662	826,273	864,215	1,032,414
41,316,932	39,473,425	39,979,085	54,141,975	38,323,353	30,746,310
25,479,458	25,814,031	26,498,142	26,293,988	29,470,478	28,296,256
6,802,102	6,395,826	6,389,920	5,711,534	5,314,671	4,718,107
5,080,006	4,926,136	4,435,037	5,495,297	5,316,701	5,022,534
-	-	-	-	20,757	17,645
9,624,031	9,636,825	9,447,665	8,374,819	8,661,971	8,910,404
2,942,046	2,895,829	2,889,008	3,996,102	4,407,992	4,051,840
682,686	1,104,388	724,004	1,722,960	1,664,345	429,282
9,997,927	8,813,399	9,884,871	24,376,854	12,929,847	8,526,527
2,375,302	2,541,610	2,620,870	2,658,600	2,557,283	2,430,904
160,254	223,299	222,098	219,102	103,144	100,519
506,363	395,630	296,335	291,662	373,983	563,952
2,204,765	2,292,984	2,237,465	2,253,522	2,231,260	1,871,632
65,854,940	65,039,957	65,645,415	81,394,440	73,052,432	64,939,602
(24,538,008)	(25,566,532)	(25,666,330)	(27,252,465)	(34,729,079)	(34,193,292)
7,389,486	14,480,460	8,441,565	19,353,062	13,865,009	24,023,876
18,426,030	18,015,405	18,027,570	18,187,372	18,065,374	17,174,732
159,115	147,695	133,096	161,316	531,514	1,831,871
2,274,164	(165,290)	3,451,685	2,994,004	(6,471,832)	(1,150,994)
(3,713,240)	(3,879,380)	(4,055,984)	(4,167,191)	(4,408,854)	(4,552,655)
-	-	-	-	-	-
(11,635)	12,157	13,022	(48,500)	310	(84,241)
24,523,920	28,611,047	26,010,954	36,480,063	21,581,521	37,242,589
-	-	-	-	5,081,195	609,840
(14,088)	3,044,515	344,624	9,227,598	(8,066,363)	3,659,137
39,643,990	36,599,475	36,871,576	27,643,978	35,710,341	19,647,462
-	-	(616,725)	-	-	12,403,742
<u>\$39,629,902</u>	<u>\$39,643,990</u>	<u>\$36,599,475</u>	<u>\$36,871,576</u>	<u>\$27,643,978</u>	<u>\$35,710,341</u>

CLACKAMAS COMMUNITY COLLEGE  
FUND BALANCE - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year	General Fund Unreserved	Other Governmental Funds			Total
		Special Revenue	Debt Service	Capital Projects	
2016-17	\$ 17,273,054	\$ 9,259,502	\$ 2,486,999	\$ 65,570,544	\$ 77,317,045
2015-16	18,670,488	6,599,963	2,444,082	29,585,035	38,629,080
2014-15	15,710,997	5,638,848	2,602,461	38,345,847	46,587,156
2013-14	12,180,027	6,090,469	9,437,348	1,493,498	17,021,315
2012-13	9,734,053	6,234,501	5,378,495	1,350,659	12,963,655
2011-12	9,435,521	6,631,340	5,325,570	1,461,273	13,418,183
2010-11	11,886,417	6,363,563	3,429,598	1,348,674	11,141,835
2009-10	10,017,054	6,270,189	5,296,136	1,255,001	12,821,326
2008-09	8,905,161	4,222,322	6,633,335	1,620,149	12,475,806
2007-08	8,229,233	3,651,928	3,179,604	5,959,388	12,790,920

Note: The State appropriation is allocated annually to each of the 17 Oregon community colleges. The support was historically received quarterly. In 2003, the Oregon Legislature reduced funding by eliminating that year's April payment. At the same time, they amended local budget law and allowed community colleges to accrue in place of the lost payment the first payment in the following biennium. Unreserved General Fund balance includes that accrued payment, as follows.

Fiscal Year	General Fund		
	Accrued Appropriation	Remainder	Total Unreserved
2016-17	\$ 3,703,083	\$ 13,569,971	\$ 17,273,054
2015-16	-	18,670,488	18,670,488
2014-15	2,965,027	12,745,970	15,710,997
2013-14	-	12,180,027	12,180,027
2012-13	2,611,789	7,122,264	9,734,053
2011-12	-	9,435,521	9,435,521
2010-11	3,313,799	8,572,618	11,886,417
2009-10	-	10,017,054	10,017,054
2008-09	4,726,216	4,178,945	8,905,161
2007-08	-	8,229,233	8,229,233

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CLACKAMAS COMMUNITY COLLEGE  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14
<b>REVENUE</b>				
From state sources				
State appropriation	\$14,279,231	\$14,675,131	\$ 13,035,663	\$ 12,848,594
Operating grants and contracts	1,302,378	175,976	1,117,954	511,628
Student financial aid	2,876,792	1,443,750	1,189,084	1,114,026
Other state revenue	-	-	-	-
From local sources				
Property taxes	23,933,177	22,853,259	20,474,354	19,294,610
Tuition and fees	20,269,479	20,006,594	20,045,425	20,822,470
Operating grants and contracts	1,306,828	1,263,877	1,109,529	1,178,225
Student financial aid	964,588	1,093,263	945,566	850,374
Interest income	564,623	408,960	183,045	165,623
Other local revenue	4,007,765	3,306,942	3,645,121	6,196,366
From federal sources				
Operating grants and contracts	2,769,275	3,406,574	7,364,186	10,772,505
Student financial aid	7,523,843	8,003,312	8,880,539	23,226,954
Other federal revenue	17,439	21,106	18,991	20,791
Total revenue	<u>79,815,418</u>	<u>76,658,744</u>	<u>78,009,457</u>	<u>97,002,166</u>
<b>EXPENDITURES</b>				
Personal services	45,462,523	42,541,095	43,955,776	44,361,916
Materials and services	29,816,491	24,064,173	23,389,142	36,959,298
Capital outlay	11,405,532	6,794,646	909,571	904,727
Debt service - principal	5,715,000	5,170,000	5,180,000	4,760,000
Debt service - interest	2,905,151	3,169,354	3,407,188	3,604,788
Total expenditures	<u>95,304,697</u>	<u>81,739,268</u>	<u>76,841,677</u>	<u>90,590,729</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(15,489,279)</u>	<u>(5,080,524)</u>	<u>1,167,780</u>	<u>6,411,437</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	10,926	11,939	1,250	22,197
Proceeds from long-term debt	44,997,901	-	44,996,012	-
Premium (discount) on debt issuance	7,972,728	-	1,952,257	-
Refunding of long-term debt	-	-	(14,717,927)	-
Costs of debt issuance	(271,745)	-	(386,747)	-
Transfers in from other funds	5,299,211	2,613,420	7,331,040	9,597,451
Transfers (out to) other funds	<u>(5,229,211)</u>	<u>(2,543,420)</u>	<u>(7,246,854)</u>	<u>(9,527,451)</u>
Total other financing sources (uses)	<u>52,779,810</u>	<u>81,939</u>	<u>31,929,031</u>	<u>92,197</u>
Excess (deficiency) of revenue & other sources (uses) over (under) expenditures	37,290,531	(4,998,585)	33,096,811	6,503,634
<b>FUND BALANCE</b>				
Beginning fund balance	57,299,568	62,298,153	29,201,342	22,697,708
Prior period adjustment	-	-	-	-
Ending fund balance	<u>94,590,099</u>	<u>57,299,568</u>	<u>\$ 62,298,153</u>	<u>\$ 29,201,342</u>
Debt service as % of noncapital expenditures	11%	13%	13%	10%

2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
\$ 10,001,275	\$ 11,166,661	\$ 11,755,364	\$ 14,626,846	\$ 18,591,225	\$ 19,905,089	\$ 16,934,460
486,268	828,024	659,243	1,235,714	6,162,384	42,744	139,680
1,109,609	945,861	312,627	2,181,455	1,558,059	809,367	786,072
361	195,587	1,133	1,000	6,560	4,552	-
18,422,912	17,866,383	18,129,351	18,150,627	17,802,289	16,995,602	15,832,739
21,348,366	21,165,843	20,267,253	19,070,108	14,650,380	12,152,102	11,696,518
1,538,797	1,607,782	1,901,710	2,217,073	2,646,197	2,439,860	2,740,202
828,964	983,277	907,441	905,888	772,483	709,307	490,053
159,115	147,695	133,096	161,316	531,514	1,831,871	2,003,288
3,183,024	2,955,764	2,766,558	2,653,407	2,570,850	2,576,464	2,733,915
7,994,862	5,103,426	4,111,052	4,442,773	3,260,336	3,271,051	3,571,017
29,171,405	30,969,863	28,657,293	19,994,654	10,535,725	7,168,322	7,608,226
22,320	15,686	13,927	14,478	33,179	9,463	-
<u>94,267,278</u>	<u>93,951,852</u>	<u>89,616,048</u>	<u>85,655,339</u>	<u>79,121,181</u>	<u>67,915,794</u>	<u>64,536,170</u>
44,269,265	42,086,067	39,223,289	39,235,754	42,330,960	41,318,395	38,996,599
41,575,084	43,411,912	41,551,046	36,520,857	27,005,997	29,707,412	21,506,032
532,849	767,273	609,295	266,722	1,002,895	2,066,877	1,440,635
4,350,000	3,965,000	3,945,000	3,955,000	4,325,000	3,198,140	3,217,331
3,803,927	3,968,305	4,145,821	4,257,470	4,496,729	4,634,885	4,683,214
<u>94,531,125</u>	<u>94,198,557</u>	<u>89,474,451</u>	<u>84,235,803</u>	<u>79,161,581</u>	<u>80,925,709</u>	<u>69,843,811</u>
<u>(263,847)</u>	<u>(246,705)</u>	<u>141,597</u>	<u>1,419,536</u>	<u>(40,400)</u>	<u>(13,009,915)</u>	<u>(5,307,641)</u>
47,851	12,157	13,275	461	1,214	-	-
-	-	-	2,770,000	-	-	31,850,000
-	-	-	142,099	-	-	2,553,512
-	-	-	(2,852,134)	-	-	(34,105,219)
-	-	-	(57,549)	-	-	(293,871)
4,548,638	6,299,698	2,376,142	5,877,000	3,849,511	2,712,659	4,497,190
<u>(4,488,638)</u>	<u>(6,239,698)</u>	<u>(2,341,142)</u>	<u>(5,842,000)</u>	<u>(3,449,511)</u>	<u>(2,677,969)</u>	<u>(3,796,647)</u>
<u>107,851</u>	<u>72,157</u>	<u>48,275</u>	<u>37,877</u>	<u>401,214</u>	<u>34,690</u>	<u>704,965</u>
(155,996)	(174,548)	189,872	1,457,413	360,814	(12,975,225)	(4,602,676)
22,853,704	23,028,252	22,838,380	21,380,967	21,020,153	34,295,378	38,898,054
-	-	-	-	-	(300,000)	-
<u>\$ 22,697,708</u>	<u>\$ 22,853,704</u>	<u>\$ 23,028,252</u>	<u>\$ 22,838,380</u>	<u>\$ 21,380,967</u>	<u>\$ 21,020,153</u>	<u>\$ 34,295,378</u>
9%	9%	10%	11%	13%	11%	13%

CLACKAMAS COMMUNITY COLLEGE  
PROPERTY TAX RATES, ASSESSED VALUATION, AND TRUE CASH VALUE  
Last Ten Fiscal Years

Fiscal Year	Permanent Rate	General Obligation Bond Rate	Total Rate	Assessed Valuation by Property Type	
				Real Property	Manufactured Structures
2016-17	\$ 0.5582	0.1855	\$ 0.7437	\$ 32,324,247,998	\$ 130,803,756
2015-16	0.5582	0.1881	0.7463	30,854,212,703	121,449,200
2014-15	0.5582	0.1497	0.7079	29,532,124,849	114,900,888
2013-14	0.5582	0.1500	0.7082	28,114,981,194	110,433,279
2012-13	0.5582	0.1588	0.7170	26,992,148,145	112,629,866
2011-12	0.5582	0.1391	0.6973	26,414,056,848	112,538,178
2010-11	0.5582	0.1598	0.7180	25,742,593,312	117,401,264
2009-10	0.5582	0.1772	0.7354	24,985,368,070	146,471,096
2008-09	0.5582	0.2002	0.7584	23,979,458,325	154,218,440
2007-08	0.5582	0.1968	0.7550	22,626,435,707	156,709,038

Source: Clackamas County Department of Assessment and Taxation,  
Summary of Assessment and Tax Roll

Note: The permanent rate for operations is fixed and cannot be changed by the College.  
The levy for voter-approved general obligation bonds is requested for the amount needed to pay debt service. The County assessor converts the requested amount into the general obligation bond rate shown above.

Assessed Valuation by Property Type (continued)			True Cash Valuation	Ratio of Assessed Valuation to True Cash Valuation
Personal Property	Public Utility	Total		
\$ 749,025,427	\$ 1,238,258,588	\$ 34,442,335,769	\$ 46,420,375,556	74%
675,425,326	1,187,424,660	32,838,511,889	41,093,604,637	80%
635,154,193	1,070,179,674	31,352,359,604	37,127,451,547	84%
626,366,109	1,046,600,404	29,898,380,986	33,436,732,244	89%
610,969,398	1,008,144,740	28,723,892,149	31,790,623,553	90%
596,055,667	1,030,071,324	28,152,722,017	32,963,246,020	85%
625,801,508	1,010,528,329	27,496,324,413	35,334,250,182	78%
660,952,788	987,783,853	26,780,575,807	39,196,423,165	68%
675,696,573	835,774,480	25,645,147,818	43,265,033,919	59%
639,273,223	805,373,210	24,227,791,178	41,295,048,861	59%



CLACKAMAS COMMUNITY COLLEGE  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 Last Ten Fiscal Years

Fiscal Year	Clackamas Community College	Overlapping Rates			
		Cities	Fire Districts	School Districts	Other
2016-17	0.7437	.5894 - 6.5379	.5341 - 2.6385	3.8149 - 5.2781	.0065 - 2.9766
2015-16	0.7463	.5894 - 7.7626	.5341 - 2.6385	4.3039 - 9.3304	.0315 - 3.2246
2014-15	0.7079	.5894 - 7.8915	.5341 - 2.6385	4.7001 - 9.3439	.0315 - 3.2246
2013-14	0.7082	.5679 - 7.9801	.5341 - 2.6385	4.7001 - 9.3426	.0315 - 3.2246
2012-13	0.7170	.5894 - 7.8119	.5341 - 2.4655	.2608 - 9.4142	.1089 - 3.2246
2011-12	0.6973	.5894 - 7.6880	.7833 - 2.6385	.1914 - 9.3641	.0315 - 3.2246
2010-11	0.7180	.6101 - 7.7788	.7833 - 2.4678	.5949 - 9.3429	.0315 - 3.2246
2009-10	0.7354	.5894 - 7.8235	.7833 - 2.6385	.0901 - 9.2236	.0315 - 3.2246
2008-09	0.7584	.5894 - 7.3924	.7833 - 2.6385	.0828 - 9.1795	.0038 - 3.2246
2007-08	0.7550	.5894 - 7.9024	.7833 - 2.5232	.0831 - 9.1279	.0592 - 3.2246

Source: Clackamas County Department of Assessment and Taxation,  
 Summary of Assessment and Tax Roll

Note: Overlapping rates are those that apply to property owners within the College taxing district.  
 Not all overlapping rates apply to all owners in the College district. For example, certain property subject to the Clackamas County tax rate are not in the College district.

CLACKAMAS COMMUNITY COLLEGE  
LARGEST TAXPAYERS  
Current Year and Nine Years Ago

Taxpayer	2016-17			2007-08		
	Taxes Billed	Rank	Percentage of Total County Taxes Billed	Taxes Billed	Rank	Percentage of Total County Taxes Billed
Portland General Electric	\$ 8,792,697	1	1.15%	\$ 5,302,490	1	1.02%
General Growth Properties	4,034,362	2	0.53%	2,152,483	3	0.41%
Fred Meyer Fuel	3,327,645	3	0.44%			
Comcast Corporation	2,558,587	4	0.34%			
Northwest Natural Gas	2,516,628	5	0.33%	2,066,665	4	0.40%
PCC Structurals Inc.	2,279,395	6	0.30%	1,406,380	5	0.27%
Mentor Graphics Corp.	1,432,199	7	0.19%	877,565	7	0.17%
ROIC Oregon LLC	1,284,787	8	0.17%			
Marvin F Poer & Company	1,229,497	9	0.16%			
Blount Inc	1,106,972	10	0.15%	715,370	10	0.14%
Xerox Corporation				1,192,438	6	0.23%
Fred Meyer Stores, Inc.				2,533,047	2	0.48%
Qwest Corporation				786,522	9	0.15%
Safeway Stores				820,931	8	0.16%
Total	<u>\$28,562,770</u>		<u>3.75%</u>	<u>\$ 17,853,891</u>		<u>3.43%</u>

Source: Clackamas County Department of Assessment and Taxation

CLACKAMAS COMMUNITY COLLEGE  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

Fiscal Year	Certified Tax Levies			Current Tax Collections	Current Tax Collected as a % of Current Levy
	General Fund	Debt Service Fund	Total		
2016-17	\$ 18,265,834	\$ 6,286,666	\$ 24,552,500	\$ 23,400,405	95.31%
2015-16	17,382,335	6,052,953	23,435,288	22,286,638	95.10%
2014-15	16,482,611	4,540,949	21,023,560	19,964,169	94.96%
2013-14	15,313,694	4,336,679	19,650,373	18,625,365	94.78%
2012-13	14,519,921	4,320,790	18,840,711	17,775,708	94.35%
2011-12	14,573,668	3,729,789	18,303,457	17,196,425	93.95%
2010-11	14,396,804	4,176,990	18,573,794	17,380,805	93.58%
2009-10	13,430,804	5,166,476	18,597,280	17,417,522	93.66%
2008-09	13,578,278	4,905,754	18,484,032	17,208,503	93.10%
2007-08	12,903,549	4,581,584	17,485,133	16,435,586	94.00%

Source: Clackamas County Department of Assessment and Taxation

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collected as a % of Current Levy</u>	<u>Uncollected Taxes</u>	<u>Uncollected Taxes as a % of Current Levy</u>
\$ 389,427	\$ 23,789,832	96.89%	\$ 1,364,612	5.56%
406,578	22,693,216	96.83%	1,302,630	5.56%
466,649	20,430,818	97.18%	1,208,356	5.75%
535,558	19,160,923	97.51%	1,203,459	6.12%
506,115	18,281,823	97.03%	1,236,015	6.56%
494,365	17,690,790	96.65%	1,228,974	6.71%
628,555	18,009,360	96.96%	1,090,448	5.87%
627,521	18,045,043	97.03%	1,196,797	6.44%
476,945	17,685,448	95.68%	1,161,032	6.28%
394,930	16,830,516	96.26%	863,800	4.94%

CLACKAMAS COMMUNITY COLLEGE  
DEBT RATIOS  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Pension Bonds	Full Faith and Credit Obligations	Capital Lease	Total Debt
2016-17	\$ 115,034,548	\$ 24,278,976	\$ 1,376,461	\$ -	\$ 140,689,985
2015-16	65,740,186	25,416,157	1,505,117	-	92,661,460
2014-15	69,039,563	26,408,338	1,628,773	-	97,076,674
2013-14	25,504,876	27,265,519	17,075,674	-	69,846,069
2012-13	28,689,022	27,997,700	18,135,433	-	74,822,155
2011-12	31,613,168	28,619,881	19,155,192	-	79,388,241
2010-11	34,307,314	29,127,062	20,134,951	-	83,569,327
2009-10	35,394,259	29,539,243	21,339,781	-	86,273,283
2008-09	37,959,685	29,861,424	22,483,760	-	90,304,869
2007-08	40,870,111	30,098,605	23,734,863	-	94,703,579

Sources: Portland State University Population Research Center  
Clackamas County Department of Assessment and Taxation

General Obligation Bonds		Total Debt		
Percentage of Assessed Valuation	GO Bonds Per Capita	Percentage of Assessed Valuation	Total Debt per Capita	Percentage of Personal Income
0.33%	\$ 322	0.41%	\$ 394	not available
0.20%	188	0.28%	265	0.47%
0.22%	199	0.31%	280	0.50%
0.09%	75	0.23%	204	0.36%
0.10%	85	0.26%	222	0.40%
0.11%	94	0.28%	237	0.45%
0.12%	104	0.30%	253	0.49%
0.13%	106	0.32%	258	0.51%
0.15%	114	0.35%	270	0.53%
0.17%	124	0.39%	286	0.57%

CLACKAMAS COMMUNITY COLLEGE  
DIRECT AND OVERLAPPING BONDED DEBT  
June 30, 2017

Governmental Unit	Net Property- Tax Backed Direct Debt (1)	Percent of Real Market Value in College District	Net Property- Tax Backed Overlapping Direct Debt (1)
<b>DIRECT</b>			
Clackamas Community College	\$ 102,608,913	100.00%	\$ 102,608,913
<b>OVERLAPPING</b>			
<b>Cities</b>			
City of Canby	24,814,626	100.00%	24,814,626
City of Estacada	2,828,233	100.00%	2,828,233
City of Gladstone	1,473,000	100.00%	1,473,000
City of Happy Valley	3,300,000	98.12%	3,238,085
City of Lake Oswego	9,190,000	0.97%	88,748
City of Milwaukie	13,943,244	99.29%	13,844,916
City of Molalla	30,000	100.00%	30,000
City of Oregon City	-	100.00%	-
City of Portland	155,468,265	0.07%	115,668
City of Tualatin	6,054,594	12.59%	762,449
City of West Linn	15,940,000	99.16%	15,805,913
<b>Fire Districts</b>			
Canby	162,500	100.00%	162,500
Clackamas Cty #1	26,870,000	99.48%	26,731,028
Molalla	3,070,000	100.00%	3,070,000
Silverton	4,283,817	5.16%	221,156
Tualatin Valley Fire and Rescue	48,820,000	15.31%	7,473,512
<b>School Districts</b>			
108 Estacada	26,315,000	100.00%	26,315,000
115 Gladstone	45,922,441	100.00%	45,922,441
12 North Clackamas	609,115,622	100.00%	609,115,622
35 Molalla River	15,142,460	100.00%	15,142,460
3J West Linn/ Wilsonville	229,668,066	98.44%	226,088,689
46 Oregon Trail	94,905,487	0.09%	86,079
53 Colton	1,341,624	100.00%	1,341,624
62 Oregon City	72,889,276	100.00%	72,889,276
7J Lake Oswego	90,618,476	1.32%	1,198,701
86 Canby	60,820,573	100.00%	60,820,573
4J Silver Falls	47,813,545	8.65%	4,137,545
10J Gresham-Barlow	310,047,960	0.02%	49,918
23J Tigard-Tualatin	269,654,318	4.48%	12,088,603
88J Sherwood	220,719,911	6.44%	14,210,610
29J Newberg	47,534,029	1.73%	821,103
<b>Other</b>			
Metro	183,510,000	13.33%	24,460,598
Rivergrove Water District	627,528	11.18%	70,178
Willamette ESD	9,961,880	0.62%	62,023
Clackamas City ESD	22,820,637	74.79%	17,068,558
Clackamas County	155,330,136	73.25%	113,784,295
Total overlapping	<u>2,831,007,248</u>		<u>1,346,333,730</u>
Total direct and overlapping	<u>\$ 2,933,616,161</u>		<u>\$ 1,448,942,643</u>

Source: Oregon State Treasury, Municipal Debt Advisory Commission

Note (1): Net property-tax backed debt is the outstanding principal of general obligation bonds, and certain full faith and credit obligations, particularly for Tri-met.

CLACKAMAS COMMUNITY COLLEGE  
DEBT LIMITATION  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Legal Debt Limitation (1)</u>	<u>Bonded Indebtedness (2)</u>	<u>Debt Margin</u>
2016-17	\$ 696,305,633	\$ 104,908,801	\$ 591,396,832
2015-16	616,404,070	63,206,376	553,197,694
2014-15	556,911,773	66,155,041	490,756,732
2013-14	501,550,984	24,370,000	477,180,984
2012-13	476,859,353	27,365,000	449,494,353
2011-12	494,448,690	30,100,000	464,348,690
2010-11	530,013,753	32,605,000	497,408,753
2009-10	587,946,347	34,840,000	553,106,347
2008-09	648,975,509	37,350,000	611,625,509
2007-08	619,425,733	40,205,000	579,220,733

Notes:

- (1) The legal debt limitation in Oregon Revised Statutes 341.675 is 1.5% of the real market value of property, which is titled True Cash Valuation on the table of Property Tax Rates, Assessed Valuation, and True Cash Value.
- (2) Bonded indebtedness is the outstanding principal amount of general obligation bonds. The College may levy property taxes in the amount necessary to pay debt service on these bonds.



CLACKAMAS COMMUNITY COLLEGE  
POPULATION, PERSONAL INCOME, AND UNEMPLOYMENT  
Last Ten Fiscal Years

Fiscal Year	District Population (1)	Clackamas County		
		Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2016-17	356,900	not available	not available	4.4%
2015-16	349,690	\$19,901,153,000	\$ 49,565	5.2%
2014-15	346,817	19,240,407,000	48,713	6.3%
2013-14	341,663	19,200,727,000	49,453	6.8%
2012-13	337,594	18,535,004,000	48,286	8.1%
2011-12	334,535	17,457,115,000	45,915	8.6%
2010-11	330,505	16,945,867,000	44,954	10.1%
2009-10	334,885	16,853,655,000	43,646	10.2%
2008-09	334,400	17,080,392,000	44,803	5.5%
2007-08	330,665	16,491,610,000	43,965	4.6%

- Sources: (1) Portland State University Population Research Center  
Data is for Clackamas County, excluding the cities of Lake Oswego and Sandy.
- (2) Bureau of Economic Analysis, US Department of Commerce.  
Data is for Clackamas County, in thousands of dollars.
- (3) Oregon Employment Department  
Data is for Clackamas County.

Note: The College district includes all of Clackamas County except the cities of Lake Oswego and Sandy.

CLACKAMAS COMMUNITY COLLEGE  
LARGEST EMPLOYERS  
Current Year and Nine Years Ago

Employer	2016-17	2007-08		
	Number of Employees	Number of Employees	Rank	Percentage of Total County Employment
Kaiser Sunnyside	2,000 +	2,140	2	1.43%
PCC Structurals	1,400 +	3,000	1	2.00%
Oregon Cutting Systems	1,200 +			
Providence	900 +			
Mentor Graphics	900 +	1,052	4	0.70%
Legacy Meridian Park	900 +	750	7	0.50%
Xerox Corporation	800 +	1,600	3	1.07%
Kroger	800 +			
Safeway	700 +			0.45%
Rockwell Collins	500 +			
Sysco	400 +			
United Grocers		635	9	0.42%
Blount International Inc.		1,000	5	0.67%
Tyco		650	8	0.43%
Willamette Falls Hospital		800	6	0.53%
Warn Industries, Inc.		600	10	0.40%
Total Clackamas County employment	155,300			

Source: Clackamas County.

CLACKAMAS COMMUNITY COLLEGE  
EMPLOYEES  
Last Ten Fiscal Years

Fiscal Year	Employee FTE (full-time equivalents)			
	Administrative	Full-time Faculty	Classified	Total
2016-17	47	136	197	380
2015-16	43	133	192	368
2014-15	42	130	187	359
2013-14	41	128	173	342
2012-13	42	133	180	355
2011-12	37	141	169	347
2010-11	37	150	188	375
2009-10	37	152	193	382
2008-09	40	166	213	419
2007-08	40	166	217	423

Source: Schedule of personnel FTEs in the adopted budget.

Note: Administrative employees are those who are exempt from the overtime provisions of the Fair Labor Standards Act. Full-time faculty are faculty in that bargaining unit. Classified includes support staff in the bargaining unit, and confidential and grant-funded non-exempt employees working half-time or more who are excluded from the classified bargaining unit. Includes all funds.

CLACKAMAS COMMUNITY COLLEGE  
STUDENTS  
Last Ten Fiscal Years

Fiscal Year	Reimbursable Student FTE	Total Student FTE	Student Headcount
2016-17	6,868	6,969	25,482
2015-16	6,917	7,036	26,034
2014-15	7,138	7,259	25,793
2013-14	7,249	7,366	27,235
2012-13	7,991	8,102	30,375
2011-12	8,528	8,748	35,191
2010-11	8,761	8,942	36,163
2009-10	8,834	9,127	38,639
2008-09	7,760	7,969	37,548
2007-08	7,416	7,722	35,008

Note: Reimbursable FTEs are used in calculating the annual state appropriation. Total FTEs include nonreimbursable courses, such as community education.

CLACKAMAS COMMUNITY COLLEGE  
BUILDINGS  
June 30, 2017

	Year Built	Square Feet	Major Use
Oregon City campus			
Barlow	1970	100,819	Administration, technical career education
Clairmont	1969	30,150	Horticulture
Community Center	1975	29,005	Student services
Dejardin	2004	18,216	Customized training, sciences
Dye Learning Center	1992	29,215	Library, extended learning
Environmental Learning Center	1997	1,080	Environmental education
Family Resource Center	1992	16,994	Child care, workforce development
Gregory Forum	1992	10,371	Meeting rooms
Lewelling	1971	5,765	Campus services and warehouse
McLoughlin	1972	52,292	Humanities, bookstore
Neimeyer	2005	47,000	Music and theatre
Pauling	1981	41,030	Sciences
Randall	1972	60,775	Physical education and athletics
Roger Rook	2004	30,072	Enrollment services, English
Streeter	1991	14,992	Computer science, Business
Streeter Annex	2003	6,191	Computer science, Business
Studio Art	2003	11,407	Art
Total Oregon City campus		505,374	
Harmony Road campus			
Harmony Center	2008	46,000	Health sciences, outreach, adult education, Small Business Development Center
Wilsonville			
Wilsonville Training Center - original portion	1992	15,071	Utility training alliance
Wilsonville Training Center - addition	2001	34,980	Utility training alliance

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# AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S COMMENTS  
REQUIRED BY OREGON STATE REGULATIONS

October 23, 2017

Board of Education  
Clackamas Community College  
Oregon City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clackamas Community College as of and for the year ended June 30, 2017, and have issued our report thereon dated October 23, 2017.

**Internal Control Over Financial Reporting**

Our report on Clackamas Community College's internal control over financial reporting is presented elsewhere in this Comprehensive Annual Financial Report.

**Compliance**

As part of obtaining reasonable assurance about whether Clackamas Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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, 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.

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

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



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

As discussed in Note 1 to the financial statements under the caption "Budget," the College overexpended certain appropriations during the year. ORS 294.456(6) provides that no greater amount be expended than appropriated except as specifically provided by law.

ORS 294.810 establishes limits on the total amount a local government may invest in the Oregon State Treasury's Local Government Investment Pool (LGIP). The College's investment in the LGIP exceeded these limits during the first nine months of the fiscal year.

### **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 entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Education, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

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# GRANT COMPLIANCE

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

October 23, 2017

Board of Education  
Clackamas Community College  
Oregon City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clackamas Community College as of and for the year ended June 30, 2017, and have issued our report thereon dated October 23, 2017.

**Internal Control Over Financial Reporting**

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

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

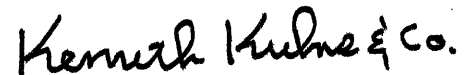
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Kenneth Kuhns & Co.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

October 23, 2017

Board of Education  
Clackamas Community College  
Oregon City, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Clackamas Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clackamas Community College's major federal programs for the year ended June 30, 2017. Clackamas Community College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Clackamas Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clackamas Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## ***Opinion on Each Major Federal Program***

In our opinion, Clackamas Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

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.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.

CLACKAMAS COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2016	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2017
<b>U.S. Department of Education</b>							
Student Financial Aid Programs cluster							
PELL Grants		84 . 063	\$ 7,209,466	22,725	\$ 7,232,128	\$ 7,214,123	36,287
Direct Loans		84 . 268	8,393,326	48,419	8,402,603	8,393,326	465,249
Federal Work Study		84 . 033	187,904	5,686	191,863	191,863	-
Supplemental Education Opportunity Grants		84 . 007	126,541	30,243	90,575	90,575	-
Student Financial Aid Programs cluster			<u>15,917,237</u>	<u>107,074</u>	<u>15,917,168</u>	<u>15,889,886</u>	<u>501,536</u>
Clackamas Education Service District							
Perkins Basic Allocation 2016-2017	40307	84 . 048	220,239	-	188,292	188,292	166,374
Perkins Mini Grant #2 Automotive	40307	84 . 048	2,979	-	2,979	2,979	-
Diagnostic Equipment 2016-2017	36400	84 . 048	3,885	1,155	-	-	-
Perkins ACTE Region V Conference 2015-2016	36400	84 . 048	217,649	81,013	-	-	-
Perkins Basic Allocation 2015-2016			<u>444,752</u>	<u>82,167</u>	<u>191,271</u>	<u>191,271</u>	<u>166,374</u>
Higher Education Coordinating Commission							
Title II Comprehensive	EE161707BG	84 . 002A	219,000	-	219,000	219,000	177,895
Title II Accountability Set-Aside	EE161707AG	84 . 002A	54,400	-	54,400	54,400	43,244
Title II Program Improvement Set-Aside	EE161707PG	84 . 002A	11,520	-	11,520	11,520	10,172
Title II Tutoring	EE161707TG	84 . 002A	11,500	-	11,500	11,500	10,174
Title II Corrections	EE161707CG	84 . 002A	26,914	-	26,914	26,914	16,239
Title II Comprehensive	EE151607BG	84 . 002A	169,437	66,076	-	-	-
Title II Accountability Set-Aside	EE151607AG	84 . 002A	63,536	18,453	-	-	-
Title II Program Improvement Set-Aside	EE151607PG	84 . 002A	1,018	2,682	-	-	-
Title II Tutoring	EE151607TG	84 . 002A	1,704	1,313	-	-	-
Title II Corrections	EE151607CG	84 . 002A	26,800	9,472	-	-	-
			<u>585,829</u>	<u>97,996</u>	<u>323,334</u>	<u>323,334</u>	<u>257,723</u>
<b>Total U.S. Department of Education</b>			<u>16,947,818</u>	<u>287,236</u>	<u>16,431,774</u>	<u>16,404,492</u>	<u>925,634</u>



CLACKAMAS COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2016	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2017
<b>U.S. Department of Labor</b>							
WIA Cluster							
Clackamas Workforce Partnership							
Formula Adult WIOA		17 . 258	461,000	-	384,324	384,323	67,303
Formula Adult WIOA		17 . 258	320,000	81,150	494	494	-
			781,000	81,150	384,818	384,817	67,303
Formula Dislocated Worker WIOA		17 . 278	601,000	-	467,307	467,307	71,363
Formula Dislocated Worker WIOA		17 . 278	493,508	103,002	-	-	-
			1,094,508	103,002	467,307	467,307	71,363
Clackamas Education Service District							
Youth Services Operational		17 . 259	16,788	-	15,290	15,290	2,368
Youth Services Operational		17 . 259	18,523	2,756	-	-	-
Sage Alternative School							
Youth Services Sage Alternative		17 . 259	5,400	(98)	-	-	(98)
			40,711	2,657	15,290	15,290	2,270
Total WIA Cluster			1,916,219	186,809	867,415	867,414	140,936
Clackamas Workforce Partnership							
H1B ReBoot Northwest	14-60590	17 . 268	822,720	75,486	215,279	215,279	46,529
			822,720	75,486	215,279	215,279	46,529
Linking Employment Activities Pre- Releases (LEAP)							
NEG Sector Partnership	GGA0025	17 . 277	411,800	-	134,604	134,603	35,453
Job Driven NEG	GGA0015	17 . 277	411,800	-	134,604	134,603	35,453
			605,000	89,585	235,896	235,896	(3,731)
			632,437	65,259	271,361	271,361	112,785
			1,237,437	154,844	507,257	507,257	109,054
U.S. Department of Labor							
DOL H1B Tech Hire	HG-29339-16-60-A-41	17 . 268	3,542,868	-	259,604	259,604	53,643
Tyler Junior College							
ACT-On Retail Management	TC-23812-12-60-A-48	17 . 282	2,913,798	37,494	65,853	65,853	-
<b>Total U.S. Department of Labor</b>			10,844,842	454,633	2,050,011	2,050,010	385,615
<b>U.S. Department of Transportation</b>							

CLACKAMAS COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2016	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2017
<b>Metro &amp; Federal Transit Administration</b>							
Metro Regional Travel Options	933334	20 . 507	85,018	14,308	37,617	37,617	11,851
Tri-County Metropolitan Transportation District (Tri-Met)							
Tri-Met Towncenter Express	JP150290BW	20 . 516	90,000	15,000	-	-	-
<b>Total U.S Department of Transportation</b>			<b>175,018</b>	<b>29,308</b>	<b>37,617</b>	<b>37,617</b>	<b>11,851</b>
<b>Small Business Administration</b>							
Lane Community College							
SBA / SBA Portable Assistance	SBAHQ-16-B-0074	59 . 037	20,000	-	20,000	20,000	9,806
SBC / SBA Project 2017	SBA-2017-143	59 . 037	33,000	-	16,825	16,825	16,825
SBC / SBA Project 2016	SBA-2016-143	59 . 037	31,750	12,001	19,749	19,749	-
<b>Total Small Business Administration</b>			<b>84,750</b>	<b>12,001</b>	<b>56,574</b>	<b>56,574</b>	<b>26,631</b>
<b>U.S. Department of Agriculture</b>							
Clackamas Workforce Partnership							
Timber Lake Job Corps	17-PA-11161700-001	10 . 699	33,000	-	2,805	2,805	2,805
<b>Total U.S. Department of Agriculture</b>			<b>33,000</b>	<b>-</b>	<b>2,805</b>	<b>2,805</b>	<b>2,805</b>

CLACKAMAS COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2016	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2017
<b>U.S. Department of Health and Human Services</b>							
Local Area High Schools							
Children's Commission Summer School		93 . 667	1,790	(1,025)	-	-	(1,025)
Portland State University							
Trans-NIH Research Support (EXITO - Administrative Core)	205CRE490	93 . 310	26,344	-	25,511	25,511	25,505
Trans-NIH Research Support (EXITO - Research Core)	205CRE489	93 . 310	60,682	-	26,028	26,028	23,620
Trans-NIH Research Support (EXITO - Administrative Core)	205CRE490	93 . 310	26,344	25,315	-	-	-
Trans-NIH Research Support (EXITO - Research Core)	205CRE489	93 . 310	55,682	30,040	3,253	3,253	-
			<u>170,842</u>	<u>54,330</u>	<u>54,791</u>	<u>54,791</u>	<u>48,099</u>
<b>Total U.S Department of Health and Human Services</b>							
<b>General Services Administration</b>							
Oregon Department of Administrative Services							
Donated Federal Surplus Property		39 . 003	-	-	5,152	5,152	-
<b>Total Federal Awards</b>			<u>\$ 28,256,270</u>	<u>\$ 837,509</u>	<u>\$ 18,638,724</u>	<u>\$ 18,611,441</u>	<u>\$ 1,400,635</u>

(1) Revenues are recognized when measurable and available.

CLACKAMAS COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWRDS  
Year Ended June 30, 2017

**Purpose of the Schedule**

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Clackamas Community College's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position or changes in net position of the College.

**Significant Accounting Policies**

The Reporting Entity

The reporting entity is fully described in Note 1 to the College's financial statements. The Schedule includes all federal financial assistance programs administered by the College for the year ended June 30, 2017.

Basis of Presentation

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).

Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Basis of Accounting

The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the ten percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Matching Costs

The Schedule does not include matching expenditures.

CLACKAMAS COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Clackamas Community College.
2. There were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Clackamas Community College.
3. No instances of noncompliance material to the financial statements of Clackamas Community College were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance reported during the audit of the major federal award programs of Clackamas Community College.
5. The independent auditor's report on compliance for the major federal award programs of Clackamas Community College expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs of Clackamas Community College are reported in this schedule.
7. The programs tested as major programs are as follows:

<u>Program Name</u>	<u>CFDA Number</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Career and Technical Education - Basic Grants to States	84.048

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
9. Clackamas Community College was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

C - FINDINGS AND QUESTIONED COSTS, MAJOR FEDERAL AWARD PROGRAMS  
AUDIT:

None.