

\$44,996,012.20

Clackamas Community College District
Clackamas County, Oregon
General Obligation Bonds, Series 2015

\$16,605,000 Series 2015A
(Current Interest Bonds)

\$28,391,012.20 Series 2015B
(\$51,385,000 Final Maturity Amount)
(Deferred Interest Bonds)

DATED: June 2, 2015 ("Date of Delivery")

DUE: June 15, as shown on the inside cover

PURPOSE— The \$16,605,000 General Obligation Bonds, Series 2015A (Current Interest Bonds) (the "2015A Bonds") and \$28,391,012.20 General Obligation Bonds, Series 2015B (Deferred Interest Bonds) (the "2015B Bonds;" collectively, the "Bonds") are being issued by the Clackamas Community College District (the "District"), located in Clackamas County, Oregon. The Bonds are being issued to finance capital costs of the District, to refinance certain outstanding Full Faith and Credit Obligations that financed capital projects, and to pay the costs of issuance of the Bonds. See "Purpose and Use of Proceeds" herein.

RATINGS—"Aa1" and "AA+" enhanced; "Aa2" and "AA" underlying. See "Oregon School Bond Guaranty" and "Ratings" herein.

NOT BANK QUALIFIED— The District has NOT designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS—Principal of and interest on the Bonds will be payable by the District's Paying Agent, initially U.S. Bank National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day (the "Record Date") of the month preceding a payment date.

The Current Interest Bonds. The 2015A Bonds are being issued as current interest bonds. Interest on the 2015A Bonds will be paid on December 15, 2015 and semiannually thereafter on June 15 and December 15 of each year to the maturity or earlier redemption of the 2015A Bonds.

The Deferred Interest Bonds. The 2015B Bonds are being issued as deferred interest bonds and will be dated as of the date of their delivery, payable only at maturity. Interest on the 2015B Bonds will be payable only at maturity, and will be compounded semiannually (for the accreted value of the 2015B Bonds of each maturity as of each June 15 and December 15, see "Accreted Value Table" herein). The 2015B Bonds will be issued in "Maturity Amount" denominations of \$5,000, or integral multiples thereof within a maturity. The "Maturity Amount" for the 2015B Bonds represents the total amount of principal and the compounded interest accreted thereon to the maturity date.

MATURITY SCHEDULE— See inside front cover.

REDEMPTION— The Bonds are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY— The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the District in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature. The Bonds do not constitute a debt or indebtedness of Clackamas County, the State of Oregon, or any political subdivision thereof other than the District.

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the
State of Oregon
under the provisions of the Oregon School Bond Guaranty Act. See "Oregon School Bond Guaranty" within.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, interest on the Bonds is exempt from State of Oregon personal income tax under existing law. See "Tax Matters" herein.*

DELIVERY— The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on the Date of Delivery.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Clackamas Community College District

Clackamas County, Oregon

General Obligation Bonds, Series 2015

DATED: Date of Delivery

DUE: June 15, as shown below

MATURITY SCHEDULE –

\$16,605,000 Series 2015A (Current Interest Bonds)

Due June 15	Amounts	Interest Rates	Yields	CUSIP® 179390	Due June 15	Amounts	Interest Rates	Yields	CUSIP® 179390
2016	\$ 515,000	2.00%	0.48%	MJ5	2025	\$ 2,750,000	3.00%	2.57%	MQ9
2017	585,000	3.00	0.86	MK2	2025	1,000,000	4.00	2.57	MM8
2024	1,000,000	4.00	2.43	MP1	2026	4,010,000	3.50	2.82 ⁽¹⁾	MR7
2024	2,455,000	5.00	2.43	ML0	2027	4,290,000	5.00	2.81 ⁽¹⁾	MS5

\$28,391,012.20 Series 2015B (\$51,385,000 Final Maturity Amount) (Deferred Interest Bonds)

Due June 15	Original Principal Amount	Final Maturity Amount	Principal per \$5,000 at Maturity	Yield to Maturity	CUSIP® 179390
2021	\$ 2,670,082.80	\$ 3,080,000.00	\$ 4,334.55	2.38%	MX4
2022	2,668,611.20	3,205,000.00	4,163.20	2.62%	MY2
2023	2,652,644.70	3,330,000.00	3,982.95	2.85%	MN6
2028	2,770,656.00	4,655,000.00	2,976.00	4.02%	MZ9
2029	2,710,788.80	4,805,000.00	2,820.80	4.12%	NA3
2030	2,642,025.45	4,965,000.00	2,660.65	4.24%	NB1
2031	2,578,387.50	5,125,000.00	2,515.50	4.33%	NC9
2032	2,511,850.70	5,290,000.00	2,374.15	4.42%	ND7
2033	2,453,457.10	5,465,000.00	2,244.70	4.49%	NE5
2034	2,390,683.20	5,640,000.00	2,119.40	4.56%	NF2
2035	2,341,824.75	5,825,000.00	2,010.15	4.60%	NG0

(1) Yield based on pricing to the first optional redemption date of June 15, 2025.

Piper Jaffray & Co. (the "Underwriter") has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The District makes no representation regarding the accuracy or completeness of the information provided for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty, the Paying Agent and the information under the heading "Underwriting." The information and expressions of opinion herein are subject to change without notice, and Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The prices at which the Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Bonds, the Underwriter may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the States in which the Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Clackamas Community College District
19600 Molalla Avenue
Oregon City, OR 97045
(503) 594-6000

Board of Education

Greg Chaimov ⁽¹⁾	Chair
Ron Adams ⁽¹⁾	Director
Jean Bidstrup	Director
Chris Groener ⁽¹⁾	Director
Dave Hunt ⁽²⁾	Director
Richard Oathes	Director
Jane Reid	Director

Administrative Staff

Dr. Joanne Truesdell	President
Jim Huckestein	VP of College Services/ Chief Financial Officer
Chris Robuck	Director of Financial Services
Shelly Parini	Associate VP of Community, Business, and Community Engagement

Bond Counsel

Hawkins, Delafield & Wood, LLP
Portland, Oregon
(503) 402-1320

Paying Agent

U.S. Bank National Association
Portland, Oregon
(503) 464-3758

- (1) Running for reelection unopposed at the May 19, 2015 election. New terms will expire June 30, 2019.
- (2) Dave Hunt was appointed to a vacant position and if he is elected at the May 19, 2015 election, his term will expire on June 30, 2017.

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OFFICIAL STATEMENT
Clackamas Community College District
Clackamas County, Oregon

\$44,996,012.20
General Obligation Bonds, Series 2015

\$16,605,000 Series 2015A
(Current Interest Bonds)

\$28,391,012.20 Series 2015B
(\$51,385,000 Final Maturity Amount)
(Deferred Interest Bonds)

Clackamas Community College District in Clackamas County, Oregon (the "District"), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of \$16,605,000 General Obligation Bonds, Series 2015A (Current Interest Bonds) (the "2015A Bonds") and \$28,391,012.20 General Obligation Bonds, Series 2015B (Deferred Interest Bonds) (the "2015B Bonds;" collectively, the "Bonds"), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, and appendices, provides information concerning the District and the Bonds.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimated," "projected," "anticipate," "expect," "intend," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable. Piper Jaffray & Co. (the "Underwriter") has relied on the District with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Underwriter.

Description of the Bonds

Principal Amount, Date, Interest Rates and Maturities

The Current Interest Bonds. The 2015A Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The 2015A Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the 2015A Bonds is payable semiannually on December 15 and June 15 of each year, commencing December 15, 2015, until the maturity or earlier redemption of the 2015A Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Deferred Interest Bonds. The 2015B Bonds will be issued as deferred interest bonds (the "Deferred Interest Bonds") in the aggregate principal amount posted on the inside cover of this Official Statement and will be dated the Date of Delivery. The original purchase price plus the total amount of interest accrued with respect to a Deferred Interest Bond (together, the "Accreted Value") will not necessarily equal the market value of that Deferred Interest Bond at any time. The market value of a Deferred Interest Bond is determined by a number of factors, including but not limited to the yield on that Deferred Interest Bond, yields available on other taxable and tax-exempt investments, and general market conditions. Purchasers who may have to sell Deferred Interest Bonds prior to maturity should consider the market risk associated with deferred interest bonds.

The stated approximate yield on the Deferred Interest Bonds is determined based on the assumption that the Deferred Interest Bonds will be held to maturity. The yield would be affected if the Deferred Interest Bonds were sold prior to maturity. The resale value of the Deferred Interest Bonds will be affected by market factors, particularly prevailing market interest rates at the time of the sale. A table of accreted values for the Deferred Interest Bonds per \$5,000 Maturity Amount, based on the initial offering prices and the approximate interest rates therefore is provided in this Official Statement for informational purposes only (see "Accreted Value Table" below).

The Deferred Interest Bonds will mature on the dates and in the Maturity Amounts and will bear interest until the maturity of the Deferred Interest Bonds at the rates set forth on the inside cover of this Official Statement. Interest accruing and compounded interest on the Deferred Interest Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Accreted Value Table

Date	06/15/2021 2.38%	06/15/2022 2.62%	06/15/2023 2.85%	06/15/2027 3.86%	06/15/2028 4.02%	06/15/2029 4.12%	06/15/2030 4.24%	06/15/2031 4.33%	06/15/2032 4.42%	06/15/2033 4.49%	06/15/2034 4.56%	06/15/2035 4.6%
6/2/2015	\$4,334.55	\$4,163.20	\$3,982.95	\$3,155.85	\$2,976.00	\$2,820.80	\$2,660.65	\$2,515.50	\$2,374.15	\$2,244.70	\$2,119.40	\$2,010.15
6/15/2015	4,338.25	4,167.10	3,987.00	3,160.20	2,980.25	2,824.95	2,664.65	2,519.40	2,377.90	2,248.30	2,122.85	2,013.45
12/15/2015	4,389.90	4,221.70	4,043.80	3,221.20	3,040.15	2,883.15	2,721.15	2,573.95	2,430.45	2,298.75	2,171.25	2,059.75
6/15/2016	4,442.15	4,277.00	4,101.45	3,283.40	3,101.30	2,942.55	2,778.85	2,629.65	2,484.15	2,350.35	2,220.75	2,107.15
12/15/2016	4,495.00	4,333.05	4,159.90	3,346.75	3,163.60	3,003.15	2,837.75	2,686.60	2,539.05	2,403.15	2,271.40	2,155.60
6/15/2017	4,548.50	4,389.80	4,219.15	3,411.35	3,227.20	3,065.00	2,897.90	2,744.75	2,595.15	2,457.10	2,323.15	2,205.15
12/15/2017	4,602.60	4,447.30	4,279.30	3,477.20	3,292.05	3,128.15	2,959.35	2,804.20	2,652.50	2,512.25	2,376.15	2,255.90
6/15/2018	4,657.40	4,505.55	4,340.30	3,544.30	3,358.25	3,192.60	3,022.10	2,864.90	2,711.15	2,568.65	2,430.30	2,307.80
12/15/2018	4,712.80	4,564.60	4,402.15	3,612.70	3,425.75	3,258.35	3,086.15	2,926.95	2,771.05	2,626.30	2,485.75	2,360.85
6/15/2019	4,768.90	4,624.40	4,464.85	3,682.45	3,494.60	3,325.50	3,151.60	2,990.30	2,832.30	2,685.25	2,542.40	2,415.15
12/15/2019	4,825.65	4,684.95	4,528.50	3,753.50	3,564.85	3,394.00	3,218.40	3,055.05	2,894.90	2,745.55	2,600.35	2,470.70
6/15/2020	4,883.05	4,746.35	4,593.00	3,825.95	3,636.50	3,463.90	3,286.65	3,121.20	2,958.85	2,807.20	2,659.65	2,527.55
12/15/2020	4,941.15	4,808.50	4,658.45	3,899.80	3,709.60	3,535.25	3,356.30	3,188.75	3,024.25	2,870.20	2,720.30	2,585.65
6/15/2021	5,000.00	4,871.50	4,724.85	3,975.05	3,784.15	3,608.10	3,427.45	3,257.80	3,091.10	2,934.65	2,782.30	2,645.15
12/15/2021	-	4,935.30	4,792.20	4,051.75	3,860.20	3,682.40	3,500.10	3,328.35	3,159.40	3,000.55	2,845.75	2,706.00
6/15/2022	-	5,000.00	4,860.45	4,129.95	3,937.80	3,758.30	3,574.35	3,400.40	3,229.25	3,067.90	2,910.65	2,768.20
12/15/2022	-	-	4,929.75	4,209.70	4,016.95	3,835.70	3,650.10	3,474.00	3,300.60	3,136.75	2,977.00	2,831.90
6/15/2023	-	-	5,000.00	4,290.95	4,097.70	3,914.70	3,727.50	3,549.20	3,373.55	3,207.20	3,044.90	2,897.00
12/15/2023	-	-	-	4,373.75	4,180.05	3,995.35	3,806.50	3,626.05	3,448.10	3,279.20	3,114.30	2,963.65
6/15/2024	-	-	-	4,458.15	4,264.10	4,077.65	3,887.20	3,704.55	3,524.30	3,352.80	3,185.30	3,031.80
12/15/2024	-	-	-	4,544.20	4,349.80	4,161.65	3,969.60	3,784.75	3,602.20	3,428.10	3,257.95	3,101.55
6/15/2025	-	-	-	4,631.90	4,437.20	4,247.40	4,053.75	3,866.70	3,681.80	3,505.05	3,332.20	3,172.90
12/15/2025	-	-	-	4,721.30	4,526.40	4,334.90	4,139.70	3,950.40	3,763.15	3,583.75	3,408.20	3,245.85
6/15/2026	-	-	-	4,812.40	4,617.40	4,424.20	4,227.45	4,035.95	3,846.35	3,664.20	3,485.90	3,320.50
12/15/2026	-	-	-	4,905.30	4,710.20	4,515.35	4,317.10	4,123.35	3,931.35	3,746.45	3,565.40	3,396.90
6/15/2027	-	-	-	5,000.00	4,804.90	4,608.35	4,408.60	4,212.60	4,018.20	3,830.55	3,646.65	3,475.00
12/15/2027	-	-	-	-	4,901.45	4,703.30	4,502.10	4,303.80	4,107.00	3,916.55	3,729.80	3,554.95
6/15/2028	-	-	-	-	5,000.00	4,800.15	4,597.55	4,397.00	4,197.80	4,004.50	3,814.85	3,636.70
12/15/2028	-	-	-	-	-	4,899.05	4,695.00	4,492.20	4,290.55	4,094.40	3,901.85	3,720.35
6/15/2029	-	-	-	-	-	5,000.00	4,794.55	4,589.45	4,385.40	4,186.30	3,990.80	3,805.90
12/15/2029	-	-	-	-	-	-	4,896.20	4,688.80	4,482.30	4,280.30	4,081.80	3,893.45
6/15/2030	-	-	-	-	-	-	5,000.00	4,790.30	4,581.35	4,376.40	4,174.85	3,983.00
12/15/2030	-	-	-	-	-	-	-	4,894.00	4,682.60	4,474.65	4,270.05	4,074.60
6/15/2031	-	-	-	-	-	-	-	5,000.00	4,786.10	4,575.10	4,367.40	4,168.35
12/15/2031	-	-	-	-	-	-	-	-	4,891.85	4,677.80	4,467.00	4,264.20
6/15/2032	-	-	-	-	-	-	-	-	5,000.00	4,782.80	4,568.85	4,362.30
12/15/2032	-	-	-	-	-	-	-	-	-	4,890.20	4,673.00	4,462.60
6/15/2033	-	-	-	-	-	-	-	-	-	5,000.00	4,779.55	4,565.25
12/15/2033	-	-	-	-	-	-	-	-	-	-	4,888.50	4,670.25
6/15/2034	-	-	-	-	-	-	-	-	-	-	5,000.00	4,777.65
12/15/2034	-	-	-	-	-	-	-	-	-	-	-	4,887.55
6/15/2035	-	-	-	-	-	-	-	-	-	-	-	5,000.00

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the Bonds will be payable by U.S. Bank National Association (the “Paying Agent” and “Registrar”) to The Depository Trust Company (“DTC”), which, in turn, is obligated to remit such principal and interest to its participants (“DTC Participants”) for subsequent disbursement to the persons in whose names such Bonds are registered (the “Beneficial Owners”) of the Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See “Appendix C – Book Entry Only System” for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in the Resolution, defined below, regarding registration, transfer and exchange of Bonds shall apply. Thereafter, the principal of the Bonds will be payable upon due presentment and surrender thereof at the principal office of the Bond Registrar; interest on the Bonds will be mailed to the persons in whose names such Bonds are registered, at the address appearing upon the registration books on the last business day of the month preceding a payment date (the “Record Date”), and the Bonds will be transferable as provided in the Resolution.

Redemption Provisions

Optional Redemption. The 2015A Bonds maturing in years 2016 through 2025, inclusive, are not subject to optional redemption prior to maturity. The 2015A Bonds maturing on June 15, 2026 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2025, as a whole or in part, and if in part, with maturities to be selected by the District at a price of par, plus accrued interest, if any, to the date of redemption.

The 2015B Bonds maturing in years 2021 through 2023, inclusive, are not subject to optional redemption prior to maturity. The 2015B Bonds maturing on June 15, 2028 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2025, as a whole or in part, and if in part with maturities to be selected by the District, at a price of 100 percent of the accreted value as of the date of redemption.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Bonds are no longer held in book-entry only form, then the Paying Agent would select Bonds for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form, the Paying Agent shall notify DTC of an early redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Bonds. Official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds (as defined herein) to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District by mailing a copy of an official redemption notice by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Paying

Agent. Official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Conditional Notice. Any notice of optional redemption to the Bond Registrar or to the Owners may state that the optional redemption is conditional upon receipt by the Bond Registrar of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Bond Registrar to affected Owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Default and Remedies

The occurrence of one or more of the following shall constitute an Event of Default under the Resolution and the Bonds:

- a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);
- b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,
- c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default as described in (a) of this Section.

Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

No remedy in the Resolution conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Resolution or by law.

Authorization for Issuance

Ballot Measure. Article XI, Section 11 of the Oregon Constitution (“Article XI, Section 11”), requires majority voter approval for new or additional *ad valorem* property taxes, except in September and March elections which have the additional requirement that at least 50 percent of registered voters eligible to vote cast a ballot. The ballot measure for the Bonds was approved by a majority of the District’s voters at the November 4, 2014 election, which is not subject to the 50 percent turn-out requirement. Final election results were as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	61,291	52.6%
No	55,214	47.4%

Source: Clackamas County Elections Division, November 24, 2014.

The ballot measure authorized the issuance of \$90 million aggregate principal amount of general obligation bonds in more than one series and with each series to mature over a period not to exceed 26 years. This is the first issuance under the authorization and the District plans to issue the balance in calendar year 2017.

Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes (“ORS”) Chapter 287A, the Bonds are being issued pursuant to Resolution No. 02-2015 (the “Resolution”) adopted by the District’s Board of Education (the “Board”) on April 8, 2015.

The District previously issued its Full Faith and Credit Obligations, Series 2006, dated May 11, 2006, in the original aggregate principal amount of \$20,000,000 (the “2006 Obligations”) pursuant to a resolution adopted by the District’s Board on March 8, 2006. The 2006 Obligations were issued to finance acquisition of property and construction of an Allied Healthcare Center located in the Harmony Parkside Development area, to reimburse the District for project expenditures, and to pay costs of issuance of the 2006 Obligations.

A portion of the proceeds of the Bonds will be used to refund all outstanding 2006 Obligations (the “Refunded Obligations”) and to pay the costs of issuance of the Bonds.

Purpose and Use of Proceeds

Capital Projects

The proceeds from the sale of the Bonds will be used to advance refund the District’s outstanding 2006 Obligations, finance capital improvements (the “Project”), and to pay the costs of issuance of the Bonds.

Specifics on the Project follow:

- Construct, equip, furnish Industrial/Technical Learning Center with labs and classrooms benefitting electronics, automotive, manufacturing, welding, skilled trades and apprenticeships;
- Add, equip, furnish science classrooms; modernize, renovate, furnish other college classrooms and facilities; update and modernize equipment, technology, especially for training in high-demand careers, including healthcare and engineering;
- Replace worn-out electrical, heating, ventilation, plumbing systems; do deferred maintenance to reduce operating costs and/or extend the life of college facilities, and make improvements to address seismic, security concerns;
- Construct, equip, furnish a new workforce development facility by replacing the 61 year-old building on Harmony Community Campus; purchase property and remaining interest in facilities;
- Replace, equip, furnish Student Services Center on Oregon City campus with expanded facility to meet student needs;

- Refinance current capital debt and finance bond issuance costs, site improvements and demolition.

Refunding Procedure

A portion of the proceeds of the Bonds will be used to provide funds to establish an irrevocable trust escrow pursuant to an escrow deposit agreement (the “Escrow Deposit Agreement”) between the District and U.S. Bank National Association, as escrow agent thereunder (the “Escrow Agent”) to refund the Refunded Obligations, as shown below:

Refunded Obligations

Series	Total Amount Outstanding	Refunded Maturities	Amount Refunded	Call Date	Call Price ⁽¹⁾
2006 FFCO	\$ 14,060,000	2016-2026	\$ 14,060,000	05/01/16	100%
Refunded Maturities	Amount Refunded	CUSIP 179390	Refunded Maturities	Amount Refunded	CUSIP 179390
2016	\$ 800,000	JY6	2021	\$ 1,265,000	KD0
2016	200,000	KL2	2022	1,325,000	KE8
2017	1,040,000	JZ3	2023	1,390,000	KF5
2018	1,090,000	KA6	2024	1,460,000	KG3
2019	1,145,000	KB4	2025	1,535,000	KH1
2020	1,200,000	KC2	2026	1,610,000	KJ7

(1) Call price is expressed as a percentage of the principal amount.

From the proceeds of the Bonds, the District will purchase certain United States government obligations (referred to herein as “Government Obligations”). These Government Obligations will be deposited in the custody of the Escrow Agent. The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide payment of interest on the Refunded Obligations beginning November 1, 2015 and provide funds sufficient to redeem all remaining principal on May 1, 2016.

The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the Owners of the Refunded Obligations by the Escrow Agent, pursuant to the Escrow Deposit Agreement.

Verification of Mathematical Calculations

Grant Thornton LLP, a firm of independent public accountants (the “Verification Agent”), will deliver to the District, on or before the Date of Delivery, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the District and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the District and its representatives and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Funds

The proceeds of the Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds	2015A Bonds	2015B Bonds
Par Amount of Bonds	\$ 16,605,000.00	\$ 28,391,012.20
Original Issue Discount	1,952,256.50	0.00
Total Sources of Funds	\$ 18,557,256.50	28,391,012.20
Uses of Funds		
Project Requirements	\$ 12,599,221.22	19,243,390.64
Escrow Requirements	5,828,783.89	8,889,143.03
Underwriting, Credit Enhancement and Issuance Costs	129,251.39	258,478.53
Total Uses of Funds	\$ 18,557,256.50	28,391,012.20

Security for the Bonds

General

The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually as provided by law, in addition to its other ad valorem property taxes and outside of the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the District in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

Pursuant to ORS 328.346(1)(c), the authority of the State Treasurer to intercept payments and the lien in any pledged moneys under the Oregon School Bond Guaranty (“OSBG”) program, have priority over all claims against money provided by the state to a school district, including a claim that is based on a funds diversion agreement under ORS 238.698. Such funds diversion agreements include intercept agreements for pension bonds, qualified school construction and qualified zone academy bonds. The same statute provides that such funds diversion agreements have priority over all other claims against money provided by the state to a school district other than claims under the OSBG. The District’s General Obligation Bonds, Series 2001 are secured by the OSBG. The District’s Pension Obligations, Series 2004 and Series 2005 have intercept agreements.

The Bonds do not constitute a debt or indebtedness of Clackamas County (the “County”), the State, or any political subdivision thereof other than the District.

Oregon School Bond Guaranty

Guaranty Provisions. Article XI-K of the Constitution of the State of Oregon allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally “school district” or “school districts”) in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the “Act”). As provided for in Section 328.326(1)(a) of the Act:

The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds ("Qualified Bonds"), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of moneys paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay the scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) apply any intercepted payments to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a funds diversion agreement under ORS 238.698. Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary the State Treasurer shall pursue any legal action, including but not limited to mandamus, against the school district or school district board to compel the school district to (i) levy and provide property tax revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of April 24, 2015 the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program:	371
Aggregate total principal amount outstanding of bonds guaranteed at	\$ 4,519,710,408
Aggregate debt service amount outstanding of bond issues guaranteed at:	\$ 6,512,190,463

Guaranty Contact Person. As of the date of this Official Statement, requests for information regarding the Guaranty Program may be directed to:

Ted Wheeler, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
350 Winter Street NE, Suite 100
Salem, OR 97301-3896
Phone (503) 378-4930 – Fax (503) 378-2870

State of Oregon – Financial and Operating Information. The most recent Comprehensive Annual Financial Report (the "CAFR") of the State, and its most recent Official Statement for its general obligation debt, are currently on file with the Electronic Municipal Market Access ("EMMA") system, operated by the Municipal Securities Rulemaking Board ("MSRB"). The financial and operating information with respect to the State contained in the CAFR, and such OFFICIAL STATEMENT, are hereby included by reference in this OFFICIAL

STATEMENT. Additionally, the CAFR and the most recent OFFICIAL STATEMENT for its general obligation debt are available upon request from the State’s contact person as indicated under Guaranty Contact Person above.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated “AA+” by Fitch, “Aa1” by Moody’s Investors Service, and “AA+” by Standard & Poor’s Ratings Group.

State of Oregon – Continuing Disclosure. The State has executed a Master Disclosure Certificate (the “Certificate”) for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the “Rule”). The State, in accordance with the Certificate, will provide annually copies of its most recent CAFR of the State to the Municipal Securities Rulemaking Board through depositing such information with EMMA and to the state information depository, if any, located in the State of Oregon (the “SID”). In addition, the State will provide the MSRB, through EMMA, with any material event notices pertaining to the State of Oregon required under the Rule and pursuant to the Certificate.

Bonded Indebtedness

Obligation to Pay

Debt incurred by a community college district becomes the obligation of such community college district to pay. In the case that a community college district no longer has students and no longer provides educational services, it is still required to levy and collect property taxes, up to its Operating Tax Rate Limit, as herein defined (see “Revenue Sources – Property Taxes”) to pay its debt obligations.

Debt Limitation

General Obligation Bonds. ORS 341.675 establishes a parameter of general obligation bonded indebtedness for community college districts. Community colleges may issue an aggregate principal amount up to 1.5 percent of the Real Market Value of all taxable properties within the district if the District’s voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Bonds are general obligation bonds and are subject to this debt limitation, as shown below:**

Clackamas Community College District General Obligation Debt Capacity

M5 Real Market Value (Fiscal Year 2015) ⁽¹⁾	\$ 37,127,451,547
Debt Capacity	
General Obligation Debt Capacity (1.50% of Real Market Value)	\$ 556,911,773
Less: Outstanding Debt Subject to Limit	(69,366,012) ⁽²⁾
Remaining General Obligation Debt Capacity	\$ 487,545,761
Percent of Capacity Issued	12.46%

(1) The District’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Clackamas County Department of Assessment and Taxation.*

(2) Represents voter-approved, unlimited-tax general obligations of the District, including the Bonds. *Source: Clackamas Community College District Audited Financial Reports for the Fiscal Year Ended June 30, 2014, and this issue.*

Full Faith and Credit Obligations/Limited Tax Obligations. Community colleges may pledge their full faith and credit for “limited tax bonded indebtedness” or “full faith and credit obligations” in addition to pledging the full faith and credit for voter approved general obligation bonds. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a community college may issue. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and

11b. **The full faith and credit of the District is pledged to pay the Bonds in addition to the unlimited property tax authorized by voters. The Bonds are not limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes community colleges to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Bonds are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual community college, ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing (“notes”). **The Bonds are not notes.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding⁽¹⁾
<i>General Obligation Bonds:</i>				
Series 2001	03/01/01	06/15/15	\$ 47,000,000	\$ 240,000
Series 2007	01/17/07	06/15/20	31,850,000	24,130,000
Series 2015A ⁽²⁾	06/02/15	06/15/27	16,605,000	16,605,000
Series 2015B ⁽²⁾	06/02/15	06/15/35	28,391,012	28,391,012
Total General Obligation Bonds				<u>69,366,012</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2006	05/11/06	05/01/15 ⁽³⁾	20,000,000	14,060,000
Less: Refunded Obligations				(14,060,000)
Series 2009 Refunding	10/29/09	06/01/26	2,770,000	1,645,000
Total Full Faith and Credit Obligations				<u>1,645,000</u>
<i>Pension Obligations ⁽⁴⁾ :</i>				
Series 2004	02/14/04	06/30/28	15,695,000	14,300,000
Series 2005	06/28/05	06/30/28	14,620,000	13,075,000
Total Pension Obligations				<u>27,375,000</u>
Total Long-Term Debt				<u><u>\$ 98,386,012</u></u>

(1) As of Date of Delivery.

(2) This issue.

(3) Final maturity following redemption of the Refunded Obligations.

(4) Secured by the full faith and credit of the District.

Source: Clackamas Community College District Audited Financial Reports for the Fiscal Year Ended June 30, 2014.

**General Obligation Bonds
Projected Debt Service Requirements**

Fiscal Year	Outstanding Bonds		The 2015A Bonds		The 2015B Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 3,250,000	\$ 1,214,225					\$ 4,464,225
2016	3,540,000	1,056,000	\$ 515,000	\$ 692,070			5,803,070
2017	3,865,000	879,000	585,000	657,650			5,986,650
2018	4,205,000	685,750	-	640,100			5,530,850
2019	4,565,000	475,500	-	640,100			5,680,600
2020	4,945,000	247,250	-	640,100			5,832,350
2021	-	-	-	640,100	\$ 2,670,083	\$ 409,917	3,720,100
2022	-	-	-	640,100	2,668,611	536,389	3,845,100
2023	-	-	-	640,100	2,652,645	677,355	3,970,100
2024	-	-	3,455,000	640,100	-	-	4,095,100
2025	-	-	3,750,000	477,350	-	-	4,227,350
2026	-	-	4,010,000	354,850	-	-	4,364,850
2027	-	-	4,290,000	214,500	-	-	4,504,500
2028	-	-	-	-	2,770,656	1,884,344	4,655,000
2029	-	-	-	-	2,710,789	2,094,211	4,805,000
2030	-	-	-	-	2,642,025	2,322,975	4,965,000
2031	-	-	-	-	2,578,388	2,546,613	5,125,000
2032	-	-	-	-	2,511,851	2,778,149	5,290,000
2033	-	-	-	-	2,453,457	3,011,543	5,465,000
2034	-	-	-	-	2,390,683	3,249,317	5,640,000
2035	-	-	-	-	2,341,825	3,483,175	5,825,000
	<u>\$ 24,370,000</u>	<u>\$ 4,557,725</u>	<u>\$ 16,605,000</u>	<u>\$ 6,877,120</u>	<u>\$ 28,391,012</u>	<u>\$ 22,993,988</u>	<u>\$ 103,794,845</u>

**Summary of Overlapping Debt
(As of March 25, 2015)**

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
Canby School District 86	100.0000%	\$ 77,457,992	\$ 77,457,992
City of Canby	100.0000%	24,375,000	11,020,000
City of Estacada	100.0000%	1,120,514	0
City of Gladstone	100.0000%	1,695,000	0
City of Molalla	100.0000%	2,905,000	215,000
City of Oregon City	100.0000%	22,180,000	1,095,000
Colton School District 53	100.0000%	1,490,000	1,490,000
Estacada School District 108	100.0000%	31,045,000	31,045,000
Gladstone School District 115	100.0000%	53,933,431	53,933,431
Molalla RFPD 73	100.0000%	3,610,000	3,610,000
Molalla River School District 35	100.0000%	16,660,756	16,660,756
North Clackamas School District 12	100.0000%	344,095,453	344,095,453
Oak Lodge Santuary District	100.0000%	20,450,000	0
Oregon City School District 62	100.0000%	94,855,000	94,855,000
South Clackamas Transportation District	100.0000%	145,000	145,000
North Clackamas Park & Rec District	99.8100%	9,905,666	0
Clackamas County RFPD 1	99.4700%	19,635,200	905,169
City of Milwaukie	99.1000%	8,547,108	4,617,916
City of West Linn	99.0900%	17,643,010	17,643,010
City of Happy Valley	98.7600%	3,703,492	3,703,492
West Linn-Wilsonville School District 3J	98.4900%	261,859,810	261,859,810
City of Wilsonville	88.0100%	36,813,244	0
Clackamas County ESD	74.7300%	18,076,485	0
Clackamas County	73.0700%	76,299,695	75,276,666
Port of Portland	16.5300%	11,029,899	0
Tualatin Valley Fire and Rescue District	14.9100%	8,146,387	6,208,191
City of Tualatin	13.7200%	1,640,188	1,055,571
Metro	13.4600%	33,598,633	29,409,905
Silver Falls School District 4J	8.5100%	4,481,125	4,481,125
Sherwood School District 88J	6.3100%	6,890,309	6,890,309
Silverton RFPD	5.3200%	17,540	17,540
Tigard-Tualatin School District 23J	5.1000%	5,658,017	5,658,017
Newberg School District 29J	1.7500%	1,255,611	1,255,611
Lake Oswego School District 7J	1.3900%	1,376,809	1,376,809
Northwest Regional ESD	1.0400%	53,418	0
City of Lake Oswego	1.0000%	1,891,283	158,788
Willamette ESD	0.6200%	120,983	7,583
Oregon Trail School District 46	0.1000%	104,116	104,116
City of Portland	0.0800%	525,682	104,687
Gresham-Barlow School District 10J	0.0200%	14,549	14,549
Multnomah ESD	0.0000%	392	0
		\$ 1,225,306,797	\$ 1,056,371,496

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Revenue Sources

The following section summarizes certain of the major revenue sources of the District.

Community College District Funding

The most significant sources of revenue for the District are property taxes, tuition and fees, State revenues, grants and contracts from federal, State and local sources, and auxiliary services. Tuition and fees includes all amounts paid for educational purposes. Auxiliary enterprises consist of operations that furnish goods and services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods and services. They consist of bookstore, automotive repair, and customized training operations and are intended to be self-supporting.

Revenues cover operating expenses consisting of salaries, benefits, materials and supplies, services, and depreciation. Instruction is the largest single category of expenses. Instructional support includes academic administration, the library, and curriculum and academic personnel development. Student services include registration, admission, records, counseling, financial aid administration, and programs that contribute to students' well-being and development. College support includes the governing board and executive, business, information technology, personnel, and similar non-instructional functions. Financial aid, included as both revenue and expenditures, is a pass-through from funders to students. Revenues also cover nonoperating expenses, the most significant of which is debt service.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years.

The District does not currently have a Local Option Levy and has no plans at this time to seek voter approval of a Local Option Levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of

pecially assessed properties is often called the “Taxable Real Market Value” or “Measure 5 Real Market Value.” The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called “Measure 50”) assigned each property an assessed value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue (“ODR”) appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity’s operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities’ operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called “Measure 5”) separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”) and one to fund government operations other than the public school system (“General Government Taxes”). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “Measure 5 Limits”). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2015, there was \$440,232 of compression of the District’s Permanent Rate due to the tax rate limitation.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are not subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a

county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values

Fiscal Year	Total Real Market Value	M5 Real Market Value⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates⁽²⁾
2015	\$ 43,824,044,689	\$ 37,127,451,547	\$ 31,352,359,604	\$ 1,111,488,974	\$ 30,240,870,630
2014	39,616,841,916	33,436,732,244	29,898,380,986	1,028,837,662	28,869,543,324
2013	37,688,356,926	31,790,623,553	28,723,892,149	1,536,072,688	27,187,819,461
2012	38,962,190,109	32,963,246,020	28,152,722,017	1,396,295,396	26,756,426,621
2011	41,743,247,867	35,334,250,182	27,496,324,413	1,408,996,122	26,087,328,291
2010	46,181,544,721	39,196,423,165	26,780,575,807	1,385,732,453	25,394,843,354

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the District on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Clackamas County Department of Assessment and Taxation.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

The Strategic Investments Program (“SIP”) was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by “traded-sector” businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the District’s boundaries.

Tax Rates and Collections. The following table presents the Fiscal Year 2015 tax rates for the District and other taxing jurisdictions within Clackamas County that overlap the District. The District’s Operating Tax Rate Limit is \$0.5582 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2015 Representative Levy Rate
(Rates Per \$1,000 of Assessed Value)**

	Permanent Rate	Bond Levy Rate	Local Option Rate ⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate ⁽²⁾
General Government					
Clackamas County	\$ 2.4042	\$ 0.0000	\$ 0.0000	\$ 2.4042	\$ 0.0005
County Extension & 4H	0.0500	0.0000	0.0000	0.0500	0.0001
County Library	0.3974	0.0000	0.0000	0.3974	0.0013
County Public Safety Local Option	0.0000	0.0000	0.2480	0.2480	0.0000
County Soil Conservation	0.0500	0.0000	0.0000	0.0500	0.0001
Tualatin Valley Fire & Rescue	1.5252	0.1159	0.2500	1.8911	0.0000
Metro	0.0966	0.2659	0.0960	0.4585	0.0008
Vector Control	0.0065	0.0000	0.0250	0.0315	0.0000
Port of Portland	0.0701	0.0000	0.0000	0.0701	0.0002
City of West Linn	2.1200	0.4289	0.0000	2.5489	0.0000
Total General Government	6.7200	0.8107	0.6190	8.1497	0.0030
Education					
Clackamas Community College	0.5582	0.1497	0.0000	0.7079	0.0031
Clackamas ESD	0.3687	0.0000	0.0000	0.3687	0.0012
West Linn-Wilsonville School District No. 3J	4.8684	2.8861	1.5000	9.2545	0.0000
Total Education	5.7953	3.0358	1.5000	10.3311	0.0043
Total Tax Rate	\$ 12.5153	\$ 3.8465	\$ 2.1190	\$ 18.4808	\$ 0.0073

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).
- (2) A portion of a taxing district's consolidated rate is contributed to the Clackamas County Urban Renewal Agency through tax increment financing.

Source: Clackamas County Department of Assessment and Taxation. Note that there are 259 tax codes in the County that overlap the District and Tax Code 3-002 has the highest property value of these tax codes with an assessed value of \$3,233,849,009. Total tax levies in the District range from \$9.6003 to \$20.431 per \$1,000 of assessed property value.

**Clackamas County
Tax Collection Record⁽¹⁾**

Fiscal Year	Percent Collected as of Levy Year ⁽²⁾	6/30/2014 ⁽³⁾
2014	97.49%	97.49%
2013	97.04%	98.56%
2012	96.73%	98.97%
2011	96.79%	99.40%
2010	96.28%	99.56%

- (1) Percentage of total tax levy collection in Clackamas County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2014.

Source: Clackamas County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2015)
Clackamas Community College District

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Portland General Electric	Electrical Utility	\$ 6,876,610	\$ 486,263,000	1.55%
General Growth Properties Inc.	Town Center Mall	3,421,748	224,899,091	0.72%
Clackamas Baking Plant	Bakery	2,673,975	163,898,545	0.52%
Comcast Corporation	Telecommunications	2,605,687	149,826,200	0.48%
Northwest Natural Gas Co.	Natural Gas Utility	2,259,405	145,886,700	0.47%
PCC Structurals Inc.	Manufacturing/ Aerospace	1,899,496	116,813,491	0.37%
Xerox Corporation	Printing/ Manufacturing	1,351,349	76,045,740	0.24%
Blount Inc.	Manufacturing	1,239,546	72,338,200	0.23%
Mentor Graphics Corp	Computer software	1,181,587	64,886,837	0.21%
Kaiser Foundation Hospital	Healthcare	868,339	56,014,627	0.18%
Subtotal - ten of District's largest taxpayers			1,556,872,431	4.97%
All other District's taxpayers			29,795,487,173	95.03%
Total District			<u>\$ 31,352,359,604</u>	<u>100.00%</u>

Clackamas County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Portland General Electric	Electrical Utility	\$ 8,063,337	\$ 569,210,000	1.36%
Shorenstein Properties LLC	Kruse Way Office Buildings	4,198,229	262,188,654	0.63%
Comcast Corporation	Telecommunications	3,464,606	196,940,900	0.47%
General Growth Properties Inc.	Town Center Mall	3,421,748	224,899,091	0.54%
Clackamas Baking Plant	Bakery	2,981,179	181,602,350	0.43%
Northwest Natural Gas Co.	Natural Gas Utility	2,784,279	184,826,000	0.44%
PCC Structurals Inc.	Manufacturing/ Aerospace	1,899,496	116,813,491	0.28%
Xerox Corporation	Printing/ Manufacturing	1,351,349	76,045,740	0.18%
Blount Inc.	Manufacturing	1,239,546	72,338,200	0.17%
Mentor Graphics Corp	Computer software	1,181,587	64,886,837	0.16%
Subtotal - ten of County's largest taxpayers			1,949,751,263	4.66%
All other County's taxpayers			39,895,401,373	95.34%
Total County			<u>\$ 41,845,152,636</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Clackamas County Department of Assessment and Taxation.

State of Oregon Community College Funding

One of the largest sources of revenue for community college districts is State appropriations to the State Department of Community Colleges and Workforce Development (“CCWD”) which administers the Community College Support Fund (the “CCS Fund”). State appropriations to the CCS Fund support (i) contracted out-of-district (“COD”) programs and corrections programs, (ii) Higher Education Coordinating Commission requirements for a strategic fund, if established, (iii) targeted investments, and (iv) State community college support for operation of the 17 community college districts.

Community College Support Fund. Funds remaining in the CCS Fund after supporting COD and corrections programs, a strategic fund and targeted investments will be divided equally between the two years of the

biennium, and will be distributed by CCWD in equal payments to the community college districts based on a funding formula. Pursuant to ORS 341.626 and Oregon Administrative Rule (“OAR”) 589-002-0100, CCWD establishes the formula, which is subject to change, for allocating State funding to the community college districts.

The current formula allocates revenues to community college districts based on the full-time equivalent (“FTE”) student enrollment for each community college district, which is equivalent to 510 coursework hours for a 12-week term or 467.5 hours for an 11-week term. An increase in enrollment has a positive effect on the level of State revenue allocated to the District.

Beginning with the 2011-13 biennium, reimbursable growth in FTE is limited to mitigate some of the impact enrollment growth has on total public resources per FTE. A growth management component was added to the calculation of the three-year Total Weighted Reimbursable FTE pursuant to OAR 589-002-0100(8)(c).

Current State Funding Formula

$\epsilon = \frac{(\text{Next year's imposed property tax revenue}^{(1)} + \text{General Fund appropriations by the Legislature})}{\text{Total Weighted Reimbursable FTE}^{(2)}}$

- (1) Imposed property tax revenues do not include (i) taxes levied or imposed by a community college district to provide a public library system established prior to January 1, 1995, (ii) property taxes raised by Local Option Levies and General Obligation Bond Levies, (iii) base payments of \$720 per FTE up to 1,100 and \$360 per FTE for unrealized enrollments between actual enrollment numbers and 1,100 FTE, as adjusted pursuant to OAR 589-002-0100(8)(a), (iv) COD payments, and (v) any other payments directed by the Higher Education Coordinating Commission or the Legislature.
- (2) Reimbursable FTEs are calculated based on a three-year weighted average of reported reimbursable FTE submitted by the community college districts to CCWD. Residents of the State and the states of Idaho, Washington, Nevada, and California shall be counted as part of each community college district's reimbursable enrollment base, but only for those students who take part in coursework offered within Oregon's boundaries. The biennial growth management component is applied to each college's actual annual FTE and the result is weighted as follows: prior year enrollment weighted at 40 percent, second year prior enrollment weighted at 30 percent and third year prior enrollment weighted at 30 percent.

Source: OAR 589-002-0100.

The HECC is in the process of modifying the CCS Fund distribution formula which is expected to be implemented for Fiscal Year 2017. The current proposal is to allocate 70% of available funds based on enrollment and the remaining 30% based on outcomes tied to State priorities. The outcome areas will likely be related to (i) accelerated learning, (ii) developmental education, (iii) number of credits completed, (iv) number of certificates awarded, (v) degrees awarded, and (vi) number of transfer to a four-year institution. Estimates of funding under the formula will be provided to community colleges during Fiscal Year 2016. The District cannot predict at this time what the impact of the new formula will be on its State revenues.

CCS Fund Distribution Schedule⁽¹⁾

First Year of Biennium	Second Year of Biennium
August 15	August 15
October 15	October 15
January 15	January 15
April 15	July 15 of the following Fiscal Year ⁽²⁾

- (1) Should any of the dates set forth above occur on a weekend, payment shall be made on the next business day. All payments made before actual property taxes imposed are certified will be based on the Oregon Department of Community Colleges and Workforce Development's best estimate of quarterly entitlement using enrollment and property tax revenue projections. Payments will be recalculated each year as actual property tax revenues become available from the Oregon Department of Revenue and any adjustments will be made in the final payment(s) of the fiscal year.
- (2) Beginning July 1, 2003, the final payment of each biennium is deferred until July 15 of the following biennium.

Source: OAR 589-002-0100(3).

Districts are required to submit enrollment reports to CCWD following the close of each term. If reports are outstanding at the time of the quarterly payments, payment to the district(s) not reporting may be delayed at the discretion of the Commissioner of CCWD.

State Legislature. The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the “Legislature” or “Legislative Assembly”).

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State Budget. CCS funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the “Legislatively Adopted Budget”). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year and sets funding for State agencies including CCWD. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State Budget is termed the “Legislatively Approved Budget.”

The State Constitution requires the Legislative Assembly to balance the State’s General Fund budget. The Department of Administrative Services Office of Economic Analysis (the “OEA”) produces a forecast of projected revenues (“Revenue Forecast”) for the biennium generally each March, June (May in odd-numbered years), September and December.

OEA’s forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA’s assumptions are not realized or if other events occur or fail to occur, the State’s financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: www.oregon.gov/DAS/OEA.

If, over the course of a biennium, the forecasted revenues decline significantly from the May forecast (the “Close of Session Forecast”), the Legislative Assembly may meet in special session to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2013-15 Biennial State Budget. The 77th Legislative Assembly adopted its budget (the “Legislatively Adopted Budget”) for the 2013-15 biennium which included \$59.818 billion in total funds, representing a 3.5% increase over the 2011-13 biennium’s Legislatively Adopted Budget of \$57.8 billion. The Legislature convened for a special session in September of 2013 and a shortened regular session in February of 2014 and made adjustments to the 2013-15 biennium budget (the “Legislatively Approved Budget”). The 2013-2015 Legislatively Approved Budget is \$62.651 billion total funds, an increase of \$2.83 billion from the 2013-15 Legislatively Adopted Budget. The 2013-15 Legislatively Approved Budget includes \$15.915 billion in General Funds, \$0.839 billion Lottery Funds, \$18.349 billion Federal funds and \$27.548 billion Other Funds.

2013-15 Biennium Revenue Forecasts. On February 19, 2015, the OEA released the March 2015 Revenue Forecast. The March 2015 Revenue Forecast for gross General Fund revenues for the 2013-15 biennium was \$16.001 billion, up \$358.3 million from the Close of Session forecast, and up \$88.5 million from the December 2014 Revenue Forecast. General Fund revenues have closely matched expectations thus far during the 2013-15 biennium and through the end of calendar year 2014, actual revenues differed from the Close of Session forecast by less than \$25 million. General Fund revenue growth is expected to accelerate during Fiscal Year 2015 as personal income taxes flowing from labor income have picked up in recent months, and corporate income tax collections are expected to remain healthy should growth in sales and consumer spending persist.

State General Fund Forecast Summary
(\$ in Millions)

	2013-15 Biennium Revenue Forecast			March 2015 Forecast Change From	
	Close of Session	December 2014	March 2015	December 2014	Close of Session
Structural Revenues					
Personal Income Tax	\$ 13,558.2	\$ 13,832.9	\$ 13,914.3	\$ 81.4	\$ 356.1
Corporate Income Tax	1,056.6	1,060.4	1,060.9	0.5	4.3
All Other Revenues	1,027.9	1,019.1	1,025.8	6.6	(2.1)
Gross General Fund Revenues	15,642.6	15,912.4	16,000.9	88.5	358.3
Beginning Fund Balance	543.5	475.7	475.7	0.0	(67.8)
Offsets and Transfers	(120.8)	(73.2)	(74.1)	(1.0)	46.7
Administrative Actions	(18.2)	(3.3)	(3.3)	0.0	14.9
Legislative Actions	(136.9)	(136.7)	(136.7)	0.0	0.2
Net Available Resources	\$ 15,910.1	\$ 16,174.8	\$ 16,262.4	\$ 87.6	\$ 352.2

Source: Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast, March 2015." February 19, 2015.

Income Tax Rebate. When income tax collections exceed the Close of Session forecast by two percent or more, the collections above the forecasted amount are returned to taxpayers, commonly known as the "kicker." The March 2015 Revenue Forecast indicates the personal tax kicker could potentially be triggered at the end of the 2013-15 biennium. The personal tax kicker refunds will not impact revenues for the 2013-15 biennium but will reduce the revenues for the 2015-17 biennium as the refund will be given as a credit on 2015 tax returns rather than a check at the end of the current biennium.

In 2012 Measure 85 amended the Constitution and the corporate tax kicker is no longer returned to corporations. Those revenues are now retained in the General Fund and dedicated to funding K-12 education. There is no guarantee that the Legislature will allocate future budgets such that K-12 spending is increased by the exact amount of revenue generated by the corporate tax kicker. The March 2015 Revenue Forecast estimates the corporate tax kicker will be approximately \$56 million for the 2013-15 biennium and these funds will be allocated in the 2015-17 biennium.

2013-15 Biennium Community College Support Fund. The 2013-15 Legislatively Adopted Budget includes \$451.3 million for the CCS Fund which represents a 13.9% increase over the 2011-13 Legislatively Adopted Budget of \$396.3 million. Changes to the PERS system approved by SB 822 additionally reduce costs for community colleges. See "Financial Factors - Pension System" herein for more information regarding the changes to the PERS system.

2013 State Legislature Special Session. House Bill 5101 passed during the Special Session appropriates an additional \$15 million to the CCS Fund, bringing the total appropriation for the Legislatively Approved Budget to \$465 million during the 2013-15 biennium. The additional funds are intended to be used by community colleges to freeze or limit the increases in tuition and fees for Fiscal Year 2015.

2015-17 Biennium State Budget. The 78th Legislative Assembly convened on February 2, 2015. Legislative committees will review the 2015-17 Governor's Budget and pass a Legislatively Adopted Budget for the biennium before the Close of Session in June 2015. The Co-Chairs' Budget Framework for the 2015-17 biennium was released on January 14, 2015 and includes a proposed \$18.508 billion combined general funds and lottery funds, roughly 0.4% lower than the figure included in the 2015-17 Governor's Budget. The Co-Chairs' Budget Framework included \$535 million for the CCS Fund, a fifteen percent increase over the \$465 million included in the 2013-15 Legislatively Approved Budget. The District cannot predict whether the Legislature will adopt the funding levels provided in the Governor's Budget, the Co-Chairs' Budget Framework, or some other amount.

Estimated Fiscal Impact on the District. Below is a summary of the District’s historical and projected State funding reimbursement:

**Clackamas Community College District
Historical and Projected State Funding
(Fiscal Years)**

Fiscal Year	State Funding
2016 ⁽¹⁾	\$12,844,886
2015 ⁽¹⁾	13,035,663
2014	12,848,594
2013	10,001,275
2012	11,166,661
2011	11,755,364
2010	14,626,846

(1) Projected.

Source: *Clackamas Community College District.*

Tuition and Fees

Community colleges prescribe and collect tuition as authorized in ORS 341.290(7). There are no statutory or Oregon Administrative Rule limitations on tuition charged by community colleges. The amount and rates associated with tuition for community colleges vary. Tuition rates for students also vary, depending on whether the student is a resident within the district, out-of-district or out-of-state, and may be set by each college.

For Spring Term 2015, the District charged tuition of \$84 per credit hour for in-state students. In addition to tuition, all students were charged \$6.50 per credit hour as a general/technology student fee and a \$20 per term college services fee.

Historical and Projected Tuition and Fees

Fiscal Year	Annualized Student Tuition and Fees ⁽¹⁾	Total District Tuition and Fees
2016 ⁽²⁾	\$ 4,268	\$16,595,848
2015 ⁽²⁾	4,133	16,391,962
2014	4,133	17,170,750
2013	3,908	17,496,795
2012	3,758	17,181,269
2011	3,555	16,251,298
2010	3,465	15,173,787

(1) Annual tuition for an in-state student based on 15 credit hours per term for three terms (Fall, Winter and Spring).

(2) Projected.

Source: *Clackamas Community College District and Oregon Department of Community Colleges and Workforce Development.*

Federal Funding

The District receives federal funds for student aid and program grants. The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Direct Loans programs. A community college such as the District could be denied federal aid if its student loan default rate exceeds 30% for three consecutive years. The lack of availability of federal aid programs could significantly affect a community college’s enrollment. The District received the 2011, 2010 and 2009 Cohort Default Rate which was 18.7% in Fiscal Year 2014, 21.4% in Fiscal Year 2013 and 15.3% in Fiscal Year 2012, respectively. The use of federal funds is restricted and such funds are not available for payment of the Financing Payments.

Federal Stimulus Funds. The State received funds under the American Recovery and Reinvestment Act of 2009 (“ARRA”) to fund education, infrastructure, transportation, energy/environment, research and development, public safety, health services, housing, unemployment, family services and other programs. The total funds awarded Statewide was \$3.3 billion in a combination of contracts, grants and loans.

The District

Oregon Community Colleges

Community college districts are municipal corporations established pursuant to ORS Chapter 341. There is currently no mechanism in the Oregon Revised Statutes or Oregon Constitution for an Oregon community college district to dissolve.

Community college districts are educational institutions offering broad, comprehensive programs in academic as well as professional technical subjects. They provide two-year programs or serve to provide as transitional training for those who continue college work elsewhere. Community college districts also provide professional technical training to allow attainment of new skills as demands for old skills and old occupations are supplanted by new technologies.

Community college districts are governed by boards of education whose members are elected on a district-wide basis for staggered four-year terms of office. The board of education has the oversight, responsibility and control over all activities related to the community college. A board-appointed budget committee works in conjunction with the board of education in each college’s budget process.

The community college districts are subject to supervision by the State. The Higher Educating Coordinating Commission (the “HECC”), a 14 member volunteer board, is responsible for advising the Legislature, the Governor, and the Oregon Education Investment Board on higher education policy. Its statutory authorities include the development of biennial budget recommendations, making funding allocations to community colleges and public universities, approving new academic programs in the public system, allocating Oregon Opportunity Grants (state need-based student aid), authorizing degrees that are proposed by private and out-of-state (distance) providers, licensing private career and trade schools, and overseeing programs for veterans. The administrative functions of the HECC are handled through the Department of Community College and Workforce Development, (the “Agency”) whose executive head is the Commissioner for Community College Services, appointed under ORS Chapter 326.

General Description

The District was founded in 1966 to provide college level educational opportunities and vocational training to the residents of Clackamas County. Clackamas County is situated in the Portland metropolitan area, to the southeast of the City of Portland. The District encompasses all of Clackamas County except the portions covering the Lake Oswego and Oregon Trail (Sandy) school districts. Accredited by the Northwest Association of Schools and Colleges in 1971, the District is a public two-year college offering comprehensive programs in college transfer, professional technical training, continuing education, and developmental learning skills. Instructional services are provided for students with either a high school diploma or those wishing to obtain a general equivalency degree.

The District operates a main campus in Oregon City, the Allied Health Center on Harmony Road, and a utility alliance facility in Wilsonville. The facility in Wilsonville is a utility training site which is used in partnership with PGE and PacifiCorp for training of electrical utility employees. The facility includes classroom space, an outdoor pole yard, and an underground vault training facility.

The District is the fifth largest of Oregon's 17 community colleges. The 170-acre main campus in Oregon City has more than 160 classrooms, shops and instructional laboratories. The District offers Associate of Science, Associate of Arts and Associate of General Studies degrees, vocational certificates and diplomas for high school completion. Both daytime and evening programs are offered.

The Associate of Science degree is awarded to those students who complete the requirements of a specified two-year vocational technical program, while the Associates of Arts degree is awarded to students who complete the requirements of a specified, two-year lower division program. Those students who complete a non-specified, two-year curriculum are awarded an Associate of General Arts degree. Certificates are awarded by the college to students completing specific requirements within a vocational major, on recommendation of the instructional staff within that field. District faculty members are well-qualified in their fields, with most instructors having advanced degrees. In the vocational and technical areas, instructors are trained through four-year colleges, technical schools and apprenticeship/journeyman programs.

The District uses space at various Community Education centers to serve its students. Programs include Adult Basic Education, General Education Development and High School Continuation for students whose educations have been interrupted.

The Board of Education

The District is a public corporation governed by a seven member Board of Education (the “Board”), elected by zones. The Board is responsible for all activities of the District. The Board appoints the management of the District, which includes the President, two Vice Presidents and one Associate Vice President, and various deans, directors and managers. A Board-appointed Budget Committee of 14 citizens (including Board members) annually develops and approves the District’s budget in according with Oregon budget law.

The policies of the District are established by the Board. The Board has adopted policies on investment practices, among others (see “Financial Factors – Investments” herein). The current members of the Board are as follows:

Board of Education

Name	Position	Occupation	Service Began	Term Expires
Greg Chaimov ⁽¹⁾	Chair	Attorney	2012	June 30, 2015
Ron Adams ⁽¹⁾	Director	Director, OR Youth Cons. Corps - (Retired)	2003	June 30, 2015
Jean Bidstrup	Director	Regional Logistics Manager at Vertis	2001	June 30, 2017
Chris Groener ⁽¹⁾	Director	Union Representative for UFCW Local 555	2012	June 30, 2015
Dave Hunt ⁽²⁾	Director	Exec. Director Pacific Northwest Defense Coalition	2015	June 30, 2015
Richard Oathes	Director	Restaurant Owner - (Retired)	2007	June 30, 2017
Jane Reid	Director	Arts and Education Outreach	2007	June 30, 2017

(1) Running for reelection unopposed at the May 19, 2015 election. New terms will expire June 30, 2019.

(2) Dave Hunt was appointed to a vacant position and if he is elected at the May 19, 2015 election, his term will expire on June 30, 2017.

Source: Clackamas Community College District.

Key Appointed Officials

All administrative officials are appointed by the Board of Education.

Dr. Joanne Truesdell, President. Dr. Truesdell has been president of the District since 2007. Prior to joining the District, she served as an executive dean at Chemeketa Community College in Salem, Oregon and served as deputy commissioner and executive director of Oregon’s Department of Community Colleges and Workforce Development. She holds a Master of Business Administration from the University of Portland and a Doctorate of Education from Oregon State University.

Jim Huckestein, VP of College Services/ Chief Financial Officer. Mr. Huckestein joined the District in February 2014. Mr. Huckestein has more than 30 years of diverse experience in public and non-profit accounting, budgeting, community college administration, and policy development. He holds a Bachelor of Science in Business

Administration with an Accounting concentration from Oregon State University and a Master in Business Administration from Portland State University.

Chris Robuck, Director of Financial Services. Ms. Robuck is a CPA with 35 years of diverse experience, including public accounting, university teaching, and corporate, nonprofit, and municipal financial management. She joined the District in July 2005. Ms. Robuck has a Bachelor of Science in Accounting from the University of Montana and a Master of Business Administration from Western State College of Colorado.

Shelly Parini, Associate VP of Community, Business, and Community Engagement. Ms. Parini, leads the District’s marketing, communications and public affairs efforts. Her experience includes government and community relations, fundraising and strategic planning. She served for more than a decade as a manager in economic development and business recruitment. Ms. Parini has a Bachelor’s degree from Arizona State University and a Master of Arts in Interdisciplinary Studies from Marylhurst University.

Offices

Administrative offices of the District are located at 19600 Molalla Avenue, Oregon City, Oregon 97045; telephone (503) 594-6000.

Labor Relations

As of February 28, 2015, the District had 353 full-time employees and 567 part-time employees. The table below shows information regarding the District’s bargaining units.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Term
Oregon Education Association/National Education Association (Full-time faculty)	127	July 1, 2013 – June 30, 2016
Oregon Education Association/National Education Association (Part-time faculty)	315	July 1, 2013 – June 30, 2016
Oregon Association of Classified Employees/ National Education Association (Classified)	170	July 1, 2013 – June 30, 2016

Source: Clackamas Community College District.

Enrollment

The table below shows the District’s historical enrollment and headcount:

**Enrollment and Head Count
(Fiscal Year)**

Fiscal Year	Total Full-Time Equivalent	Headcount
2016 ⁽¹⁾	6,930	25,623
2015 ⁽¹⁾	7,071	26,146
2014	7,366	27,235
2013	8,102	30,375
2012	8,748	35,191
2011	8,942	36,193
2010	9,127	38,639

(1) Projected.

Source: Clackamas Community College District.

Financial Factors

Financial Reporting and Accounting Policies

The District's basic financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

The District has adopted GASB Statement No. 35: Basic Financial Statements and Management's Discussion Analysis for Public Colleges and Universities, as amended by GASB Statement No. 63 which establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the District as a whole.

Additional information on the District's accounting methods is available in the District's audited financial statements. A copy of the District's audited financial report for Fiscal Year 2014 is attached hereto as Appendix B.

Clackamas Community College Foundation

The Clackamas Community College Foundation (the "Foundation") is a legally separate nonprofit corporation organized with the mission of "friend raising and fundraising" for the District. The Foundation raises and donates funds to assist the District in various programs and facility construction, and for direct aid to students in the form of scholarships. Although the Foundation selects its Board of Directors independently of the District 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 District and its students. Financial statements and notes for the Foundation are included in the District's audited financial report and are also issued separately.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its accounts and fiscal affairs at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations.

The District audits for the Fiscal Years 2010 through 2014 ("District Audited Financial Statements") were performed by Kenneth Kuhns & Co., CPAs, Salem, Oregon (the "Auditor"). The audit report for Fiscal Year 2014 indicates the financial statements, in all material respects, fairly present the District's financial position in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2014 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), currently located at: www.emma.msrb.org.

Summaries of the District's Net Position and Changes in Net Position follow:

Statement of Net Position
(Fiscal Years)

Assets & Deferred Outflows	2010	2011 (as restated)	2012	2013	2014
Current assets	\$ 35,220,837	\$ 32,426,891	\$ 34,190,680	\$ 28,899,411	\$ 36,289,386
Noncurrent assets	99,345,321	98,668,633	94,707,245	93,200,110	93,306,901
Deferred outflow on refunding of long-term debt	<u>0</u>	<u>1,259,625</u>	<u>1,122,120</u>	<u>984,615</u>	<u>847,110</u>
Total Assets and deferred outflows	<u>134,566,158</u>	<u>132,355,149</u>	<u>130,020,045</u>	<u>123,084,136</u>	<u>130,443,397</u>
Liabilities					
Current liabilities	12,298,973	12,398,178	11,206,159	8,949,420	10,755,199
Long-term debt	<u>85,395,609</u>	<u>83,357,496</u>	<u>79,169,896</u>	<u>74,504,814</u>	<u>69,161,934</u>
Total Liabilities	<u>97,694,582</u>	<u>95,755,674</u>	<u>90,376,055</u>	<u>83,454,234</u>	<u>79,917,133</u>
Net Position					
Net investment in capital assets	16,875,233	18,845,119	20,395,473	22,366,431	24,956,166
Restricted	5,373,616	1,455,381	587,359	541,512	371,351
Unrestricted	<u>14,622,727</u>	<u>16,298,975</u>	<u>18,661,158</u>	<u>16,721,959</u>	<u>25,198,747</u>
Total Net Position	<u>\$ 36,871,576</u>	<u>\$ 36,599,475</u>	<u>\$ 39,643,990</u>	<u>\$ 39,629,902</u>	<u>\$ 50,526,264</u>

NOTE: The Net Position presents information on all the District's assets and liabilities with the difference between the two reported as net position.

Source: District Audited Financial Statements.

Statement of Revenues, Expenses and Changes in Net Position
(Fiscal Years)

Revenues:	2010	2011 (as restated)	2012	2013	2014
Tuition and fees	\$ 19,070,108	\$ 15,925,463	\$ 14,529,352	\$ 17,765,226	\$ 17,282,884
Operating grants and contributions, including financial aid ⁽¹⁾	30,899,033	19,780,422	20,517,596	19,299,591	18,274,688
State appropriation	19,353,062	8,441,565	14,480,460	7,389,486	15,460,383
Property taxes	18,187,372	18,027,570	18,015,405	18,426,030	18,900,671
Investment gain (loss) on pension asset	2,994,004	3,451,685	(165,290)	2,274,164	3,596,854
Auxiliary enterprises	4,334,150	3,413,538	3,258,385	3,139,401	2,787,519
Other revenue	<u>0</u>	<u>1,005,780</u>	<u>1,327,944</u>	<u>1,271,829</u>	<u>1,819,636</u>
Total Revenues	<u>94,837,729</u>	<u>70,046,023</u>	<u>71,963,852</u>	<u>69,565,727</u>	<u>78,122,635</u>
Expenses:					
Instruction and instructional support	32,005,522	32,888,062	32,209,857	32,281,560	31,573,306
Student services	5,495,297	4,435,037	4,926,136	5,080,006	5,025,345
College support, plant operations and maintenance, plant additions	14,093,881	13,060,677	13,637,042	13,248,763	13,771,035
Financial aid ⁽¹⁾	24,376,854	9,884,871	8,813,399	9,997,927	8,511,295
Auxiliary enterprises	3,169,364	3,139,303	3,160,539	3,041,919	2,655,934
Depreciation expense	2,253,522	2,237,465	2,292,984	2,204,765	2,174,660
Interest expense	4,167,191	4,055,984	3,879,380	3,713,240	3,514,698
(Gain) loss on disposal of capital assets	48,500	0	0	0	0
Other expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,635</u>	<u>0</u>
Total Expenses	<u>85,610,131</u>	<u>69,701,399</u>	<u>68,919,337</u>	<u>69,579,815</u>	<u>67,226,273</u>
Increase (decrease) in net assets	9,227,598	344,624	3,044,515	(14,088)	10,896,362
Net position - July 1	27,643,978	36,871,576	36,599,475	39,643,990	39,629,902
Prior period adjustment	<u>0</u>	<u>(616,725)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Position	<u>\$ 36,871,576</u>	<u>\$ 36,599,475</u>	<u>\$ 39,643,990</u>	<u>\$ 39,629,902</u>	<u>\$ 50,526,264</u>

NOTE: The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during a given Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

- (1) In Fiscal Year 2011, the District adopted financial reporting recommended by the National Association of College and University Business Officers and excluded federal direct loans to students from both financial aid revenue and expenses.

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years)

Assets	2010	2011	2012	2013	2014
Cash and investments	\$ 13,997,003	\$ 12,260,004	\$ 14,986,606	\$ 10,854,664	\$ 15,080,835
Receivables					
Accounts	6,874,387	12,488,625	9,234,309	5,653,481	1,926,628
Property taxes	987,282	906,689	1,012,911	1,014,711	1,010,151
Allowance for uncollectibles	(2,100,000)	(4,100,000)	(4,680,000)	(2,250,000)	(2,424,986)
Inventory	0	0	10,168	16,103	13,051
Prepaid expenses	116,438	115,600	162,247	756,325	137,749
Total Assets	<u>19,875,110</u>	<u>21,670,918</u>	<u>20,726,241</u>	<u>16,045,284</u>	<u>15,743,428</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 553,602	\$ 590,143	\$ 653,932	\$ 584,270	\$ 725,386
Wages, taxes & benefits	1,625,178	779,354	1,983,906	1,143,230	1,812,507
PERS reserve	2,220,138	2,337,967	2,403,115	2,439,357	0
Unearned revenue					
Tuition and fees	4,392,624	5,054,367	5,119,779	1,053,090	439,381
Property taxes	817,305	755,017	887,732	885,697	581,682
Other liabilities	249,209	267,653	242,256	205,587	4,445
Total Liabilities:	<u>9,858,056</u>	<u>9,784,501</u>	<u>11,290,720</u>	<u>6,311,231</u>	<u>3,563,401</u>
Total Fund Balances	<u>10,017,054</u>	<u>11,886,417</u>	<u>9,435,521</u>	<u>9,734,053</u>	<u>12,180,027</u>
Total Liabilities and Fund Balance	<u>\$ 19,875,110</u>	<u>\$ 21,670,918</u>	<u>\$ 20,726,241</u>	<u>\$ 16,045,284</u>	<u>\$ 15,743,428</u>

Source: District Audited Financial Statements.

**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance
(Fiscal Years)**

Revenues	2010	2011	2012	2013	2014
Revenue from state sources					
State appropriation	\$ 14,626,846	\$ 11,755,364	\$ 11,166,661	\$ 10,001,275	\$ 12,848,594
State grants and contracts	13,544	925	3,181	2,845	306
Other state revenue	0	1,133	675	361	0
Revenue from local sources					
Property taxes	13,735,586	14,026,598	14,197,863	14,194,931	15,025,340
Tuition and fees	13,811,286	15,098,062	15,831,380	15,980,721	15,856,987
Sales of goods and services	10,727	12,500	1,189	47,851	0
Local grants and contracts	473,717	492,469	542,820	508,153	440,323
Interest income	127,671	120,705	146,166	158,957	164,991
Other local revenue	90,682	76,215	117,965	102,959	2,514,971
Revenue from federal sources					
Federal grants and contracts	23,622	8,235	78,737	169,879	251,057
Total Revenues	<u>42,913,681</u>	<u>41,592,206</u>	<u>42,086,637</u>	<u>41,167,932</u>	<u>47,102,569</u>
Expenditures					
Instruction	19,606,605	20,096,077	19,735,606	19,728,829	19,211,305
Instructional support	2,007,771	2,152,029	2,794,837	2,772,091	2,487,091
Student services	4,644,147	3,238,136	3,774,342	3,994,846	4,078,677
College support services	7,649,978	9,425,381	9,707,524	11,806,272	12,098,861
Plant operations and maintenance	3,950,326	2,966,220	2,899,514	0	0
Total Expenditures	<u>37,858,827</u>	<u>37,877,843</u>	<u>38,911,823</u>	<u>38,302,038</u>	<u>37,875,934</u>
Excess (deficiency) of revenues over expenditures	<u>5,054,854</u>	<u>3,714,363</u>	<u>3,174,814</u>	<u>2,865,894</u>	<u>9,226,635</u>
Other Financing Sources (Uses)					
Transfers in from other funds	185,109	265,571	278,829	985,538	821,769
Transfers (out to) other funds	<u>(4,128,070)</u>	<u>(2,110,571)</u>	<u>(5,904,539)</u>	<u>(3,552,900)</u>	<u>(7,602,430)</u>
Total Other Financing Sources (Uses)	<u>(3,942,961)</u>	<u>(1,845,000)</u>	<u>(5,625,710)</u>	<u>(2,567,362)</u>	<u>(6,780,661)</u>
Change in fund balance	1,111,893	1,869,363	(2,450,896)	298,532	2,445,974
Fund balance at beginning of year	<u>8,905,161</u>	<u>10,017,054</u>	<u>11,886,417</u>	<u>9,435,521</u>	<u>9,734,053</u>
Ending fund balance	<u>\$ 10,017,054</u>	<u>\$ 11,886,417</u>	<u>\$ 9,435,521</u>	<u>\$ 9,734,053</u>	<u>\$ 12,180,027</u>

Source: District Audited Financial Statements.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be the opportunity for public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Education adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

General Fund Budget
(Fiscal Years)

Resources	Adopted 2015	Proposed 2016
Beginning fund balance	\$ 11,000,000	\$ 15,117,000
State revenue	13,266,639	12,846,886
Local revenue:		
Property taxes	15,464,226	16,795,698
Tuition	14,203,000	14,162,536
Fees	1,014,652	1,062,740
Local grants and contracts	254,000	259,595
Other local revenue	272,484	276,551
Federal revenue	180,000	100,000
Transfers in	444,000	70,000
Sale of fixed assets	20,000	27,355
Total Resources	\$ 56,119,001	\$ 60,718,361
Requirements		
Personnel services	\$ 35,354,081	\$ 35,985,511
Materials and services	5,975,518	6,209,467
Capital outlay	186,000	295,500
Transfers out	1,721,427	2,141,833
Contingency	12,881,975	16,086,050
Total Requirements	\$ 56,119,001	\$ 60,718,361

Source: District Proposed Fiscal Year 2016 Budget.

Investments

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The District has adopted its own investment policy which conforms with State law and is reviewed internally on an annual basis.

Municipalities are also authorized to invest approximately \$46.8 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full months of employment, all District employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” and “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program employee (participant) contributions fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the “IAP”). Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated between the two. See “Employer Contribution Rates” herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the “PERB”) establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2012) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2011 and 2013) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the “System Valuation”), and for each participating employer, including the District (the “District Valuation”). Valuations are released nine to eleven months after the valuation date. PERS’ current actuary is Milliman, Inc. (“Milliman”) which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation Date	Release Date	Rates Effective
December 31, 2011	October 2012	July 1, 2013 – June 30, 2015
December 31, 2012	December 2013	Advisory only
December 31, 2013	September 2014	July 1, 2015 – June 30, 2017

On September 29, 2014 Milliman released the December 31, 2013 Valuation (the “2013 System Valuation”) which indicated that the System-wide funded status increased from approximately 73.4 percent at December 31, 2011 to 86.4 percent (after taking into account certain legislative changes under SB 822 and SB 861, see “Changes to PERS during the 2013 Legislative Session and the 2013 Special Session” below) without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in Side Accounts (see “Pension Bonds and Side Accounts” herein).

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s unfunded actuarial liability (“UAL”) is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

District UAL. For the T1/T2 Pension Programs, the District is pooled with the State and Oregon local government and community college public employers (the “State and Local Government Rate Pool” or “SLGRP”). The District’s portion of the SLGRP’s assets and liabilities is based on the District’s proportionate share of the SLGRP’s pooled payroll (the “District Allocated T1/T2 UAL”). Changes in the District’s relative growth in payroll will cause the District Allocated T1/T2 UAL to shift. The District Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District's allocated share of OPSRP's assets and liabilities is based on the District's proportionate share of OPSRP's pooled payroll (the "District Allocated OPSRP UAL"). Changes in the District's relative growth in payroll will cause the District Allocated OPSRP UAL to shift.

Pension Bonds and Side Accounts. In February 2004 and June 2005, the District issued pension bonds to make lump-sum payments to PERS of \$15,035,117, and \$14,259,139, respectively. The payments were deposited in the PERS fund to finance the District's transition liability and all or a portion of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, reducing the District's contribution rates, although debt service payments are also due on the pension bonds.

The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, less the balance in the District's Side Account. The District's net unfunded pension UAL as reported in the District's actuarial valuation report as of December 31, 2011 (the "2011 District Valuation") and as reported in the District's actual valuation report as of December 31, 2013 (the "2013 District Valuation") is shown in the following table.

Clackamas Community College District Net Unfunded Pension UAL

	2011 Valuation	2013 Valuation
Allocated pooled SLGRP T1/T2 UAL	\$ 43,647,349	\$ 18,691,075
Allocated pre-SLGRP pooled liability/(surplus)	5,932,068	4,877,600
Transition liability/(surplus)	0	0
Allocated pooled OPSRP UAL	467,162	1,743,023
District Side Account	<u>(23,510,478)</u>	<u>(26,736,438)</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 26,536,101</u>	<u>\$ (1,424,740)</u>

Note: The pre-SLGRP pooled liability/(surplus) is the liability or surplus that existed when the State/Community College pool and the LGRP were discontinued and the SLGRP was formed. These are pooled liabilities/surpluses. The transition liability/(surplus) is the liability or surplus that was created when the individual employer joined the SLGRP and is solely the individual employer's.

Source: 2011 District Valuation and 2013 District Valuation.

The funded status of PERS and of the District as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund ("OPERF") is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

Significant actuarial assumptions and methods used in the 2011 Valuation include: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8% (the "Assumed Earnings Rate"), (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for the T1/T2 Pension Programs and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP.

On September 27, 2013, the PERB adopted revisions to its actuarial assumptions and methods that are incorporated into the 2012 Valuation, and 2013 Valuation. These changes include a) moving from the Projected Unit Credit actuarial cost method to the Entry Age Normal method, b) lowering the assumed earnings rate on the investment of present and future assets to 7.75%; c) extending the amortization of the T1/T2 UALs derived from the 2007, 2009 and 2011 valuations to 2033, while maintaining a 20-year amortization period for all other T1/T2 UALs in the future and d) modifying policies associated with the application of the rate collar (see "Contribution Rate Collar" below).

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute 6 percent of their annual salary to the IAP. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The District has elected to make the employee contribution.

Contribution Rate Collar. In January 2010 the PERB adopted a rate collar to limit increases in employer contribution rates from biennium to biennium (the "Rate Collar"). The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and Retiree Health Insurance Premium Account ("RHIPA"). Under normal conditions, the Rate Collar is the greater of three percent of payroll (the "3% parameter") or 20 percent of the current base rate (the "20% parameter"). On September 27, 2013, the PERB revised their policy such that if the funded status of an employer or the pool in which the employer participates is below 70 percent (or above 130%), the Rate Collar increases by 0.3 percent of payroll if under the 3% parameter, or two percent of payroll if under the 20 percent parameter, for every percentage point under the 70 percent (or above 130%) funded level (the "Collar Ramp") until it reaches six percent of payroll, or 40% of the current rate base at the 60 percent (or above 140%) funded level (the "Double Rate Collar"). Previous PERB policy had the "Collar Ramp" coming into effect at a funded status below 80% (or above 120%), and the Double Rate Collar coming into effect at a funded status below 70% (or above 130%).

District Contribution Rates. The 2011 District Valuation, released in September 2012, contained the District's employer contribution rates for the 2013-15 biennium. However, legislation approved by the 2013 Legislature (SB 822 and SB 861) reduced 2013-15 biennium employer contribution rates for the T1/T2 Pension Programs (see "Changes to PERS during the 2013 Legislative Session and the 2013 Special Session" below). The District's individual valuation as of December 31, 2013 was released in September 2014 and contains the District's contribution rates for the 2015-17 biennium.

The District's revised current employer contribution rates for the 2013-15 biennium and contribution rates for the 2015-17 biennium are provided in the following table.

Clackamas Community College District Pension Contribution Rates

	<u>2013-15 Biennium</u>			<u>2015-17 Biennium</u>		
	<u>T1/T2</u>	<u>OPSRP General</u>	<u>OPSRP P&F</u>	<u>T1/T2</u>	<u>OPSRP General</u>	<u>OPSRP P&F</u>
Normal cost rate	8.07%	6.27%	9.00%	12.80%	7.33%	11.44%
T1/T2 UAL rate ⁽¹⁾	5.96	5.96	5.96	4.50	4.50	4.50
OPSRP UAL rate	0.05	0.15	0.15	0.61	0.61	0.61
Transition liability/(surplus) rate	0.00	0.00	0.00	0.00	0.00	0.00
Pre-SLGRP pooled liability rate	1.86	1.86	1.86	1.85	1.85	1.85
Side account rate relief	(7.39)	(7.39)	(7.39)	(10.13)	(10.13)	(10.13)
Retiree Healthcare rate (RHIA) ⁽²⁾	0.59	0.49	0.49	0.53	0.45	0.45
Total net contribution rate	<u>9.14%</u>	<u>7.34%</u>	<u>10.07%</u>	<u>10.16%</u>	<u>4.61%</u>	<u>8.72%</u>

(1) The District's original T1/T2 UAL rate for the 2013-15 biennium was 10.36% per the 2011 District Valuation. SB 822 amended the rate to 5.96% as described above.

(2) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits - Retirement Health Insurance Account" below.

Source: 2011 District Valuation, 2013 District Valuation and PERS.

District Contributions. The District’s historical and projected annual contributions to PERS are provided in the following table.

Clackamas Community College District Pension Contributions

Fiscal Year	District Contribution⁽¹⁾
2015 ⁽²⁾	\$ 3,647,441
2014 ⁽³⁾	3,403,988
2013	3,779,062
2012	3,492,865
2011	1,913,462
2010	1,801,457
2009	2,945,338

- (1) District’s contribution to PERS which is net of the side account rate credit draw.
- (2) Projected.
- (3) Estimated.

Source: Clackamas Community College District and District Audited Financial Statements.

In June 2012, the GASB approved Statements No. 67 and 68 that modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS system will be subject to GASB 67; each participating employer, including the District will be subject to GASB 68. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. GASB 67 is effective for Fiscal Year 2014 and GASB 68 is effective for Fiscal Year 2015. PERS will be contracting with their actuary, Milliman, to provide information for local governments to use in their financial statements.

Changes to PERS during the 2013 Legislative Session and the 2013 Special Session. During the 2013 Legislative Session which was held during the winter of 2012 and spring of 2013 (the “Legislative Session”), and a subsequently called special session, which was held in September 2013 (the “Special Session”), the Legislative Assembly made changes to PERS by enacting Senate Bill 822 (“SB 822”), signed by the Governor on May 6, 2013, and Senate Bill 861 (“SB 861”), signed by the Governor on October 8, 2013. These bills limited annual cost of living adjustments (“COLAs”), eliminated a benefit increase for out-of-state retirees based on Oregon income tax, excluded salary increases given to pay for insurance costs from the final average salary used to calculate pension benefits, and reduced legislators’ participation in PERS. Expenditure reductions from these changes reduced the required employer contribution amount to PERS from all employers by approximately \$460 million for the 2013-15 biennium. The changes were estimated to reduce the total accrued actuarial liability of the System by approximately \$4.7 billion and reduced employer contribution rates by an average of 4.28 percent of payroll for the 2013-15 biennium. Lawsuits challenging the constitutionality of the changes made by SB 822, however, were filed in and recently decided by the Oregon Supreme Court, reversing some of these changes. See “Challenges to PERS Reforms” below.

Challenges to PERS Reforms. Several cases were filed with the Oregon Supreme Court on behalf of PERS retirees and active employees challenging changes to PERS retirement benefits that were enacted by the Legislative Assembly in the 2013 Legislative Session through SB 822 and in the 2013 Special Session through SB 861. The petitioners alleged that the enacted legislation constitutes a breach of contract as well as an impairment of contract and a taking of property rights in violation of the Oregon and United States constitutions.

On April 30, 2015, the Oregon Supreme Court reversed, in part, the changes made to the PERS system through SB 822 and SB 861. The Court’s decision invalidated the reductions in cost of living adjustments (“COLAs”) insofar as they applied to benefits that members earned before the effective dates of the legislative changes. The decision held that adjustments to COLAs were permissible insofar as they applied to benefits that

members earn on or after the effective dates of the legislative changes. The Court also upheld the elimination of a benefit increase for out-of-state retirees.

The decision is likely to result in an increase in required PERS contributions above current levels, but it is not currently possible to predict the magnitude of the increase. A reasonable estimate of the cost of those changes will take actuarial analysis and the District cannot predict when such information may be available. Under current PERS practices, any increase in contributions would not affect District contributions until July 1, 2017. The District cannot predict the overall impact of the PERS decision on the unfunded actuarial liability of the System but assumes that all or a portion of the reduction of the accrued actuarial liability of the System achieved by the SB 822 and SB 861 will not be realized. The District also cannot predict whether any legislation or related actions will attempt to further modify the PERS system and/or whether such attempts would withstand legal challenge.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2012 System Valuation, this program had a UAL of approximately \$180.2 million. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2013 District Valuation, the District's allocated share of the RHIA program's UAL was \$341,205.

Implicit Rate Subsidy. Under ORS 243.303 the District is required to offer the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB Statement No. 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. When the District's last actuarial valuation was completed as of July 1, 2013, the actuary followed technical guidance stating the District did not have to report this implicit liability since they participate in a community-rated plan. According to the actuary, this technical guidance has been repealed and the implicit liability will be reported in the actuarial valuation to be completed as of July 1, 2015.

Medical Plan. The District also maintains a defined-benefit single employer early retirement supplement program. The program covers certain exempt, full time classified, and full time faculty employees who have completed twelve consecutive years of service with the District just prior to retirement, are not yet 65 years of age, and elect the option of early retirement. The program was discontinued for employees hired after June 30, 2011. For eligible early retirees, the District contributes a set monthly amount toward health insurance premiums; the retiree pays any premium for their selected coverage which is in excess of the District contribution. The health insurance contribution ceases at age 65.

There is no obligation on the part of the District to fund these benefits in advance. The District pays these benefits as they come due and may accumulate reserves in the Retirement Fund toward future payments. The District Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The District does not issue a stand-alone report for this plan.

The District's annual other post employment benefit ("OPEB") cost is calculated based on the annual required contribution (the "ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years with an assumed four percent rate of return. The following table details the District's ARC and Net OPEB Obligation.

**Annual Required Contribution
Medical Plan**

	2010	2011	2012	2013	2014
Annual required contribution	\$ 1,447,777	\$ 1,447,777	\$ 1,532,385	\$ 1,532,385	\$ 1,330,340
Interest on prior net OPEB obligation	105,623	124,202	167,298	197,082	162,902
Adjustment to annual required contribution	<u>(396,036)</u>	<u>(465,700)</u>	<u>(685,297)</u>	<u>(807,301)</u>	<u>(747,258)</u>
Annual OPEB cost	1,157,364	1,106,279	1,014,386	922,166	745,984
Contributions made	<u>(474,993)</u>	<u>(485,030)</u>	<u>(575,920)</u>	<u>(603,561)</u>	<u>(664,495)</u>
Increase in net obligation	682,371	621,249	438,466	318,605	81,489
Net OPEB obligation - beginning of Fiscal Year	<u>2,011,863</u>	<u>2,694,234</u>	<u>3,315,483</u>	<u>3,753,949</u>	<u>4,072,554</u>
Net OPEB obligation - end of Fiscal Year	\$ 2,694,234	\$ 3,315,483	\$ 3,753,949	\$ 4,072,554	\$ 4,154,043
% of Annual OPEB Cost Contributed	41%	44%	57%	65%	89%

Source: District Audited Financial Statements.

The District obtains an updated actuarial valuation of the plan every two years. The following table presents the UAAL from the actuarial valuations completed since the adoption of GASB 45.

**Unfunded Actuarial Accrued Liability
Medical Plan**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
7/1/2013	\$ -	\$ 5,622,529	\$ 5,622,529	0%	\$ 20,763,022	27%
7/1/2011	-	5,865,797	5,865,797	0%	21,112,018	28%
7/1/2009	-	4,857,344	4,857,344	0%	23,305,037	21%

Source: District Audited Financial Statements.

Stipend Plan. The District also pays a monthly stipend for eligible retirees, which ceases after a maximum of 48 months or when the employee reaches age 62. The stipend amount is fixed given the employee's hire date at salary grade at retirement. The stipend is program was also discontinued for employees hired after June 30, 2011.

There is no obligation on the part of the District to fund these benefits in advance. The District pays these benefits as they come due and may accumulate reserves in the Retirement Fund toward future payments. The District Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The District does not issue a stand-alone report for this plan.

**Annual Required Contribution
Stipend Plan**

	2010	2011	2012	2013	2014
Annual required contribution	\$ 330,549	\$ 330,549	\$ 434,596	\$ 434,596	\$ 300,416
Interest on prior net OPEB obligation	-	7,036	(15,717)	11,917	14,804
Adjustment to annual required contribution	<u>-</u>	<u>(26,381)</u>	<u>59,518</u>	<u>(45,126)</u>	<u>(67,909)</u>
Annual OPEB cost	330,549	311,204	478,397	401,387	247,311
Contributions made	<u>(309,741)</u>	<u>(259,034)</u>	<u>(324,391)</u>	<u>(258,266)</u>	<u>(299,651)</u>
Increase in net obligation	20,808	52,170	154,006	143,121	(52,340)
Net OPEB obligation - beginning of Fiscal Year	<u>-</u>	<u>20,808</u>	<u>72,978</u>	<u>226,984</u>	<u>370,105</u>
Net OPEB obligation - end of Fiscal Year	\$ 20,808	\$ 72,978	\$ 226,984	\$ 370,105	\$ 317,765
% of Annual OPEB Cost Contributed	94%	83%	68%	64%	121%

Source: District Audited Financial Statements.

The District obtains an updated actuarial valuation of the plan every two years. The following table presents the UAAL from the actuarial valuations completed since the adoption of GASB 27.

**Unfunded Actuarial Accrued Liability
Stipend Plan**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
7/1/2013	\$ -	\$ 1,283,234	\$ 1,283,234	0%	\$ 20,763,022	6%
7/1/2011	-	1,796,229	1,796,229	0%	21,112,018	9%
7/1/2009	-	1,838,779	1,838,779	0%	23,305,037	8%

Source: District Audited Financial Statements.

See Note 8 “Other Post Employment Benefits” of the District’s audited financial statements for Fiscal Year 2014 for more information on the District’s liabilities.

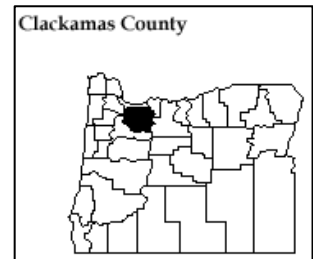
Risk Management

The District is exposed to various risks of loss. A description of the risks is provided in the District’s audited financial statements. The audited financial statement for Fiscal Year 2014 is attached hereto as Appendix B.

Demographic Information

General

The District’s boundaries are substantially those of the County, except that the District does not include the Lake Oswego School District and Oregon Trail School District. The County is located just to the south and southeast of the City of Portland. The County encompasses 1,879 miles, including Mt. Hood, the Mt. Hood National Forest and the Bull Run Watershed. About 18% of the land in Clackamas is urban, but the majority is rural. The County is Oregon’s third largest county with an estimated 2014 population of 391,525.



The District is in the Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area (hereinafter, the “Portland PMSA”). The Portland PMSA includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania County in Washington. The District includes the cities of Estacada, Gladstone, Happy Valley, Lake Oswego, Milwaukie, Molalla, Oregon City, West Linn, Wilsonville, a part of the cities of Portland and Tualatin and the three hamlets of Beaver Creek, Mulino and Stafford.

Historical data have been collected from generally accepted standard sources, usually from public bodies. This section includes information on the County. To the extent information is not available at the local level, information is provided for the Portland PMSA.

Population

The following table shows the historical population for the State, and County:

Population		
July 1 ⁽¹⁾	State of Oregon	Clackamas County
2014	3,962,710	391,525
2013	3,919,020	386,080
2012	3,883,735	381,680
2011	3,857,625	378,480
2010	3,837,300	376,780
2009	3,823,465	379,845
2008	3,791,075	376,660
2007	3,745,455	372,270
2006	3,690,505	367,040
2005	3,631,440	361,300
2004	3,582,600	356,250
2003	3,541,500	353,450
April 1 ⁽²⁾		
2010	3,831,074	375,992
2000	3,421,399	338,391
1990	2,842,321	278,850

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The County's economic base includes metals fabrication, machinery, high technology firms, retail trade and distribution, and agriculture. Major employers in the County include Kaiser Foundation Hospital, PCC Structural, the County, North Clackamas School District, Clackamas Community College, Providence, Stream International Inc., Mentor Graphics Corp., and Blount Inc., Oregon Cutting Systems Division.

As of March 2015, transportation and utilities accounts for 22.6 percent of the total non-farm employment in the County, while education and health services accounts for 14.3 percent, manufacturing 12.1 percent, professional and business services 11.6 percent, government jobs 11.6 percent, and leisure and hospitality 10 percent. Source: State of Oregon Employment Department, *Qualityinfo.org*.

The number of acres harvested and gross farm sales in the County are as follows:

Clackamas County Harvested Acreage and Gross Farm Sales

Year	Harvested Acreage	Gross Farm Sales (\$ in thousands)		
		Crop Sales	Animal Products Sales	Total Gross Farm Sales
2012	43,984	\$ 269,277	\$ 74,237	\$ 343,514
2011	44,586	269,108	70,433	339,541
2010	43,375	231,363	63,529	294,892
2009	43,666	245,180	57,269	302,449
2008	43,770	307,246	56,998	364,244

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, *Harvested Acreage Summary Report, Gross Farm Sales Reports, April 23, 2013*.

Income. Historical personal income and per capita income levels for the County and the State are shown below:

**Clackamas County and State of Oregon
Total Personal and Per Capita Income**

Year	Clackamas County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2013	\$ 19,200,727	\$ 3,839,095	\$ 49,453	\$ 9,888	\$ 156,605,034	\$ 30,846,577	\$ 39,848	\$ 7,849
2012	18,813,208	3,766,439	49,040	9,818	153,097,493	30,079,432	39,258	7,713
2011	17,512,678	3,370,569	46,113	8,875	145,848,505	27,969,365	37,707	7,231
2010	16,500,499	2,989,989	43,779	7,933	137,747,099	25,264,161	35,898	6,584
2009	16,515,734	3,186,212	44,150	8,517	135,854,810	25,902,677	35,671	6,801
2008	17,214,084	3,634,879	46,386	9,795	138,678,120	28,984,488	36,797	7,691

Source: U.S. Department of Commerce, Bureau of Economic Analysis, November 20, 2014.

Employment. Non-farm employment within the County is described in the following tables:

**Clackamas County
Labor Force Summary ⁽¹⁾
(by place of residence)**

	2010	2011	2012	2013	2014	2015 ⁽²⁾	2015 Change from				
							2010	2011	2012	2013	2014
Civilian Labor Force	201,514	205,883	199,576	196,704	200,522	200,615	-899	-5,268	1,039	3,911	93
Unemployment	20,047	17,915	15,752	13,526	12,601	10,572	-9,475	-7,343	-5,180	-2,954	-2,029
Percent of Labor Force	9.9%	8.7%	7.9%	6.9%	6.3%	5.3%	xx	xx	xx	xx	xx
Total Employment	181,466	187,968	183,824	183,178	187,921	190,043	8,577	2,075	6,219	6,865	2,122

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2010	2011	2012	2013	2014	2015 ⁽²⁾	2015 Change from				
							2010	2011	2012	2013	2014
TOTAL NONFARM PAYROLL EMPLOYMENT	134,000	135,300	137,700	139,400	143,300	143,400	9,400	8,100	5,700	4,000	100
TOTAL PRIVATE	116,300	118,200	121,000	123,200	127,000	126,700	10,400	8,500	5,700	3,500	-300
Natural resources and mining	200	200	200	200	200	200	0	0	0	0	0
Construction	8,300	8,200	8,700	8,900	9,700	9,400	1,100	1,200	700	500	-300
Manufacturing	15,800	16,100	16,500	17,000	17,200	17,300	1,500	1,200	800	300	100
Trade, transportation, and utilities	30,400	31,200	31,400	32,000	32,800	32,400	2,000	1,200	1,000	400	-400
Information	2,100	2,100	2,000	2,000	1,700	1,600	-500	-500	-400	-400	-100
Financial activities	8,600	8,300	8,600	8,600	8,700	8,700	100	400	100	100	0
Professional and business services	14,700	15,000	15,800	16,100	16,800	16,700	2,000	1,700	900	600	-100
Educational and health services	18,500	19,200	19,000	19,400	20,100	20,500	2,000	1,300	1,500	1,100	400
Leisure and hospitality	12,700	12,900	13,500	13,700	14,300	14,300	1,600	1,400	800	600	0
Other services	5,000	5,000	5,400	5,400	5,600	5,600	600	600	200	200	0
GOVERNMENT	17,700	17,100	16,800	16,200	16,300	16,700	-1,000	-400	-100	500	400

- (1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
- (2) Data for month of March 2015. Preliminary and subject to change.
- (3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, April 28, 2015.

**Major Employers in the County
(2015)**

Company	Service	Location	No. Employees
Kaiser	Health services	Clackamas	2,100
PCC Structurals	Aerospace Products & Parts Manufacturing	Portland	2,000
Clackamas County	Government	County-wide	2,000
North Clackamas School District	K-12 Education	Clackamas	1,857
Clackamas Community College	Higher Education	County-wide	1,620
Stream International Inc.	Facilities Support Services	Wilsonville	1,153
Mentor Graphics Corp	CAD software systems	Wilsonville	964
Blount Inc., Oregon Cutting Systems Division	Lawn/Garden Equipment Manufacturing	Milwaukie	900
Oregon City School District No. 62	K-12 Education	Oregon City	850
West Linn-Wilsonville SD No. 3J	K-12 Education	District-wide	820
Kroger	Retail	District-wide	800
Providence Willamette Falls Medical Center	Hospital/Medical offices	Oregon City	800
Lake Oswego School District	K-12 Education	Lake Oswego	800
Xerox Corp.	Technology and services	Wilsonville	706
Safeway	Grocery	County-wide	700
Canby School District	K-12 Education	Canby	600
Rockwell Collins	Aerospace and electronics	Wilsonville	584
Sysco/Continental Food Services	Warehouse and distribution center	Wilsonville	476
Legacy Meridian Park Hospital	Health services	Tualatin	458
Estacada School District	K-12 Education	Estacada	450
Biotronik, Inc.	Medical Equipment	Lake Oswego	425
OECO Corporation	Electronic Component Manufacturing	Milwaukie	425
Willamette View	Retirement Center	Milwaukie	380
City of Lake Oswego	Government	Lake Oswego	357
Precision Interconnect	Electronic machinery	Wilsonville	355
Molalla River School District 35	K-12 Education	Molalla	350
H. G. Schlicker & Associates, Inc.	Environmental Consulting Services	Oregon City	344
Fred Meyer	Retail	Oregon City	320
Avamere	Health services	County-wide	300
Microsystems Engineering	Electronic Component Manufacturing	Lake Oswego	300
Sanders Wood Products (RSG Forest Products)	Lumber & Plywood Product Manufacturing	Molalla	300

Note: Number of employees includes full-time, part-time and temporary employees.

Source: Clackamas Community College 2014 audit; Hoovers Business Database; March 3, 2015.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the County are listed below:

**Clackamas County
Residential Building Permits**

Year	New Single Family		New Multi Family			Total	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2015 ⁽¹⁾	320	\$ 97,639,561	10	56	\$ 7,003,119	\$ 104,642,680	
2014	1,279	368,935,976	44	202	31,077,223	400,013,199	
2013	1,325	371,091,620	24	159	14,279,185	385,370,805	
2012	1,121	296,528,169	29	439	38,059,439	334,587,608	
2011	782	206,588,525	17	372	37,408,346	243,996,871	
2010	607	155,290,952	18	40	8,006,271	163,297,223	

(1) As of April 1, 2015.

Source: U.S. Census Bureau, April 28, 2015.

Higher Education. In addition to the District, institutions of higher learning in the area include independent institutions such as Reed College, Lewis and Clark College, Pacific University, Pioneer Pacific College and church-affiliated institutions such as the University of Portland and Warner Pacific College. Portland State University, which is part of the Oregon University System of Higher Education, and the Oregon Health and Science University are located in the area.

Healthcare. Healthcare services are available at Willamette Falls Hospital in Oregon City, Legacy Meridian Park Hospital in Tigard, Silverton Hospital and other local clinics.

Transportation. The District can be accessed by Highways 99E and 213 as well as Interstate 205. Local bus service is provided by Tri-Met which operates seven days a week throughout the greater Portland metro area. Also, Amtrak operates a passenger train depot in the City of Oregon City that has daily service both northbound and southbound.

Commercial air transportation is available at the Portland International Airport (“PDX”). PDX, operated by the Port of Portland, is served by 17 scheduled passenger air carriers and three charter services. Fourteen cargo carriers service PDX. The Port also operates three general aviation airports in Troutdale, Hillsboro and Mulino. The Hillsboro Airport, 29 miles west of the County, is the State’s second busiest general aviation site and maintains the largest corporate jet fleet in the state.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State’s office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State’s office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State’s office that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District’s charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure (“Financial Estimate Statements”) to be printed in the voters’ pamphlet and on the ballot.

Referendum

“Referendum” generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure’s effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2014 general election, the requirement was eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2006	10	3
2008	8	0
2010	4	2
2012	7	2
2014	7	3

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Recently Approved Measures. At the November 4, 2014 election voters approved three measures. Measure 87 amends the Constitution to allow State judges to serve in the National Guard and teach at public universities. Measure 89 amends the constitution to include the provisions of the Equal Rights Amendment prohibiting the State and any political subdivision from denying or abridging equality of rights under the law on account of sex. Measures 87 and 89 will have no financial effect on local governments. Measure 91 allows the possession, manufacture and sale of marijuana for adults age 21 and older, subject to State licensing, regulation and taxation. At the State level, revenues in excess of expenditures to implement and operate the system will be divided between the Common School Fund (40%), health services (25%) and State and local law enforcement (25%). The District cannot estimate at this time what fiscal impact, if any, Measure 91 may have on the District or the State's general fund.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits have been adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year. The liability limits for causes of action arising on or after July 1, 2014, and before July 1, 2015, are \$109,400 for a single claimant and \$546,800 for all claimants.

Tax Matters

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in

interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. For example, the Fiscal Year 2015 Budget proposed by the Obama Administration recommended a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, had it been enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date. The enactment of such proposal could also impact the tax treatment of interest on the Bonds for state law purposes.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. During the previous five fiscal years, the District had agreed to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2001 and Series 2007; Full Faith and Credit Obligations, Series 2006 and Series 2009; and Limited Tax Pension Obligations, Series 2004 and Series 2005 ("Outstanding Debt"). The District's undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27).

Compliance with Prior Undertakings – Audited Financial Statements. The District failed to file its audited financial statements for Fiscal Year 2014 prior to the deadline for the General Obligation Bonds, Series 2001 and Limited Tax Pension Obligations, Series 2004 and Series 2005. The District subsequently amended the filing of the audited financial statements for Fiscal Year 2014 to include these issues on April 20, 2015. The District also failed to file its audited financial statements for Fiscal Years 2010, 2011 and 2012 prior to the deadline for the Limited Tax Pension Obligations, Series 2004 and Series 2005. The District subsequently amended the filing of the audited financial statements for Fiscal Year 2010, 2011 and 2012 to include these issues on April 13, 2015.

The District has implemented new procedures to maintain compliance in the future which includes ongoing training and maintenance of an annual checklist. A copy of the form of the District's Continuing Disclosure Certificate for the Bonds is attached hereto as Appendix D.

Ratings

As noted on the cover page of this Official Statement, Moody's Investors Service and Standard & Poor's Ratings Services, a Division of Standard & Poor's Financial Services LLC, have assigned their underlying ratings of "Aa2" and "AA", respectively, to the Bonds. Moody's and Standard & Poor's have also assigned their ratings of "Aa1" and "AA+" to the Bonds based on the District's participation in the Oregon School Bond Guaranty program. See "Security for the Bonds – Oregon School Bond Guaranty" herein. The ratings will reflect only the views of the rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Underwriting

The 2015A Bonds are being purchased by the Underwriter. The purchase contract provides that the Underwriter will purchase all of the 2015A Bonds, if any are purchased, at a price of 111.300558 percent of the par value of the 2015A Bonds. The purchase contract provides that the 2015A Bonds will be reoffered at an average price of 111.757040 percent of the par value of the 2015A Bonds. After the initial public offering, the public offering prices may be varied from time to time.

The 2015B Bonds are being purchased by the Underwriter. The purchase contract provides that the Underwriter will purchase all of the 2015B Bonds, if any are purchased, at a price of 99.418518 percent of the par value of the Bonds. The purchase contract provides that the 2015B Bonds will be reoffered at an average price of 100.000000 percent of the par value of the 2015B Bonds. After the initial public offering, the public offering prices may be varied from time to time.

The Underwriter has entered into an agreement (the "Agreement") with Pershing LLC ("Pershing"), a subsidiary of the Bank of New York Mellon Corporation, for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Agreement, if applicable to the Bonds, the Underwriter will share with Pershing a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

Concluding Statement

The information contained herein should not be construed as representing all conditions affecting the District or the Bonds. Additional information may be obtained from the District. The statements relating to the Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The information assembled herein is not to be construed as a contract with Owners of the Bonds.

Appendix A

Form of Bond Counsel Opinion

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June 2, 2015

Clackamas Community College District
19600 Molalla Avenue
Oregon City, Oregon 97045

**Re: *Clackamas Community College District
Clackamas County, Oregon
\$16,605,000 General Obligation Bonds, Series 2015A (Current Interest Bonds)
\$28,391,012.20 (\$51,385,000 Final Maturity Amount) General Obligation Bonds,
Series 2015B (Deferred Interest Bonds)***

Ladies and Gentlemen:

We have acted as bond counsel to Clackamas Community College District, Clackamas County, Oregon (the "District") in connection with the authorization, sale, issuance and delivery by the District of its \$16,605,000 General Obligation Bonds, Series 2015A (Current Interest Bonds) (the "Series 2015A Bonds") \$28,391,012.20 (\$51,385,000 Final Maturity Amount) General Obligation Bonds, Series 2015B (Deferred Interest Bonds) (the "Series 2015B Bonds", together with the Series 2015A Bonds, the "Bonds"), which are dated June 2, 2015. The Bonds are issued pursuant to Oregon Revised Statutes Chapter 287A and Resolution No. 02-2015 adopted by the Board of Education of the District on April 8, 2015 (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

We have examined the applicable law, a duly certified transcript of proceedings of the District, prepared in part by us, and other documents which we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied on the representations of the District contained in the Bond Resolution and other certified proceedings and certifications of officials of the District and others furnished to us without undertaking to verify such representations and certifications by independent investigation.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

A. The Bonds have been legally authorized and issued under and pursuant to the Constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the District enforceable against the District in accordance with their terms, subject to: (i) bankruptcy, insolvency,

fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the District.

B. The District has pledged its full faith and credit to the payment of interest on and the principal of the Bonds as the same become due and payable. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

C. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Bond Counsel further is of the opinion that, for any Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Bonds, and we have assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for Federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things required by the Code to assure that interest paid on the Bonds will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph C hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of

fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

D. Interest on the Bonds is exempt from State of Oregon personal income tax.

Except as stated in paragraphs C and D above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as bond counsel to the District regarding the sale and issuance of the Bonds and have not represented any other party in connection with the Bonds. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the District.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering materials relating to the Bonds, and we express no opinion relating thereto. We express no opinion as to the creditworthiness of the District, the investment quality of the Bonds or the adequacy of the security for the Bonds.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent of Hawkins Delafield & Wood LLP.

Very truly yours,

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Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2014 Fiscal Year.

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Clackamas County, Oregon

CLACKAMAS COMMUNITY COLLEGE

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by the Business Office
Clackamas Community College
19600 Molalla Avenue
Oregon City, OR 97045-7998

Contact: chrisr@clackamas.edu
503-594-3090

CLACKAMAS COMMUNITY COLLEGE
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INTRODUCTORY SECTION

CLACKAMAS COMMUNITY COLLEGE
BOARD OF EDUCATION
June 30, 2014

<u>Name</u>	<u>Address</u>	<u>Zone</u>	<u>Term Expires</u>
Chairperson: Judith Ervin	18140 SE Stonewood Drive Gladstone, OR 97027-1164	Zone 3	6/30/2017
Vice Chairperson: Greg Chaimov	3905 SE Johnson Creek Blvd Milwaukie, OR 97222	Zone 1	6/30/2015
Board Members: Jean Bidstrup	14385 SE Thelma Circle Milwaukie, OR 97267	Zone 2	6/30/2017
Chris Groener	PO Box 1961 201 Woodfield Ct. Oregon City, OR 97045	Zone 4	6/30/2015
Ron Adams	1494 Braemar Drive West Linn, OR 97068	Zone 5	6/30/2015
Richard Oathes	PO Box 1226 334 SE 10th Canby, OR 97013	Zone 7	6/30/2017
Jane Reid	PO Box 556 32795 SE Coupland Road Estacada, OR 97023	Zone 6	6/30/2017
Clerk: Dr. Joanne Truesdell	19600 Molalla Avenue Oregon City OR 97045		



October 27, 2014

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, 2014.

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 the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, 2014, 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. This letter of transmittal, designed to complement the MD&A, should be read in conjunction with it.

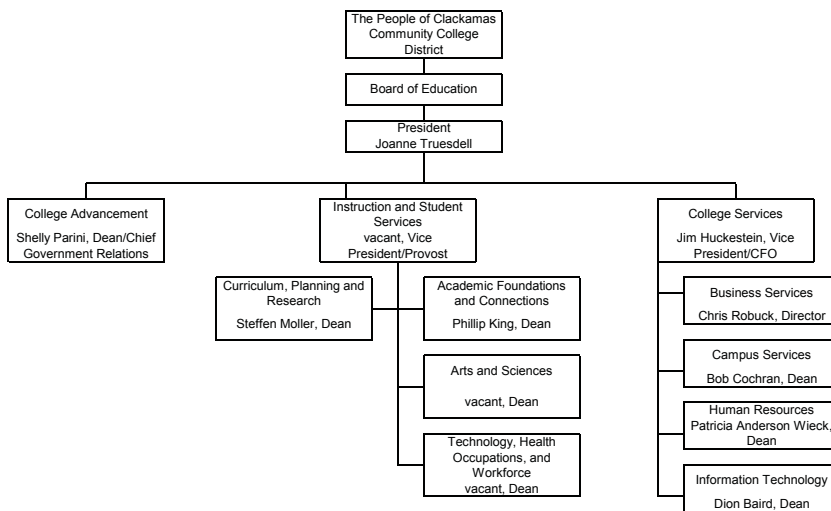
Profile of the College

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 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 the Vice Presidents and the various deans, directors and managers.

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,

CLACKAMAS COMMUNITY COLLEGE
ORGANIZATION CHART
June 30, 2014



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 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. The Foundation is a component unit of the College and its financial statements are included in this CAFR.

Economic Condition

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.

State appropriation and property tax revenue increased for the first time since the 2008 recession, allowing in-state tuition to remain the same for 2014-15 as in 2013-14. Legislative reforms limited rate increases in the state Public Employee Retirement System (PERS), and investment gains increased the value of the side account which makes a portion of those payments.

Although this was a good year, significant financial challenges remain. Community college enrollment is counter cyclical, decreasing with the improving economy. We have healthy reserves for key operating needs, but minimal funds for the substantial investment needed to maintain and upgrade aging infrastructure.

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.

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, 2013. This was the 22st 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,



Chris Robuck, CPA (inactive, licensed in Montana)
Director of Fiscal 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, 2013



Executive Director/CEO

FINANCIAL SECTION

KENNETH KUHN & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM, OREGON 97301-3594
TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT

September 26, 2014

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 and Clackamas Community College Foundation, its discretely presented component unit, as of and for the year ended June 30, 2014, 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 respective financial position of Clackamas Community College and Clackamas Community College Foundation as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11 through 15 and the schedule of funding progress on page 43 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133) 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 September 26, 2014 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 September 26, 2014 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, 2014

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 most useful in 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 current financial resources focus records transactions relevant to near-term liquidity; fund balance represents available spendable resources. The economic resources measurement focus is similar to private-sector businesses, recording all economic events. Differences between measurements focuses include the following.

1. In the current financial resources measurement focus, purchase of capital assets is an expenditure. In the economic resources measurement focus, 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 current financial resources measurement focus, issuance of and principal payments on long-term debt appear in the operating statement as other financing sources and expenditures, respectively. In the economic resources measurement focus, changes in long-term debt principal do not affect the operating statement.
3. The basic financial statements include the side account held by PERS which was created by issuance of pension bonds in 2004 and 2005. This money is invested by PERS and used over the life of the bonds to decrease the employer rate assessed by PERS on each payroll. Investment gains and losses on the side account appear in the basic financial statements. Because it does not represent available spendable resources, the side account and related investment earnings or losses are not included in the fund financial schedules.
4. The state appropriation payment is treated differently, as detailed below.

CLACKAMAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2014

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 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	

Fund Financial Information

The General Fund balance increased from \$9.7 to \$12.2 million during 2013-14. State appropriation and property tax revenue were healthier than budgeted. Expenditures for PERS, the Oregon Public Employees Retirement System, were mitigated by legislative reforms.

CLACKAMAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2014

Basic Financial Statements

On the economic resources focus, the College's financial status improved significantly during the year. Comparative information about net position follows.

	June 30, 2013	June 30, 2014
Current assets		
Cash and investments	\$ 22,753,412	\$ 30,065,976
Receivables, net of allowance for uncollectables	4,763,991	5,560,772
Other assets	1,382,008	662,638
Total current assets	28,899,411	36,289,386
Noncurrent assets		
Pension asset	24,993,839	26,617,295
Capital assets, net of accumulated depreciation	68,206,271	66,689,606
Deferred outflow on refunding of long-term debt	984,615	847,110
Total noncurrent assets and deferred outflow	94,184,725	94,154,011
Total assets and deferred outflows	\$ 123,084,136	\$ 130,443,397
Current liabilities, except current portion of long-term debt	\$ 3,218,945	\$ 4,588,516
Liabilities for long-term debt, including portion due within one year		
Bonds and full faith & credit obligations	74,822,155	69,846,069
Compensated absences	970,475	1,010,740
Obligations for early retirement	4,442,659	4,471,808
Total liabilities for long-term debt	80,235,289	75,328,617
Net position		
Net investment in capital assets	22,366,431	24,956,166
Restricted	541,512	371,351
Unrestricted	16,721,959	25,198,747
Total net position	39,629,902	50,526,264
Total liabilities and net position	\$ 123,084,136	\$ 130,443,397

A significant portion of the increase in cash and investments is attributable to timing of recognition of the state appropriation payments; five payments were recorded in the basic financial statements, as explained above. The pension asset increased in value, despite the use of \$2 million for rate relief, on improved investment returns.

Total current assets increased slightly from 3.2 times total current liabilities at June 30, 2013 to 3.4 times at June 30, 2014.

Net position invested in capital assets represent illiquid resources that are long term in nature. Legally restricted net position includes property tax receipts for general obligation bonds and resources in the Student Financial Aid Fund. Unrestricted net position is available for the continuing operation of the College.

CLACKAMAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2014

Comparative operating statements are as follows.

	June 30, 2013	June 30, 2014
Revenue		
Tuition and fees	\$ 17,765,226	\$ 17,282,884
Operating grants and contracts	19,299,591	18,274,688
State appropriation	7,389,486	15,460,383
Property taxes	18,426,030	18,900,671
Investment gain (loss) on pension asset	2,274,164	3,596,854
Auxiliary enterprises	3,139,401	2,787,519
Other revenue	1,271,829	1,819,636
Total revenue	69,565,727	78,122,635
Expenses		
Instruction and instructional support	32,281,560	31,573,306
Student services	5,080,006	5,025,345
College support, plant operations and maintenance, plant additions	13,248,763	13,771,035
Financial aid	9,997,927	8,511,295
Auxiliary enterprises	3,041,919	2,655,934
Depreciation expense	2,204,765	2,174,660
Interest expense	3,713,240	3,514,698
Other expense	11,635	-
Total expenses	69,579,815	67,226,273
Increase (decrease) in net position	(14,088)	10,896,362
Net position - beginning of the year	39,643,990	39,629,902
Net position, end of year	\$ 39,629,902	\$ 50,526,264

As explained above, state appropriation revenue in the basic financial statements was erratic because it includes payments received during the fiscal year. Shown by the biennium for which it was appropriated, total state support for all community colleges has only partially recovered from the recession, as follows.

	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			

CLACKAMAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2014

Property tax revenue increased with growth in assessed valuations. There are two property tax levies. The permanent rate levy of 55.82 cents per \$1,000 of assessed value is used to fund general operations. Permanent rates were set by the state in 1997 as a result of voter-approved ballot measures and cannot be changed by the taxing districts. The second levy is for voter-approved general obligation bonds, and is in the dollar amount needed annually for principal and interest payments on voter-approved bonds.

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The pension asset was created in 2004 and 2005 when the college sold pension bonds and invested the proceeds with the Oregon Public Employees Retirement System (PERS). PERS credited the side account with investment gains of 16.7% in 2013-14.

Auxiliary enterprises, which furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services, are intended to cover their direct costs. Auxiliary enterprises include the bookstore, automotive repair, and customized training.

The first three categories of expenses – instruction and instructional support; student services; and college support, plant operations and maintenance, and plant additions – represent ongoing operational costs. Instruction and instructional support is the largest category, at 63% of the total for the group. The largest single component is personnel. Excluding disbursements of student financial aid, expenditures were virtually identical to the prior year.

Capital Assets and Long-term Debt

The College's investment in capital assets as of June 30, 2014 was \$66.7 million, net of accumulated depreciation. Capital assets include land, buildings and improvements, equipment, and library collections. Details of the changes in capital assets are in Note 3.

The principal amount of debt outstanding at June 30, 2014 was \$73.9 million, as follows:

<u>Debt</u>	<u>Amount (in millions)</u>	<u>Repayment Source</u>
General obligation (GO) bonds	\$24.4	Annual property tax levy
Pension bonds	27.4	General college operations
2006 full faith & credit obligations (Harmony)	15.0	General college operations
2009 full faith & credit obligations (refunding)	1.6	Payments from Clackamas County
Compensated absences	1.0	General college operations
Obligations for early retirement	4.5	General college operations

GO bonds and full faith and credit obligations are payable from any and all College resources.

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 5% of the legal debt limit.

There were no major construction projects or new debt issues during the year. Additional details on long-term debt are in Note 4.

Known Items of Future Significance

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

CLACKAMAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2014

ASSETS	
Current assets	
Cash and investments	\$ 30,065,976
Receivables, net	
Accounts	4,607,905
Property taxes	952,867
Inventories	496,677
Prepaid expenses	165,961
Total current assets	<u>36,289,386</u>
Noncurrent assets	
Pension asset	26,617,295
Non-depreciable capital assets	3,194,504
Depreciable capital assets	94,777,775
Less accumulated depreciation	(31,282,673)
Total noncurrent assets	<u>93,306,901</u>
Total assets	<u>129,596,287</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred on refunding of long-term debt	847,110
Total assets and deferred outflows	<u>\$ 130,443,397</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,834,637
Wages, taxes and benefits	1,919,680
Accrued interest payable	177,175
Unearned revenue	549,633
Other current liabilities	107,391
Current portion of long-term debt	6,166,683
Total current liabilities	<u>10,755,199</u>
Noncurrent liabilities	
General obligation bonds	25,504,876
Pension bonds	27,265,519
Full faith and credit obligations	17,075,674
Compensated absences	1,010,740
Obligations for early retirement	4,471,808
Less current portion of long-term debt	(6,166,683)
Total noncurrent liabilities	<u>69,161,934</u>
Total liabilities	<u>79,917,133</u>
NET POSITION	
Net investment in capital assets	<u>24,956,166</u>
Restricted for debt service	356,769
Restricted for student financial aid	14,582
Total restricted net position	<u>371,351</u>
Unrestricted	25,198,747
Total net position	<u>50,526,264</u>
Total liabilities and net position	<u>\$ 130,443,397</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, 2014

OPERATING REVENUE	
Tuition and fees	\$ 17,282,884
Operating grants and contracts	
Federal	14,620,741
State	1,625,348
Local	2,028,599
Auxiliary enterprises	
Bookstore	2,181,915
Technical Mechanical	143,850
Customized Training	461,754
Other operating revenue	1,642,295
Total operating revenue	<u>39,987,386</u>
OPERATING EXPENSES	
Instruction	25,049,681
Instructional support	6,523,625
Student services	5,025,345
College support	10,267,702
Plant operations and maintenance	2,933,696
Plant additions	569,637
Financial aid	8,511,295
Auxiliary enterprises	
Bookstore	2,130,845
Technical Mechanical	175,924
Customized Training	349,165
Depreciation expense	2,174,660
Total operating expenses	<u>63,711,575</u>
Operating loss	<u>(23,724,189)</u>
NONOPERATING REVENUE (EXPENSES)	
State appropriation	15,460,383
Property taxes	18,900,671
Interest income	165,623
Investment gain on pension asset	3,596,854
Interest expense	(3,514,698)
Gain on disposal of capital assets	11,718
Net nonoperating revenue (expenses)	<u>34,620,551</u>
Increase in net position	10,896,362
NET POSITION	
Net position - beginning of the year	<u>39,629,902</u>
Net position - end of the year	<u>\$ 50,526,264</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 38,904,245
Cash payments to suppliers for goods and services	(16,067,140)
Cash payments to employees for services	<u>(41,403,789)</u>
Net cash provided (used) by operating activities	<u>(18,566,684)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state appropriation	15,460,383
Cash received from property taxes	15,000,871
Principal paid on pension bonds	(740,000)
Interest paid on pension bonds	<u>(1,436,038)</u>
Net cash provided (used) by noncapital financing activities	<u>28,285,216</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(668,474)
Proceeds from sale of capital assets	22,197
Cash received from property taxes levied for capital debt	4,263,436
Principal paid on capital-related long-term debt	(4,020,000)
Interest paid on capital-related long-term debt	<u>(2,168,750)</u>
Net cash provided (used) by capital financing activities	<u>(2,571,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>165,623</u>
Increase (decrease) in cash and investments	7,312,564
Beginning cash and investments	<u>22,753,412</u>
Ending cash and investments	<u>\$ 30,065,976</u>
Cash and cash equivalents	\$ 674,627
Investments	<u>29,391,349</u>
Cash and investments per Statement of Net Position	<u>\$ 30,065,976</u>

The Accompanying Notes to the Basic Financial Statements are an Integral part of This Statement
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CLACKAMAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (continued)
Year Ended June 30, 2014

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Income (loss) from operations	<u>\$ (23,724,189)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	2,174,660
Amortization of pension asset	1,973,398
(Increase) decrease in:	
Receivables, net of allowance for uncollectibles	(1,160,417)
Inventories	23,235
Prepaid expenses	696,135
Increase (decrease) in:	
Accounts payable	459,432
Wages, taxes and benefits	773,880
Unearned revenue	77,276
Other current liabilities	70,492
Compensated absences	40,265
Obligations for early retirement	<u>29,149</u>
Net adjustments	<u>5,157,505</u>
Net cash provided (used) by operating activities	<u>\$ (18,566,684)</u>
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES	
Investment gain on pension asset	\$ 3,596,854
Pension asset	(3,596,854)
Disposition of capital assets	10,479
Loss on disposition of capital assets	(10,479)
Amortization of deferred on refunding of long-term debt	(137,505)
Deferred on refunding of long-term debt	137,505
Amortization of premium/discount on long-term debt	216,086
Premium/discount on long-term debt	<u>(216,086)</u>
Total noncash capital, financing and investing activities	<u>\$ -</u>

The Accompanying Notes to the Basic Financial Statements are an Integral part of This Statement
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CLACKAMAS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2014

<u>Assets</u>	
Cash and cash equivalents	\$ 372,908
Unconditional promises to give	254,510
Prepaid expenses	3,602
Investments	15,779,649
Historical letter	<u>11,250</u>
Total assets	<u>\$ 16,421,919</u>
<u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	\$ 137,171
Deferred revenue	<u>56,920</u>
Total liabilities	<u>194,091</u>
Net assets:	
Unrestricted	261,435
Temporarily restricted	1,478,865
Permanently restricted	<u>14,487,528</u>
Total net assets	<u>16,227,828</u>
Total liabilities and net assets	<u>\$ 16,421,919</u>

The accompanying notes are an integral part of this statement.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 50,610	\$ 439,076	\$ 464,759	\$ 954,445
Donated services	266,325	-	-	266,325
Donated materials	210,399	-	-	210,399
Investment earnings	10,347	-	201,604	211,951
Net unrealized gains(losses) on investments	66,945	-	1,844,095	1,911,040
Special events	143,710	-	-	143,710
Other income	4,683	174,673	-	179,356
Net assets released from restrictions	<u>1,205,120</u>	<u>(529,448)</u>	<u>(675,672)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,958,139</u>	<u>84,301</u>	<u>1,834,786</u>	<u>3,877,226</u>
Expenses and losses:				
Program services:				
Scholarships and grants	530,390	-	-	530,390
Programs and instruction support	557,125	-	-	557,125
Materials donated to the College	210,399	-	-	210,399
Special events	<u>56,669</u>	<u>-</u>	<u>-</u>	<u>56,669</u>
Total program services	<u>1,354,583</u>	<u>-</u>	<u>-</u>	<u>1,354,583</u>
Supporting services:				
General administration	282,661	-	-	282,661
Donated services	<u>266,325</u>	<u>-</u>	<u>-</u>	<u>266,325</u>
Total supporting services	<u>548,986</u>	<u>-</u>	<u>-</u>	<u>548,986</u>
Total expenses and losses	<u>1,903,569</u>	<u>-</u>	<u>-</u>	<u>1,903,569</u>
Change in net assets	54,570	84,301	1,834,786	1,973,657
Net assets, beginning of year	<u>206,865</u>	<u>1,394,564</u>	<u>12,652,742</u>	<u>14,254,171</u>
Net assets, end of year	<u>\$ 261,435</u>	<u>\$ 1,478,865</u>	<u>\$ 14,487,528</u>	<u>\$ 16,227,828</u>

The accompanying notes are an integral part of this statement.

CLACKAMAS COMMUNITY COLLEGE
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended June 30, 2014

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 Outflow 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.

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. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

CLACKAMAS COMMUNITY COLLEGE
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the College.

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, 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, 2014

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

At June 30, vacation hours in excess of 176 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, 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 the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

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 \$3,259,637 for the year ended June 30, 2014. 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 \$50,526,264 at June 30, 2014 includes \$24,956,166 invested in capital assets, \$371,351 of restricted net position, and \$25,198,747 available for other purposes.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Budget

A budget is prepared for all College funds in the categories required by Oregon local budget law: personnel services, materials and services, capital outlay, and debt service. The College's legal spending authority is defined in the resolution passed by the Board of Education making the appropriations and adopting the budget. The legally adopted appropriations are by function, such as Instruction and Instructional Support.

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 begins its budget process in the fall of each year with the establishment of the budget committee. Recommendations are developed through winter and early spring. 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 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. For budget purposes in conformance with Oregon local budget law, outstanding encumbrances at year end are recorded as expenditures, but the College had no outstanding encumbrances at June 30, 2014.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

For 2013-14, expenditures exceeded appropriations as follows.

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Innovation Fund				
Instruction	\$ 100,000	\$ 100,000	\$ 113,401	\$ (13,401)
Instructional Support	100,000	100,000	16,814	83,186
Student Services	500,000	500,000	61,392	438,608
College Support Services	300,000	450,000	538,066	(88,066)
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,150,000</u>	<u>\$ 729,673</u>	<u>\$ 420,327</u>
Intramurals and Athletics Fund				
Student Services	<u>\$ 365,231</u>	<u>\$ 380,231</u>	<u>\$ 380,947</u>	<u>\$ (716)</u>
Grants and Contracts Fund				
Instruction	\$ 3,369,000	\$ 2,669,000	\$ 3,030,768	\$ (361,768)
Instructional Support	6,151,200	7,751,200	8,454,156	(702,956)
Student Services	344,000	344,000	112,700	231,300
College Support Services	446,000	546,000	662,621	(116,621)
Transfers Out	1,000,000	1,237,877	1,238,401	(524)
Total expenditures	<u>\$ 11,310,200</u>	<u>\$ 12,548,077</u>	<u>\$ 13,498,646</u>	<u>\$ (950,569)</u>
Technical Mechanical Fund				
Instructional Support	<u>\$ 146,045</u>	<u>\$ 160,645</u>	<u>\$ 175,924</u>	<u>\$ (15,279)</u>

The Innovation Fund records use of unrestricted monies for projects which advance strategic priorities. A project originally assigned as Student Services evolved into an information technology project to enhance data security and integrity, which is a College Support Services function. Consequently, expenditures for the College Support Services (and Instruction) functions exceeded appropriations, although expenditures for the fund in total did not.

As the statewide fiscal lead for the \$18 million dollar, four-year US Department of Labor CASE grant (Credential Acceleration and Support for Employment), Clackamas records expenditures incurred by each of the 16 other Oregon community colleges; draws the federal grant funds; and passes on that reimbursement to each college. Expenditures by the other colleges were not estimable by year end. All grant expenditures have been fully reimbursed.

The level of activity in the Intramurals and Athletics and Technical Mechanical funds exceeded expectations.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

2. Cash and Investments

Cash (stated at cost) and investments (fair value) on June 30, 2014 consist of the following:

Cash on hand	\$ 35,257
Deposits with financial institutions	639,370
Investments	<u>29,391,349</u>
Total cash and investments	<u>\$ 30,065,976</u>

Deposits with Financial Institutions

Deposits with financial institutions are bank demand deposits. According to the College's records, these accounts total \$639,370 on June 30, 2014. The bank statements reflect a balance of \$2,278,071 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, \$2,028,071 was exposed to custodial credit risk at June 30, 2014 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, 2014 were in the Oregon State Treasury Local Government Investment Pool (LGIP), with maturities as follows:

Percent of portfolio to mature within 93 days	61%
Percent of portfolio to mature over one year	26%

Amounts in the LGIP are not required by law to be collateralized. They are 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, 2014 the fund's composite weighted average rating was equivalent to S&P's AA. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund.

As of June 30, 2014 and for the year then ended, the College was in compliance with State of Oregon statutes regarding 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, 2014

3. Capital Assets

Changes in capital assets during the year ended June 30, 2014 are as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 3,194,504	\$ -	\$ -	\$ 3,194,504
Capital assets being depreciated:				
Buildings & building improvements	88,215,498	-	-	88,215,498
Equipment	4,300,246	574,629	(99,552)	4,775,323
Library books	1,883,109	93,845	(190,000)	1,786,954
Total capital assets being depreciated	94,398,853	668,474	(289,552)	94,777,775
Less accumulated depreciation for:				
Buildings & building improvements	24,849,868	1,796,354	-	26,646,222
Equipment	3,083,208	293,475	(89,073)	3,287,610
Library books	1,454,010	84,831	(190,000)	1,348,841
Total accumulated depreciation	29,387,086	2,174,660	(279,073)	31,282,673
Total capital assets being depreciated, net	65,011,767	(1,506,186)	(10,479)	63,495,102
Total capital assets, net	\$ 68,206,271	\$ (1,506,186)	\$ (10,479)	\$ 66,689,606

4. Long-Term Debt

General Obligation Bonds, the 2006 Full Faith and Credit Obligations (FFCO), 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 were used for the acquisition and construction of major capital facilities.

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.

During 2004, 2007 and 2009, the College advance refunded debt. Governmental Accounting Standards Board Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2014, the outstanding balance of the 1998 certificates of participation that have been defeased in-substance by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments was \$1,695,000.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

4. Long-Term Debt (Continued)

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, 2013 or June 30, 2014.

	Original Amount	Interest Rates	Principal				Due Within One Year	Interest Paid
			Balance July 1, 2013	Additions	Payments	Balance June 30, 2014		
General obligation bonds:								
2001	\$47,000,000	3.75-5.25%	\$ 475,000	\$ -	\$ 235,000	\$ 240,000	\$ 240,000	\$ 24,937
2007	31,850,000	4.00-5.00%	26,890,000	-	2,760,000	24,130,000	3,010,000	1,312,025
			27,365,000	-	2,995,000	24,370,000	3,250,000	1,336,962
Plus unamortized premium			1,324,022	-	189,146	1,134,876	-	-
Total GO bonds			28,689,022	-	3,184,146	25,504,876	3,250,000	1,336,962
Pension bonds:								
2004	15,695,000	3.35-5.50%	14,660,000	-	360,000	14,300,000	425,000	793,669
2005	14,620,000	4.64-4.83%	13,455,000	-	380,000	13,075,000	440,000	642,369
			28,115,000	-	740,000	27,375,000	865,000	1,436,038
Less unamortized discount			(117,300)	7,819	-	(109,481)	-	-
Total pension bonds			27,997,700	7,819	740,000	27,265,519	865,000	1,436,038
Full faith & credit obligations:								
2006 Harmony campus	20,000,000	4.00-5.50%	15,935,000	-	920,000	15,015,000	955,000	763,938
2009 refunding 1998 COPs	2,770,000	3.00-4.00%	1,750,000	-	105,000	1,645,000	110,000	67,850
			17,685,000	-	1,025,000	16,660,000	1,065,000	831,788
Plus unamortized premium			450,433	-	34,759	415,674	-	-
Total FFCOs			18,135,433	-	1,059,759	17,075,674	1,065,000	831,788
Compensated absences		n/a	970,475	986,683	946,418	1,010,740	986,683	-
Obligations for early retirement		5.25%	4,442,659	993,295	964,146	4,471,808	-	-
Total noncurrent liabilities			\$ 80,235,289	\$ 1,987,797	\$ 6,894,469	\$ 75,328,617	\$ 6,166,683	\$ 3,604,788

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

4. Long-Term Debt (Continued)

Future maturities of long-term debt are as follows:

Year Ending June 30	General Obligation Bonds				Pension Bonds			
	2001		2007		2004		2005	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 240,000	\$ 12,600	\$ 3,010,000	\$ 1,201,625	\$ 425,000	\$ 776,400	\$ 440,000	\$ 624,725
2016	-	-	3,540,000	1,056,000	495,000	755,588	505,000	604,296
2017	-	-	3,865,000	879,000	575,000	730,852	570,000	580,849
2018	-	-	4,205,000	685,750	660,000	701,545	645,000	554,384
2019	-	-	4,565,000	475,500	750,000	667,244	720,000	524,437
2020	-	-	4,945,000	247,250	855,000	626,445	805,000	491,007
2021	-	-	-	-	965,000	579,933	895,000	453,631
2022	-	-	-	-	1,080,000	527,436	990,000	410,393
2023	-	-	-	-	1,210,000	468,685	1,095,000	362,567
2024	-	-	-	-	1,345,000	402,860	1,205,000	309,667
2025	-	-	-	-	1,495,000	328,482	1,325,000	251,454
2026	-	-	-	-	1,655,000	245,808	1,450,000	187,443
2027	-	-	-	-	1,825,000	154,287	1,590,000	117,393
2028	-	-	-	-	965,000	53,364	840,000	40,580
Total	\$ 240,000	\$ 12,600	\$ 24,130,000	\$ 4,545,125	\$ 14,300,000	\$ 7,018,929	\$ 13,075,000	\$ 5,512,826

4. Long-Term Debt (Continued)

Year Ending June 30	Full Faith and Credit Obligations					
	2006 Harmony Campus		2009 FFCO Refunding of 1998 COPs			
	Principal	Interest	Principal	Interest		
2015	\$ 955,000	\$ 727,138	\$ 110,000	\$ 64,700		
2016	1,000,000	688,937	115,000	61,400		
2017	1,040,000	642,938	120,000	56,800		
2018	1,090,000	590,937	120,000	52,000		
2019	1,145,000	536,438	130,000	47,200		
2020	1,200,000	479,187	130,000	42,000		
2021	1,265,000	419,188	140,000	36,800		
2022	1,325,000	355,937	145,000	31,200		
2023	1,390,000	289,688	150,000	25,400		
2024	1,460,000	220,187	155,000	19,400		
2025	1,535,000	147,187	160,000	13,200		
2026	1,610,000	70,437	170,000	6,800		
Total	\$ 15,015,000	\$ 5,168,199	\$ 1,645,000	\$ 456,900		

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 Plan

The College contributes to Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, post employment health care benefits and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238. ORS 238.630 established 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. That report can be obtained by writing PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, or calling (503) 598-7377.

PERS consists of the original Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP). Membership depends on when an individual began working for covered employer, as follows:

OPERF Tier I	Individual began working: prior to January 1, 1996
OPERF Tier II	from January 1, 1996 to August 29, 2003
OPSRP	after August 29, 2003
IAP (Individual Account Program)	6% employee contributions for all members beginning January 1, 2004

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

6. Pension Plan (Continued)

Members are required to contribute 6% of their salary covered by the plan; the College pays this on behalf of all employees. The College is required to contribute at an actuarially determined rate. The rate for the College during 2013-14 was 9.24% of covered salary for Tier I & II members and 7.34% of covered salary for OPSRP members. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rates include a credit for use of pension bond proceeds invested with PERS. Pension bond debt service is in addition to the rate paid to PERS.

The College's contributions to PERS for the years ended June 30, 2014, 2013, and 2012 were as follows:

Year Ended June 30	Employer Contributions				Net Pension Obligation	Employee Contributions Paid by Employer	Total Contributions
	Remitted to PERS	Use of Pension Asset	Annual Pension Cost (APC)	Percentage of APC Contributed			
2014	\$1,982,573	\$1,973,398	\$3,955,971	100%	-	\$1,421,415	\$5,377,386
2013	2,199,205	1,945,857	4,145,062	100%	-	1,579,857	5,724,919
2012	2,040,952	1,810,052	3,851,004	100%	-	1,451,913	5,302,917

7. Pension Asset

As a result of the issuance of the limited tax pension obligation bonds discussed in Note 4, the College has reported a pension asset in the Statement of Net Position. The pension asset is equal to the initial \$29,294,256 in payments made to PERS from the bond proceeds, less amounts contributed to the cost sharing plan thereby reducing the College contribution rate, plus investment earnings. During the 2013-14 fiscal year, changes in the pension asset were as follows:

Asset balance at June 30, 2013	\$ 24,993,839
Investment gain on pension asset	3,596,854
Contribution to cost sharing plan	(1,973,398)
Asset balance at June 30, 2014	<u>\$ 26,617,295</u>

8. Other Post Employment Benefits

The College maintains a defined-benefit single employer early retirement supplement program. The program 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. For eligible early retirees, the College 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. The College also pays a monthly stipend for eligible retirees, which ceases after a maximum of 48 months or when the employee reaches age 62. The stipend amount is fixed given the employee's hire date at salary grade at retirement.

There is no obligation on the part of the College to fund these benefits in advance. The College pays these benefits as they come due and may accumulate reserves in the Retirement Fund toward future payments. 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.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

8. Other Post Employment Benefits (Continued)

Amounts using the actuarial valuation prepared as of July 1, 2013 follow.

	Total	Medical Plan	Stipend Plan	Contributions Made as a Percent of Annual Cost	
				Medical Plan	Stipend Plan
Annual OPEB cost:					
Annual required contribution (ARC)	\$ 1,630,756	\$ 1,330,340	\$ 300,416		
Interest on net obligation	177,706	162,902	14,804		
Adjustment to net pension obligation/asset	(815,167)	(747,258)	(67,909)		
Annual OPEB cost Contributions made	993,295 (964,146)	745,984 (664,495)	247,311 (299,651)	89%	121%
Net change in OPEB obligation	29,149	81,489	(52,340)		
OPEB obligation at June 30, 2013	4,442,659	4,072,554	370,105		
OPEB obligation at June 30, 2014	<u>\$ 4,471,808</u>	<u>\$ 4,154,043</u>	<u>\$ 317,765</u>		
Annual OPEB cost for prior fiscal years:					
2012-13	\$ 1,323,553	\$ 922,166	\$ 401,387	65%	64%
2011-12	1,492,783	1,014,386	478,397	57%	68%
OPEB obligation for prior fiscal years:					
At June 30, 2012	3,980,933	3,753,949	226,984		

In the most recent valuation, the projected unit credit actuarial cost method was used for the valuation of the ARC and annual OPEB cost. The amortization method was level dollar, and the amortization period is an open six year period. The actuarial assumptions include an interest rate of 4% per annum and no changes in program provisions. The consumer price inflation was assumed to be 3% per year. For the stipend program, no inflation assumption was necessary because benefits are fixed, and no salary increase assumption was necessary because funding is over future years of service and not future payroll. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and are subject to revision.

The College does not accumulate assets in a dedicated trust, or equivalent arrangement, for purposes of funding the retiree healthcare obligation. Therefore, as of July 1, 2013, the most recent actuarial valuation date, the medical plan and the stipend plan are both considered 0% funded. The actuarial accrued liability of benefits was \$5,622,529 for the medical plan and \$1,283,234 for the stipend plan and the actuarial value of assets was \$0 for each plan, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,622,529 for the medical plan and \$1,283,234 for the stipend plan. The covered payroll (actual payroll for active employees covered by the plans) was \$20,763,022, and the ratio of the UAAL to the covered payroll was 27% for the medical plan and 6% for the stipend plan.

The required schedule of funding progress in the section immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of the valuation. Actuarial calculations reflect a long-term perspective.

CLACKAMAS COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

9. 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 FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2014

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.

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.

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.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

Investment Policy/Spending Policy (Contd)

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. On an annual basis, the Foundation Board of Directors may determine the allocation within that 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 and a highly liquid investment in the Oregon Local Government Investment Pool.

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.

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.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

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 fund raising 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 hedge funds in its balanced portfolio with the goal of reducing portfolio risk and volatility and increasing portfolio returns.

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.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

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.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2014:

Cash on hand	\$ 1,000
Deposits with financial institution	21,046
Investment in Oregon Local Government Investment Pool	<u>350,862</u>
Total cash and cash equivalents	<u>\$ 372,908</u>

The Foundation maintains an account at a financial institution insured by the National Credit Union Share Insurance Fund (NCUSIF). Amounts on deposit may sometimes exceed NCUSIF coverage. Investments in the Oregon Local Government Investment Pool are exempt from statutes requiring insurance.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30, 2014:

Unrestricted promises to give	\$ 10,966
Temporarily restricted promises to give	20,405
Permanently restricted promises to give	<u>255,840</u>
Total unconditional promises to give	287,211
Less discount to net present value	<u>(32,701)</u>
Net unconditional promises to give	<u>\$ 254,510</u>

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2014

4. INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2014:

Cash and money market funds	\$ 88,372
Equity and debt mutual funds	14,922,388
Hedge funds	<u>768,889</u>
Total investments	<u>\$ 15,779,649</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, hedge funds, and the Foundation's investment in the Oregon Local Government Investment Pool.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment earnings, net of \$32,653 of investment expenses	\$ 10,347	\$ -	\$ 201,604	\$ 211,951
Net unrealized gains(losses) on investments	<u>66,945</u>	<u>-</u>	<u>1,844,095</u>	<u>1,911,040</u>
Total	<u>\$ 77,292</u>	<u>\$ -</u>	<u>\$ 2,045,699</u>	<u>\$ 2,122,991</u>

The Foundation's investments are diversified in a variety of equity and debt mutual funds, hedge funds, and the Oregon Local Government Investment Pool. 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.

5. DERIVATIVE INSTRUMENTS

The Foundation is using hedge funds as fair value hedges. At June 30, 2014, there was no hedge ineffectiveness because the investments in which the hedge funds are included are valued at fair value.

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2014

6. TEMPORARILY RESTRICTED NET ASSETS

Net assets include temporarily restricted funds. Temporarily restricted net assets consist of the following at June 30, 2014:

Scholarships	\$ 1,475,530
Capital projects	<u>3,335</u>
Total	<u>\$ 1,478,865</u>

7. PERMANENTLY RESTRICTED NET ASSETS

Net assets include permanently restricted funds for endowments. The purpose of these funds is to provide for scholarships and instructional programs. Permanently restricted net assets consist of the following at June 30, 2014:

Ruth Allen endowment	\$ 579,634
Title III endowment	475,274
Training Alliance endowment	1,044,718
Scholarships and instructional programs	<u>12,387,902</u>
Total	<u>\$ 14,487,528</u>

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)

CLACKAMAS COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2014

8. FAIR VALUE MEASUREMENTS (Contd)

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 June 30, 2014 consist of \$88,372 in cash and money market funds, \$14,922,388 in equity and debt mutual funds, and \$768,889 in hedge funds.

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 investments in hedge funds are not valued using quoted market prices in active markets and are not redeemable at net asset value in the near term of the measurement date. Therefore, no hedge fund investments are classified as Level 1 or Level 2.

All hedge fund investments are classified as Level 3. Changes in Level 3 hedge fund investments during the 2013-14 year were as follows:

Balance, beginning of year	\$ 732,087
Net unrealized gains(losses) on investments	<u>36,802</u>
Balance, end of year	<u>\$ 768,889</u>

The Foundation's investments in hedge funds may be redeemed quarterly with 45 days advance notice.

9. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events for potential required disclosure through September 26, 2014, which is the date the financial statements were available to be issued.

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (Projected Unit Credit)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Medical Plan: 7/1/2013	\$0	\$5,622,529	\$5,622,529	0%	\$20,763,022	27%
Stipend Plan: 7/1/2013	\$0	\$1,283,234	\$1,283,234	0%	\$20,763,022	6%
Medical Plan: 7/1/2011	\$0	\$5,865,797 *	\$5,865,797	0%	\$21,112,018	28%
Stipend Plan: 7/1/2011	\$0	\$1,796,229 *	\$1,796,229	0%	\$21,112,018	9%
Medical Plan: 7/1/2009	\$0	\$4,857,344 *	\$4,857,344	0%	\$23,305,037	21%
Stipend Plan: 7/1/2009	\$0	\$1,838,779 *	\$1,838,779	0%	\$23,305,037	8%

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* The annual required contribution for these valuations is calculated using the aggregate actuarial cost method. Information for these valuations in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

In accordance with Governmental Accounting Standards Board statements, the actuarial values of assets includes only those in a dedicated trust or equivalent arrangement. Cash that the College has set aside in a separate fund in its accounting system do not meet this criteria because the Board of Education is able to chose at any time to use those assets for other purposes.

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
2013-14	\$ 24,956,166	\$ 371,351	\$ 25,198,747	\$ 50,526,264
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
2006-07	12,832,085	8,058,516	11,160,603	32,051,204
2005-06	16,825,940	1,876,640	6,782,839	25,485,419
2004-05	14,149,057	1,967,949	4,623,043	20,740,049

Note: GASB Statements No. 63 & 65 implemented in 2011-12 affected the presentation of debt issuance costs and hence the unrestricted net position. Restatement for years prior to 2009-10 was not required and is not presented.

CLACKAMAS COMMUNITY COLLEGE
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATING REVENUE										
Tuition and fees	\$ 17,282,884	\$ 17,765,226	\$ 14,529,352	\$ 15,925,463	\$ 19,070,108	\$ 14,650,380	\$ 12,152,102	\$ 11,696,518	\$ 12,304,956	\$ 11,971,233
Operating grants and contracts										
Federal	14,620,741	15,339,172	16,155,833	16,008,245	24,379,394	13,744,580	10,397,418	11,172,871	11,722,799	11,374,534
State	1,625,348	1,593,032	1,770,704	970,945	3,400,965	2,572,179	851,658	925,752	772,068	929,514
Local	2,028,599	2,367,387	2,591,059	2,801,232	3,118,674	3,414,620	3,126,910	3,098,397	3,378,206	4,603,193
Auxiliary enterprises										
Food services	-	-	-	-	-	-	-	-	(567)	4,859
Bookstore	2,181,915	2,453,055	2,661,229	2,818,601	2,872,400	2,610,122	2,563,605	2,557,035	2,535,724	2,688,323
Technical mechanical	143,850	211,340	206,117	212,496	182,784	121,787	118,944	72,879	69,241	92,559
Customized training	461,754	475,006	391,039	382,441	291,377	345,470	503,259	699,887	488,559	531,110
Other operating revenues	1,642,295	1,112,714	1,168,092	859,662	826,273	864,215	1,032,414	1,348,621	1,361,102	1,173,694
Total operating revenues	39,987,386	41,316,932	39,473,425	39,979,085	54,141,975	38,323,353	30,746,310	31,571,960	32,632,088	33,369,019
OPERATING EXPENSES										
Instruction	25,049,681	25,479,458	25,814,031	26,498,142	26,293,988	29,470,478	28,296,256	27,343,536	19,774,037	19,565,611
Instructional support	6,523,625	6,802,102	6,395,826	6,389,920	5,711,534	5,314,671	4,718,107	2,720,153	2,901,789	1,992,730
Student services	5,025,345	5,080,006	4,926,136	4,435,037	5,495,297	5,316,701	5,022,534	4,096,238	3,929,872	3,668,149
Community services	-	-	-	-	-	20,757	17,645	19,456	8,918	-
College support	10,267,702	9,624,031	9,636,825	9,447,665	8,374,819	8,661,971	8,910,404	9,609,824	12,444,104	16,687,078
Plant operations and maintenance	2,933,696	2,942,046	2,895,829	2,889,008	3,996,102	4,407,992	4,051,840	4,132,810	3,677,410	-
Plant additions	569,637	682,686	1,104,388	724,004	1,722,960	1,664,345	429,282	1,447,682	1,263,735	-
Financial aid	8,511,295	9,997,927	8,813,399	9,884,871	24,376,854	12,929,847	8,526,527	9,117,751	10,192,220	9,671,621
Auxiliary enterprises										
Food services	-	-	-	-	-	-	-	-	33,478	4,768
Bookstore	2,130,845	2,375,302	2,541,610	2,620,870	2,658,600	2,557,283	2,430,904	2,422,917	2,515,531	2,363,297
Technical mechanical	175,924	160,254	223,299	222,098	219,102	103,144	100,519	75,522	65,907	119,911
Customized training	349,165	506,363	395,630	296,335	291,662	373,983	563,952	651,279	425,411	344,742
Depreciation expense	2,174,660	2,204,765	2,292,984	2,237,465	2,253,522	2,231,260	1,871,632	1,834,569	1,784,248	1,896,551
Total operating expenses	63,711,575	65,854,940	65,039,957	65,645,415	81,394,440	73,052,432	64,939,602	63,471,737	59,016,660	56,314,458
Operating loss	(23,724,189)	(24,538,008)	(25,566,532)	(25,666,330)	(27,252,465)	(34,729,079)	(34,193,292)	(31,899,777)	(26,384,572)	(22,945,439)
NONOPERATING REVENUE (EXPENSES)										
State appropriation	15,460,383	7,389,486	14,480,460	8,441,565	19,353,062	13,865,009	24,023,876	12,815,673	19,929,312	10,841,708
Property taxes	18,900,671	18,426,030	18,015,405	18,027,570	18,187,372	18,065,374	17,174,732	15,890,682	15,593,255	14,862,693
Interest income	165,623	159,115	147,695	133,096	161,316	531,514	1,831,871	2,003,288	865,750	516,896
Investment gain (loss) on pension asset	3,596,854	2,274,164	(165,290)	3,451,685	2,994,004	(6,471,832)	(1,150,994)	-	-	-
Interest expense	(3,514,698)	(3,713,240)	(3,879,380)	(4,055,984)	(4,167,191)	(4,408,854)	(4,552,655)	(4,631,862)	(4,238,886)	(3,573,400)
Gain (loss) on disposition of capital assets	11,718	(11,635)	12,157	13,022	(48,500)	310	(84,241)	-	(1,019,489)	8,234
Net nonoperating revenue (expenses)	34,620,551	24,523,920	28,611,047	26,010,954	36,480,063	21,581,521	37,242,589	26,077,781	31,129,942	22,656,131
CONTRIBUTED CAPITAL										
Increase (decrease) in net position	10,896,362	(14,088)	3,044,515	344,624	9,227,598	(8,066,363)	3,659,137	(5,821,996)	4,745,370	(289,308)
NET POSITION										
Net position - beginning of the year	39,629,902	39,643,990	36,599,475	36,871,576	27,643,978	35,710,341	19,647,462	25,485,419	20,740,049	21,029,357
Prior period adjustment	-	-	-	(616,725)	-	-	12,403,742	(15,961)	-	-
Net position - end of the year	\$50,526,264	\$39,629,902	\$39,643,990	\$36,599,475	\$36,871,576	\$27,643,978	\$35,710,341	\$19,647,462	\$25,485,419	\$20,740,049

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	
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
2006-07	7,448,321	3,786,412	3,330,733	19,729,912	26,847,057
2005-06	8,471,765	3,874,846	1,837,777	24,713,666	30,426,289
2004-05	6,478,861	3,751,209	2,691,019	5,091,225	11,533,453

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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
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
2006-07	4,118,787	3,329,534	7,448,321
2005-06	-	8,471,765	8,471,765
2004-05	3,564,954	2,913,907	6,478,861

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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
REVENUE										
From state sources										\$ 15,183,301
State appropriation	\$ 12,848,594	\$ 10,001,275	\$ 11,166,661	\$ 11,755,364	\$ 14,626,846	\$ 18,591,225	\$ 19,905,089	\$ 16,934,460	\$ 16,364,358	-
Operating grants and contracts	511,628	486,268	828,024	659,243	1,235,714	6,162,384	42,744	139,680	48,311	-
Student financial aid	1,114,026	1,109,609	945,861	312,627	2,181,455	1,558,059	809,367	786,072	723,757	-
Other state revenue	-	361	195,587	1,133	1,000	6,560	4,552	-	-	-
From federal sources										11,374,534
Operating grants and contracts	10,772,505	7,994,862	5,103,426	4,111,052	4,442,773	3,260,336	3,271,051	3,571,017	3,444,183	-
Student financial aid	23,226,954	29,171,405	30,969,863	28,657,293	19,994,654	10,535,725	7,168,322	7,608,226	8,278,616	-
Other federal revenue	20,791	22,320	15,686	13,927	14,478	33,179	9,463	-	-	-
From local sources										34,314,125
Property taxes	19,294,610	18,422,912	17,866,383	18,129,351	18,150,627	17,802,289	16,995,602	15,832,739	15,634,052	-
Tuition and fees	20,822,470	21,348,366	21,165,843	20,267,253	19,070,108	14,650,380	12,152,102	11,696,518	12,304,956	-
Operating grants and contracts	1,178,225	1,538,797	1,607,782	1,901,710	2,217,073	2,646,197	2,439,860	2,740,202	2,838,836	-
Student financial aid	850,374	828,964	983,277	907,441	905,888	772,483	709,307	490,053	539,370	-
Interest income	165,623	159,115	147,695	133,096	161,316	531,514	1,831,871	2,003,288	865,750	-
Other local revenue	6,196,366	3,183,024	2,955,764	2,766,558	2,653,407	2,570,850	2,576,464	2,733,915	2,802,111	-
Total revenue	97,002,166	94,267,278	93,951,852	89,616,048	85,655,339	79,121,181	67,915,794	64,536,170	63,844,300	60,871,960
EXPENDITURES										
Personal services	44,361,916	44,269,265	42,086,067	39,223,289	39,235,754	42,330,960	41,318,395	38,996,599	36,460,600	33,840,316
Materials and services	36,959,298	41,575,084	43,411,912	41,551,046	36,520,857	27,005,997	29,707,412	21,506,032	20,022,733	20,598,797
Capital outlay	904,727	532,849	767,273	609,295	266,722	1,002,895	2,066,877	1,440,635	862,068	4,901,022
Debt service - principal	4,760,000	4,350,000	3,965,000	3,945,000	3,955,000	4,325,000	3,198,140	3,217,331	2,595,977	2,465,000
Debt service - interest	3,604,788	3,803,927	3,968,305	4,145,821	4,257,470	4,496,729	4,634,885	4,683,214	4,105,042	3,497,436
Total expenditures	90,590,729	94,531,125	94,198,557	89,474,451	84,235,803	79,161,581	80,925,709	69,843,811	64,046,420	65,302,571
Excess (deficiency) of revenue over (under) expenditures	6,411,437	(263,847)	(246,705)	141,597	1,419,536	(40,400)	(13,009,915)	(5,307,641)	(202,120)	(4,430,611)
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of assets	22,197	47,851	12,157	13,275	461	1,214	-	-	851,280	-
Proceeds from long-term debt	-	-	-	-	2,770,000	-	-	31,850,000	20,522,069	14,620,000
Bond payment to PERS/debt refunding	-	-	-	-	(2,852,134)	-	-	(34,105,219)	-	(14,259,139)
Discount/costs of debt issuance	-	-	-	-	84,550	-	-	2,259,641	(232,907)	(180,559)
Transfers in from other funds	9,597,451	4,548,638	6,299,698	2,376,142	5,877,000	3,849,511	2,712,659	4,497,190	1,250,030	2,209,901
Transfers (out to) other funds	(9,527,451)	(4,488,638)	(6,239,698)	(2,341,142)	(5,842,000)	(3,449,511)	(2,677,969)	(3,796,647)	(1,302,609)	(1,776,511)
Total other financing sources (uses)	92,197	107,851	72,157	48,275	37,877	401,214	34,690	704,965	21,087,863	613,692
Excess (deficiency) of revenue & other sources (uses) over (under) expenditures	6,503,634	(155,996)	(174,548)	189,872	1,457,413	360,814	(12,975,225)	(4,602,676)	20,885,743	(3,816,919)
FUND BALANCE										
Beginning fund balance	22,697,708	22,853,704	23,028,252	22,838,380	21,380,967	21,020,153	34,295,378	38,898,054	18,012,311	20,052,103
Prior period adjustment	-	-	-	-	-	-	(300,000)	-	-	1,777,127
Ending fund balance	<u>\$ 29,201,342</u>	<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>	<u>\$ 38,898,054</u>	<u>\$ 18,012,311</u>
Debt service as % of noncapital expenditures	10%	9%	9%	10%	11%	13%	11%	13%	12%	11%

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		Assessed Valuation by Property Type (continued)			True Cash Valuation	Ratio of Assessed Valuation to True Cash Valuation
				Real Property	Manufactured Structures	Personal Property	Public Utility	Total		
2013-14	\$ 0.5582	0.1500	\$ 0.7082	\$ 28,114,981,194	\$ 110,433,279	\$ 626,366,109	\$ 1,046,600,404	\$ 29,898,380,986	\$ 33,436,732,244	89%
2012-13	0.5582	0.1588	0.7170	26,992,148,145	112,629,866	610,969,398	1,008,144,740	28,723,892,149	31,790,623,553	90%
2011-12	0.5582	0.1391	0.6973	26,414,056,848	112,538,178	596,055,667	1,030,071,324	28,152,722,017	32,963,246,020	85%
2010-11	0.5582	0.1598	0.7180	25,742,593,312	117,401,264	625,801,508	1,010,528,329	27,496,324,413	35,334,250,182	78%
2009-10	0.5582	0.1772	0.7354	24,985,368,070	146,471,096	660,952,788	987,783,853	26,780,575,807	39,196,423,165	68%
2008-09	0.5582	0.2002	0.7584	23,979,458,325	154,218,440	675,696,573	835,774,480	25,645,147,818	43,265,033,919	59%
2007-08	0.5582	0.1968	0.7550	22,626,435,707	156,709,038	639,273,223	805,373,210	24,227,791,178	41,295,048,861	59%
2006-07	0.5582	0.1824	0.7406	21,214,011,477	160,361,942	626,725,177	761,450,560	22,762,549,156	35,370,060,628	64%
2005-06	0.5582	0.2314	0.7896	19,984,073,532	165,008,306	599,877,028	710,424,197	21,459,383,063	29,902,610,735	72%
2004-05	0.5582	0.2426	0.8008	18,857,920,982	164,271,630	605,679,806	718,321,947	20,346,194,365	26,837,171,700	76%

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.

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
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
2006-07	0.7406	.5894 - 7.9028	.7833 - 2.5373	.0949 - 9.2359	.0614 - 2.9766
2005-06	0.7896	.5894 - 7.9181	.7833 - 2.5328	.1047 - 8.1686	.0783 - 2.9766
2004-05	0.8008	.5894 - 7.9791	.7833 - 2.5871	.1141 - 7.4944	.0592 - 2.9766

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	2013-14		2004-05		Percentage of Total County Assessed Valuation
	Taxes Billed	Rank	Taxable Assessed Value	Rank	
Portland General Electric	\$ 6,789,226	1	\$ 414,919,000	1	2.14%
General Growth Properties	3,276,645	2	118,173,842	4	0.61%
Clackamas Baking Plant	2,833,716	3			
Comcast Corporation	2,320,963	4			
Northwest Natural Gas	2,142,127	5	136,868,100	3	0.71%
PCC Structurals Inc.	1,682,218	6	67,207,241	8	0.35%
Xerox Corporation	1,362,134	7	73,017,006	7	0.38%
Blount Inc.	1,179,196	8			
Mentor Graphics Corp.	1,143,838	9	57,740,085	9	0.30%
Kaiser Foundation Hosp	811,845	10			
Fred Meyer Stores, Inc.			155,012,653	2	0.80%
Qwest Corporation			117,673,595	5	0.61%
Deloitte & Touche LLP			75,611,193	6	0.39%
Verizon Northwest, Inc.			54,269,098	10	0.28%
Total	\$23,541,908		\$ 1,270,491,813		6.57%

Source: Clackamas County Department of Assessment and Taxation

Note: Reports by assessed valuation, used in earlier years, show taxpayers, not property owners. Certain entities paying taxes on behalf of property owners are listed. For the current year, the report is by tax billed to the property owners.

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	Delinquent Tax Collections	Total Tax Collections	Total Tax Collected as a % of Current Levy	Uncollected Taxes	Uncollected Taxes as a % of Current Levy
	General Fund	Debt Service Fund	Total							
2013-14	\$ 15,313,694	\$ 4,336,679	\$ 19,650,373	\$ 18,625,365	94.78%	\$ 535,558	\$ 19,160,923	97.51%	\$ 1,203,459	6.12%
2012-13	14,519,921	4,320,790	18,840,711	17,775,708	94.35%	506,115	18,281,823	97.03%	1,236,015	6.56%
2011-12	14,573,668	3,729,789	18,303,457	17,196,425	93.95%	494,365	17,690,790	96.65%	1,228,974	6.71%
2010-11	14,396,804	4,176,990	18,573,794	17,380,805	93.58%	628,555	18,009,360	96.96%	1,090,448	5.87%
2009-10	13,430,804	5,166,476	18,597,280	17,417,522	93.66%	627,521	18,045,043	97.03%	1,196,797	6.44%
2008-09	13,578,278	4,905,754	18,484,032	17,208,503	93.10%	476,945	17,685,448	95.68%	1,161,032	6.28%
2007-08	12,903,549	4,581,584	17,485,133	16,435,586	94.00%	394,930	16,830,516	96.26%	863,800	4.94%
2006-07	12,164,188	4,005,291	16,169,479	15,310,316	94.69%	368,976	15,679,292	96.97%	673,592	4.17%
2005-06	11,329,383	4,732,014	16,061,397	15,257,770	95.00%	368,192	15,625,962	97.29%	610,880	3.80%
2004-05	10,717,518	4,694,471	15,411,989	14,568,416	94.53%	384,660	14,953,076	97.02%	649,206	4.21%

Source: Clackamas County Department of Assessment and Taxation

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	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
2013-14	\$ 25,504,876	\$ 27,265,519	\$ 17,075,674	\$ -	\$ 69,846,069	0.09%	\$ 75	0.23%	\$ 204	not available
2012-13	28,689,022	27,997,700	18,135,433	-	74,822,155	0.10%	85	0.26%	222	0.40%
2011-12	31,613,168	28,619,881	19,155,192	-	79,388,241	0.11%	94	0.28%	237	0.45%
2010-11	34,307,314	29,127,062	20,134,951	-	83,569,327	0.12%	104	0.30%	253	0.49%
2009-10	35,394,259	29,539,243	21,339,781	-	86,273,283	0.13%	106	0.32%	258	0.51%
2008-09	37,959,685	29,861,424	22,483,760	-	90,304,869	0.15%	114	0.35%	270	0.53%
2007-08	40,870,111	30,098,605	23,734,863	-	94,703,579	0.17%	124	0.39%	286	0.57%
2006-07	43,530,537	30,150,786	24,220,966	73,140	97,975,429	0.19%	134	0.43%	301	0.64%
2005-06	45,780,000	30,142,967	24,682,069	335,471	100,940,507	0.21%	143	0.47%	315	0.70%
2004-05	47,910,000	30,135,148	4,375,000	586,448	83,006,596	0.24%	151	0.41%	262	0.62%

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

Note: In 2013-14, prior year amounts were restated to include unamortized premium and discount.

CLACKAMAS COMMUNITY COLLEGE
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2014

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)
DIRECT			
Clackamas Community College	\$ 24,370,000	100.00%	\$ 24,370,000
OVERLAPPING			
Cities			
City of Canby	11,120,000	100.00%	11,120,000
City of Happy Valley	3,965,000	98.76%	3,915,826
City of Lake Oswego	28,741,913	1.00%	287,850
City of Molalla	215,000	100.00%	215,000
City of Oregon City	1,095,000	100.00%	1,095,000
City of Portland	130,695,000	0.08%	104,687
City of Tualatin	8,455,000	13.72%	1,160,313
City of West Linn	18,045,000	99.09%	17,880,827
Fire Districts			
Clackamas Cty #1	910,000	99.47%	905,169
Molalla	465,000	100.00%	465,000
Silverton	650,000	5.32%	34,549
Tualatin Valley Fire and Rescue	42,600,000	14.91%	6,351,319
School Districts			
108 Estacada	31,045,000	100.00%	31,045,000
115 Gladstone	48,373,647	100.00%	48,373,647
12 North Clackamas	327,271,595	100.00%	327,271,595
35 Molalla River	16,660,756	100.00%	16,660,756
3J West Linn/ Wilsonville	186,589,645	98.49%	183,768,596
46 Oregon Trail	109,595,487	0.10%	104,116
62 Oregon City	79,290,000	100.00%	79,290,000
7J Lake Oswego	99,037,049	1.39%	1,377,011
86 Canby	77,457,992	100.00%	77,457,992
4J Silver Falls	52,639,224	8.51%	4,481,125
10J Gresham-Barlow	86,599,811	0.02%	14,549
23J Tigard-Tualatin	110,945,868	5.10%	5,658,017
88J Sherwood	109,238,213	6.31%	6,890,309
29J Newberg	71,691,868	1.75%	1,255,611
Other			
Metro	222,955,000	13.46%	29,999,933
South Clackamas Transport District	160,000	100.00%	160,000
Willamette ESD	1,405,000	0.62%	8,697
Clackamas County	103,805,000	73.07%	75,853,947
Total overlapping	<u>1,981,718,068</u>		<u>933,206,441</u>
Total direct and overlapping	<u>\$ 2,006,088,068</u>		<u>\$ 957,576,441</u>

CLACKAMAS COMMUNITY COLLEGE
DEBT LIMITATION
Last Ten Fiscal Years

Fiscal Year	Legal Debt Limitation (1)	Bonded Indebtedness (2)	Debt Margin
2013-14	\$ 501,550,984	\$ 25,504,876	\$ 476,046,108
2012-13	476,859,353	28,689,022	448,170,331
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
2006-07	530,550,909	42,810,000	487,740,909
2005-06	448,539,161	45,780,000	402,759,161
2004-05	402,557,576	47,910,000	354,647,576

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.

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
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)
2013-14	341,663	not available	not available	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%
2006-07	325,955	15,371,418,000	41,378	4.8%
2005-06	320,880	14,327,255,000	39,116	5.7%
2004-05	316,295	13,453,156,000	37,094	7.1%

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 Eight Years Ago

Employer	2013-14	2005-06		Percentage of Total County Employment
	Number of Employees	Number of Employees	Rank	
Kaiser Sunnyside	2,100 +	2,800	1	1.94%
PCC Structurals	1,700 +			
Oregon Cutting Systems	1,300 +			
Providence	1,000 +			
Xerox Corporation	1,000 +			
Mentor Graphics	900 +			
Legacy Meridian Park	800 +			
Kroger	800 +			
Safeway	700 +	650	10	0.45%
Sysco	500 +			
United Grocers		1,400	5	0.97%
Blount International Inc.		900	8	0.62%
Clackamas County		1,400	6	0.97%
Fred Meyer Warehouse		1,100	7	0.76%
Fred Meyer, Inc.		2,125	2	1.48%
North Clackamas School District		1,530	4	1.06%
Pace Company		700	9	0.49%
Precision Castparts Inc.		2,075	3	1.44%
Total Clackamas County employment	140,900	140,900		

Source: Clackamas County.

Note: The 2005-06 data is all employers. The current year data is private employers.

CLACKAMAS COMMUNITY COLLEGE
EMPLOYEES
Last Ten Fiscal Years

Fiscal Year	Employee FTE (full-time equivalents)			
	Administrative	Full-time Faculty	Classified	Total
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
2006-07	39	166	213	418
2005-06	37	159	201	397
2004-05	32	162	193	387

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
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
2006-07	7,201	7,437	30,914
2005-06	7,580	8,009	25,024
2004-05	7,532	7,750	26,047

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, 2014

	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
OIT (partial ownership)	1952	10,219	Outreach, adult education, small business center
Wilsonville			
Wilsonville Training Center - original portion	1992	15,071	Utility training alliance
Wilsonville Training Center - addition	2001	34,980	Utility training alliance

AUDIT COMMENTS AND DISCLOSURES
 REQUIRED BY STATE REGULATIONS

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INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

September 26, 2014

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, 2014, and have issued our report thereon dated September 26, 2014.

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 paragraph.

As discussed in Note 1 to the financial statements, 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.

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.

GRANT COMPLIANCE

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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

September 26, 2014

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, 2014, and have issued our report thereon dated September 26, 2014.

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.
Kenneth Kuhns & Co.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

September 26, 2014

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. 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, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2013	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2014
U.S. Department of Education							
Student Financial Aid Programs cluster							
PELL Grants	7/1/13 - 6/30/14	84 . 063	\$ 9,431,940	\$ -	\$ 9,452,335	\$ 9,434,395	-
Direct Loans	7/1/13 - 6/30/14	84 . 268	13,458,101	-	13,458,873	13,458,101	-
Federal Work Study	7/1/13 - 6/30/14	84 . 033	187,904	-	175,548	175,549	-
Supplemental Education Opportunity Grants	7/1/13 - 6/30/14	84 . 007	170,000	-	140,198	140,814	-
Student Financial Aid Programs cluster			23,247,945	-	23,226,954	23,208,859	-
Clackamas Education Service District							
Perkins Basic Allocation 2013-2014	7/1/13 - 6/30/14	84 . 048	215,143	-	215,143	215,143	185,406
Perkins Mini Grants 2013-2014	7/1/13 - 6/30/14	84 . 048	11,500	-	10,945	10,945	10,945
Perkins Basic Allocation 2012-2013	7/1/12 - 6/30/13	84 . 048	224,654	76,234	-	-	-
Perkins Special Projects 2012-2013	7/1/12 - 6/30/13	84 . 048	7,296	1,537	-	-	-
Perkins Mini Grants 2012-2013	7/1/12 - 6/30/13	84 . 048	10,219	1,678	-	-	-
Perkins ESD	84 . 048A		-	-	6,617	6,617	6,030
Community Colleges & Workforce Development							
Title II Comprehensive	7/1/13 - 6/30/14	84 . 002A	173,124	-	173,124	173,124	22,762
Title II Accountability Set-Aside	7/1/13 - 6/30/14	84 . 002A	61,180	-	61,180	61,180	15,925
Title II Tutoring	7/1/13 - 6/30/14	84 . 002A	15,544	-	15,544	15,544	8,171
Title II Corrections	7/1/13 - 6/30/14	84 . 002A	28,223	-	28,223	28,223	9,654
Title II Comprehensive	7/1/12 - 6/31/13	84 . 002A	158,939	9,993	-	-	-
Title II Accountability Set-Aside	7/1/12 - 6/31/13	84 . 002A	62,180	17,283	-	-	-
Title II Tutoring	7/1/12 - 6/31/13	84 . 002A	17,084	11,379	-	-	-
Title II Corrections	7/1/12 - 6/31/13	84 . 002A	62,180	18,030	-	-	-
IGRA0576 OPABS & Learning Standards	10/1/12 - 6/30/13	84 . 002	14,500	4,600	-	-	-

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2013	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2014
U.S. Department of Education Department of Education Renewable Energy & Sustainability Center	8/1/10 - 7/31/13	84 . 116Z	400,000	38,915	7,251	7,251	-
Total U.S. Department of Education			<u>24,709,711</u>	<u>179,650</u>	<u>23,744,981</u>	<u>23,726,886</u>	<u>258,893</u>
U.S. Department of Labor							
WIA Cluster							
Workforce Investment Council of Clackamas County							
Formula Adult	7/1/13 - 6/30/14	17 . 258	586,034	-	480,358	480,357	67,596
Formula Adult	7/1/12 - 6/30/13	17 . 258	544,032	95,724	-	-	-
National Career Readiness	7/1/11 - 6/30/14	17 . 258	9,375	810	873	873	-
Incentive	7/1/13 - 12/31/13	17 . 278	2,751	-	2,751	2,751	-
National Career Readiness	7/1/11 - 6/30/14	17 . 278	28,125	2,431	7,203	7,203	-
Rapid Response - Blount	8/1/13 - 6/30/14	17 . 278	12,016	-	12,016	12,016	-
Rapid Response - Dutchman Manufacturing	9/13/13 - 6/30/14	17 . 278	6,936	-	6,936	6,936	-
Rapid Response - Multiple Companies	7/1/12 - 6/30/13	17 . 278	4,845	4,845	-	-	-
Formula Dislocated Worker	7/1/13 - 6/30/14	17 . 278	651,458	-	579,504	579,504	61,970
Formula Dislocated Worker	7/1/12 - 6/30/13	17 . 278	646,971	92,069	-	-	-
Back to Work Dislocated Worker	7/1/12 - 6/30/13	17 . 278	107,162	19,853	-	-	-
Additional Assistance Dutchman	1/1/14 - 12/31/14	17 . 278	51,673	-	41,675	41,676	24,746
WorkSystems, Inc							
Certified Production Technician Pilot	1/27/14 - 9/30/14	17 . 258	62,500	-	5,885	5,885	5,885
Certified Production Technician Pilot	1/27/14 - 9/30/14	17 . 278	-	-	20,866	20,866	20,866
Clackamas Education Service District							
Youth Services Operational	7/1/13 - 6/30/14	17 . 259	30,450	-	25,366	25,366	2,147
Youth Services Operational	7/1/12 - 6/30/13	17 . 259	38,435	6,707	-	-	-

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2013	Revenue Recog- nized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2014
Sage Alternative School Youth Services Sage Alternative		17 . 259	5,400	(98)	-	-	(98)
Total WIA Cluster			<u>2,788,163</u>	<u>222,341</u>	<u>1,183,433</u>	<u>1,183,434</u>	<u>183,112</u>
Workforce Investment Council of Clackamas County							
H1B Clean Technology	12/1/11 - 9/30/15	17 . 268	90,480	12,788	37,038	37,038	10,979
H1B Metro STEP	7/1/12 - 9/30/15	17 . 268	567,903	62,306	231,376	231,376	45,640
Jobs & Innovation Accelerator Challenge	7/1/13 - 5/31/15	17 . 268	40,588	-	2,753	2,752	2,191
Healthcare Oregon Pathways to Employment Intensive Personnel	7/1/10 - 6/30/13	17 . 269	254,759	34,570	-	-	-
ARRA State Energy Sector Partnership	1/29/10 - 5/31/13	17 . 275	261,613	15,664	-	-	-
NEG Dislocated Worker	7/1/13 - 6/30/15	17 . 277	211,453	-	52,097	52,098	38,606
NEG Blount	12/1/13 - 9/30/15	17 . 277	244,302	-	84,823	84,824	39,738
WorkSystems, Inc							
Certified Production Technician Pilot	1/27/14 - 9/30/14	17 . 283	12,500	-	931	931	931
U.S. Department of Labor							
TAACCCT CASE Grant	10/1/11 - 9/30/14	17 . 282	4,660,315	-	1,604,845	1,604,845	-
Tyler Junior College							
ACT-On Retail Management	10/1/12 - 9/30/16	17 . 282	2,913,798	87,005	1,043,497	1,043,497	549,449
Portland Community College							
PCC HOPE Project 13-423031	7/1/10 - 6/30/13	17 . 269	240,867	21,118	-	-	-
Total U.S. Department of Labor			<u>12,286,741</u>	<u>455,792</u>	<u>4,240,793</u>	<u>4,240,795</u>	<u>870,646</u>

CLACKAMAS COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

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:

Program Name	CFDA Number
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
Workforce Investment Act (WIA) National Emergency Grants	17,277

8. The threshold for distinguishing Type A programs from Type B programs was \$438,074.
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.

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal CFDA Number	Program Award	Receivable or (Unearned Revenue) July 1, 2013	Revenue Recogn- ized (1)	Expenditures	Receivable or (Unearned Revenue) June 30, 2014
U.S. Department of Health and Human Services							
Local Area High Schools							
Children's Commission Summer School		93 . 667	1,790	(1,025)	-	-	(1,025)
Total U.S. Department of Health and Human Services			<u>1,790</u>	<u>(1,025)</u>	<u>-</u>	<u>-</u>	<u>(1,025)</u>
U.S. Department of Transportation							
Tri-County Metropolitan Transportation District (Tri-Met)							
Tri-Met Towncenter Express	9/1/13 - 6/30/14	20 . 516	30,000	-	30,000	30,000	7,500
Tri-Met Towncenter Express	9/1/11 - 6/30/13	20 . 516	30,000	3,829	-	-	-
Total U.S. Department of Transportation			<u>60,000</u>	<u>3,829</u>	<u>30,000</u>	<u>30,000</u>	<u>7,500</u>
Small Business Administration							
Lane Community College							
SBC / SBA Project 2014	1/1/14 - 12/31/14	59 . 037	31,550	-	20,375	20,375	20,375
SBC / SBA Project 2013	1/1/13 - 12/31/13	59 . 037	31,150	9,356	21,794	21,794	-
SBDC Veterans Program 11-2-143V	1/1/13 - 12/31/13	59 . 037	21,631	2,440	19,071	19,071	-
Total Small Business Administration			<u>84,331</u>	<u>11,796</u>	<u>61,240</u>	<u>61,240</u>	<u>20,375</u>
Environmental Protection Agency							
North American Association for Environmental Education							
NAAEE Consortium	10/1/12 - 12/31/13	66 . 950	4,000	2,303	1,647	1,647	-
Total Environmental Protection Agency			<u>4,000</u>	<u>2,303</u>	<u>1,647</u>	<u>1,647</u>	<u>-</u>
Total Federal Awards			<u>\$ 37,146,573</u>	<u>\$ 652,346</u>	<u>\$ 28,078,661</u>	<u>\$ 28,060,567</u>	<u>\$ 1,156,389</u>

(1) Revenues are recognized when measurable and available.

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. It also includes a schedule of property tax receivables and transactions required by Oregon Administrative Rule (OAR) 162-010-0150, the Secretary of State's standards for audits of Oregon municipal corporations.

CLACKAMAS COMMUNITY COLLEGE FUND DESCRIPTIONS Year Ended June 30, 2014

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, and for certain equipment or critical needs.
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.

Lottery Bond Improvements Fund	State lottery bonds issued for equipment and facility improvements for industrial technology and health occupations.
Capital Projects Fund	Major repairs, remodeling, and capital asset acquisition.

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.
Technical Mechanical Fund	Provides materials for auto body and auto mechanics lab projects.
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
BALANCE SHEET - ALL FUNDS
June 30, 2014

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds		Proprietary Funds			
				Lottery Bond Improvements Fund	Capital Projects Fund	Internal Service Fund	Bookstore Fund	Technical Mechanical Fund	Customized Training Fund
ASSETS									
Cash and investments	\$15,080,835	\$ 2,822,040	\$ 9,261,822	\$ 11,851	\$ 1,448,807	\$ 461,572	\$ 753,256	\$ (34,537)	\$ 260,330
Receivables:									
Accounts	1,926,628	4,380,463	131,700	32,840	-	-	227,810	-	58,464
Property taxes	1,010,151	-	296,920	-	-	-	-	-	-
Allowance for uncollectibles	(2,424,986)	-	(79,218)	-	-	-	-	-	-
Inventory	13,051	-	-	-	-	31,290	398,201	54,135	-
Prepaid expenses	137,749	26,469	-	-	-	-	1,743	-	-
TOTAL ASSETS	\$15,743,428	\$ 7,228,972	\$ 9,611,224	\$ 44,691	\$ 1,448,807	\$ 492,862	\$ 1,381,010	\$ 19,598	\$ 318,794
LIABILITIES & FUND EQUITY									
Liabilities									
Accounts payable	\$ 725,386	\$ 1,021,727	\$ -	\$ -	\$ -	\$ -	\$ 85,121	\$ -	\$ 2,403
Wages, taxes & benefits	1,812,507	-	-	-	-	-	-	-	-
Unearned revenue:									
Tuition and fees	439,381	97,179	-	-	-	-	-	586	53
Property taxes	581,682	-	173,876	-	-	-	-	-	-
Grants and contracts	-	12,434	-	-	-	-	-	-	-
Other liabilities	4,445	7,163	-	-	-	-	3,591	-	-
TOTAL LIABILITIES	3,563,401	1,138,503	173,876	-	-	-	88,712	586	2,456
Fund equity									
Fund balance	12,180,027	6,090,469	9,437,348	44,691	1,448,807	492,862	1,292,298	19,012	316,338
TOTAL FUND EQUITY	12,180,027	6,090,469	9,437,348	44,691	1,448,807	492,862	1,292,298	19,012	316,338
TOTAL LIABILITIES AND FUND EQUITY	\$15,743,428	\$ 7,228,972	\$ 9,611,224	\$ 44,691	\$ 1,448,807	\$ 492,862	\$ 1,381,010	\$ 19,598	\$ 318,794

CLACKAMAS COMMUNITY COLLEGE
BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2014

	Fee Fund	Innovation Fund	Student Technology Fund	Intramurals & Athletics Fund	Student Life and Leadership Fund	Computer Lab Fund	Retirement Fund	Student Financial Aid Fund	Grants & Contracts Fund	Insurance Reserve Fund	PERS Reserve Fund	Total Special Revenue Funds
ASSETS												
Cash and investments	\$ 1,369,514	\$ 587,111	\$ 301,057	\$ 28,544	\$ 181,110	\$ 119,368	\$ 1,760,897	\$ (1,066,552)	\$ (1,711,891)	\$ 252,882	\$ 1,000,000	\$ 2,822,040
Receivables:												
Accounts	14,909	56	-	-	8,387	-	-	1,096,598	3,260,513	-	-	4,380,463
Prepaid expenses	4,405	-	-	800	-	-	-	-	21,264	-	-	26,469
TOTAL ASSETS	\$ 1,388,828	\$ 587,167	\$ 301,057	\$ 29,344	\$ 189,497	\$ 119,368	\$ 1,760,897	\$ 30,046	\$ 1,569,886	\$ 252,882	\$ 1,000,000	\$ 7,228,972
LIABILITIES & FUND EQUITY												
Liabilities												
Accounts payable	\$ 14,056	\$ -	\$ 115	\$ 3,890	\$ 3,195	\$ 59	\$ -	\$ -	\$ 1,000,412	\$ -	\$ -	\$ 1,021,727
Unearned revenue:												
Tuition and fees	65,145	-	22,178	6,123	2,280	1,453	-	-	-	-	-	97,179
Grants and contracts	-	-	-	-	-	-	-	8,301	4,133	-	-	12,434
Other liabilities	-	-	-	-	-	-	-	7,163	-	-	-	7,163
TOTAL LIABILITIES	79,201	-	22,293	10,013	5,475	1,512	-	15,464	1,004,545	-	-	1,138,503
Fund equity												
Fund balance	1,309,627	587,167	278,764	19,331	184,022	117,856	1,760,897	14,582	565,341	252,882	1,000,000	6,090,469
TOTAL FUND EQUITY	1,309,627	587,167	278,764	19,331	184,022	117,856	1,760,897	14,582	565,341	252,882	1,000,000	6,090,469
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,388,828	\$ 587,167	\$ 301,057	\$ 29,344	\$ 189,497	\$ 119,368	\$ 1,760,897	\$ 30,046	\$ 1,569,886	\$ 252,882	\$ 1,000,000	\$ 7,228,972

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from state sources				
State appropriation	\$ 12,393,208	\$ 12,393,208	\$ 12,848,594	\$ 455,386
State grants and contracts	1,000	1,000	306	(694)
Revenue from local sources				
Property taxes	14,100,550	14,100,550	15,025,340	924,790
Tuition and fees	16,125,242	16,125,242	15,856,987	(268,255)
Local grants and contracts	470,000	470,000	440,323	(29,677)
Interest income	160,000	160,000	164,991	4,991
Other local revenue	98,000	2,498,000	2,514,971	16,971
Revenue from federal sources				
Federal grants and contracts	201,000	201,000	251,057	50,057
Total revenue	<u>43,549,000</u>	<u>45,949,000</u>	<u>47,102,569</u>	<u>1,153,569</u>
EXPENDITURES				
Instruction *				
Personnel services	20,186,581	20,431,401	18,540,195	1,891,206
Materials and services	576,600	577,130	671,110	(93,980)
Total instruction	<u>20,763,181</u>	<u>21,008,531</u>	<u>19,211,305</u>	<u>1,797,226</u>
Instructional support *				
Personnel services	2,594,770	2,483,306	2,269,307	213,999
Materials and services	149,296	148,766	123,939	24,827
Capital outlay	94,389	94,389	93,845	544
Total instructional support	<u>2,838,455</u>	<u>2,726,461</u>	<u>2,487,091</u>	<u>239,370</u>
Student services *				
Personnel services	3,819,075	3,823,620	3,705,240	118,380
Materials and services	348,940	348,940	373,437	(24,497)
Capital outlay	10,000	10,000	-	10,000
Total student services	<u>4,178,015</u>	<u>4,182,560</u>	<u>4,078,677</u>	<u>103,883</u>
College support services *				
Personnel services	8,292,656	8,292,656	7,748,758	543,898
Materials and services	4,999,696	4,999,696	4,322,653	677,043
Capital outlay	35,000	35,000	27,450	7,550
Total college support services	<u>13,327,352</u>	<u>13,327,352</u>	<u>12,098,861</u>	<u>1,228,491</u>
Total expenditures	<u>41,107,003</u>	<u>41,244,904</u>	<u>37,875,934</u>	<u>3,368,970</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,441,997</u>	<u>4,704,096</u>	<u>9,226,635</u>	<u>4,522,539</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	764,000	828,615	821,769	(6,846)
Transfers (out to) other funds	<u>(1,852,430)</u>	<u>(7,702,430)</u>	<u>(7,602,430)</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(1,088,430)</u>	<u>(6,873,815)</u>	<u>(6,780,661)</u>	<u>93,154</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	1,353,567	(2,169,719)	2,445,974	4,615,693
FUND BALANCE				
Beginning fund balance	<u>9,500,000</u>	<u>8,300,000</u>	<u>9,734,053</u>	<u>1,434,053</u>
Ending fund balance	<u>\$ 10,853,567</u>	<u>\$ 6,130,281</u>	<u>\$ 12,180,027</u>	<u>\$ 6,049,746</u>

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Tuition and fees	\$ 3,810,000	\$ 3,810,000	\$ 3,663,122	\$ (146,878)
Local grants and contracts	15,000	15,000	43,985	28,985
Other local revenue	-	-	5,557	5,557
Total revenue	<u>3,825,000</u>	<u>3,825,000</u>	<u>3,712,664</u>	<u>(112,336)</u>
EXPENDITURES				
Instruction *				
Personnel services	2,652,648	2,603,361	2,115,213	488,148
Materials and services	664,250	664,250	545,733	118,517
Capital outlay	49,471	49,471	-	49,471
Total instruction	<u>3,366,369</u>	<u>3,317,082</u>	<u>2,660,946</u>	<u>656,136</u>
Instructional support *				
Personnel services	282,998	284,164	274,505	9,659
Materials and services	115,000	115,000	108,783	6,217
Total instructional support	<u>397,998</u>	<u>399,164</u>	<u>383,288</u>	<u>15,876</u>
Student services *				
Personnel services	162,831	212,831	150,019	62,812
Materials and services	19,100	19,100	48,494	(29,394)
Total student services	<u>181,931</u>	<u>231,931</u>	<u>198,513</u>	<u>33,418</u>
College support services *				
Personnel services	45,883	45,883	10,063	35,820
Materials and services	24,364	24,364	30,062	(5,698)
Total college support services	<u>70,247</u>	<u>70,247</u>	<u>40,125</u>	<u>30,122</u>
Total expenditures	<u>4,016,545</u>	<u>4,018,424</u>	<u>3,282,872</u>	<u>735,552</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(191,545)</u>	<u>(193,424)</u>	<u>429,792</u>	<u>623,216</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	-	113,272	112,842	(430)
Transfers (out to) other funds	<u>(383,000)</u>	<u>(383,420)</u>	<u>(375,620)</u>	<u>7,800</u>
Total other financing sources (uses)	<u>(383,000)</u>	<u>(270,148)</u>	<u>(262,778)</u>	<u>7,370</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	<u>(574,545)</u>	<u>(463,572)</u>	<u>167,014</u>	<u>630,586</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEE FUND (Continued)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
FUND BALANCE				
Beginning fund balance	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,142,613</u>	<u>(157,387)</u>
Ending fund balance	<u>\$ 725,455</u>	<u>\$ 836,428</u>	<u>\$ 1,309,627</u>	<u>\$ 473,199</u>

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INNOVATION FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from state sources				
State grants and contracts	\$ -	\$ -	\$ 5,000	\$ 5,000
Revenue from local sources				
Other local revenue	-	-	1,850	1,850
Total revenue	-	-	6,850	6,850
EXPENDITURES				
Instruction *				
Personnel services	10,000	10,000	29,194	(19,194)
Materials and services	80,000	80,000	84,207	(4,207)
Capital outlay	10,000	10,000	-	10,000
Total instruction	100,000	100,000	113,401	(13,401)
Instructional support *				
Personnel services	10,000	10,000	196	9,804
Materials and services	80,000	80,000	16,618	63,382
Capital outlay	10,000	10,000	-	10,000
Total instructional support	100,000	100,000	16,814	83,186
Student services *				
Personnel services	50,000	50,000	6,759	43,241
Materials and services	400,000	400,000	54,633	345,367
Capital outlay	50,000	50,000	-	50,000
Total student services	500,000	500,000	61,392	438,608
College support services *				
Personnel services	30,000	30,000	5,323	24,677
Materials and services	240,000	390,000	480,089	(90,089)
Capital outlay	30,000	30,000	52,654	(22,654)
Total college support services	300,000	450,000	538,066	(88,066)
Total expenditures	1,000,000	1,150,000	729,673	420,327
Excess (deficiency) of revenue over (under) expenditures	(1,000,000)	(1,150,000)	(722,823)	427,177
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	1,200,000	1,309,990	1,309,990	-
FUND BALANCE				
Ending fund balance	\$ 200,000	\$ 159,990	\$ 587,167	\$ 427,177

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT TECHNOLOGY FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Tuition and fees	\$ 882,000	\$ 882,000	\$ 820,059	\$ (61,941)
EXPENDITURES				
Instructional support *				
Materials and services	537,500	537,500	492,137	45,363
Capital outlay	102,000	102,000	-	102,000
Total instructional support	639,500	639,500	492,137	147,363
Excess (deficiency) of revenue over (under) expenditures	242,500	242,500	327,922	85,422
OTHER FINANCING SOURCES (USES)				
Transfers (out to) other funds	(311,000)	(311,000)	(311,000)	-
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(68,500)	(68,500)	16,922	85,422
FUND BALANCE				
Beginning fund balance	380,000	380,000	261,842	(118,158)
Ending fund balance	\$ 311,500	\$ 311,500	\$ 278,764	\$ (32,736)

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INTRAMURALS AND ATHLETICS FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Tuition and fees	\$ 243,000	\$ 243,000	\$ 226,439	\$ (16,561)
Other local revenue	104,770	104,770	133,429	28,659
Total revenue	<u>347,770</u>	<u>347,770</u>	<u>359,868</u>	<u>12,098</u>
EXPENDITURES				
Student services *				
Personnel services	17,390	17,390	3,333	14,057
Materials and services	347,841	362,841	377,614	(14,773)
Total student services	<u>365,231</u>	<u>380,231</u>	<u>380,947</u>	<u>(716)</u>
Excess (deficiency) of revenue over (under) expenditures	(17,461)	(32,461)	(21,079)	11,382
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	18,230	18,230	18,230	-
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	769	(14,231)	(2,849)	11,382
FUND BALANCE				
Beginning fund balance	28,000	28,000	22,180	(5,820)
Ending fund balance	<u>\$ 28,769</u>	<u>\$ 13,769</u>	<u>\$ 19,331</u>	<u>\$ 5,562</u>

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT LIFE AND LEADERSHIP FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Tuition and fees	\$ 91,000	\$ 91,000	\$ 84,283	\$ (6,717)
Sales of goods and services	-	-	1,888	1,888
Other local revenue	80,000	80,000	96,345	16,345
Total revenue	<u>171,000</u>	<u>171,000</u>	<u>182,516</u>	<u>11,516</u>
EXPENDITURES				
Student services *				
Personnel services	80,348	80,348	80,841	(493)
Materials and services	137,500	137,500	136,162	1,338
Total student services	<u>217,848</u>	<u>217,848</u>	<u>217,003</u>	<u>845</u>
Excess (deficiency) of revenue over (under) expenditures	(46,848)	(46,848)	(34,487)	12,361
FUND BALANCE				
Beginning fund balance	190,000	190,000	218,509	28,509
Ending fund balance	<u>\$ 143,152</u>	<u>\$ 143,152</u>	<u>\$ 184,022</u>	<u>\$ 40,870</u>

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMPUTER LAB FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Tuition and fees	\$ 58,000	\$ 58,000	\$ 51,119	\$ (6,881)
EXPENDITURES				
Instructional support *				
Personnel services	58,541	58,541	45,577	12,964
Materials and services	32,100	32,100	3,684	28,416
Total instructional support	90,641	90,641	49,261	41,380
Excess (deficiency) of revenue over (under) expenditures	(32,641)	(32,641)	1,858	34,499
FUND BALANCE				
Beginning fund balance	130,000	130,000	115,998	(14,002)
Ending fund balance	\$ 97,359	\$ 97,359	\$ 117,856	\$ 20,497

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RETIREMENT FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
College support services *				
Personnel services	\$ 972,000	\$ 982,000	\$ 964,145	\$ 17,855
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	1,169,000	1,169,000	1,169,000	-
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	197,000	187,000	204,855	17,855
FUND BALANCE				
Beginning fund balance	1,513,000	1,513,000	1,556,042	43,042
Ending fund balance	\$ 1,710,000	\$ 1,700,000	\$ 1,760,897	\$ 60,897

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT FINANCIAL AID FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from state sources				
State student financial aid	\$ 914,000	\$ 914,000	\$ 1,114,026	\$ 200,026
Revenue from local sources				
Local student financial aid	1,000,000	1,000,000	850,374	(149,626)
Revenue from federal sources				
Federal student financial aid	31,358,100	31,358,100	23,226,954	(8,131,146)
Other federal revenue	17,900	17,900	15,871	(2,029)
Total revenue	<u>33,290,000</u>	<u>33,290,000</u>	<u>25,207,225</u>	<u>(8,082,775)</u>
EXPENDITURES				
Student loans and financial aid *				
Personnel services	179,314	179,314	206,215	(26,901)
Materials and services	33,110,686	33,110,686	25,023,591	8,087,095
Total student loans and financial aid	<u>33,290,000</u>	<u>33,290,000</u>	<u>25,229,806</u>	<u>8,060,194</u>
Excess (deficiency) of revenue over (under) expenditures	-	-	(22,581)	(22,581)
FUND BALANCE				
Beginning fund balance	125,000	125,000	37,163	(87,837)
Ending fund balance	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 14,582</u>	<u>\$ (110,418)</u>

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CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS AND CONTRACTS FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from state sources				
State grants and contracts	\$ 128,000	\$ 128,000	\$ 233,850	\$ 105,850
Revenue from local sources				
Tuition and fees	126,000	126,000	120,461	(5,539)
Local grants and contracts	960,000	960,000	515,517	(444,483)
Other local revenue	675,000	675,000	980,067	305,067
Revenue from federal sources				
Federal grants and contracts	8,310,800	9,310,800	10,521,448	1,210,648
Other federal revenue	-	-	4,920	4,920
Total revenue	<u>10,199,800</u>	<u>11,199,800</u>	<u>12,376,263</u>	<u>1,176,463</u>
EXPENDITURES				
Instruction *				
Personnel services	2,417,000	1,917,000	2,053,763	(136,763)
Materials and services	789,000	624,000	780,403	(156,403)
Capital outlay	163,000	128,000	196,602	(68,602)
Total instruction	<u>3,369,000</u>	<u>2,669,000</u>	<u>3,030,768</u>	<u>(361,768)</u>
Instructional support *				
Personnel services	4,139,000	5,239,000	5,792,967	(553,967)
Materials and services	1,788,000	2,238,000	2,341,860	(103,860)
Capital outlay	224,200	274,200	319,329	(45,129)
Total instructional support	<u>6,151,200</u>	<u>7,751,200</u>	<u>8,454,156</u>	<u>(702,956)</u>
Student services *				
Personnel services	142,000	142,000	98,753	43,247
Materials and services	188,000	188,000	13,947	174,053
Capital outlay	14,000	14,000	-	14,000
Total student services	<u>344,000</u>	<u>344,000</u>	<u>112,700</u>	<u>231,300</u>
College support services *				
Personnel services	227,000	277,000	255,153	21,847
Materials and services	195,000	240,000	369,965	(129,965)
Capital outlay	24,000	29,000	37,503	(8,503)
Total college support services	<u>446,000</u>	<u>546,000</u>	<u>662,621</u>	<u>(116,621)</u>
Total expenditures	<u>10,310,200</u>	<u>11,310,200</u>	<u>12,260,245</u>	<u>(950,045)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(110,400)</u>	<u>(110,400)</u>	<u>116,018</u>	<u>226,418</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS AND CONTRACTS FUND (Continued)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	\$ 110,200	\$ 110,620	\$ 10,620	\$ (100,000)
Transfers (out to) other funds	(1,000,000)	(1,237,877)	(1,238,401)	(524)
Total other financing sources (uses)	<u>(889,800)</u>	<u>(1,127,257)</u>	<u>(1,227,781)</u>	<u>(100,524)</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(1,000,200)	(1,237,657)	(1,111,763)	125,894
FUND BALANCE				
Beginning fund balance	1,571,000	1,571,000	1,677,104	106,104
Ending fund balance	<u>\$ 570,800</u>	<u>\$ 333,343</u>	<u>\$ 565,341</u>	<u>\$ 231,998</u>

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INSURANCE RESERVE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Interest income	\$ -	\$ -	\$ 599	\$ 599
Other local revenue	-	255,000	290,900	35,900
Total revenue	-	255,000	291,499	36,499
EXPENDITURES				
Instruction *				
Materials and services	-	10,000	5,160	4,840
Instructional support *				
Capital outlay	-	84,000	-	84,000
College support services *				
Personnel services	-	-	3,557	(3,557)
Materials and services	30,000	241,000	232,950	8,050
Total college support services	30,000	241,000	236,507	4,493
Total expenditures	30,000	335,000	241,667	93,333
Excess (deficiency) of revenue over (under) expenditures	(30,000)	(80,000)	49,832	129,832
FUND BALANCE				
Beginning fund balance	210,000	210,000	203,050	(6,950)
Ending fund balance	<u>\$ 180,000</u>	<u>\$ 130,000</u>	<u>\$ 252,882</u>	<u>\$ 122,882</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERS RESERVE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
FUND BALANCE				
Beginning fund balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Ending fund balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Property taxes	\$ 4,233,000	\$ 4,233,000	\$ 4,269,270	\$ 36,270
Local grants and contracts	177,962	177,962	178,400	438
Interest income	-	-	33	33
Other local revenue	2,176,038	2,176,038	2,175,938	(100)
Total revenue	6,587,000	6,587,000	6,623,641	36,641
EXPENDITURES				
Debt service *				
Principal	4,760,000	4,760,000	4,760,000	-
Interest	3,604,788	3,604,788	3,604,788	-
Total debt service	8,364,788	8,364,788	8,364,788	-
Excess (deficiency) of revenue over (under) expenditures	(1,777,788)	(1,777,788)	(1,741,147)	36,641
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	-	5,800,000	5,800,000	-
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(1,777,788)	4,022,212	4,058,853	36,641
FUND BALANCE				
Beginning fund balance	4,181,000	5,381,000	5,378,495	(2,505)
Ending fund balance	\$ 2,403,212	\$ 9,403,212	\$ 9,437,348	\$ 34,136

* Legally adopted appropriation level

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOTTERY BOND IMPROVEMENTS FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from state sources				
State grants and contracts	\$ 772,000	\$ 772,000	\$ 272,472	\$ (499,528)
EXPENDITURES				
Facilities acquisition and construction *				
Personnel services	-	-	2,844	(2,844)
Materials and services	-	-	92,284	(92,284)
Capital outlay	817,000	817,000	177,344	639,656
Total facilities acquisition/construction	817,000	817,000	272,472	544,528
Excess (deficiency) of revenue over (under) expenditures	(45,000)	(45,000)	-	45,000
FUND BALANCE				
Beginning fund balance	45,000	45,000	44,691	(309)
Ending fund balance	\$ -	\$ -	\$ 44,691	\$ 44,691

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Other local revenue	\$ -	\$ -	\$ 17,618	\$ 17,618
EXPENDITURES				
Facilities acquisition and construction *				
Materials and services	-	-	229,779	(229,779)
Capital outlay	400,000	400,000	-	400,000
Total facilities acquisition/construction	400,000	400,000	229,779	170,221
Excess (deficiency) of revenue over (under) expenditures	(400,000)	(400,000)	(212,161)	187,839
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	355,000	355,000	355,000	-
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(45,000)	(45,000)	142,839	187,839
FUND BALANCE				
Beginning fund balance	1,265,000	1,265,000	1,305,968	40,968
Ending fund balance	<u>\$ 1,220,000</u>	<u>\$ 1,220,000</u>	<u>\$ 1,448,807</u>	<u>\$ 228,807</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Sales of goods and services	\$ 300,000	\$ 300,000	\$ 282,279	\$ (17,721)
EXPENDITURES				
College support services *				
Personnel services	77,190	77,190	76,670	520
Materials and services	143,500	143,500	135,474	8,026
Capital outlay	105,000	105,000	-	105,000
Total college support services	325,690	325,690	212,144	113,546
Excess (deficiency) of revenue over (under) expenditures	(25,690)	(25,690)	70,135	95,825
FUND BALANCE				
Beginning fund balance	480,000	480,000	422,727	(57,273)
Ending fund balance	<u>\$ 454,310</u>	<u>\$ 454,310</u>	<u>\$ 492,862</u>	<u>\$ 38,552</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BOOKSTORE FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Sales of goods and services	\$ 2,425,600	\$ 2,425,600	\$ 2,174,083	\$ (251,517)
Other local revenue	10,400	10,400	7,832	(2,568)
Total revenue	<u>2,436,000</u>	<u>2,436,000</u>	<u>2,181,915</u>	<u>(254,085)</u>
EXPENDITURES				
Student services *				
Personnel services	476,518	476,518	444,150	32,368
Materials and services	1,867,072	1,867,072	1,677,709	189,363
Capital outlay	37,000	37,000	8,986	28,014
Total student services	<u>2,380,590</u>	<u>2,380,590</u>	<u>2,130,845</u>	<u>249,745</u>
Excess (deficiency) of revenue over (under) expenditures	55,410	55,410	51,070	(4,340)
OTHER FINANCING SOURCES (USES)				
Transfers (out to) other funds	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other sources (uses) over (under) expenditures	(14,590)	(14,590)	(18,930)	(4,340)
FUND BALANCE				
Beginning fund balance	1,330,000	1,330,000	1,311,228	(18,772)
Ending fund balance	<u>\$ 1,315,410</u>	<u>\$ 1,315,410</u>	<u>\$ 1,292,298</u>	<u>\$ (23,112)</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TECHNICAL MECHANICAL FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Sales of goods and services	\$ 190,000	\$ 204,600	\$ 143,850	\$ (60,750)
EXPENDITURES				
Instructional support *				
Personnel services	35,045	35,045	48,599	(13,554)
Materials and services	111,000	125,600	127,325	(1,725)
Total instructional support	<u>146,045</u>	<u>160,645</u>	<u>175,924</u>	<u>(15,279)</u>
Excess (deficiency) of revenue over (under) expenditures	43,955	43,955	(32,074)	(76,029)
FUND BALANCE				
Beginning fund balance	15,000	15,000	51,086	36,086
Ending fund balance	<u>\$ 58,955</u>	<u>\$ 58,955</u>	<u>\$ 19,012</u>	<u>\$ (39,943)</u>

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CUSTOMIZED TRAINING FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Revenue from local sources				
Local grants and contracts	\$ 320,000	\$ 320,000	\$ 461,754	\$ 141,754
Revenue from federal sources				
Federal grants and contracts	20,000	20,000	-	(20,000)
Total revenue	340,000	340,000	461,754	121,754
EXPENDITURES				
Instruction *				
Personnel services	208,054	208,054	244,502	(36,448)
Materials and services	160,300	160,300	104,663	55,637
Total instruction	368,354	368,354	349,165	19,189
Excess (deficiency) of revenue over (under) expenditures	(28,354)	(28,354)	112,589	140,943
FUND BALANCE				
Beginning fund balance	200,000	200,000	203,749	3,749
Ending fund balance	\$ 171,646	\$ 171,646	\$ 316,338	\$ 144,692

CLACKAMAS COMMUNITY COLLEGE
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
Year Ended June 30, 2014

GENERAL FUND						
Fiscal Year	Taxes Receivable at June 30, 2013	Current Levy	Collections	Discounts	Adjust- ments	Taxes Receivable at June 30, 2014
2013-14	\$ -	\$ 15,313,694	\$(14,514,897)	\$ (388,809)	\$ (25,100)	\$ 384,888
2012-13	429,671	-	(215,378)	226	1,808	216,327
2011-12	245,348	-	(94,854)	77	3,731	154,302
2010-11	158,174	-	(72,687)	16	4,187	89,690
2009-10	83,296	-	(26,483)	2	1,239	58,054
2008-09	15,939	-	(2,987)	12	(1,897)	11,067
2007-08	6,102	-	(1,373)	-	(732)	3,997
2006-07	3,439	-	(453)	-	(704)	2,282
2005-06	2,230	-	(295)	-	(129)	1,806
Prior	8,363	-	(1,062)	-	(304)	6,997
Total	\$ 952,562	\$ 15,313,694	\$ (14,930,469)	\$ (388,476)	\$ (17,901)	\$ 929,410

Amount due from taxpayers, above	\$ 929,410
Amount collected by Clackamas County in June but not remitted to the college until July	80,741
Total property taxes receivable	1,010,151
Less allowance for uncollectables	(274,986)
Property taxes receivable, net	\$ 735,165

DEBT SERVICE FUND						
Fiscal Year	Taxes Receivable at June 30, 2013	Current Levy	Collections	Discounts	Adjust- ments	Taxes Receivable at June 30, 2014
2012-13	\$ -	\$ 4,336,679	\$ (4,110,468)	\$ (110,107)	\$ (7,109)	\$ 108,995
2012-13	127,779	-	(63,936)	67	307	64,217
2011-12	62,792	-	(24,346)	20	1,140	39,606
2010-11	45,892	-	(21,066)	5	1,163	25,994
2009-10	34,374	-	(8,422)	1	282	26,235
2008-09	5,762	-	(1,073)	4	(713)	3,980
2007-08	2,167	-	(485)	-	(269)	1,413
2006-07	1,132	-	(149)	-	(235)	748
2005-06	932	-	(122)	-	(60)	750
Prior	2,623	-	(387)	-	(125)	2,111
Total	\$ 283,453	\$ 4,336,679	\$ (4,230,454)	\$ (110,010)	\$ (5,619)	\$ 274,049

Amount due from taxpayers, above	\$ 274,049
Amount collected by Clackamas County in June but not remitted to the college until July	22,871
Total property taxes receivable	296,920
Less allowance for uncollectables	(79,218)
Property taxes receivable, net	\$ 217,702

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Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$44,996,012.20

**Clackamas Community College District
Clackamas County, Oregon
General Obligation Bonds
Series 2015**

**\$16,605,000 Series 2015A
(Current Interest Bonds)**

**\$28,391,012.20 Series 2015B
(\$51,385,000 Maturity Amount)
(Deferred Interest Bonds)**

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Clackamas Community College District, Clackamas County, Oregon (the “Issuer”) in connection with the issuance of the Issuer’s General Obligation Bonds, Series 2015 (the “Securities”).

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer’s written undertaking for the benefit of the holders of the Securities and to assist the underwriters of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Commission” means the United States Securities and Exchange Commission.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated May 7, 2015.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer’s latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading “Appendix B – Financial Statements.”

To the extent not included in its annual financial statements and for the same period as such annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing:

1. the total real market value and total assessed value of property within the Issuer's boundaries (as indicated in the records of the county assessors), or other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation;
2. the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year;
3. the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year; and
4. the major taxpayers for Clackamas County as presented in the Official Statement.

Section 4. Timing. The information described in the preceding paragraph shall be provided on or before nine months after the end of the Issuer's fiscal year, commencing with information for fiscal year 2015-2016. The annual financial statements described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If audited financial statements are not then provided, the Issuer shall provide them to the MSRB when they are available. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;
7. Modifications to the rights of Security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. Termination. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted; and,

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the owners of the Securities pursuant to the terms of the Resolution as it is in effect at the time of the amendment or (ii) does not materially impair the interests of the owners or Beneficial Owners of the Securities as determined by a party unaffiliated with the Issuer.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Securities Owner's Remedies Under This Certificate. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 12. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 2nd day of June, 2015.

**Clackamas Community College District
Clackamas County, Oregon**

Authorized Representative