Comprehensive Annual Financial Report

Year ended June 30, 2016

Discover
Chemeketa
Community College
Salem, Oregon

CHEMEKETA COMMUNITY COLLEGE

SALEM • OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

Prepared by: Business Services Department

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INTRODUCTORY SECTION

Discover Chemeketa Community College

December 14, 2016

The College Board of Education
Chemeketa Community College
Salem, Oregon

The Comprehensive Annual Financial Report of Chemeketa Community College for the fiscal year ended June 30, 2016, is submitted in accordance with Oregon Revised Statutes (ORS) 297.405 to 297.555 and 297.990, known as Municipal Audit Law. This report was prepared by the College's Business Services Department. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the management of Chemeketa Community College. We believe the report and its data are accurate and complete in all material aspects in disclosing the financial position and results of operations of Chemeketa Community College as of June 30, 2016, and for the year then ended.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Chemeketa Community College's MD&A can be found immediately following the independent auditor's report in the Financial Section.

We have organized this Comprehensive Annual Financial Report into four sections. (1) The Introductory Section contains this letter of transmittal and information on the organizational structure of the College; (2) The Financial Section includes the basic financial statements, accompanying notes, required supplemental financial information, and the independent auditors report; (3) The Statistical Section includes selected financial, demographic, economic and operating information; and (4) The Disclosures Section contains the Schedule of Expenditures of Federal Awards, and disclosures and comments required by the Minimum Standards for Audits of Oregon Municipal Corporations and the Single Audit Act.

The Meaning of Chemeketa

Chemeketa is the only community college in Oregon not named after a county or geographic feature. The location of the Salem campus, in the Willamette Valley, was originally a revered place where native people would gather to meet. The Kalapuya nation gave it the name "a place of peace." The meaning of Chemeketa is illustrated on the sculptured panels, which appear on the exterior walls of Building 3, in Building 2 on the floor tiles, and at the Information Center on the Salem campus. The panels symbolize the territorial divisions of the Northwest tribes and the movement toward the established meeting place. As the tribes move through the territorial divisions, the carved designs become less aggressive and less linear. Softer curves start to enter into the forms, showing more peaceful attitudes. The final point of the arrow shapes becomes completely calm upon reaching the center, where the individual chiefs, each indicated with his form of dress, decoration, and behavior sit down in a formal circle for peaceful work. To celebrate Chemeketa's thirty-fifth anniversary, a naming ceremony was held with the Confederated Tribes of Grand Ronde and the Confederated Tribes of Siletz Indians at the Salem campus on April 27, 2005. The college was formally named by tribal leaders “Chemeketa” a “place of peace” or a “place of running water” at that time.

The College

Chemeketa Community College is a dynamic, comprehensive educational institution located in the heart of the Willamette Valley. The second largest community college in Oregon in total enrollment, Chemeketa served approximately 29,802 students during the 2015-2016 academic year. Chemeketa provides educational services to students across a 2,600 square mile area, which includes all of Marion and Polk counties, most of Yamhill County, and some precincts in Linn County. The College’s full-time equivalent number of students during the 2015-2016 academic year was 11,131.

The College’s mission is to “provide opportunities for students to explore, learn, and succeed through quality educational experiences and workforce training.” By accomplishing its mission, the College will become a catalyst for individuals, businesses, and communities to excel in diverse and changing environments. Chemeketa Community College values collaboration, diversity, equity, innovation and stewardship and strives to reflect these values in its everyday work. The College realizes its mission through its core themes of *academic quality* in instruction, programs, and support services; *access* to a broad range of educational and workforce training opportunities; *community collaboration* with regards to instruction, training and workforce development; and *student success* in progress and completion of a student’s educational goals.

The Board of Education of Chemeketa Community College, as duly elected representatives of the people and pursuant to the statutes of Oregon, has complete charge and control of all activities, operations, and programs of the College including its property, personnel, and finances. Chemeketa Community College’s Board of Education is composed of seven (7) qualified members elected for four (4) year terms. Members are elected from established zones. The President, appointed by the College Board of Education, is the Chief Executive Officer of the College. The President, along with the Executive Team administers policies set by the College Board of Education and collectively shares in carrying out the mission of the College.

Administrative oversight over all Oregon community colleges resides with the Higher Education Coordinating Commission (HECC). The HECC is a 14-member volunteer commission responsible for advising the Oregon Legislature, the Governor, and the Chief Education Office on higher education policy. Its statutory authorities include the development of biennial budget recommendations for public postsecondary education in Oregon, making funding allocations to Oregon's public community colleges and public universities, approving new academic programs for the public institutions, allocating Oregon Opportunity and Oregon Promise Grants, authorizing degrees that are proposed by private and out-of-state providers, licensing private career and trade schools, overseeing programs for veterans, and implementing other legislative directives.

Programs

Chemeketa provides comprehensive educational opportunities throughout the district. Ninety-six certificates or degrees are offered in professional technical education and transfer studies. The College also provides basic skill development, personal enrichment, and professional development courses.

Classes or training opportunities reach well into Marion, Polk, and Yamhill counties through the Salem campus, the Yamhill Valley campus, the Woodburn, Winema and Polk centers, the Chemeketa Center for Business and Industry (CCBI), the Northwest Wine Studies Center at Eola, and the Brooks Emergency Services Training Facility. As a full partner in developing the workforce of the district, Chemeketa works with employers to offer pre-employment and continuing education on topics ranging from literacy to management skills. In addition, Chemeketa partners with all local school districts to offer a range of dual credit options including College Credit Now (CCN), Early College programs, Winema high school partnerships and Expanded Options. Chemeketa has partnerships and articulation agreements with several universities, both in and out-of state, to offer bachelor's and master's degrees in Salem.

In order to provide increased access to higher education opportunities for more students, distance education is offered as an alternative to traditional, on-campus course and program offerings. Distance education is a mainstream form of delivery at the college. Chemeketa currently offers classes to students using distance education via online classes and interactive television (CTV).

Budgeting Controls

The budget committee is comprised of the seven (7) voter elected College Board of Education members and seven (7) appointed members from the College district, each representing one of seven zones. Appointments are made by the Board. Appointed members serve a three-year term. The budget committee analyzes and approves the proposed College budget and forwards its recommendations to the Board for final adoption. During the budget review and approval process, the budget committee holds public meetings at which citizens of the community are invited to give testimony on the budget before it is approved by the budget committee. Following approval of the budget by the budget committee, the College Board of Education holds a public hearing on the budget to provide the citizens of the community an opportunity to give testimony on the budget approved by the budget committee before it is adopted by the College Board of Education. The budget committee does not act on educational and personnel matters but only on fiscal matters.

Additionally, Chemeketa maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the program category level within an individual fund. Transfers to appropriations between existing budget categories can be authorized by resolution of the College Board of Education.

Accreditation

The Northwest Commission on Colleges and Universities first granted full accreditation to Chemeketa in 1972. The college has retained accreditation since that time. The College completed a successful comprehensive accreditation visit in April 2006 and a *Year Three Resources and Capacity Evaluation* along with the new Yamhill Valley campus review in spring 2012. The accreditation of Chemeketa Community College was reaffirmed on the basis of the spring 2015 *Year Seven Mission Fulfillment and Sustainability Evaluation*. Furthermore, the Oregon Department of Education has approved all of Chemeketa's professional-technical programs and college transfer courses. Professional associations have also accredited those career-technical programs requiring approval.

Internal Controls and Financial Policies

Chemeketa management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure that adequate accounting information is available for the preparation of the financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The college also maintains a comprehensive set of financial policies, procedures and guidelines. They direct the development of the annual budget, and describe the general financial planning and practices of the college. They are intended to help manage the growing demands on resources while also preserving long-term fiscal stability.

Local Economy

The state's revenue forecast remains stable with the rate of revenue growth among the strongest in the nation. State General Fund revenues for the 2015-2017 biennium will be about 12% higher than the 2013-2015 biennium. However, some recent statewide economic trends are indicating that the expansion may have peaked or is at least pausing.

Local unemployment rates have improved over the past year. Marion County's unemployment rate declined from 6.6 to 5.6%. Polk County declined from 6.1 to 5.8%, and Yamhill County declined from 5.7 to 5.2%. Marion and Polk Counties lag behind the state average unemployment rate of 5.4% while Yamhill County is slightly better than the average. Local job growth has been strong with an increase in the number of jobs and improvement on underemployment, which has been an ongoing concern.

Major industries in the region include government, agriculture, food processing, lumber and wood products, manufacturing, education and tourism. The region contains two public and six private colleges and universities; Western Oregon University, Chemeketa Community College, Linfield College, Willamette University, George Fox University, Corban University, Tokyo International University of America, and University of Phoenix.

Long-Term Financial Planning

The college conducts long-range financial planning for two to three biennia forward with the goal of maintaining financial sustainability and flexibility. The forecast is routinely updated for changes in any of the primary revenue sources or personnel and other operating expenses. Some of the significant current issues that will impact the funding environment are state funding, enrollment and unfunded mandates.

Despite the positive outlook from the state revenue forecast, funding for community colleges is expected to be flat in the best case and about 8 to 10% less in the worst case. This is due to the state having more commitments than resources during the next biennium. The legislature, through the Ways and Means Committee, will make the final decision on community college funding before the end of June 2017.

The college continues to see a decline in enrollments since experiencing its peak in 2010-2011. The introduction of the Oregon Promise, a state grant program that covers community college tuition for eligible students, may help offset some of the enrollment decline which is estimated to be about 4% in 2016-2017. As the local economy nears full employment, it is expected that enrollment will stabilize. There are two factors that should work in the college's benefit for maintaining enrollment. One factor is that the college has the lowest combined tuition and fee rate in the state. The second factor is that many of the college facilities are either new or have been substantially renovated. The college has very attractive and, in some cases, state-of-the-art facilities. The combination of these factors should lead to the ability to attract new students.

In looking forward, the trajectory of expenditures still outpaces the forecasted revenues. Major drivers of costs are unfunded mandates such as the required increases for PERS contributions, the recently enacted state minimum wage law, and mandatory sick leave for part-time employees. The rapid increase in the cost of health care is also problematic. This will continue to be a concern for employees and has and will be a central issue during bargaining unit negotiations.

Independent Audits

State statutes require an annual audit by independent certified public accountants. The accounting firm of Kenneth Kuhns & Co. was selected by the Board of Education. In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of the federal Single Audit Act and related OMB Circular A-133.

As a recipient of state and federal financial assistance, Chemeketa is responsible for ensuring that adequate internal controls are established to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management and outside auditors. As a part of Chemeketa's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that Chemeketa has complied with applicable laws and regulations. The results of Chemeketa's single audit for the fiscal year ended June 30, 2016 provided no instances of material weaknesses in the internal controls or significant violations of applicable laws and regulations.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chemeketa Community College for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the twenty-fourth consecutive year that Chemeketa has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report was prepared by staff in the Business Services department. This document could not have been completed without the dedication and cooperation of the staff under the guidance and support of our Accounting & Audit Manager. We appreciate and thank all who assisted and contributed to the preparation of this report. We also thank the auditing firm of Kenneth Kuhns & Co. for their assistance and the members of the College Board of Education for their support and dedication to the financial operations of the College.

Sincerely,

Julie Huckestein

Julie Huckestein, President/Chief Executive Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chemeketa Community College

Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

LISTING OF PRINCIPAL OFFICIALS
JUNE 30, 2016

BOARD OF EDUCATION

Zone		Term Expires
1	Ed Dodson, Director 215 Kevin Way SE Salem, OR 97306	June 30, 2019
2	Ron Pittman, Vice Chairperson 330 NE 11th Street McMinnville, OR 97128	June 30, 2017
3	Neva J. Hutchinson, Director 3105 Evergreen Avenue NE Salem, OR 97301	June 30, 2019
4	Ken Hector, Director 310 Apple Avenue Silverton, OR 97381	June 30, 2017
5	Jackie Franke, Director 4472 Hayesville Drive NE Salem, OR 97305	June 30, 2017
6	Diane Watson, Director 779 McNary Estates Drive N Keizer, OR 97303	June 30, 2019
7	Betsy Earls, Chairperson 671 Kingwood Drive NW Salem, OR 97304	June 30, 2019

ADMINISTRATION
4000 Lancaster Drive, NE
PO Box 14007
Salem, Oregon 97309

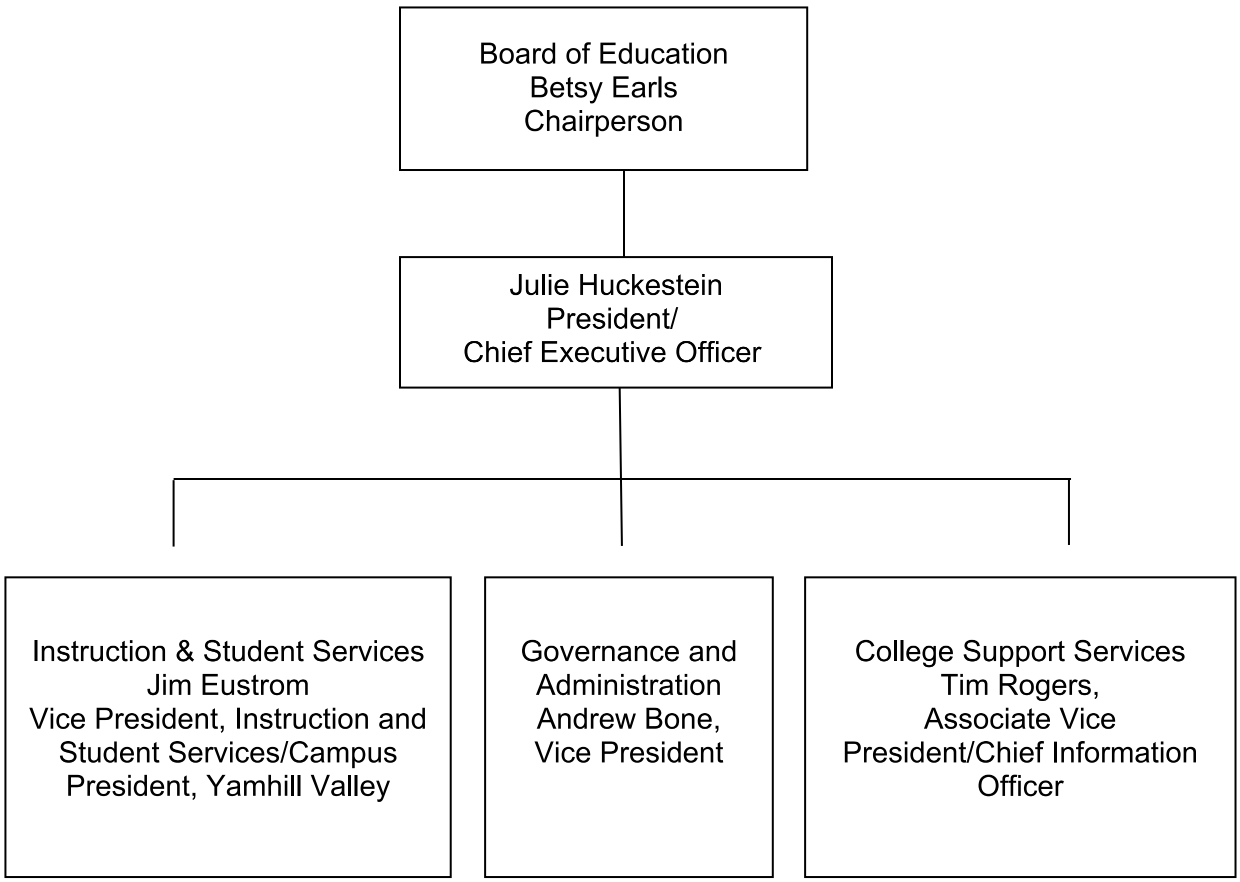
Julie Huckestein, President/Chief Executive Officer

Andrew Bone, Vice President

Tim Rogers, Associate Vice President/ Chief Information Officer

Jim Eustrom, Vice President/Campus President, Yamhill Valley

ORGANIZATION CHART
Year Ended June 30, 2016



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FINANCIAL SECTION

KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594

TELEPHONE (503) 585-2550

INDEPENDENT AUDITOR'S REPORT

December 1, 2016

Board of Education
Chemeketa Community College
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Chemeketa Community College and Chemeketa Community College Foundation, its discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Chemeketa 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 did not audit the financial statements of Chemeketa Community College Foundation, a discretely presented component unit of Chemeketa Community College. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chemeketa Community College Foundation, is based solely on the report of the other auditors. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Chemeketa Community College and Chemeketa Community College Foundation as of June 30, 2016, 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.

Emphasis of Matter

As discussed in Note 6 to the basic financial statements under the caption "Plan Changes Reflected in Financial Statements," an Oregon Supreme Court decision modified COLA-related benefits for certain members participating in the Oregon Public Employees Retirement System (PERS) Pension Plan. This change in projected benefits is reflected in the College's net pension liability at June 30, 2016 and resulted in an additional $24.3 million of operating expenses in the College's statement of revenues, expenses, and changes in net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 14 through 21 and the required supplementary information on pages 50 through 52 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 Chemeketa Community College's basic financial statements. The other supplementary financial information listed in the table of contents, introductory section, statistical section, and schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary financial 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 financial 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 December 1, 2016 on our consideration of Chemeketa 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 Chemeketa 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 December 1, 2016 on our consideration of Chemeketa 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the College's comprehensive annual financial report (CAFR) presents an analysis of the financial position and activities of Chemeketa Community College for the fiscal year ended June 30, 2016. This report has been prepared by management and should be read in conjunction with the letter of transmittal and the College's financial statements. It is a required component of an annual financial report prepared in accordance with generally accepted accounting principles. The discussion is designed to assist readers in understanding the accompanying financial statements through an objective and easily readable analysis of the College's financial activities based on currently known facts and conditions.

Using the Basic Financial Statements

The following financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total. The entity wide statements are comprised of the following:

- The *Statement of Net Position* presents the College's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in the net position are indicators of the improvement or deterioration of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

- The *Statement of Revenues, Expenses and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs regardless of the timing when the cash is received. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or nonoperating. The primary sources of operating revenues include tuition, grants and contracts. Annual state appropriations and property taxes, while budgeted for operations, are considered nonoperating revenues according to accounting principles generally accepted in the United States of America (GAAP). Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss although overall net position remains positive.

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

- The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity wide financial statements.

Using the Schedules of Revenues, Expenditures and Changes in Fund Balance

The Schedules of Revenues, Expenditures and Changes in Fund Balance are included in the latter section entitled Other Supplementary Financial Information. These schedules focus on how money flows in and out of funds and the balances left at year end that are available for spending. This information is essential for preparation of, and compliance with annual budgets. These fund financial statements report the College's operations on a non GAAP budgetary basis and offer more detail than the government-wide basic financial statements.

Financial Highlights

The significant events of the fiscal year ended June 30, 2016 that impacted the College's financial statements are as follows:

- State community college support revenue increased from $20.2 million in 2015 to $37.8 million in 2016. This change was a result of (1) an increase in the state appropriation budgeted for the 2015-2017 biennium and (2) the receipt of 5 state appropriation payments for the first year of the biennium.

- Full-time equivalent students (FTE) decreased from 11,802 in 2015 to 11,131 in 2016. More information is available in the Statistical Section of this CAFR.

- As valued by PERS and an independent actuary, the College's share of the system-wide PERS unfunded liability, shifted from a $35.5 million asset at June 30, 2015 to a $5.7 million liability at June 30, 2016. The pension reporting requirements of GASB 68 and 71 impacted the financial statements by decreasing non-current assets, deferred inflows of resources and net position and by increasing expenses and other non-current liabilities.

- Student tuition and fees are reported net of scholarship allowances as prescribed by the National Association of College and Business Officers (NACUBO) and the Governmental Accounting Standards Board (GASB). Reporting scholarship discounts and allowances reduces both student financial aid expenses and tuition and fee revenue. For the years ending June 30, 2015 and June 30, 2016, scholarship allowances were $10.68 million and $9.72 million respectively.

Analysis of the Statement of Net Position

The Statement of Net Position uses the accrual basis of accounting. The College's largest component of net position reflects the amount invested in capital assets, e.g. land, buildings, and machinery and equipment, less any related debt used to acquire the assets that are outstanding. This report reflects a decrease in total net position from approximately $148.9 million in fiscal year 2015 to $134.5 million in fiscal year 2016.

As a result of GASB Statements No. 68 and 71, the Statement of Net Position now includes the following:

- *Net pension liability* – The College's proportionate share of the system-wide PERS unfunded actuarial liability, net of the College's side account.
- *Deferred outflows* – The subsequent contributions from the College to PERS, made after the net pension liability measurement date of June 30, 2015 and differences between expected and actual experience. These amounts will be a future reduction of the net PERS liability.
- *Transition liability* – The College's allocated share of a separate liability created in 2004 when community colleges moved into the State and Local Government Rate Pool.
- *Deferred inflows* – The College's proportionate share of (1) system-wide projected and actual earnings on investments, (2) system-wide differences between employer contributions, and (3) changes in the proportionate share.

Comparative information about the College's net position is as follows:

	2016	2015
Assets		
Current assets	$ 95,879,633	$ 94,692,068
Capital assets, net of depreciation	208,821,929	206,273,643
Other noncurrent assets	13,644,914	49,287,170
Total assets	$ 318,346,476	$ 350,252,881
Deferred outflows of resources	$ 11,685,691	$ 11,299,052
Liabilities		
Current liabilities	$ 22,262,782	$ 22,768,231
Long-term debt	136,889,551	146,210,584
Other noncurrent liabilities	24,822,650	20,498,866
Total liabilities	$ 183,974,983	$ 189,477,681
Deferred inflows of resources	$ 11,561,704	$ 23,210,035
Net Position		
Net investment in capital assets	$ 120,345,397	$ 116,274,920
Restricted	29,643,104	29,056,964
Unrestricted	(15,493,021)	3,532,333
Total net position	$ 134,495,480	$ 148,864,217

Total assets decreased by 9.1% in fiscal year 2016. Included in this total are current assets which include cash and investments from operations; student, taxes and other outstanding receivables; inventories on hand; and prepaid items. The College's current assets of approximately $95.9 million are sufficient to cover its current liabilities of $22.3 million; a current ratio of 4.3.

The College's capital assets are valued at approximately $208.8 million which represents an increase of 1.2% in fiscal year 2016. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, vehicles, library collections and land improvements. During the year, the College spent the remaining general obligation bond funds to construct and remodel buildings and to make improvements. Equipment and vehicle purchases, as well as the annual depreciation, also contributed to the change in value.

Other noncurrent assets include the leveraged loan associated with the College's new market tax credit transaction. The College also reported a net pension asset in 2015, which is now recognized as a net pension liability as of June 30, 2016.

Total liabilities of the College decreased 2.9% during the fiscal year, mostly due to the reduction in long-term debt. Current liabilities consist of accounts payable; payroll and payroll taxes payable; accrued interest; contracts payable; amounts due to others; unearned revenue from summer term tuition, fees and capital leases; and the current portion of long-term debt. Long-term debt obligations consist of general obligation bonds, pension obligation bonds, certificates of participation, compensated absences, termination benefits, and other postemployment benefit obligations that are due or estimated to be unused after a period of one year. Other noncurrent liabilities represent the amount of other unearned revenue (net of current) and the transition liability related to pensions.

Net position is reported in three components with an overall decrease of approximately 9.7% in fiscal year 2016. The largest portion of the College's net position is the $120.3 million net investment in capital assets. The restricted component of net position consists of amounts set aside for debt service, student financial aid, regional library, and grants and contracts. The remaining component is categorized as unrestricted.

According to generally accepted accounting principles, funds which are not subject to externally imposed restrictions on their use must be classified as unrestricted for financial reporting purposes. Unrestricted funds are allocated for academic programs, capital projects, reserves, and other purposes from one year to the next. However, with the implementation of GASB 68 and 71, unrestricted net position will fluctuate greatly from year to year based on the PERS system-wide investment returns and the associated changes in the actuarial unfunded liability. The large fluctuation in recent valuations resulted in the college reporting a negative unrestricted net position of $15.5 million at June 30, 2016.

Analysis of the Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the College as well as the nonoperating revenues and expenses. The following shows a two year comparison (net of scholarship allowances):

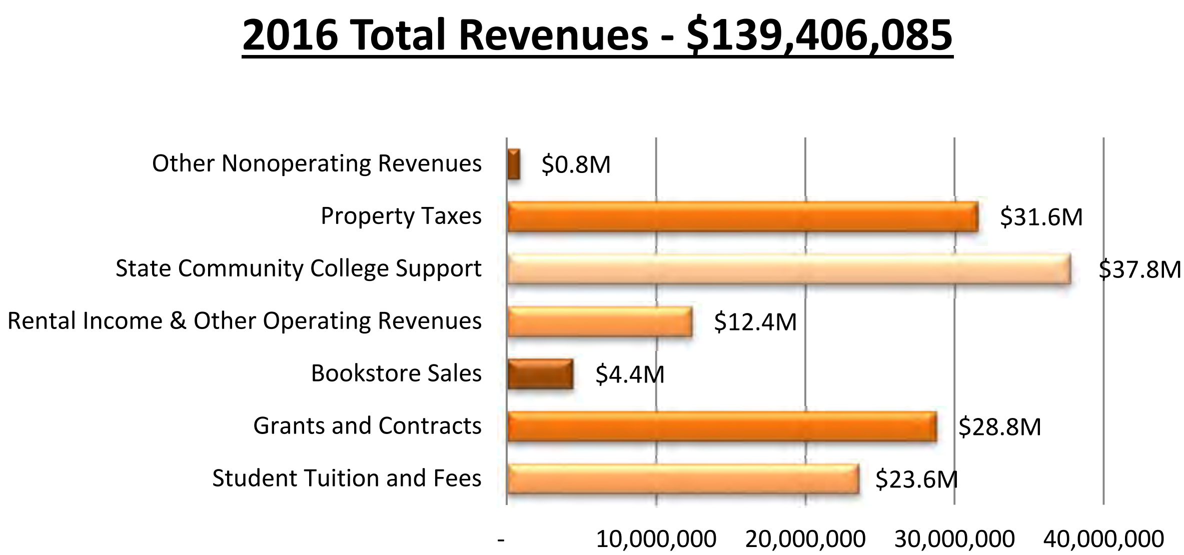
	2016	2015
Operating revenues		
Student tuition and fees	$ 23,613,807	$ 24,533,486
Grants and contracts	28,779,949	32,296,012
Bookstore sales	4,445,037	4,766,127
Rental income	3,847,903	3,532,732
Other operating revenues	8,549,926	7,928,103
Total operating revenues	69,236,622	73,056,460
Nonoperating revenues		
State community college support	37,774,756	20,152,851
Other state sources	177,931	171,601
Property taxes	31,559,365	29,570,587
Investment income	657,411	520,301
Total revenues	139,406,085	123,471,800
Operating expenses		
President's office	6,021,062	3,490,453
College support services	18,863,550	12,291,216
Instruction and student services	57,477,998	31,446,449
College facilities	3,666,689	2,369,854
Grants and scholarships	22,074,710	23,369,249
Self-supporting services	22,813,182	15,997,170
Intra-college services	2,882,706	2,711,110
Regional library	3,170,890	2,540,548
Bookstore	4,495,697	4,256,311
Depreciation expense	5,877,700	5,480,316
Total operating expenses	147,344,184	103,952,676
Nonoperating expenses		
Interest expense	6,534,937	6,490,482
Bond issuance costs	-	216,562
Loss on sale of capital assets	67,253	190,597
Total expenses	153,946,374	110,850,317
Income (Loss) before contributions	(14,540,289)	12,621,483
Capital contributions	171,552	8,304,420
Change in net position	(14,368,737)	20,925,903
Net position, beginning of the year, as restated	148,864,217	127,938,314
Net position, end of year	$ 134,495,480	$ 148,864,217

Revenues:

The most significant sources of operating revenues for the College are federal, state and local grants and contracts (including student financial aid), student tuition and fees, bookstore sales, rental income, and other operating revenues generated from instructional service agreements and miscellaneous college fees. The decline in student enrollment during 2015-2016 impacted operating revenues with an overall decrease of 5.2%.

Nonoperating revenues grew by approximately $19.8 million during the fiscal year. The state community college support accounted for the majority of this increase. This is normal as the payment structure from the State requires that the College receive five support payments in the first year of a biennium and three payments in the second year. For the year ended June 30, 2016, the College received five payments totaling $37,774,756.

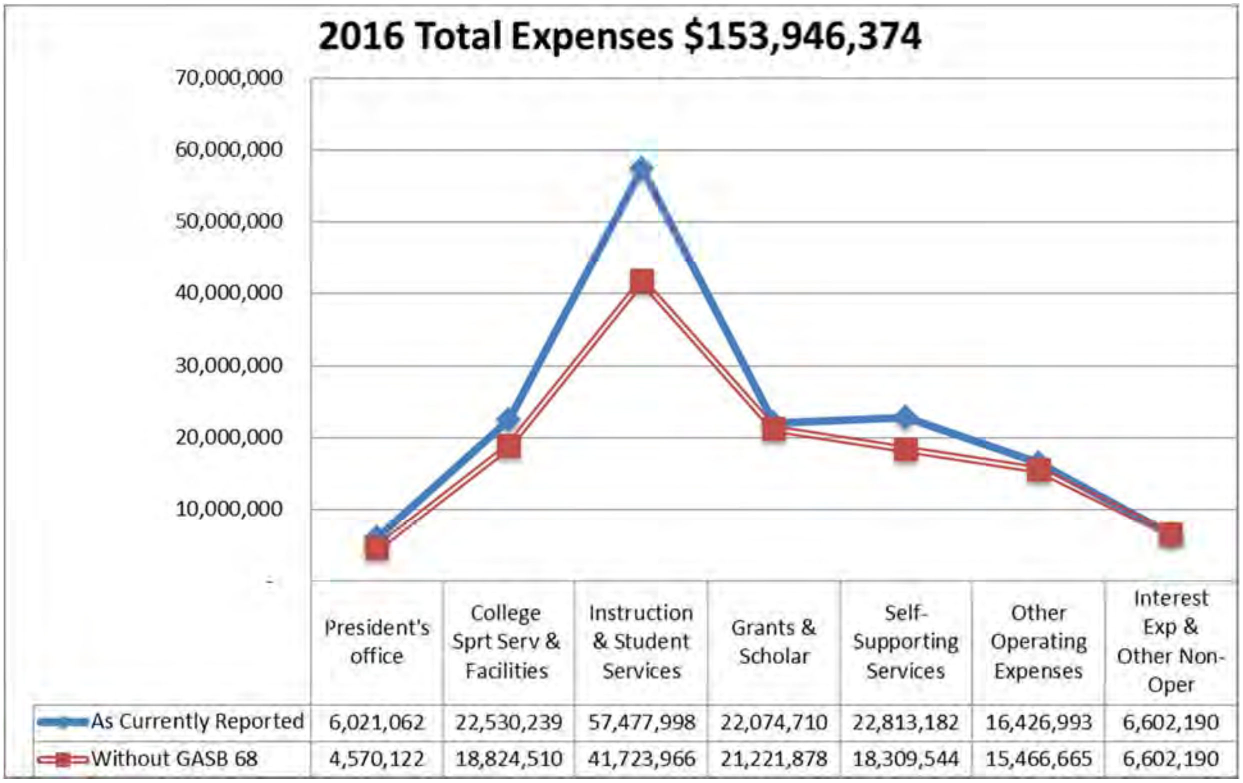
The following graph shows the sources of revenue for the College at 6/30/16:



Expenses:
Operating expenses totaling $147,344,184 include salaries and benefits, materials and services, utilities, grants and scholarships and depreciation. Nonoperating expenses totaled $6,602,187 and include interest expense, bond issuance costs and the loss on the sale or disposal of capital assets. Instruction and student services, along with college support services account for 49.6% of total expenses. These two categories also represent the majority of the College's general fund expenses. Self-supporting services expenses account for 14.8% of the total. This represents the largest category of expense outside of the general fund and is directly related to the continuing need to offer additional programs and courses to enhance the educational experience.

Total reported expenses were increased by approximately $27.2 million due to the net effect of the GASB Statements No. 68 and 71 adjustments required when recording the pension related liabilities (asset) and deferred amounts.

The following graph shows the expense categories at June 30, 2016 with and without the pension reporting adjustments:



Capital Contributions:

Capital contributions represent the value of capital items donated to the College through the Chemeketa Foundation, as well as grant resources and contributions restricted for capital purposes.

Analysis of the Statement of Cash Flows

This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a specific period. The following shows a two year comparison of the College's cash flow:

	2016	2015
Cash Provided By (Used in):		
Operating activities	$ (45,793,949)	$ (38,781,626)
Noncapital financing activities	55,792,484	37,442,686
Capital financing activities	(1,018,935)	(22,068,323)
Investing activities	657,411	520,301
Net increase (decrease) in cash	9,637,011	(22,886,962)
Cash - Beginning of year	79,557,201	102,444,163
Cash - End of year	$ 89,194,212	$ 79,557,201

The major sources of funds included in operating activities include student tuition and fees, federal financial aid and grants and contracts. Major uses were payments made to employees and suppliers, and for student financial aid and other scholarships. State reimbursements and property taxes are the primary sources of noncapital financing. Property taxes are assessed to property owners within the College's tax base.

Total cash increased by $9.6 million during fiscal year 2016. Without any significant fluctuations in expenses or revenue, and limited capital and financing activity, the increase is directly related to the receipt of the 5th community college support payment which is budgeted to be used in next fiscal year.

Capital Assets and Debt Administration

Capital Assets

The College's capital assets increased by approximately $2.5 million during the current fiscal year. Work continued on several building and land improvement projects, including the new Building 20 (Applied Tech/MDE Building), Buildings 4, 40 and 42 remodels, the Welding Building addition and remodel, and Building 22 secondary electrical system improvements. Building and land improvements were made at the College's satellite and main campuses, and machinery and equipment were upgraded or replaced. Annual depreciation for buildings, equipment, vehicles and land improvements amounted to approximately $5.9 million. Additional information about the College's capital assets can be found in Note 4 of this report.

Long Term Debt

At the end of the fiscal year, the College had total debt outstanding of $147,741,232. Of this amount $46,574,434 are in pension obligation bonds; $82,315,000 comprises general obligation debt; $4,300,000 are in lease purchase certificates of participation; and $9,829,800 consists of related debt premiums and discounts. The remaining balance is comprised of termination benefits, compensated absences, and other postemployment benefits. Total debt decreased by approximately $8.4 million during the current fiscal year as the College continued to make its biannual debt payments.

State statutes limit the amount of the general obligation debt the College may issue to 1.5% of Real Market Value of properties within the College district. The current legal debt limit is $768,273,105, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding debt is approximately 11% of the legal debt limit. The College currently maintains an AA rating from Standard & Poor's. Additional information about the College's long term debt can be found in Notes 5 and 7 of this report.

Economic Factors and Next Year's Budget

When preparing for the College's upcoming budget year, revenue and expenditure forecasts are prepared within the context of current economic conditions. The College currently anticipates an approximate 3 to 5% enrollment decline for this year and a more moderate decline, or possibly even no change in enrollment for next year. After the tremendous increase from 2005-2006 to 2010-2011, enrollment has now reverted back to the long-term growth trend. In July 2015, the Legislature passed Senate Bill 81, commonly known as the Oregon Promise. It provides $10 million dollars to recent Oregon high school graduates to pay for tuition at one of Oregon's seventeen community colleges. The College has seen a significant 23% enrollment boost in students coming direct from high school in the first term of the program, which has helped offset the cyclical decline in enrollment experienced over the past three years.

The economic recovery also brought a substantial increase in state support last year which is expected to remain flat or trend down for the coming years. For the 2015-2017 biennium, the state allocated $550 million for community colleges which was a substantial increase over the prior biennium allocation of $465 million.

When total General Fund revenues are projected forward several years based on varying assumptions, it shows a range of modest growth in the best case to significant declines in the worst case. This drives the need for contingency planning and thorough reassessment each budget year to meet changing needs and contain costs. The College is striving to maintain the talent level of employees and minimize layoffs while at the same time controlling labor costs. There are several pressures on containing employee costs, most notably the results of labor negotiations and contributions to the public employee retirement system (PERS). For the 2017-2018 fiscal year the employer contribution to PERS will increase by 3.5% of payroll costs, which translates to an approximate 16% increase in total PERS expense to the College. It is expected that employer contribution rates will continue to increase over the next two to three biennia. The College also entered into a new collective bargaining agreement with the Classified Employee Association effective June 30, 2016 which will be in place for the next three years. The new agreement increased employee costs over recent agreements creating a need for the college to focus on managing those expenses. The College will be entering into negotiations with the Faculty Association during the 2016-2017 fiscal year as that contract is set to expire June 30, 2017.

Chemeketa has a proven history of strong financial management. It weathered the great recession on a solid financial foundation, and is well-positioned to adapt to the changing needs of students as industry and educational environments change. The College has a reputation for pursuing alternative forms of revenue to help provide services and opportunities that would not otherwise be available to our students and community. Chemeketa’s pursuit of nontraditional revenue sources and desire to create a sustainable model will allow the College to maintain its promise to students and the community.

Requests for Information:

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

Business Services
Chemeketa Community College
PO Box 14007
Salem, OR 97309-7070

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BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
June 30, 2016

	Chemeketa Community College	Chemeketa Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	$ 89,194,212	$ 1,515,195
Investments	-	5,017,417
Receivables, net of allowance for uncollectibles	5,239,375	1,111,371
Inventories	1,028,635	63,781
Prepaid items	417,411	20,763
Total current assets	95,879,633	7,728,527
Noncurrent assets:		
Receivables, net of allowance for uncollectibles	13,644,914	-
Other assets	-	(167,657)
Capital assets, not being depreciated	43,013,440	-
Capital assets, net of accumulated depreciation	165,808,489	8,920,273
Intangible assets, net of accumulated amortization	-	398,898
Total noncurrent assets	222,466,843	9,151,514
Total assets	318,346,476	16,880,041
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	8,003,720	-
Related to pensions	3,681,971	-
Total deferred outflows of resources	11,685,691	-
LIABILITIES		
Current liabilities:		
Accounts payable	2,449,242	104,904
Payroll and payroll taxes payable	5,606,948	-
Accrued interest payable	165,951	-
Contracts payable	22,691	33,553
Due to others	1,266,026	-
Other liabilities	-	107,656
Current portion of unearned revenue	1,900,243	13,257
Current portion of long-term debt	10,851,681	-
Total current liabilities	22,262,782	259,370
Noncurrent liabilities:		
Unearned revenue, net of current portion	11,586,429	-
Transition liability related to pensions	7,565,497	-
Net pension liability	5,670,724	-
Long-term debt, net of current portion	136,889,551	-
Notes payable	-	15,165,000
Total noncurrent liabilities	161,712,201	15,165,000
Total liabilities	183,974,983	15,424,370
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	11,561,704	-
Total deferred inflows of resources	11,561,704	-
NET POSITION		
Net investment in capital assets	120,345,397	-
Restricted for debt service	25,431,669	-
Restricted for student financial aid grants and loans	2,637,727	-
Restricted for regional library	1,327,510	-
Restricted for grants and contracts	246,198	-
Restricted for Foundation	-	5,459,868
Unrestricted	(15,493,021)	(4,004,197)
Total net position	$ 134,495,480	$ 1,455,671

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2016

	Chemeketa Community College	Chemeketa Foundation
OPERATING REVENUES		
Student tuition and fees,		
net of scholarship allowances	$ 23,613,807	$ -
Grants and contracts	28,779,949	-
Bookstore sales	4,445,037	-
Rental income	3,847,903	777,732
Other operating revenues	8,549,926	4,712,906
Total operating revenues	69,236,622	5,490,638
OPERATING EXPENSES		
President's office	6,021,062	-
College support services	18,863,550	-
Instruction and student services	57,477,998	-
College facilities	3,666,689	-
Grants and scholarships	22,074,710	-
Self-supporting services	22,813,182	-
Intra-college services	2,882,706	-
Regional library	3,170,890	-
Bookstore	4,495,697	-
Foundation	-	5,302,480
Depreciation expense	5,877,700	276,116
Total operating expenses	147,344,184	5,578,596
OPERATING INCOME (LOSS)	(78,107,562)	(87,958)
NONOPERATING REVENUES (EXPENSES)		
State community college support	37,774,756	-
Other state sources	177,931	-
Property taxes	31,559,365	-
Investment income	657,411	1,839
Loss on sale of assets	(67,253)	-
Interest expense	(6,534,937)	(132,091)
Total nonoperating revenues (expenses)	63,567,273	(130,252)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(14,540,289)	(218,210)
CAPITAL CONTRIBUTIONS	171,552	-
CHANGE IN NET POSITION	(14,368,737)	(218,210)
Net position - beginning of the year	148,864,217	1,673,881
Net position - end of the year	$ 134,495,480	$ 1,455,671

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

		Chemeketa Community College
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and fees	$	24,868,528
Cash received from grants and contracts		28,493,206
Bookstore receipts from customers		4,590,051
Other cash receipts		11,999,750
Payments to suppliers for good and services		(25,743,068)
Payments to employees		(70,329,282)
Payments for student financial aid		(16,559,731)
Bookstore payments to suppliers for resale materials		(3,113,403)
Net cash used in operating activities		(45,793,949)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from property taxes		22,165,782
Cash received from State community college support		37,774,756
Cash received from other state sources		177,931
Principal paid on pension bonds		(2,285,000)
Interest paid on pension bonds		(2,040,985)
Net cash provided by noncapital financing activities		55,792,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from property taxes levied for capital debt		9,442,867
Proceeds from sale of capital assets		25,380
Cash received from capital grants		8,008,717
Purchase of capital assets		(8,460,413)
Principal paid on long-term debt		(5,975,000)
Interest paid on long-term debt		(4,060,486)
Net cash used in capital and related financing activities		(1,018,935)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		657,411
Purchase of investments		(41,125,639)
Proceeds from sales of investments		41,125,639
Net cash provided by investing activities		657,411
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,637,011
Cash and cash equivalents - beginning of year		79,557,201
Cash and cash equivalents - end of year	$	89,194,212

(Continues)

The accompanying notes are in integral part of this statement.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2016 (Continued)

		Chemeketa Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$	(78,107,562)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		5,877,700
Insurance expense (OPEB)		216,646
Decreases (increases) in assets:		
Accounts receivable		304,716
Loans receivable		298,456
Contacts receivable		18,000
Inventories		48,711
Prepaid items		470
Net pension asset		35,476,696
Deferred outflows related to pensions		(1,187,011)
Increases (decreases) in liabilities:		
Accounts payable		(1,685,416)
Payroll and payroll taxes payable		697,150
Contracts payable		(701,044)
Termination benefits		(19,557)
Due to others		(45,441)
Unearned revenue		93,741
Compensated absences		(18,018)
Net pension liability		5,670,724
Transition liability related to pensions		(1,084,579)
Deferred inflows related to pensions		(11,648,331)
Net cash used in operating activities	$	(45,793,949)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of deferred interest bonds	$	683,278
Amortization of deferred on refunding of long-term debt		800,372
Amortization of premium/discount on bonds payable		(1,028,302)
Amortization of premium on certificates of participation payable		(10,580)
Interest expense		(444,768)
Capital contributions		(7,837,165)
Contributions receivable		7,895,371
Acquistion of capital assets		(58,206)
Book value of capital assets disposed		92,633
Loss on disposition of capial assets		(92,633)
Total noncash investing, capital and financing activities	$	-

The accompanying notes are in integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Chemeketa Community College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* issued in June and November, 1999, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011. The College follows the "business-type activities" reporting requirements of GASB Statement Nos. 34 and 35.

Reporting Entity – Chemeketa Community College (the College) is a public institution under the general supervision of the Higher Education Coordinating Commission (HECC) through the Office of Community Colleges and Workforce Development. The College has a separately elected governing body, the Board of Education. The financial statements of the College include all accounts of the College and its component unit, Chemeketa Community College Foundation. The consolidated financial statements of the Foundation are reported in a separate column on the face of the basic financial statements as a discretely presented component unit.

The Chemeketa Community College Foundation is a legally separate, tax-exempt entity which acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs for staff, students and the community. The Foundation is governed by a board of directors composed of up to 24 volunteers selected by the Foundation board from communities served by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources or income thereon, which the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

During the year ended June 30, 2016, the Foundation provided scholarships and support of $958,408 and capital asset donations and improvement funds of $503,163, for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling $375,249 during the year. Complete financial statements for Chemeketa Community College Foundation can be obtained at: 4000 Lancaster Drive NE, Salem, Oregon 97305.

Basis of Accounting – The basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the years in which they are levied. Grants and other similar types of revenue are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's ongoing operations. The principal operating revenues of the College are charges to students for tuition and fees, grants and contracts for specific operating activities of

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

the College and bookstore sales. Operating expenses include the cost of faculty, administration and support expenses, bookstore operations and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Use of Estimates – The preparation of basic financial statements in accordance with GAAP 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 basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments – Investments are carried at fair value. During the year, the College's investments were with the Oregon Local Government Investment Pool and with corporate debt, both of which are authorized by Oregon law.

For purposes of the statement of cash flows, cash on hand, demand deposits, the State Treasurer's Oregon Local Government Investment Pool and short-term investments purchased with original maturities of three months or less are considered to be cash and cash equivalents.

The College is required by Oregon law to insure its deposits with financial institutions through Federal depository insurance funds coverage or participation in institution collateral pools that insure public deposits.

Property Taxes Receivable – Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become an enforceable lien on that date for real and personal property. 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. Uncollected property taxes are included in receivables in the Statement of Net Position.

Inventory – Inventory is valued at the retail inventory method, which approximates the lower of cost (first-in, first-out method) or market. Any donated inventory is valued at its estimated fair market value.

Capital Assets – Capital assets include land and land improvements, buildings and building improvements, equipment and library books; vehicles; works of art and historical treasures; and construction in progress with a useful life of more than one year. The College's capitalization threshold is $5,000 for all capital assets except for works of art and library books. These items are capitalized regardless of cost. Donated assets are recorded at their fair market value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Buildings, equipment, library books, vehicles and land improvements are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 – 50 years
Equipment	5 – 20 years
Library books	5 years
Vehicles	8 years
Land improvements	20 years

Grants – Unreimbursed grant expenditures due from grantor agencies are recorded in the basic financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue.

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

Other Postemployment Benefits – The College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ending June 30, 2009. The net OPEB obligation is actuarially determined and is recognized as a long-term liability in the Statement of Net Position.

Vested Compensated Absences – Employees of the College are permitted to accumulate earned but unused vacation, comp time and sick pay. A liability does not exist for unpaid accumulated sick leave since the College policy does not allow payment upon separation of service. Unused vacation pay and comp time pay is recorded as a liability and an expense when earned.

Termination Benefits – Employees who have reached age and service requirements are eligible for early retirement benefits, which are recognized as a liability and expense when the employees accept the offer. Expenditures of $22,434 were charged in the year ended June 30, 2016.

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 reduces 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. Student tuition and fee revenue is shown net of scholarship allowances of $9,721,419 for the year ended June 30, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Restricted Component of Net Position – Restricted net position as reported in the Statement of Net Position represents amounts for which constraints were imposed by creditors, grantors, contributors or laws or regulations. When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the College uses restricted resources first.

2. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2016:

Cash on hand and other	$	247,886
Deposits with financial institutions		59,812,794
Investments		29,133,532
Total cash and investments	$	89,194,212

Deposits – Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2016, is $60,812,374. Of these deposits, $905,541 was 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 to it. The College follows State law with respect to custodial credit risk and has not adopted a separate policy. Deposits in excess of FDIC insured amounts were exposed to custodial credit risk as of June 30, 2016, because these deposits were uncollateralized and/or were collateralized but not held by the third-party custodian bank in the College's name.

Investments – State statutes authorize the College to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper and the Oregon Local Government Investment Pool, among others. The College has no investment policy that would further limit its investment choices.

At June 30, 2016, the College's investments of $29,133,532 were invested in the Oregon Local Government Investment Pool.

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. The fair value of the College's position in the pool is substantially the same as the value of the College's participant balance.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statues and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of the investments in the Oregon Short-Term Fund at June 30, 2016 were: 72.35% mature within 93 days, 12.05% mature from 94 days to one year, and 15.60% mature beyond one year. The College does not have a policy for interest rate risk.

Foundation Cash and Investments - The Foundation's cash and cash equivalents consist of bank demand deposits which are part of the College's deposits with financial institutions.

The Foundation carries all investments in debt securities and investments in equity securities with readily determinable fair values at fair value. The investments are held in a pooled account managed by a professional fund manager.

3. RECEIVABLES

College receivables at June 30, 2016 were as follows:

	Total Receivables	Allowance for Uncollectables	Net Receivables	Due Within One Year
Property taxes	$ 1,796,803	$ -	$ 1,796,803	$ 1,796,803
Accounts	5,848,121	2,774,443	3,073,678	3,073,678
Loans	14,426,093	621,581	13,804,512	297,598
Interest	53,296	-	53,296	53,296
Contract	156,000	-	156,000	18,000
Total	$ 22,280,313	$ 3,396,024	$ 18,884,289	$ 5,239,375

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$ 20,319,900	$ -	$ -	$ 20,319,900
Art and historical treasures	396,129	31,325	600	426,854
Construction in progress	29,840,484	7,224,727	14,798,525	22,266,686
Total capital assets not being depreciated	50,556,513	7,256,052	14,799,125	43,013,440
Capital assets being depreciated:				
Buildings and improvements	197,707,324	13,863,191	220,093	211,350,422
Equipment & Library books	10,733,679	1,012,850	279,571	11,466,958
Vehicles	1,566,665	249,717	72,617	1,743,765
Land improvements	12,508,425	935,334	-	13,443,759
Total capital assets being depreciated	222,516,093	16,061,092	572,281	238,004,904
Less accumulated depreciation for:				
Buildings and improvements	54,970,136	4,374,541	197,966	59,146,711
Equipment & Library Books	6,575,409	783,502	227,972	7,130,939
Vehicles	1,161,383	118,424	54,310	1,225,497
Land improvements	4,092,035	601,233	-	4,693,268
Total accumulated depreciation	66,798,963	5,877,700	480,248	72,196,415
Total capital assets being depreciated, net	155,717,130	10,183,392	92,033	165,808,489
Total capital assets	$ 206,273,643	$ 17,439,444	$ 14,891,158	$ 208,821,929

5. LONG-TERM DEBT

During the fiscal year ended June 30, 2016 the following changes occurred related to long-term debt obligations:

`	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Interest Paid
GO, Series 2008	$ 8,240,000	$ -	$ 2,480,000	$ 5,760,000	$ 2,745,000	$ 391,963
GO, Series 2011A	4,095,000	-	-	4,095,000	-	190,746
GO, Series 2014	48,910,000	-	2,275,000	46,635,000	2,445,000	2,360,800
GO, Series 2015	26,420,000	-	595,000	25,825,000	665,000	921,091
Pension Bonds, Series 2003:						
Deferred interest bonds	11,181,156	683,278	1,435,000	10,429,434	1,545,000	-
Current interest bonds	13,305,000	-	-	13,305,000	-	750,937
Pension Bonds, Series 2004	23,690,000	-	850,000	22,840,000	985,000	1,290,048
Bond premiums/discounts	10,794,621	2,955	1,031,257	9,766,319	-	-
COP, Series 2007	4,925,000	-	625,000	4,300,000	650,000	195,886
COP premium	74,061	-	10,580	63,481	-	-
Vested compensated absences	2,116,097	1,727,450	1,745,468	2,098,079	1,807,994	-
Termination benefits	28,244	-	19,557	8,687	8,687	-
Net OPEB obligation	2,398,586	216,646	-	2,615,232	-	-
Total	$ 156,177,765	$ 2,630,329	$ 11,066,862	$ 147,741,232	$ 10,851,681	$ 6,101,471

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Limited Tax Pension Obligation Bonds

In April 2003, the College issued $25,374,369 of Limited Tax Pension Obligation Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. The resulting asset is being used to pay a portion of the College's annual required contribution. Principal payments are due annually through June 30, 2028 and interest is payable in December and June of each year with rates ranging from 5.60% to 6.25%.

In February 2004, the College issued an additional $26,795,000 of Limited Tax Pension Obligation Bonds. These bonds are managed in the same way as the April 2003 issue. Principal payments are due annually through June 30, 2028. Interest is payable on these bonds in December and June of each year with rates ranging from 5.10% to 5.53%.

Annual requirements to repay the limited tax pension obligation bonds are as follows:

Fiscal	Series 2004		Series 2003		
Year	Principal	Interest	Principal	Interest	Total
2016-17	$ 985,000	$ 1,247,575	$ 1,545,000	$ 750,937	$ 4,528,512
2017-18	1,125,000	1,197,370	1,660,000	750,937	4,733,307
2018-19	1,285,000	1,138,904	1,780,000	750,937	4,954,841
2019-20	1,455,000	1,069,000	1,905,000	750,937	5,179,937
2020-21	1,645,000	989,848	2,035,000	750,937	5,420,785
2021-22	1,845,000	900,360	2,170,000	750,937	5,666,297
2022-23	2,065,000	799,992	2,310,000	750,937	5,925,929
2023-24	2,295,000	687,656	2,460,000	750,937	6,193,593
2024-25	2,550,000	560,742	2,750,000	611,701	6,472,443
2025-26	2,825,000	419,727	3,070,000	455,776	6,770,503
2026-27	3,115,000	263,505	3,410,000	281,400	7,069,905
2027-28	1,650,000	91,245	1,615,000	90,440	3,446,685
Subtotals	22,840,000	9,365,924	26,710,000	7,446,813	66,362,737
Less deferred interest	-	-	(2,975,566)	-	(2,975,566)
Carrying amount	$ 22,840,000	$ 9,365,924	$ 23,734,434	$ 7,446,813	$ 63,387,171

General Obligation Bonds

On May 20, 2008, the voters of the Chemeketa Community College district approved $92 million in General Obligation bonds to fund the construction of new buildings, remodel of existing facilities, acquisition of land, and improvements to infrastructure. On November 12, 2008, the college issued $50 million of the general obligation bonds. The interest rate on the remaining bonds ranges from 4.5% to 5.0% with the final maturity on June 15, 2018. On February 9, 2011, the college issued another $28 million in general obligation bonds in order to continue the work on buildings and improvements. For these bonds, the interest rate ranges from 4.5% to 5% with the final maturity on June 15, 2021.

In June 2014, the College issued Series 2014 General Obligation Bonds in the amount of $51,150,000 which consisted of $14,000,000 of general obligation bonds approved by the voters on May 20, 2008 plus $37,150,000 of refunding bonds whose proceeds were used to extinguish Series 2008 bonds. The refunding bonds proceeds were used to extinguish $37,510,000 of outstanding

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Series 2008 General Obligation Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing a portion of the proceeds of the Series 2014 General Obligation Bonds in an irrevocable trust from which principal and interest payments will be made on the defeased debt. The excess of the reacquisition price of the defeased debt over its carrying value was deferred and is being amortized over the term of the Series 2008 bonds. At June 30, 2016, $37,510,000 in Series 2008 bonds were outstanding and considered defeased.

In March 2015, the College issued Series 2015 General Obligation Bonds in the amount of $26,800,000 and extinguished $23,905,000 of outstanding Series 2011A General Obligation Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing the proceeds of the Series 2015 General Obligation Bonds in an irrevocable trust from which principal and interest payments will be made on the defeased debt. The excess of the reacquisition price of the defeased debt over its carrying value was deferred and is being amortized over the term of the Series 2015 bonds. At June 30, 2016, $23,905,000 in Series 2011A bonds were outstanding and considered defeased.

Annual requirements to repay General Obligation Bonds are shown below:

Fiscal Year	Series 2008 Principal	Series 2008 Interest	Series 2011A Principal	Series 2011A Interest	Series 2014 Principal	Series 2014 Interest	Series 2015 Principal	Series 2015 Interest
2016-17	$ 2,745,000	$ 277,213	$ -	$ 190,775	$ 2,445,000	$ 2,269,800	$ 665,000	$ 903,256
2017-18	3,015,000	148,687	-	190,775	2,665,000	2,172,000	710,000	889,957
2018-19	-	-	-	190,775	6,230,000	2,038,750	740,000	868,656
2019-20	-	-	1,300,000	190,775	5,470,000	1,764,750	780,000	839,057
2020-21	-	-	2,795,000	125,775	4,585,000	1,491,250	825,000	807,856
2021-22	-	-	-	-	5,030,000	1,262,000	3,855,000	774,856
2022-23	-	-	-	-	5,485,000	1,010,500	4,110,000	615,856
2023-24	-	-	-	-	5,985,000	736,250	4,315,000	496,775
2024-25	-	-	-	-	5,910,000	437,000	5,135,000	367,325
2025-26	-	-	-	-	2,830,000	141,500	4,690,000	187,600
Total	$ 5,760,000	$ 425,900	$ 4,095,000	$ 888,875	$ 46,635,000	$ 13,323,800	$ 25,825,000	$ 6,751,194

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Lease Purchase Certificates of Participation

Lease purchase certificates of participation are due through 2022 and bear interest at rates of 3.9% to 4.00%. The certificates of participation were used to construct new facilities and to upgrade and remodel existing facilities. Future certificate of participation requirements are as follows:

Series 2007

Fiscal Year	Principal	Interest	Total
2016-17	$ 650,000	$ 170,890	$ 820,890
2017-18	675,000	144,890	819,890
2018-19	695,000	117,890	812,890
2019-20	730,000	90,090	820,090
2020-21	760,000	61,620	821,620
2021-22	790,000	31,600	821,600
Total	$ 4,300,000	$ 616,980	$ 4,916,980

The lease purchase certificates issued by the College represent a security interest in lease payments due from the College under a lease purchase agreement. Lease payments are made to an escrow agent who services the lease purchase certificates. The ownership of the property under the agreement resides with the College. The certificate holders have no security interest in the property.

Termination Benefits

The College provides an early retirement benefit to eligible salaried faculty employees who were hired on or before September 30, 2005. The early retirement option is available to faculty who have served the College for a minimum of ten (10) years of continuous service immediately prior to retirement from the College and who have reached the age of 55 but not yet 62, or to faculty less than age 55 who have obtained 30 years of salaried employment at Chemeketa. As part of this plan, the College pays a monthly stipend to the retiree, up to age 62, with the amount based on the total number of years of service to the College before retirement. As of June 2016, the stipend period varies based upon the employees' retirement date. As outlined in the collective bargaining agreement between the College and the Chemeketa Education Association this benefit will expire, with all stipends paid by June 2019.

This early retirement benefit is reported as a liability on the College's financial statements and is recognized as a voluntary termination benefit as classified under GASB statement 47. The liability reflects the discounted present value of expected future stipend payments. The discount rate used was 0.875%; which corresponds to the College's yield on current investments held in the local government investment pool as of June 30, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

6. PENSION PLANS

Plan Description

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

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

Benefits provided

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

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

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

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

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

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

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

B. OPSRP Pension Program (OPSRP DB)

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

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

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

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

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

NOTES TO BASIC FINANCIAL STATEMENTS
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C. OPSRP Individual Account Program (OPSRP IAP)

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

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

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

Recordkeeping - PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were $2,279,487, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 8.89 percent for Tier One/Tier Two General Service Members and 3.34 percent for OPSRP Pension Program General Service Members, net of 11.40 percent of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

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

At June 30, 2016, the College reported a liability of $5,670,724 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2015, the College's proportion was 0.45%.

For the year ended June 30, 2016, the College recognized pension expense of approximately $30.6 million. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,402,484	$ -
Net difference between projected and actual earnings on investments	-	5,451,869
Changes in proportionate share	-	2,352,088
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,757,747
College's contributions subsequent to the measurement date	2,279,487	-
Deferred outflows/inflows at June 30, 2016	$ 3,681,971	$ 11,561,704

College contributions subsequent to the measurement date of $2,279,487 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Deferred inflows of resources totaling $11,561,704 less other deferred outflows of resources of $1,402,484 related to pensions will be recognized in pension expense as follows:

Year Ending, June 30,	Amount
2017	$ (3,743,262)
2018	(3,743,262)
2019	(3,743,262)
2020	1,368,658
2021	(298,092)
Total	$ (10,159,220)

Actuarial assumptions

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

amortized over 16 years. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries; PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-back as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees; Mortality rates are a percentage of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTES TO BASIC FINANCIAL STATEMENTS
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Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	100.00%	
Assumed Inflation - Mean		2.75%

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

NOTES TO BASIC FINANCIAL STATEMENTS
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	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability (asset)	$ 42,432,082	$ 5,670,724	$ (25,309,442)

Plan Changes Reflected in Financial Statements

The Oregon Supreme Court decision in Moro v. State of Oregon (issued on April 30, 2015) occurred after the December 31, 2013 valuation date but affected the plan provisions reflected for financial reporting purposes. The Moro decision modified the COLA-related changes of Senate Bills 822 and 861, creating a blended COLA for members who earned service both before and after the effective dates of the legislation. For GASB 68, the benefits valued in the Total Pension Liability must be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the System. Due to the timing of the Supreme Court decision, this means the COLA change due to Moro is reflected in the June 30, 2015 Total Pension Liability, but was not reflected in the June 30, 2014 Total Pension Liability. The College's proportionate share of the increase in the Total Pension Liability resulting from the Moro decision, measured as of June 30, 2015 (reflected in 2015-2016 financial statements), is approximately $24.3 million.

Pension plan fiduciary net position

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

Transition Liability

The College reports a separate liability to the plan with a balance of $7.57 million at June 30, 2016. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.85 percent of covered payroll for payment of this transition liability.

7. POSTEMPLOYMENT HEALTHCARE PLAN

The College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* for the fiscal year ending June 30, 2009.

Plan Description – The College operates a single-employer retiree benefit plan that provides postemployment health and dental coverage benefits to eligible employees and their eligible dependents. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. The College is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Eligible employees are those retiring from active service with at least 5 years of salaried employment with the College and a pension benefit payable under Oregon PERS. Retirees and their dependents under age 65 are allowed to receive the same health care coverage as offered to active employees, however, the retiree is required to pay the full premiums.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Annual OPEB Cost and Net OPEB Obligation - The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the College (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

		Fiscal Year Ending June 30, 2016
Determination of Annual Required Contribution:		
Normal Cost at year end	$	240,024
Amortization of UAAL		483,838
Annual Required Contribution (ARC)	$	723,862
Determination of Net OPEB Obligation:		
Annual Required Contribution (ARC)	$	723,862
Interest on prior year Net OPEB Obligation		83,951
Adjustment to ARC		(288,409)
Annual OPEB cost		519,404
Less estimated benefit payments		(302,758)
Increase (decrease) in Net OPEB Obligation		216,646
Net OPEB Obligation - beginning of year		2,398,586
Net OPEB Obligation - end of year	$	2,615,232

The College's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	OPEB Cost	Cost Contributed	OPEB Obligation
6/30/2014	$676,125	65%	$2,192,252
6/30/2015	$520,706	60%	$2,398,586
6/30/2016	$519,404	58%	$2,615,232

Funding Status and Funding Progress – The funding status of the plan is as follows:

Valuation Date	Value of Assets	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UAAL % of Covered Payroll
7/1/2011	$ -	$ 5,186,348	$ 5,186,348	0%	$ 42,780,513	12.1%
7/1/2013	$ -	$ 3,869,037	$ 3,869,037	0%	$ 44,817,535	8.6%
7/1/2015	$ -	$ 4,029,434	$ 4,029,434	0%	$ 46,420,291	8.7%

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation, July 1, 2015, the projected unit credit cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. A discount rate of 3.5% was used based on long term expectations of return for the Oregon Local Government Investment Pool. The valuation assumes an annual healthcare cost trend rate of 13% in the first year, 7% in the second year, 7.25% in the third year, and 5.5% in the fourth year. Rates thereafter vary between 5.0% and 6.25%. General inflation of 2.75% per year was used to develop other economic assumptions. The UAAL is being amortized as a level dollar amount over a rolling period of ten years.

8. RELATED PARTY TRANSACTIONS

The Chemeketa Community College Foundation is a tax-exempt charitable corporation formed for the purpose of raising funds and other related donations to be used for the enhancement of the College's students, programs, staff, and capital needs. The Foundation made certain donations to the College during 2015-2016. Certain products were also purchased by the Foundation from the College during the year.

Northwest Innovations, Inc. is a separate taxable corporation, incorporated under the laws of the State of Oregon, and with its own Board of Directors. The purpose of the corporation is to serve the public and the college community by enhancing and expanding the services provided by the College.

During 1989-90 the College discontinued food service and vending operations and Northwest Innovations, Inc. accepted responsibility for those operations. The College retained ownership of the food service and vending equipment and has a management agreement with Northwest Innovations, Inc. to operate the food service outlets on campus. The value of the food service agreement with Northwest Innovations, Inc. for the year ended June 30, 2016 is $84,132. The college also has an outstanding note receivable with Northwest Innovations in the amount of $156,000. Northwest Innovations makes monthly payments according to the terms of the note agreement.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

9. COMMITMENTS AND CONTINGENCIES

The College had one outstanding construction project as of June 30, 2016. This project represents major improvements to an existing structure, now Building 42. As of the end of the fiscal year, approximately $431,000 was spent with a commitment remaining of $1.95 million.

Grants receivable and grant receipts are subject to adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including claims already collected, could become a liability to the College.

The College secured additional financing for its Chemeketa Center for Business and Industry (CCBI) by using New Markets Tax Credits (NMTC) in accordance with Section 45D of the Internal Revenue Code of 1986. The NMTC is the result of a federal program designed to stimulate capital investments in low income communities by providing a credit against Federal income taxes for investors that make Qualified Equity Investments (QEI's) into Community Development Entities (CDE's). In order to facilitate the transactions, the College leased that portion of the CCBI building being financed with NMTC's to a special purpose entity (the QALICB). The credit provided to the investor bank (Wells Fargo Bank) totals 39% (or $5.85 million) of the cost of the total investment and is claimed over a seven year period. The College, as the guarantor, will indemnify the Bank against the recapture and/or disallowance of NMTC's as a result of (a) the failure of QALICB to maintain its status as a "qualified active low-income community business", (b) the failure of any part of the Loans provided by the CDE failing to constitute a "qualified low-income community investment", including as a result of the failure of any tenant to be a qualified business, (c) the College's gross negligence, fraud, willful misconduct, malfeasance, material violation of the laws, breach of any material provision of any loan or transaction document; or (d) any other action or inaction by or within the control of the College or an affiliate.

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College is a member of the OSBA Property and Casualty Coverage for Education (PACE) and pays an annual premium for its general liability, property, automobile, EDP, student medical professional and employee dishonesty insurance coverage.

The College carries other commercial insurance for risks of loss, including workers' compensation and public official bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

11. BUDGET

A budget is prepared and legally adopted for each College fund on the modified accrual basis of accounting in the classifications required by Oregon Local Budget Law. The College begins its budget process early in each fiscal year with the establishment of the budget committee.

Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published in early spring

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

approximately three weeks prior to the hearing. The budget is adopted, appropriations are made and the tax levy declared no later than June 30.

General Fund expenditure budgets are appropriated at the area and major program category levels. The major program category levels are personnel services, materials and services, capital outlay, transfers, and contingency. For all other funds, the expenditure budgets are appropriated at the same major program category levels with the exception of the Debt Service Fund which has a category for debt service. Budget managers have the authority to make transfers within the major program category levels. Any transfers exceeding the appropriation level require Board of Education approval. Expenditures cannot legally exceed appropriations which lapse at fiscal year end. The Board of Education can, by resolution, transfer appropriations between existing appropriation categories. Supplemental appropriations may occur if Oregon Local Budget Law requirements are met, however none were necessary during the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE LAST THREE FISCAL YEARS

Year Ended June 30,	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.45298593%	$ 5,670,724	$ 46,420,291	12.22%	91.88%
2015	0.48892925%	(35,476,696)	44,840,619	-79.12%	103.60%
2014	0.48892925%	1,912,270	44,817,535	4.27%	91.97%

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

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

SCHEDULE OF CONTRIBUTIONS
FOR THE LAST THREE FISCAL YEARS

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	$ 2,279,487	$ 2,279,487	$ -	$ 46,420,291	4.91%
2015	2,494,960	2,494,960	-	44,840,619	5.56%
2014	2,292,080	2,292,080	-	44,817,535	5.11%

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

1. PURPOSE OF THE SCHEDULE

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:
http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Changes of Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:
http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:
http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf

OTHER
SUPPLEMENTARY FINANCIAL INFORMATION

DESCRIPTION OF BUDGETED COLLEGE FUNDS

Supplemental financial information consists of schedules required by the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are presented on a Non GAAP budgetary basis for each College fund required to be budgeted in accordance with the Oregon Local Budget Law.

Budgeted College funds are as follows:

- ***General Fund*** – accounts for all financial resources and expenditures of the College, except those required to be accounted for in another fund. The principal revenue sources are property taxes, tuition and fees, and state sources.

- ***Student Financial Aid Fund*** – provides financial aid to students through loans, grants and scholarships. Revenues are primarily provided by Federal Government grants.

- ***Special Projects Fund*** – accounts for Federal and State grant and contract revenue. Expenditures are for specific programs for which money was received.

- ***Self-Supporting Services Fund*** – accounts for specific instructional related activities for which the total cost is paid by designated funds.

- ***Intra-College Services Fund*** – maintains a reserve for the acquisition of small capital purchases, supplies, and services for various college departments.

- ***Regional Library Fund*** – provides an intergovernmental public library service to residents of the College district.

- ***Regional Library Reserve Fund*** – maintains a reserve for the acquisition of a new library van and future computer system upgrades.

- ***Debt Service Fund*** – accounts for payments of interest and principal on certificates of participation, general obligation bonds, and limited tax pension obligation bonds.

- ***Capital Development Fund*** – accounts for construction of new buildings, remodeling of current facilities, and purchasing of needed equipment. Revenues are provided from issuance of debt, leases and other sources.

- ***Plant Emergency Fund*** – accounts for emergency repairs of college facilities and facility related equipment. Resources are provided by transfers from the General Fund.

- ***Enterprise Fund*** – accounts for the College Bookstore. Revenues are primarily from sales of books and supplies. Expenses are primarily for purchases of merchandise and salary costs.

- ***Student Government, Student Clubs & Student Newspaper Fund*** – funds held and disbursed by the College as agent for the associated student body, clubs and student newspaper.

- ***Athletics Fund*** – funds held and disbursed by the College as agent for intercollegiate athletics.

- ***External Organizations Billing Fund*** – funds held and disbursed by the College as agent for various external organizations and committees.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes:				
Current year's levy	$ 18,740,000	$ 18,740,000	$ 18,961,690	$ 221,690
Prior year's levy	770,000	770,000	618,122	(151,878)
Total property taxes	19,510,000	19,510,000	19,579,812	69,812
Tuition	17,805,000	17,805,000	18,380,969	575,969
Fees	2,015,000	2,015,000	2,007,650	(7,350)
State community college support	29,530,000	29,530,000	37,774,756	8,244,756
Other sources:				
Interest	)	)	216,466	)
Administrative charges	)	)	1,812,765	)
Miscellaneous	2,270,000	2,270,000	149,027	(91,742)
Total revenues	71,130,000	71,130,000	79,921,445	8,791,445
EXPENDITURES:				
President's Office				
Personnel services	2,474,873	3,837,982	3,819,006	18,976
Materials and services	925,837	1,112,951	1,099,916	13,035
Capital outlay	-	340	240	100
Total president's office	3,400,710	4,951,273	4,919,162	32,111
College Support Services				
Personnel services	12,552,211	11,050,067	11,045,409	4,658
Materials and services	5,586,735	5,490,033	5,229,956	260,077
Capital outlay	58,245	148,369	128,524	19,845
Agency fund support	15,000	15,000	15,000	-
Contingency	3,500,000	3,500,000	-	3,500,000
Total college support services	21,712,191	20,203,469	16,418,889	3,784,580
Instruction & Student Services				
Personnel services	45,014,586	44,972,745	43,327,664	1,645,081
Materials and services	2,338,444	2,332,742	2,043,121	289,621
Capital outlay	83,569	89,271	87,222	2,049
Total instruction & student services	47,436,599	47,394,758	45,458,007	1,936,751
Total expenditures	72,549,500	72,549,500	66,796,058	5,753,442
REVENUES OVER (UNDER) EXPENDITURES	(1,419,500)	(1,419,500)	13,125,387	14,544,887
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	-	(500,000)
Transfers out	(4,580,500)	(4,580,500)	(4,239,604)	340,896
Total other financing sources (uses)	(4,080,500)	(4,080,500)	(4,239,604)	(159,104)
NET CHANGE IN FUND BALANCE	(5,500,000)	(5,500,000)	8,885,783	14,385,783
FUND BALANCE, beginning	6,650,000	6,650,000	7,528,777	878,777
FUND BALANCE, ending	$ 1,150,000	$ 1,150,000	$ 16,414,560	$ 15,264,560
State community college support reserved for 2016-2017			(7,600,639)	
UNRESERVED FUND BALANCE, ending			$ 8,813,921	

STUDENT FINANCIAL AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Grants and scholarships:				
Federal sources	$ 85,000,000	$ 85,000,000	$ 40,473,001	$ (44,526,999)
State sources	5,000,000	5,000,000	4,053,400	(946,600)
Local scholarship funds	2,000,000	2,000,000	1,239,308	(760,692)
Loan collections, including interest	1,250,000	1,250,000	518,287	(731,713)
Off-campus CWS employers	5,000	5,000	-	(5,000)
Total revenues	93,255,000	93,255,000	46,283,996	(46,971,004)
EXPENDITURES:				
Grants and scholarships, including administrative expenditures:				
Federal funds, including matching funds	85,000,000	85,000,000	40,713,541	44,286,459
State funds	5,000,000	5,000,000	4,049,817	950,183
Local scholarship and loan funds	3,250,000	3,250,000	1,301,815	1,948,185
Loan program	330,000	330,000	82,650	247,350
Tuition grants	2,820,000	2,820,000	2,443,206	376,794
Total expenditures	96,400,000	96,400,000	48,591,029	47,808,971
REVENUES OVER (UNDER) EXPENDITURES	(3,145,000)	(3,145,000)	(2,307,033)	837,967
OTHER FINANCING SOURCES:				
Transfers in	3,145,000	3,145,000	2,673,754	(471,246)
NET CHANGE IN FUND BALANCE	-	-	366,721	366,721
FUND BALANCE, beginning	-	-	323,980	323,980
FUND BALANCE, ending	$ -	$ -	$ 690,701	$ 690,701

SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Federal sources	$ 4,000,000	$ 4,000,000	$ 1,746,076	$ (2,253,924)
Federal pass through	4,000,000	4,000,000	2,343,911	(1,656,089)
State sources	9,000,000	9,000,000	550,699	(8,449,301)
Local sources	700,000	700,000	-	(700,000)
Private sources	500,000	500,000	13,944	(486,056)
Miscellaneous	50,000	50,000	-	(50,000)
Total revenues	18,250,000	18,250,000	4,654,630	(13,595,370)
EXPENDITURES:				
Personnel services	6,600,000	6,600,000	2,392,732	4,207,268
Materials and services	5,900,000	5,900,000	1,826,529	4,073,471
Capital outlay	6,000,000	6,000,000	438,623	5,561,377
Total expenditures	18,500,000	18,500,000	4,657,884	13,842,116
NET CHANGE IN FUND BALANCE	(250,000)	(250,000)	(3,254)	246,746
FUND BALANCE, beginning	250,000	250,000	3,254	(246,746)
FUND BALANCE, ending	$ -	$ -	$ -	$ -

SELF-SUPPORTING SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Self-supporting services	$ 19,400,000	$ 19,400,000	$ 18,532,938	$ (867,062)
EXPENDITURES:				
Personnel services	18,350,000	18,350,000	13,442,385	4,907,615
Materials and services	11,700,500	11,700,500	5,978,894	5,721,606
Capital outlay	250,000	250,000	136,281	113,719
Total expenditures	30,300,500	30,300,500	19,557,560	10,742,940
REVENUES OVER (UNDER) EXPENDITURES	(10,900,500)	(10,900,500)	(1,024,622)	9,875,878
OTHER FINANCING SOURCES (USES):				
Transfers in	1,400,500	1,400,500	1,351,850	(48,650)
Transfers out	(750,000)	(750,000)	-	750,000
Total other financing sources (uses)	650,500	650,500	1,351,850	701,350
NET CHANGE IN FUND BALANCE	(10,250,000)	(10,250,000)	327,228	10,577,228
FUND BALANCE, beginning	10,250,000	10,250,000	11,698,122	1,448,122
FUND BALANCE, ending	$ -	$ -	$ 12,025,350	$ 12,025,350

INTRA-COLLEGE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intra-college services	$ 5,160,000	$ 5,160,000	$ 5,321,763	$ 161,763
EXPENDITURES:				
Personnel services	1,745,000	2,145,000	1,616,320	528,680
Materials and services	6,380,000	5,980,000	3,901,425	2,078,575
Debt service	105,000	105,000	-	105,000
Contingency	7,500,000	7,500,000	-	7,500,000
Capital outlay	1,000,000	1,000,000	492,346	507,654
Total expenditures	16,730,000	16,730,000	6,010,091	10,719,909
REVENUES OVER (UNDER) EXPENDITURES	(11,570,000)	(11,570,000)	(688,328)	10,881,672
OTHER FINANCING SOURCES (USES):				
Transfers in	670,000	670,000	424,000	(246,000)
Transfers out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	520,000	520,000	424,000	(96,000)
NET CHANGE IN FUND BALANCE	(11,050,000)	(11,050,000)	(264,328)	10,785,672
FUND BALANCE, beginning	11,050,000	11,050,000	10,897,725	(152,275)
FUND BALANCE, ending	$ -	$ -	$ 10,633,397	$ 10,633,397

REGIONAL LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Current taxes	$ 2,420,000	$ 2,420,000	$ 2,506,571	$ 86,571
Prior year taxes	100,000	100,000	79,397	(20,603)
State sources	34,407	34,407	33,331	(1,076)
Local sources	143,984	143,984	129,409	(14,575)
Miscellaneous	229,640	229,640	190,875	(38,765)
Total revenues	2,928,031	2,928,031	2,939,583	11,552
EXPENDITURES:				
Personnel services	789,200	789,200	642,062	147,138
Materials and services	2,403,936	2,374,734	2,064,263	310,471
Capital outlay	5,000	34,202	18,770	15,432
Contingency	364,895	364,895	-	364,895
Total expenditures	3,563,031	3,563,031	2,725,095	837,936
REVENUES OVER (UNDER) EXPENDITURES	(635,000)	(635,000)	214,488	849,488
OTHER FINANCING USES:				
Transfers out	(65,000)	(65,000)	(65,000)	-
NET CHANGE IN FUND BALANCE	(700,000)	(700,000)	149,488	849,488
FUND BALANCE, beginning	700,000	700,000	806,446	106,446
FUND BALANCE, ending	$ -	$ -	$ 955,934	$ 955,934

REGIONAL LIBRARY RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Materials and services	$ 458,313	$ 458,313	$ 288,034	$ 170,279
Capital outlay	50,000	50,000	-	50,000
Total expenditures	508,313	508,313	288,034	220,279
OTHER FINANCING SOURCES:				
Transfers in	65,000	65,000	65,000	-
NET CHANGE IN FUND BALANCE	(443,313)	(443,313)	(223,034)	220,279
FUND BALANCE, beginning	443,313	443,313	443,313	-
FUND BALANCE, ending	$ -	$ -	$ 220,279	$ 220,279

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Current taxes	$ 9,700,000	$ 9,700,000	$ 9,186,246	$ (513,754)
Prior year taxes	100,000	100,000	256,621	156,621
Miscellaneous	50,000	50,000	48,496	(1,504)
PERS adjustment revenue	4,000,000	4,000,000	4,534,322	534,322
Total revenues	13,850,000	13,850,000	14,025,685	175,685
EXPENDITURES:				
Debt service	39,000,000	39,000,000	14,361,469	24,638,531
REVENUES OVER (UNDER) EXPENDITURES	(25,150,000)	(25,150,000)	(335,784)	24,814,216
OTHER FINANCING SOURCES (USES):				
Transfers in	1,150,000	1,150,000	820,890	(329,110)
NET CHANGE IN FUND BALANCE	(24,000,000)	(24,000,000)	485,106	24,485,106
FUND BALANCE, beginning	24,000,000	24,000,000	24,609,367	609,367
FUND BALANCE, ending	$ -	$ -	$ 25,094,473	$ 25,094,473

CAPITAL DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Fees	$ 1,800,000	$ 1,800,000	$ 1,468,229	$ (331,771)
State sources	400,000	400,000	177,931	(222,069)
Other sources:				
Interest revenue	250,000	250,000	72,602	(177,398)
Miscellaneous	3,000,000	3,000,000	2,904,338	(95,662)
Total revenues	5,450,000	5,450,000	4,623,100	(826,900)
EXPENDITURES:				
Personnel services	190,000	190,000	26,243	163,757
Materials and services	13,960,000	13,960,000	4,583,171	9,376,829
Noncurrent:				
Capital outlay	21,000,000	21,000,000	6,059,884	14,940,116
Total expenditures	35,150,000	35,150,000	10,669,298	24,480,702
REVENUES OVER (UNDER) EXPENDITURES	(29,700,000)	(29,700,000)	(6,046,198)	23,653,802
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,300,000)	(1,300,000)	(870,890)	429,110
Proceeds from sale of certificates of participation	6,000,000	6,000,000	-	(6,000,000)
Total other financing sources (uses)	4,700,000	4,700,000	(870,890)	(5,570,890)
NET CHANGE IN FUND BALANCE	(25,000,000)	(25,000,000)	(6,917,088)	18,082,912
FUND BALANCE, beginning	25,000,000	25,000,000	18,227,628	(6,772,372)
FUND BALANCE, ending	$ -	$ -	$ 11,310,540	$ 11,310,540

PLANT EMERGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Materials and services	$ 475,000	$ 475,000	$ 38,668	$ 436,332
Capital outlay	275,000	275,000	52,292	222,708
Total expenditures	750,000	750,000	90,960	659,040
OTHER FINANCING SOURCES:				
Transfers in	75,000	75,000	-	(75,000)
NET CHANGE IN FUND BALANCE	(675,000)	(675,000)	(90,960)	584,040
FUND BALANCE, beginning	675,000	675,000	790,028	115,028
FUND BALANCE, ending	$ -	$ -	$ 699,068	$ 699,068

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Bookstore sales	$ 6,200,000	$ 6,200,000	$ 5,557,910	$ (642,090)
EXPENDITURES:				
Personnel services	1,225,000	1,225,000	997,637	227,363
Materials and services	9,475,000	9,475,000	4,382,248	5,092,752
Capital outlay	40,000	40,000	-	40,000
Total expenditures	10,740,000	10,740,000	5,379,885	5,360,115
REVENUES OVER (UNDER) EXPENDITURES	(4,540,000)	(4,540,000)	178,025	4,718,025
OTHER FINANCING SOURCES (USES):				
Transfers out	(160,000)	(160,000)	(160,000)	-
NET CHANGE IN FUND BALANCE	(4,700,000)	(4,700,000)	18,025	4,718,025
FUND BALANCE, beginning	4,700,000	4,700,000	4,997,719	297,719
FUND BALANCE, ending	$ -	$ -	$ 5,015,744	$ 5,015,744

STUDENT GOVERNMENT, STUDENT CLUBS & STUDENT NEWSPAPER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCE
DUE TO OTHERS-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Student newspaper	$ 25,000	$ 25,000	$ -	$ (25,000)
Miscellaneous	100,000	100,000	63,190	(36,810)
College support transfers	15,000	15,000	15,000	-
Student activities club tranfers	3,000	3,000	1,150	(1,850)
Total revenues	143,000	143,000	79,340	(63,660)
EXPENDITURES:				
Materials and services	290,000	290,000	91,556	198,444
Transfers	3,000	3,000	1,150	1,850
Total expenditures	293,000	293,000	92,706	200,294
NET CHANGE IN DUE TO OTHERS	(150,000)	(150,000)	(13,366)	136,634
DUE TO OTHERS, beginning	150,000	150,000	169,598	19,598
DUE TO OTHERS, ending	$ -	$ -	$ 156,232	$ 156,232

ATHLETICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCE DUE TO OTHERS-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Fees	$ 300,000	$ 300,000	$ 269,542	$ (30,458)
Miscellaneous	35,000	35,000	35,000	-
Total revenues	335,000	335,000	304,542	(30,458)
EXPENDITURES:				
Personnel services	147,500	147,500	113,957	33,543
Materials and services	437,500	437,500	238,684	198,816
Contingency	50,000	50,000	-	50,000
Total expenditures	635,000	635,000	352,641	282,359
NET CHANGE IN DUE TO OTHERS	(300,000)	(300,000)	(48,099)	251,901
DUE TO OTHERS, beginning	300,000	300,000	360,213	60,213
DUE TO OTHERS, ending	$ -	$ -	$ 312,114	$ 312,114

EXTERNAL ORGANIZATIONS BILLING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCE DUE TO OTHERS-BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Miscellaneous	$ 592,500	$ 592,500	$ 295,013	$ (297,487)
College support transfers	7,500	7,500	7,500	-
			-	
Total revenues	600,000	600,000	302,513	(297,487)
EXPENDITURES:				
Personnel services	162,000	162,000	133	161,867
Materials and services	448,000	448,000	283,330	164,670
Capital outlay	5,000	5,000	3,448	1,552
Total expenditures	615,000	615,000	286,911	328,089
NET CHANGE IN DUE TO OTHERS	(15,000)	(15,000)	15,602	30,602
DUE TO OTHERS, beginning	15,000	15,000	30,937	15,937
DUE TO OTHERS, ending	$ -	$ -	$ 46,539	$ 46,539

STATISTICAL SECTION

STATISTICAL SECTION
NARRATIVE

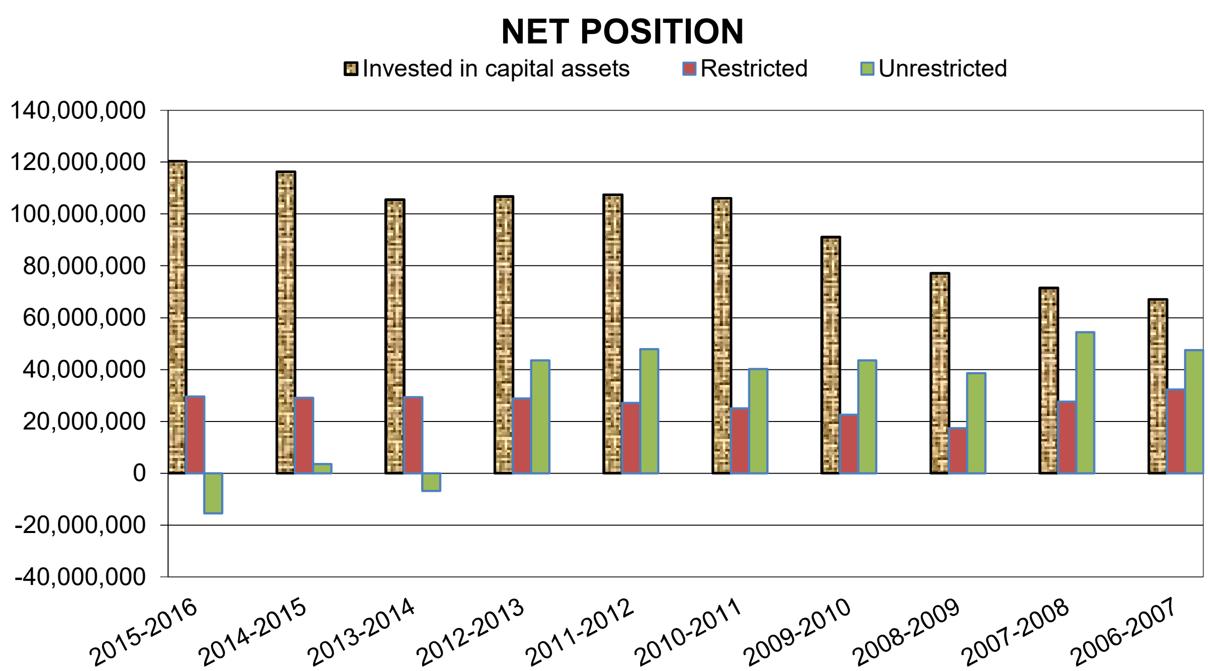
This section of Chemeketa Community College's Comprehensive Annual Financial Report presents detailed information as a basis for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

Contents **Begins on Page**

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
Net investment in capital assets	$ 120,345,397	$ 116,274,920	$ 105,459,693	$ 106,724,945
Restricted	29,643,104	29,056,964	29,344,769	28,819,609
Unrestricted	(15,493,021)	3,532,333	(6,866,148)	43,562,493
Total net position	$ 134,495,480	$ 148,864,217	$ 127,938,314	$ 179,107,047



Note: The College implemented GASB Statements No. 68 and 71 in 2014-2015. Net postion at June 30, 2014 has been restated to conform with the new reporting and accounting requirements; restatement for years prior to 2013-2014 is not required. Net position at June 30, 2014, as originally reported, was $191,606,511.

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	$ 107,423,876	$ 106,021,287	$ 91,024,657	$ 77,076,106	$ 71,411,320	$ 67,023,646
	27,150,510	24,988,835	22,530,671	17,371,026	27,604,641	32,245,398
	47,807,014	40,209,594	43,532,429	38,653,089	54,377,949	47,470,015
	$ 182,381,400	$ 171,219,716	$ 157,087,757	$ 133,100,221	$ 153,393,910	$ 146,739,059

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
Operating Revenues				
Student tuition and fees	$ 23,613,807	$ 35,214,098	$ 38,073,043	$ 39,195,722
Grants and contracts	28,779,949	32,296,012	35,364,450	37,302,219
Bookstore sales	4,445,037	4,766,127	4,761,251	5,437,040
Rental income	3,847,903	3,532,732	3,647,087	3,483,468
Other operating revenues	8,549,926	7,928,103	6,787,051	7,093,187
Total operating revenues	69,236,622	83,737,072	88,632,882	92,511,636
Operating Expenses				
President's office	6,021,062	3,490,453	2,690,172	2,686,916
College support services	18,863,550	12,291,216	15,871,095	15,414,373
Instruction and student services	57,477,998	31,446,449	42,094,026	40,923,826
College facilities	3,666,689	2,369,854	2,505,767	3,047,730
Grants and scholarships	22,074,710	34,049,861	37,681,633	39,724,882
Self-supporting services	22,813,182	15,997,170	19,123,390	19,815,632
Intra-college services	2,882,706	2,711,110	2,298,427	2,163,403
Regional library	3,170,890	2,540,548	2,654,461	2,579,348
Bookstore	4,495,697	4,256,311	4,693,582	5,242,740
Depreciation expense	5,877,700	5,480,316	5,275,235	4,844,575
Total operating expenses	147,344,184	114,633,288	134,887,788	136,443,425
Operating income (loss)	(78,107,562)	(30,896,216)	(46,254,906)	(43,931,789)
Nonoperating Revenues (Expenses)				
State community college support	37,774,756	20,152,851	28,717,709	13,866,214
Other state sources	177,931	171,601	242,163	109,762
Property taxes	31,559,365	29,570,587	26,880,384	27,476,520
Investment income	657,411	520,301	9,685,384	6,239,566
Loss on investments	-	-	-	-
Interest expense	(6,534,937)	(6,490,482)	(6,977,743)	(7,124,558)
Bond issuance costs	-	(216,562)	(326,782)	-
Gain (loss) on sale of capital assets	(67,253)	(190,597)	(13,786)	(34,458)
Total nonoperating revenues (expenses)	63,567,273	43,517,699	58,207,329	40,533,046
Income (loss) before contributions	(14,540,289)	12,621,483	11,952,423	(3,398,743)
Capital Contributions	171,552	8,304,420	547,041	124,390
Total change in net position	$ (14,368,737)	$ 20,925,903	$ 12,499,464	$ (3,274,353)

Note: Beginning in 2015-2016, student tuition & fee revenue is reported net of scholarship allowances. Amounts for prior years have not been restated.

2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
$ 38,260,629	$ 35,985,783	$ 33,019,066	$ 24,952,735	$ 21,086,334	$ 19,849,493
38,155,453	37,568,924	43,858,889	35,605,669	30,897,675	30,513,526
5,638,982	6,267,520	6,911,914	6,225,231	5,528,332	4,798,007
3,381,571	3,013,840	2,878,722	2,460,386	2,569,551	2,407,301
6,243,125	7,234,378	7,585,696	6,566,763	5,526,761	5,694,274
91,679,760	90,070,445	94,254,287	75,810,784	65,608,653	63,262,601
2,406,671	1,380,601	1,310,396	1,332,543	1,627,554	2,503,263
15,270,580	16,677,401	16,526,976	17,342,965	16,795,880	15,702,392
38,813,921	37,187,179	36,174,893	37,282,649	33,776,812	31,387,881
2,217,450	2,185,613	2,766,113	251,546	484,878	1,092,268
40,134,982	39,365,043	45,443,467	36,623,360	31,617,252	31,072,992
18,507,315	16,266,755	15,845,527	15,436,288	13,955,114	11,426,297
2,168,059	2,742,236	2,105,944	2,259,232	2,031,773	1,530,372
2,507,560	2,399,696	2,389,704	2,083,031	2,036,213	1,880,448
5,413,376	5,764,964	6,132,617	5,749,539	4,830,411	4,226,997
3,926,540	3,683,800	3,560,428	2,895,477	2,774,494	2,598,047
131,366,454	127,653,288	132,256,065	121,256,630	109,930,381	103,420,957
(39,686,694)	(37,582,843)	(38,001,778)	(45,445,846)	(44,321,728)	(40,158,356)
26,777,332	15,541,953	31,039,809	20,359,653	33,829,617	18,512,288
102,800	217,314	189,425	274,434	432,818	457,961
26,604,404	23,527,943	25,971,585	20,034,884	18,797,877	23,326,646
2,792,448	9,892,075	9,028,850	1,747,937	3,158,256	13,780,856
-	-	-	(14,677,151)	(1,086,135)	-
(7,245,793)	(6,496,206)	(8,256,278)	(4,177,667)	(4,153,635)	(4,107,277)
-	-	-	-	-	-
(45,591)	(67,402)	(4,937)	704	(15,869)	(979,108)
48,985,600	42,615,677	57,968,454	23,562,794	50,962,929	50,991,366
9,298,906	5,032,834	19,966,676	(21,883,052)	6,641,201	10,833,010
2,759,855	9,099,125	4,020,860	1,589,363	13,650	35,900
$ 12,058,761	$ 14,131,959	$ 23,987,536	$ (20,293,689)	$ 6,654,851	$ 10,868,910

ASSESSED AND REAL MARKET VALUE OF TAXABLE PROPERTY, LINN, MARION, POLK, AND YAMHILL COUNTIES LAST TEN FISCAL YEARS

Fiscal Year	Real Market Value	Assessed Value	Assessed Value Increase (Decrease)	Assessed Value Percentage Change	Total Direct Rate
Linn County:					
2015-2016	$ 459,231,627	$ 355,805,227	$ 18,395,295	5.45%	1.00
2014-2015	430,172,604	337,409,932	13,409,916	4.14%	0.98
2013-2014	407,624,291	324,000,016	6,616,404	2.08%	0.94
2012-2013	405,347,186	317,383,612	5,919,783	1.90%	0.88
2011-2012	431,018,381	311,463,829	13,940,468	4.69%	0.96
2010-2011	448,085,688	297,523,361	(1,995,699)	-0.67%	0.87
2009-2010	504,300,770	299,519,060	8,522,424	2.93%	0.97
2008-2009	452,978,900	290,996,636	23,046,814	8.60%	0.79
2007-2008	426,600,220	267,949,822	14,298,253	5.64%	0.78
2006-2007	362,766,535	253,651,569	32,736,161	14.82%	1.02
Marion County:					
2015-2016	$ 36,716,577,379	$ 21,911,848,781	$ 952,682,288	4.55%	1.00
2014-2015	34,877,589,110	20,959,166,493	829,692,057	4.12%	0.98
2013-2014	33,102,805,137	20,129,474,436	787,734,690	4.07%	0.94
2012-2013	32,586,520,234	19,341,739,746	145,592,480	0.76%	0.88
2011-2012	33,412,693,626	19,196,147,266	398,295,214	2.12%	0.96
2010-2011	34,978,576,014	18,797,852,052	503,229,042	2.75%	0.87
2009-2010	36,446,336,442	18,294,623,010	686,190,439	3.90%	0.97
2008-2009	37,002,690,937	17,608,432,571	776,413,457	4.61%	0.79
2007-2008	35,276,496,141	16,832,019,114	887,070,562	5.56%	0.78
2006-2007	29,663,727,442	15,944,948,552	1,489,807,662	10.31%	1.02

Note: Rates per $1,000 of assessed value. This is the combined rate in all funds.

Sources: Linn, Marion, Polk and Yamhill County Assessor's office.

ASSESSED AND REAL MARKET VALUE OF TAXABLE PROPERTY, LINN, MARION, POLK, AND YAMHILL COUNTIES LAST TEN FISCAL YEARS (Continued)

Fiscal Year	Real Market Value	Assessed Value	Assessed Value Increase (Decrease)	Assessed Value Percentage Change	Total Direct Rate
Polk County:					
2015-16	$ 7,589,309,121	$ 5,358,664,931	$ 248,266,163	4.86%	1.00
2014-2015	7,020,684,624	5,110,398,768	189,274,992	3.85%	0.98
2013-2014	6,716,393,804	4,921,123,776	95,088,500	1.97%	0.94
2012-2013	6,690,073,438	4,826,035,276	87,919,149	1.86%	0.88
2011-2012	6,979,903,839	4,738,116,127	112,577,256	2.43%	0.96
2010-2011	7,379,577,620	4,625,538,871	132,576,091	2.95%	0.87
2009-2010	7,720,225,796	4,492,962,780	197,651,639	4.60%	0.97
2008-2009	8,138,295,299	4,295,311,141	213,021,867	5.22%	0.79
2007-2008	7,715,738,285	4,082,289,274	276,874,352	7.28%	0.78
2006-2007	6,540,354,895	3,805,414,922	508,271,667	15.42%	1.02
Yamhill County:					
2015-2016	$ 6,453,088,841	$ 4,931,700,378	$ 273,625,903	5.87%	1.00
2014-2015	5,999,591,447	4,658,074,475	137,400,089	3.04%	0.98
2013-2014	5,810,681,601	4,520,674,386	138,406,615	3.16%	0.94
2012-2013	5,651,621,940	4,382,267,771	126,046,158	2.96%	0.88
2011-2012	5,788,814,307	4,256,221,613	82,874,343	1.99%	0.96
2010-2011	6,374,164,106	4,173,347,270	136,397,643	3.38%	0.87
2009-2010	6,479,650,481	4,036,949,627	161,774,353	4.17%	0.97
2008-2009	6,567,134,948	3,875,175,274	286,630,374	7.99%	0.79
2007-2008	6,298,434,038	3,588,544,900	222,337,670	6.60%	0.78
2006-2007	5,622,180,225	3,366,207,230	393,816,787	13.25%	1.02

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Company Name	2016 Assessed Value	2016 Rank	2016 Percent of Total District Assessed Value	2007 Assessed Value	2007 Rank	2007 Percent of Total District Assessed Value
Linn County:						
Freres Lumber Co	$ 25,855,908	1	7.27%	$ 19,517,499	1	7.69%
Weyerhaeuser (Willamette)	11,715,553	2	3.29%	9,104,682	2	3.59%
PacifiCorp (PP&L)	8,927,000	3	2.51%	6,043,000	3	2.38%
Frank Lumber Co	8,203,340	4	2.31%	5,945,026	4	2.34%
Longview Timberlands LLC	5,916,762	5	1.66%	4,429,172	5	1.75%
Evergreen Biopower LLC	5,388,970	6	1.51%	-	-	-
Follansbee Rogers V ET AL	5,082,820	7	1.43%	3,864,775	6	1.52%
Stayton Coop Telephone Co	3,404,330	8	0.96%	2,676,900	7	1.06%
Frank Pellets LLC	3,096,500	9	0.87%	-	-	-
NW Natural Gas	2,825,100	10	0.79%	1,938,100	10	0.76%
Butte Development Co	-	-	-	2,575,313	8	1.02%
Baughman, Scott - Property Owner	-	-	-	1,984,378	9	0.79%
	80,416,283		22.60%	58,078,845		22.90%
ALL OTHER TAXPAYERS	275,388,944		77.40%	195,572,715		77.10%
TOTAL	$ 355,805,227		100.00%	$ 253,651,560		100.00%
Marion County:						
Portland General Electric	$ 305,584,619	1	1.39%	$ 195,567,370	1	1.19%
NW Natural Gas	141,012,700	2	0.64%	103,978,500	2	0.63%
WinCo Foods	90,605,362	3	0.41%	75,259,326	4	0.46%
Century Link	64,019,190	4	0.29%	-	-	-
Woodburn Premium Outlets LLC	60,616,550	5	0.28%	-	-	-
Norpac Foods Inc	58,848,031	6	0.27%	57,157,202	5	0.35%
Lancaster Development Co	58,833,290	7	0.27%	46,529,970	6	0.28%
Donahue Schriber Realty Group	51,968,800	8	0.24%	-	-	-
Wal-Mart Real Estate	49,338,240	9	0.23%	37,432,470	8	0.23%
Metropolitan Life Insurance Co	45,385,410	10	0.21%	34,365,100	9	0.21%
Qwest Corporation (US West)	-	-	-	84,892,880	3	0.52%
Craig Realty Group Woodburn	-	-	-	39,997,040	7	0.24%
Food Services of America	-	-	-	32,157,390	10	0.20%
	926,212,192		4.23%	707,337,248		4.31%
ALL OTHER TAXPAYERS	20,985,636,589		95.77%	15,756,367,755		95.69%
TOTAL	$ 21,911,848,781		100.00%	$ 16,463,705,003		100.00%

Note: Rank is based upon total taxes assessed.

Sources: Linn, Marion, Polk & Yamhill County Assessor's Office

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO (Continued)

	2016			2007		
Company Name	Assessed Value	Rank	Percent of Total District Assessed Value	Assessed Value	Rank	Percent of Total District Assessed Value
Polk County:						
NW Natural Gas	$ 68,397,000	1	1.28%	$ 34,950,000	1	0.92%
Portland General Electric	28,936,510	2	0.54%	15,563,690	6	0.41%
Meduri Farms Inc	19,097,020	3	0.36%	-	-	-
Comcast Corp	18,098,400	4	0.34%	-	-	-
Weyerhaeuser (Willamette)	17,228,418	5	0.32%	32,435,435	2	0.85%
PacifiCorp (PP&L)	16,786,000	6	0.31%	12,608,000	8	0.33%
Capital Manor	15,277,110	7	0.29%	11,613,680	9	0.31%
Willamette Park Villas LLC	12,658,870	8	0.24%	-	-	-
Orchard Ridge Apartments LLC	12,433,040	9	0.23%	-	-	-
Roth IGA Foodliner	11,004,060	10	0.21%	6,895,890	10	0.18%
Meriwether NW Land Mgmt	-	-	-	23,940,309	4	0.63%
Tyco (Praegitzer) Industries	-	-	-	25,043,860	3	0.66%
Qwest Corporation (US West)	-	-	-	16,502,500	5	0.43%
Wyant Family Trust	-	-	-	14,369,911	7	0.38%
	219,916,428		4.12%	193,923,275		5.10%
ALL OTHER TAXPAYERS	5,138,748,503		95.88%	3,611,491,647		94.90%
TOTAL	$ 5,358,664,931		100.00%	$ 3,805,414,922		100.00%
Yamhill County:						
Portland General Electric	$ 78,395,000	1	1.59%	$ 43,005,000	2	0.78%
Cascade Steel Rolling Mills	57,227,461	2	1.16%	43,750,147	1	0.79%
MPT of McMinnville-Capella LLC	52,546,586	3	1.07%	-	-	-
Affordable Mid Coast Housing LLC	43,898,574	4	0.89%	-	-	-
Riverbend Landfill Co	36,421,845	5	0.74%	-	-	-
Comcast Corp	22,689,700	6	0.46%	-	-	-
Evergreen Vintage Aircraft Inc	21,952,556	7	0.45%	-	-	-
HCP SH ELP1 Properties LLC	18,009,199	8	0.37%	-	-	-
NW Natural Gas	17,957,300	9	0.36%	17,302,600	6	0.31%
Lowes HIW Inc	16,644,992	10	0.34%	12,757,008	8	0.23%
Willamette Valley Med Center	-	-	-	36,632,390	3	0.66%
Willamina Lumber Co	-	-	-	30,559,238	4	0.55%
Hillside Senior Living Community	-	-	-	15,032,056	7	0.27%
Verizon NW	-	-	-	26,926,400	5	0.49%
Foxgove Properties	-	-	-	11,986,361	9	0.22%
Air Liquide Industrial	-	-	-	11,414,506	10	0.21%
	365,743,213		7.43%	249,365,706		4.51%
ALL OTHER TAXPAYERS	4,565,957,165		92.57%	5,269,000,662		95.49%
TOTAL	$ 4,931,700,378		100.00%	$ 5,518,366,368		100.00%

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND RATES
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
Levy extended by assessor	$ 32,399,179	$ 30,306,146	$ 27,774,436	$ 28,116,181
Reduction of taxes receivable:				
Current year	31,488,147	29,150,571	26,706,977	26,950,741
Tax roll adjustments	(52,769)	(283,852)	(171,072)	(109,096)
Beginning taxes receivable:				
Prior year	1,846,085	1,936,189	2,130,103	2,131,243
Reduction of taxes receivable:				
Prior years	781,038	937,841	1,003,663	996,427
Tax roll adjustments	(126,507)	(23,986)	(86,638)	(61,057)
Total taxes receivable, end of year	$ 1,796,803	$ 1,846,085	$ 1,936,189	$ 2,130,103
Collections				
Current year	$ 31,488,147	$ 29,150,571	$ 26,706,977	$ 26,950,741
Prior year	781,038	937,841	1,003,663	996,427
Electric cooperative revenue tax/foreclosure	19,058	38,488	22,081	34,287
Discounts & Interest	(679,596)	(599,927)	(524,705)	(503,795)
Total received by college	$ 31,608,647	$ 29,526,973	$ 27,208,016	$ 27,477,660
Total collections as a percentage of of current levy	97.6%	97.4%	98.0%	97.7%
Delinquent taxes by levy year :				
1st year prior	$ 401,415	$ 423,579	$ 596,533	$ 529,438
2nd year prior	238,799	281,986	342,665	303,687
3rd year prior	126,333	121,006	143,981	134,479
4th year prior	53,814	51,858	75,464	29,387
5th year prior	39,003	47,406	19,187	16,846
6th year prior and earlier	79,176	48,527	66,673	59,922
Tax levy rates:				
Chemeketa Community College	0.92	0.90	0.86	0.80
Chemeketa Cooperative Regional Library	0.08	0.08	0.08	0.08
Total direct rate	1.00	0.98	0.94	0.88

Source: Chemeketa Community College financial records

2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
$ 27,266,465	$ 24,294,908	$ 26,390,086	$ 20,496,834	$ 19,233,307	$ 23,888,954
26,043,934	23,271,345	25,156,778	19,494,524	18,488,991	23,050,960
(164,122)	28,918	53,079	(86,969)	(32,418)	(81,764)
2,044,950	2,145,776	1,503,596	1,284,568	1,278,350	1,249,214
910,422	802,739	703,517	715,891	689,257	739,505
(61,694)	(350,568)	59,310	19,578	(16,423)	12,411
$ 2,131,243	$ 2,044,950	$ 2,145,776	$ 1,503,596	$ 1,284,568	$ 1,278,350
$ 26,043,934	$ 23,271,345	$ 25,156,778	$ 19,494,524	$ 18,488,991	$ 23,050,960
910,422	802,739	703,517	715,891	689,257	739,505
24,849	18,871	14,828	14,642	-	-
(461,094)	(464,186)	(545,718)	(409,201)	(386,589)	(492,955)
$ 26,518,111	$ 23,628,769	$ 25,329,405	$ 19,815,856	$ 18,791,659	$ 23,297,510
97.3%	97.3%	96.0%	96.7%	97.7%	97.5%
$ 534,259	$ 579,180	$ 509,881	$ 428,793	$ 478,760	$ 529,840
361,080	255,707	140,631	191,764	131,513	146,448
86,638	77,005	100,935	113,422	102,448	77,611
24,013	23,722	37,464	56,774	55,022	53,810
16,488	13,401	1,526	4,057	(172)	5,025
50,358	43,454	8,208	7,124	6,602	13,052
0.88	0.79	0.89	0.71	0.70	0.94
0.08	0.08	0.08	0.08	0.08	0.08
0.96	0.87	0.97	0.79	0.78	1.02

RATIO OF OUTSTANDING DEBT BY TYPES
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
Outstanding Debt:				
General obligation bonds	$ 92,116,771	$ 98,498,028	$ 99,906,721	$ 81,194,566
Limited tax pension bonds	46,538,982	48,137,749	49,475,404	50,575,902
Certificate of participation	4,363,481	4,999,061	5,609,641	6,195,221
Total Debt	$ 143,019,234	$ 151,634,838	$ 154,991,766	$ 137,965,689
Ratios of Outstanding Debt:				
Actual property value	$ 51,218,206,968	$ 48,328,037,785	$ 46,037,504,833	$ 45,333,562,798
Percentage of actual property value	0.28%	0.31%	0.34%	0.30%
Population (estimate)	632,830	629,115	620,010	615,705
Debt per capita	$ 226	$ 241	$ 250	$ 224

Note: Population estimates are as of July 1st of the fiscal year. Outstanding debt is reported net of related premiums and discounts.

Sources: State of Oregon, Office of the Treasurer (bonded indebtedness); Portland State University's Population Research Center; Community College financial and statistical records

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	$ 83,978,483	$ 86,482,400	$ 58,889,938	$ 61,662,419	$ 12,201,728	$ 13,819,864
	51,462,338	52,151,618	52,659,758	53,007,525	53,205,133	53,272,509
	6,760,801	7,306,381	7,831,961	8,337,541	9,283,121	880,000
	$ 142,201,622	$ 145,940,399	$ 119,381,657	$ 123,007,485	$ 74,689,982	$ 67,972,373
	$ 46,612,430,153	$ 49,180,403,428	$ 51,150,513,489	$ 52,161,100,084	$ 49,717,268,684	$ 42,189,029,097
	0.31%	0.30%	0.23%	0.24%	0.15%	0.16%
	611,305	607,640	593,070	587,610	580,980	573,260
	$ 233	$ 240	$ 201	$ 209	$ 129	$ 119

RATIO OF GENERAL BONDED DEBT AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
General Bonded Debt Outstanding:				
General obligation bonds	$ 82,315,000	$ 87,665,000	$ 89,630,000	$ 78,805,000
General obligation bonds premium	9,801,771	10,833,028	10,276,721	2,389,566
Amounts set aside to repay debt	(1,215,202)	(954,475)	(1,403,826)	(1,327,188)
Total net general bonded debt	$ 90,901,569	$ 97,543,553	$ 98,502,895	$ 79,867,378
Legal Debt Margin:				
Legal debt limit (1)	$ 768,273,105	$ 724,920,567	$ 690,562,572	$ 680,003,442
Less debt applicable to legal limit	(82,315,000)	(87,665,000)	(89,630,000)	(78,805,000)
Legal debt margin	$ 685,958,105	$ 637,255,567	$ 600,932,572	$ 601,198,442
Bonded and Legal Debt Ratios:				
Real market value	$ 51,218,206,968	$ 48,328,037,785	$ 46,037,504,833	$ 45,333,562,798
Population (estimate)	632,830	629,115	620,010	615,705
Percentage of actual property value	0.18%	0.20%	0.21%	0.18%
Debt per capita	$ 144	$ 155	$ 159	$ 130
Legal debt margin as a percentage of the debt limit	89.29%	87.91%	87.02%	88.41%

Note: The legal debt limit is calculated at 1.5% of actual property value (real market value). Population estimates are as of July 1st of the fiscal year.

Sources: State of Oregon, Office of the Treasurer (bonded indebtedness); Portland State University's Population Research Center; Community College financial and statistical records

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	$ 81,375,000	$ 83,665,000	$ 57,650,000	$ 60,325,000	$ 12,015,000	$ 13,605,000
	2,603,483	2,817,400	1,239,938	1,337,419	186,728	214,864
	(242,762)	(136,586)	(332,036)	(533,557)	(474,018)	(1,205,571)
	$ 83,735,721	$ 86,345,814	$ 58,557,902	$ 61,128,862	$ 11,727,710	$ 12,614,293
	$ 699,186,452	$ 737,706,051	$ 767,257,702	$ 782,416,501	$ 745,759,030	$ 632,835,436
	(81,375,000)	(83,665,000)	(57,650,000)	(60,325,000)	(12,015,000)	(13,605,000)
	$ 617,811,452	$ 654,041,051	$ 709,607,702	$ 722,091,501	$ 733,744,030	$ 619,230,436
	$ 46,612,430,153	$ 49,180,403,428	$ 51,150,513,489	$ 52,161,100,084	$ 49,717,268,684	$ 42,189,029,097
	611,305	607,640	593,070	587,610	580,980	573,260
	0.18%	0.18%	0.11%	0.12%	0.02%	0.03%
	$ 137	$ 142	$ 99	$ 104	$ 20	$ 22
	88.36%	88.66%	92.49%	92.29%	98.39%	97.85%

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2016

OVERLAPPING DISTRICT	Percent Overlap	Overlapping Gross Bonded Debt
Direct Debt:		
Chemeketa Community College	100.0000%	$ 82,315,000
Overlapping Debt:		
Amity RFPD	100.0000%	3,190,000
Aumsville RFPD	100.0000%	1,880,000
Benton County SD 17J (Philomath)	0.6800%	222,270
City Of Amity	100.0000%	2,906,415
City of Aumsville	100.0000%	2,190,533
City of Aurora	100.0000%	2,600,065
City of Carlton	100.0000%	4,004,069
City of Dallas	100.0000%	11,145,380
City of Dayton	100.0000%	3,423,497
City of Detroit	100.0000%	1,380,354
City of Donald	100.0000%	440,000
City of Falls City	100.0000%	65,470
City of Gates	100.0000%	529,979
City of Gervais	100.0000%	490,343
City of Idanha	100.0000%	28,040
City of Independence	100.0000%	30,058,845
City of Jefferson	100.0000%	3,544,381
City of Keizer	100.0000%	15,495,000
City of Lafayette	100.0000%	1,881,642
City of McMinnville	99.9600%	28,734,959
City of Mill City	100.0000%	4,920,198
City of Monmouth	100.0000%	32,916,891
City of Salem	100.0000%	136,403,819
City of Sheridan	100.0000%	2,350,000
City of Silverton	100.0000%	5,511,349
City of St Paul	100.0000%	701,052
City of Stayton	100.0000%	20,852,703
City of Willamina	100.0000%	1,650,655
City of Woodburn	100.0000%	14,645,297
City of Yamhill	100.0000%	1,139,892
Dayton RFPD	100.0000%	970,000
Dundee RFPD	13.8400%	164,000
Hoskins-Kings Valley RFPD	18.2500%	13,687
Hubbard RFPD	100.0000%	715,912
Idhanha-Detroit RFPD	100.0000%	85,000
Jefferson RFPD (Marion-Linn Counties)	59.4700%	124,895
Keizer RFPD	100.0000%	3,770,000
Linn Cty SD 129J (Santiam Canyon)	100.0000%	4,112,217
Lyons RFPD 10	94.2700%	616,816
Lyons-Mehama Water District	100.0000%	500,000
Marion County	100.0000%	55,476,670
Marion Cty RFPD 1	100.0000%	5,600,990
Marion Cty SD 1 (Gervais)	100.0000%	9,873,338

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2016 (Continued)

OVERLAPPING DISTRICT	Percent Overlap		Overlapping Gross Bonded Debt
Marion Cty SD 103 (Woodburn)	100.0000%	$	63,732,179
Marion Cty SD 14J (Jefferson)	93.1700%		5,228,125
Marion Cty SD 15 (North Marion)	100.0000%		11,083,666
Marion Cty SD 24J (Salem/Keizer)	100.0000%		430,397,423
Marion Cty SD 29J (North Santiam)	92.3900%		32,268,787
Marion Cty SD 45 (St Paul)	100.0000%		8,220,000
Marion Cty SD 4J (Silver Falls)	91.4300%		46,241,416
Marion Cty SD 5 (Cascade)	100.0000%		25,113,855
Marion Cty SD 91 (Mt Angel)	100.0000%		12,715,142
Mt Angel RFPD	100.0000%		685,000
New Carlton RFPD	100.0000%		990,000
Northwest Regional ESD	0.0600%		2,695
Polk County	100.0000%		5,055,559
Polk Cty RFPD 1	100.0000%		1,880,000
Polk Cty SD 13J (Central)	99.6600%		78,092,244
Polk Cty SD 2 (Dallas)	100.0000%		9,696,340
Polk Cty SD 21 (Perrydale)	100.0000%		370,000
Polk Cty SD 57 (Falls City)	100.0000%		1,488,921
Portland Community College	0.0100%		41,832
Silverton RFPD	94.8200%		4,261,028
Stayton RFPD	89.7900%		771,139
Sublimity RFPD	100.0000%		1,126,238
Tillamook Cty SD 101 (Nestucca Valley)	0.1100%		11,960
Washington Cty SD 1J (Hillsboro)	0.0100%		24,251
Washington Cty SD 511J (Gaston)	16.4500%		518,101
Washington Cty SD 88J (Sherwood)	0.0800%		75,698
West Valley Fire District	100.0000%		420,000
Willamette ESD	89.6500%		22,019,475
Woodburn RFPD 6	100.0000%		2,055,000
Yamhill County	60.0100%		1,849,103
Yamhill Cty SD 1 (Yamhill-Carlton)	100.0000%		11,061,980
Yamhill Cty SD 29J (Newberg)	0.4000%		225,456
Yamhill Cty SD 30J (Willamina)	99.0900%		3,929,061
Yamhill Cty SD 40 (McMinnville)	100.0000%		68,652,367
Yamhill Cty SD 48J (Sheridan)	100.0000%		5,225,000
Yamhill Cty SD 4J (Amity)	100.0000%		8,346,900
Yamhill Cty SD 8 (Dayton)	100.0000%		18,846,764
Yamhill RFPD	99.5000%		139,305
Total Overlapping Debt			1,300,188,633
TOTAL DIRECT AND OVERLAPPING DEBT		$	1,382,503,633

Note: Gross bonded debt includes all bonds backed by a general obligation pledge including Bancroft Act general obligation improvement bonds and self-supporting general obligation bonds. Net direct debt includes all tax-supported bonds. Bancroft Act general obligation bonds and self-supporting bonds are excluded.

Source: Oregon State Treasury

SALEM MSA AVERAGE ANNUAL EMPLOYMENT
LAST TEN CALENDAR YEARS

	2015	2014	2013	2012
Manufacturing				
Durable Goods	5,900	5,400	5,100	4,900
Food Products	5,000	4,700	4,600	4,600
Other Nondurable Goods	2,100	2,100	2,100	2,000
Total Manufacturing	13,000	12,200	11,800	11,500
Non-manufacturing				
Natural Resources and Mining	1,200	1,200	1,200	1,200
Construction	8,700	7,800	6,800	6,400
Transportation, Warehousing, and Utilities	4,000	3,800	3,800	3,700
Trade	21,900	21,300	20,500	20,000
Information	1,000	1,000	1,000	1,100
Financial Activities	6,800	7,100	7,100	7,100
Professional and Business Services	13,100	12,800	12,200	11,600
Educational and Health Services	24,700	23,800	22,800	22,300
Leisure and Hospitality	14,300	13,600	13,000	12,400
Other Services	5,200	5,100	5,000	5,100
Government	41,600	41,000	39,800	39,800
Total Non-manufacturing	142,500	138,500	133,200	130,700
Other	21,907	20,719	21,094	25,501
Total Employment	177,407	171,419	166,094	167,701
Civilian Labor Force	188,784	184,893	181,937	185,857
Unemployed	11,377	13,474	15,843	18,156
Percentage of Unemployed (Annual Average)	6.0%	7.3%	8.7%	9.8%

Note: Salem MSA (Metropolitan Statistical Area) consists of Marion and Polk Counties. Data represents calendar year totals, January through December. Amounts have been updated for prior years.

Source: State of Oregon Employment Department

2011	2010	2009	2008	2007	2006
4,800	5,000	5,300	6,600	7,300	7,700
4,900	4,800	5,000	5,000	5,000	5,100
1,900	2,000	2,000	2,400	2,500	2,700
11,600	11,800	12,300	14,000	14,800	15,500
1,100	1,100	1,000	1,200	1,300	1,300
6,400	6,600	7,100	9,200	10,200	9,500
3,600	3,400	3,600	3,800	3,700	3,600
20,000	19,900	20,200	21,800	22,100	21,900
1,100	1,200	1,300	1,400	1,500	1,500
7,200	7,100	7,200	7,600	7,500	7,400
11,000	11,400	12,100	13,100	13,400	12,800
21,900	21,400	21,000	20,300	19,500	19,000
12,100	11,900	12,200	12,700	12,500	12,300
5,100	5,300	5,300	5,400	5,300	5,300
40,900	42,700	42,600	42,200	40,500	39,800
130,400	132,000	133,600	138,700	137,500	134,400
29,308	27,074	30,985	29,835	27,865	26,678
171,308	170,874	176,885	182,535	180,165	176,578
190,887	191,735	198,299	195,082	190,237	186,868
19,579	20,861	21,414	12,547	10,072	10,290
10.3%	10.9%	10.8%	6.4%	5.3%	5.5%

MAJOR EMPLOYERS
LINN, MARION, POLK AND YAMHILL COUNTIES
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
Company Name	Total Employees	Rank	Percentage of Total	Total Employees	Rank	Percentage of Total
State of Oregon	25,070	1	8.65%	21,800	1	7.96%
Salem-Keizer School District (Regular staff)	5,786	2	2.00%	4,000	2	1.46%
Salem Health (Hospital)	4,600	3	1.59%	3,500	3	1.28%
US Government	2,330	4	0.80%	2,590	4	0.95%
Samaritan Health Care/Albany Gen Hosp	1,600	5	0.55%	1,600	6	0.58%
Marion County	1,511	6	0.52%	1,400	9	0.51%
Chemeketa Community College	1,447	7	0.50%	1,530	7	0.56%
City of Salem	1,327	8	0.46%	1,478	8	0.54%
Kaiser Permanente	1,200	9	0.41%	-	-	-
Norpac Foods (Seasonal)	1,200	10	0.41%	1,300	10	0.47%
Confederated Tribes/Spirit Mt Casino	-	-	-	1,925	5	0.70%

Note: Percentage of total is based on number of persons employed in all four counties as of June of the fiscal year.

Sources: City of Salem, City of Albany, Salem-Keizer School District, Polk County, Yamhill County, Individual employers, State of Oregon Employment Department

DEMOGRAPHIC AND ECONOMIC INDICATORS
LINN, MARION, POLK, AND YAMHILL COUNTIES
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Combined Population	Average Per Capita Income	Total Personal Income (In Thousands)	Average Unemployment Rate
2015-2016	632,830	$ -	$ -	5.50
2014-2015	629,115	35,159	22,086,000	6.97
2013-2014	620,010	34,108	21,383,911	7.56
2012-2013	615,705	33,593	20,972,181	8.97
2011-2012	611,305	32,335	20,131,376	9.48
2010-2011	607,640	31,612	19,627,795	10.58
2009-2010	593,070	31,320	19,493,298	11.29
2008-2009	587,610	32,639	17,251,632	11.30
2007-2008	580,980	29,919	18,348,451	6.48
2006-2007	573,260	28,765	17,604,397	5.10

Note: Average per capita and personal income for 2015-2016 is not yet available. Combined population estimates are as of July 1st of the fiscal year. Average unemployment rate represents average for all counties between July and June of the fiscal year.

Sources: Portland State University's Population Research Center, State of Oregon Employment Department, Bureau of Economic Analysis (personal income)

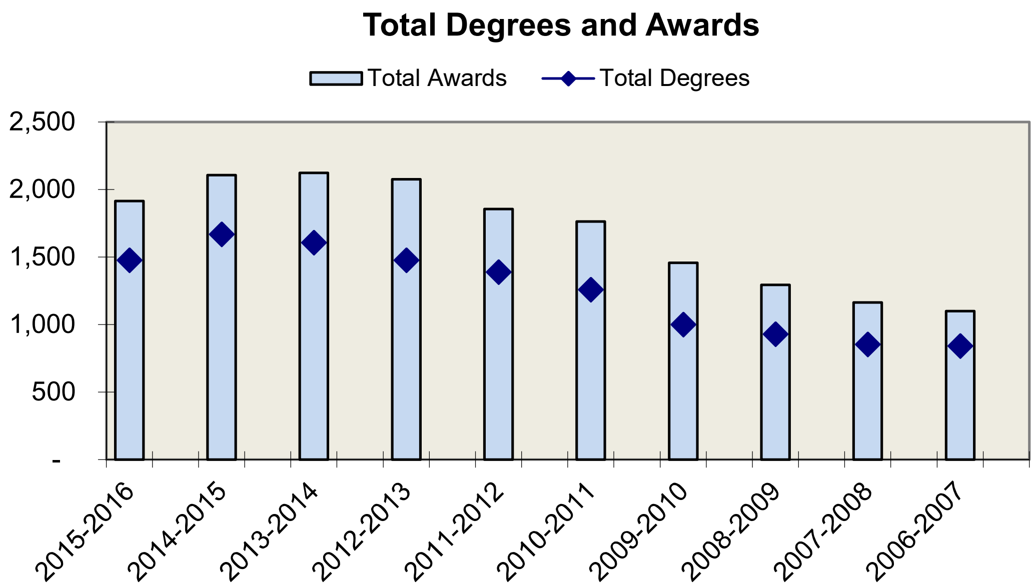
AVERAGE NUMBER OF EMPLOYEES
LAST TEN FISCAL YEARS

Fiscal Year	Exempt	Classified	Hourly	Faculty	Adjunct Faculty	Students	Total
2015-2016	103	355	174	226	396	193	1,447
2014-2015	99	359	198	227	466	274	1,623
2013-2014	97	357	198	220	458	196	1,526
2012-2013	92	348	192	220	499	206	1,557
2011-2012	98	361	186	217	511	203	1,576
2010-2011	105	365	187	214	468	182	1,521
2009-2010	105	383	206	218	470	216	1,598
2008-2009	105	420	205	224	402	229	1,585
2007-2008	99	422	218	222	378	254	1,593
2006-2007	90	417	233	217	337	236	1,530

Source: Human Resources Department at Chemeketa Community College

CERTIFICATES AND DEGREES AWARDED
LAST TEN FISCAL YEARS

Fiscal Year	Degrees AS/AAS	Degrees AA/AAOT	Degrees AGS	Total Degrees	Certificates	HSC	Total Awards
2015-2016	526	748	203	1,477	437	-	1,914
2014-2015	527	776	366	1,669	436	2	2,107
2013-2014	560	709	338	1,607	510	7	2,124
2012-2013	555	713	208	1,476	591	9	2,076
2011-2012	543	661	184	1,388	443	24	1,855
2010-2011	511	621	125	1,257	460	46	1,763
2009-2010	388	468	143	999	414	45	1,458
2008-2009	396	384	149	929	321	44	1,294
2007-2008	361	368	124	853	273	36	1,162
2006-2007	356	365	120	841	257	-	1,098



Note: AS = Associate of Science; AAS = Associate of Applied Science; AA = Associate of Arts
AAOT = Associate of Arts Oregon Transfer; AGS = Associate of General Studies; HSC = High School Completion
Degrees and award totals from 2011 to 2015 have been updated.

Source: Institutional Research Department at Chemeketa Community College

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TUITION RATES, UNIVERSAL FEES AND ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Tuition Rate Per Credit Hour	Universal Fee Per Credit Hour	Total FTE	Hold Harmless Adjusted FTE	Unduplicated Headcount
2015-2016	$ 80	$ 14	11,130.76	11,450.88	29,802
2014-2015	80	14	11,802.03	12,130.46	31,800
2013-2014	80	14	12,491.93	12,837.00	36,369
2012-2013	80	10	13,561.59	13,925.77	38,881
2011-2012	77	10	13,579.58	13,945.17	41,804
2010-2011	72	9	13,929.12	14,311.22	45,272
2009-2010	70	8	13,609.93	13,982.59	50,899
2008-2009	61	6	12,169.85	12,503.60	59,593
2007-2008	58	6	11,108.78	11,405.13	71,614
2006-2007	58	6	10,321.33	10,604.13	64,237

Note: Information above is historical FTE (Full-Time Equivalency) information as officially reported to and audited by the State. Hold harmless adjusted FTE is calculated and applied by the Higher Education Coordinating Commission for colleges that offer an 11 week Fall term.

Source: Institutional Research Department at Chemeketa Community College

FULL-TIME EQUIVALENT STUDENTS BY COURSE ACTIVITY
LAST TEN FISCAL YEARS

	2015-2016 *	2014-2015	2013-2014	2012-2013
Lower Division Transfer Courses	5,827.56	5,949.33	6,314.18	6,653.01
CTE Preparatory	2,451.79	2,506.48	2,739.01	2,973.93
Standalone CTE Prep	29.07	23.09	34.05	39.81
CTE Supplemental	228.21	216.94	223.50	245.00
CTE Apprenticeship	117.29	90.78	66.68	54.41
English as a Second Language	477.89	491.09	540.71	503.94
Adult Basic Education	127.79	84.97	64.81	70.49
General Equivalency Diploma	301.9	398.69	440.91	785.67
Adult High School	501.19	527.88	480.35	441.54
Post Secondary Remedial	1,071.42	1,235.33	1,371.01	1,598.83
Adult Continuing Ed	98.24	89.19	77.27	72.88
Other Non-reimbursable	218.53	188.26	139.27	122.08
Student FTE	11,450.88	11,802.03	12,491.75	13,561.59

Note: Information above is historical FTE (Full-Time Equivalency) information as officially reported to and audited by the State. * Due to reporting changes, FTE amounts per activity reflect "hold harmless adjusted FTE" beginning in 2015-2016 as calculated and applied by the Higher Education Coordinating Commission. FTE categories in 2007-2008 and earlier may not be comparable to recent years due to a change in how numbers are reported. Standalone CTE Prep added in 2012-2013.

Source: Institutional Research Department at Chemeketa Community College

2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
6,551.44	6,404.13	5,913.52	4,992.68	4,118.91	4,039.11
2,920.05	3,125.32	3,179.69	2,799.81	2,539.11	2,526.11
-	-	-	-	-	-
486.72	628.89	518.49	590.49	551.54	521.72
52.91	70.88	76.72	103.13	109.15	98.31
541.26	612.28	789.29	789.10	806.95	877.60
105.00	179.34	258.26	463.15	429.86	301.84
560.34	573.91	696.36	571.21	352.04	523.65
452.54	357.86	271.58	210.16	201.95	154.70
1,707.36	1,660.67	1,567.36	1,310.54	1,040.26	966.06
80.19	152.06	136.00	140.56	133.77	158.72
121.75	163.78	202.66	199.02	825.25	153.51
13,579.56	13,929.12	13,609.93	12,169.85	11,108.79	10,321.33

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013
Salem				
Buildings	42	43	45	45
Net assignable square feet	929,870	882,446	877,630	877,630
Campus student count	16,186	16,763	17,797	18,642
Yamhill Valley (Hill Street & Tanger)				
Buildings	4	4	4	4
Net assignable square feet	86,494	86,494	86,494	86,494
Campus student count	2,609	2,940	3,683	3,666
Santiam				
Buildings	1	1	1	1
Net assignable square feet	29,298	29,298	29,298	29,298
Campus student count	-	-	-	-
Woodburn				
Buildings	2	2	2	2
Net assignable square feet	38,611	38,611	38,611	38,611
Campus student count	1,727	1,783	1,913	2,129
Dallas				
Buildings	1	1	1	1
Net assignable square feet	7,870	7,870	7,870	7,870
Campus student count	1,150	1,073	1,224	1,337
Brooks				
Buildings	9	9	9	9
Net assignable square feet	83,882	83,882	83,882	83,882
Campus student count	785	954	832	1,226
Chemeketa Center for Business and Industry				
Buildings (leased space prior to Fall 2009)	1	1	1	1
Net assignable square feet	53,374	53,374	53,374	53,374
Campus student count	1,358	2,306	5,681	5,216
Salem - Other				
Buildings	8	8	8	8
Net assignable square feet	54,117	54,117	54,117	54,117
Campus student count	7,437	7,476	7,520	7,999

Note: Student count is unduplicated per campus. Square footage listed for Dallas campus in 2006/2007 is prior to the sale of a college owned building. Buildings used exclusively for storage are not included. Buildings and square footage represent college owned facilities. Prior to 2007/2008 Northwest Viticulture Center information was reported separately; now it is included in Salem - Other. Brooks campus opened in 2011/2012; acquistion of buildings began in 2007/2008.

Sources: Facilities, Business Services, and Institutional Effectiveness Departments at Chemeketa Community College

2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
45	51	51	51	51	51
807,699	830,339	830,339	830,339	830,339	830,339
19,142	20,619	21,062	22,758	22,929	23,324
3	3	3	3	3	3
30,176	30,176	30,176	30,176	30,176	30,176
3,694	3,399	3,911	4,077	3,494	3,414
1	1	1	1	1	1
29,298	29,298	29,298	29,298	29,298	29,298
-	4	62	1,235	1,418	1,458
2	2	2	2	2	2
38,611	38,611	38,611	38,611	38,611	38,611
2,285	2,796	2,982	2,761	2,986	2,630
1	1	1	1	1	1
7,870	7,870	7,870	7,870	7,870	21,651
1,395	1,347	1,478	1,188	1,169	1,076
9	8	8	5	6	-
83,882	62,282	62,282	31,884	37,004	-
2,971	-	-	-	-	-
1	1	1	1	1	1
53,374	53,374	53,374	4,486	4,486	4,486
5,554	5,914	6,477	7,133	7,383	5,383
8	8	8	7	7	1
54,117	54,117	54,117	49,617	49,617	12,613
10,479	14,463	13,929	11,255	10,288	8,132

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DISCLOSURES

GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE DISCLOSURES SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

	Federal CFDA Number		Pass Through Number		Total Expenditures
US Department of Education:					
Direct programs:					
Student Financial Aid Cluster:					
Supplemental Educational Opportunity Grant	84.007	(a)	N/A	$	376,367
Perkins Loans	84.038	(a)	N/A		3,185,339
College Work Study	84.033	(a)	N/A		365,376
Pell Grant	84.063	(a)	N/A		18,047,004
Direct Student Loan Program	84.268	(a)	N/A		21,684,254
Total Student Financial Aid Cluster					43,658,340
TRIO Grant Cluster:					
Student Support Services	84.042		N/A		480,166
Talent Search	84.044		N/A		232,181
Upward Bound	84.047		N/A		304,010
Total TRIO Grant Cluster					1,016,357
High School Equivalency Program	84.141		N/A		486,479
College Assistance Migrant Program	84.149		N/A		429,300
Passed through State of Oregon, Department of Education:					
MWEC/Regional Coordinator	84.048		38810		3,565
Carl Perkins Basic Grant	84.048		36399		1,225,013
Carl Perkins Leadership Institute	84.048		38466		2,600
Perkins Reserve	84.048		36425		137,555
					1,368,733
Passed through Salem Keizer Public Schools:					
Salem Keizer CTE Programs	84.048		A2012-114		8,330
Passed through State of Oregon, Higher Education Coordinating Commission, Office of Community Colleges and Workforce Development:					
Learning Standards	84.002		IGRA0841		2,787
Adult Education - Basic Ed Grant	84.002		EE151606		427,028
					429,815
Passed through Western Oregon University					
WOU PAPI	84.325		TRSUB15.18		1,000
Total US Department of Education					**47,398,354**
National Science Foundation:					
Direct program:					
Education and Human Resources - DLL Lab for Physics	47.076		N/A		64,563
Passed through University of Washington					
Education and Human Resources - LSAMP	47.076		763702		18,052
Total National Science Foundation				**$**	**82,615**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016 (Continued)

	Federal CFDA Number	Pass Through Number		Total Expenditures
US Department of Health and Human Services:				
Passed through Portland State University				
National Institutes of Health				
NIH EXITO Grant	93.310	205CRE484	$	**33,657**
General Services Administration:				
Passed through Oregon Department of General Services				
Federal Surplus Property	39.003	N/A		**479**
Small Business Administration:				
Passed through Lane Community College				
Small Business Development Center	59.037	SBA-2016-142		**19,869**
TOTAL FEDERAL ASSISTANCE			$	**47,534,974**

(a) Major programs as defined by the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Chemeketa Community College under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position, changes in net position or cash flows of the College.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Direct loans (CFDA No. 84.268) are loans held by the Federal Government and are not included in loans receivable for the College. Direct loans disbursed during the year are included in the federal expenditures presented in the Schedule. Perkins Loans (CFDA No. 84.038) outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The College has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. FEDERAL PERKINS LOANS

Activity of the College's Federal Perkins Loan program (CFDA # 84.038) during the 2015-2016 fiscal year is as follows:

Balance - 7/1/2015	$ 3,102,689
Loan advances	82,650
Loan repayments, assignments and cancellations	(635,949)
Balance - 6/30/2016	$ 2,549,390

4. SUBRECIPIENTS

During the year ended June 30, 2016, the College made the following payments to a subrecipient:

CFDA	Subrecipient	Amount Provided to Subrecipient	Contract
47.076	Portland State University	$ 26,885	10285500

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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*

December 1, 2016

Board of Education
Chemeketa Community College
Salem, 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 Chemeketa Community College as of and for the year ended June 30, 2016, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chemeketa 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 Chemeketa Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Chemeketa 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 out 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 Chemeketa 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 THE UNIFORM GUIDANCE

December 1, 2016

Board of Education
Chemeketa Community College
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited Chemeketa Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chemeketa Community College's major federal programs for the year ended June 30, 2016. Chemeketa Community College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Chemeketa 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, 2016.

Report on Internal Control Over Compliance

Management of Chemeketa 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 Chemeketa Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chemeketa Community College's internal control over compliance.

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

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

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

CHEMEKETA COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

A - SUMMARY OF AUDIT RESULTS:

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

Program Name	CFDA Number
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Loans	84.268

8. The threshold for distinguishing Type A programs from Type B programs was $750,000.
9. Chemeketa 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.

INDEPENDENT AUDITORS COMMENTS SECTION

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INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY OREGON STATE REGULATIONS

December 1, 2016

Board of Education
Chemeketa Community College
Salem, 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 Chemeketa Community College as of and for the year ended June 30, 2016, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

Our report on Chemeketa 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 Chemeketa 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 Chemeketa 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

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