

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2007

Preston Pulliams, Ed.D.
District President

Randy J. McEwen, MS
District Vice President

Wing-Kit Chung, CPA, MBA
Vice President of Finance

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PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue
Portland, OR 97219

For the year ended June 30, 2007

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee	June 30, 2009 *
2	Harold C. Williams	June 30, 2011
3	Bob Palmer	June 30, 2011
4	Jim Harper, Vice Chair	June 30, 2009 *
5	David Squire	June 30, 2011 **
6	Jaime Lim, Chair	June 30, 2009
7	Karen McKinney	June 30, 2007

ADMINISTRATION

Preston Pulliams, Ed.D. District President
Randy J. McEwen, MS, District Vice President
Wing-Kit Chung, CPA, MBA, Vice President of Finance
Carol Ann Kirby, CPA, MS, Accounting Services Manager ***
James H. Crofts, CPA, Interim Accounting Services Manager ***

* Director Jim Harper was elected to serve as Chair and Director Denise Frisbee was elected to serve as Vice Chair for fiscal year 2007-08.

** Director David Squire replaced Director Doreen Margolin on January 25, 2007. In May, 2007 Director Squire was elected for a four year term.

*** James H. Crofts replaced Carol Ann Kirby as the Interim Accounting Services Manager on September 21, 2007.

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

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PORTLAND, OREGON

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November 16, 2007

Board of Directors
Portland Community College
Portland, Oregon

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Portland Community College (the College) for the fiscal year ended June 30, 2007, together with the audit opinion thereon of our auditors as required by Oregon State Laws. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the College. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain maximum understanding of the College's financial affairs have been included.

This report consists of management's representations concerning the finances of the College. To provide a reasonable basis for making these representations, management of the College has established a comprehensive internal control framework that is designed both to protect the College's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the College's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefit, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

GAAP requires 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. The College's MD&A can be found immediately following the independent auditor's report in the Financial Section.

We divided this report into four sections: (1) The Introductory Section includes this transmittal letter, which contains an overview of the College and factors affecting the financial condition of the College; (2) The Financial Section includes the basic financial statements and accompanying notes as well as other supplemental information. It also includes the auditor's report on the basic financial statements; (3) The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis; (4) The Audit Section includes the audit comments and disclosures required by the minimum standards for audits of Oregon Municipal Corporations, the Schedule of Expenditures of Federal Awards and related reports on compliance.

The College's CAFR has been prepared in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and other recognized standard setting bodies. A summary of significant accounting policies is found in the notes accompanying the basic financial statements.

www.pcc.edu

P.O. Box 19000
Portland, Oregon
97280-0990

District President

Dr. Preston Pulliams

An Affirmative Action,
Equal Employment
Opportunity Institution

The annual budget serves as the foundation for the College's financial planning and control. The College is required by the State of Oregon to adopt an annual budget subject to the requirements of "Local Budget Law" as addressed in Oregon Revised Statutes Chapter 294. The budget is both a legal and operational plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Directors after consideration by the College Budget Committee. After adoption, the budget may be revised periodically through procedures specified by state statute and board policy. Budgetary controls are maintained through monitoring expenditures on various legally adopted appropriation levels. Depending upon the budget structure, the appropriation levels may be classified by cost centers, such as campus and division; by programs; by fund source, such as federal or state grants; or by object classification, such as personal services, materials and supplies, capital outlay, operating transfers and contingency. Budget-to-actual comparisons are provided in this report as part of the Other Supplementary Information in the Financial Section.

The College

Located in Portland, Oregon, Portland Community College, with a District of over 1,500 square miles serves all or part of Multnomah, Washington, Yamhill, Clackamas and Columbia counties. The College was originally chartered in 1961 as a part of Portland School District No. 1, and was established as an independent entity in 1968, pursuant to Oregon Revised Statutes Chapter 341.

An elected seven-member Board of Directors establishes the policies of the College. Each member of the Board of Directors is elected for a four-year term. The Portland Community College Board has statutory charge and control of all activities, operations and programs of the College including its property, personnel and finances. The District President is the Chief Executive Officer of the College and the administrative staff is responsible for the College's daily operations.

The Oregon State Board of Education establishes state standards for educational programs and facilities, approves courses of study, and adopts regulations for Oregon's community college system. Additionally, the Commissioner of the Department of Community Colleges and Workforce Development serves as administrative officer for the state of Oregon in community college matters.

Mission, Vision and Values. The College's mission, as adopted by the Board of Directors, is to provide quality educational programs and services that are affordable and accessible. The College provides education in an atmosphere that encourages the full realization of each individual's potential. The College offers students of all ages, races, cultures, economic levels, and previous educational experience opportunities for personal growth and attainment of their goals. The vision of the College is building futures for our students and communities.

The College believes that certain fundamental values characterize the institution and guide us in the accomplishment of our mission and goals. As a college community, we value the dignity and worth of each individual, effective teaching, open and honest communication, teamwork and cooperation, an environment that encourages the expression of original ideas and creative solutions, and the effective and ethical use of public funds.

The College's Educational Master Plan (EMP) builds on the College's mission, vision and values. The EMP's focus is on the continuous development of educational programs and services that will meet the needs of our students and the communities the College serves. The EMP aims to provide courses, programs and services that are rigorous, high quality and innovative. Transfer and career technical education anchor the curriculum and are complemented by programs that provide instruction in developmental education and adult basic skills, workforce preparation and training, and courses that promote lifelong learning.

Campus Information. The College operates three comprehensive campuses and the Extended Learning Campus. Each provides lower-division college transfer courses, two-year associate degree programs and career/technical career training programs.

The Cascade Campus is located in the urban heart of the city of Portland and serves more than 14,400 students representing approximately 4,500 FTE each year in a diverse, lively and close-knit neighborhood. The campus offers a full array of educational offerings, including the first two years of courses leading to a bachelor's degree and a variety of opportunities for degrees and certificates in career technical programs.

The Rock Creek Campus sits about 15 miles west of downtown Portland in the rapidly growing Beaverton-Hillsboro area of Washington County. The 256-acre campus provides a beautiful setting for college transfer and career and technical programs and annually serves over 15,500 students or almost 4,900 FTE. The campus provides a model for successful partnerships with area high schools. The campus also provides classes at the Hillsboro Center. Hillsboro is a smaller center that provides community education programs and selected credit courses. The center is designed to meet the needs for computer education, customized training courses and English as a Second Language program.

The Sylvania Campus is located in suburban southwest Portland surrounded by Lake Oswego, Tigard and Portland. It is the largest campus, serving approximately 23,900 students or almost 8,900 FTE this fiscal year. Sylvania is home for the College's nursing and dental programs, which have national reputations for excellence. Sylvania also provides college transfer and career technical programs as well as developmental education courses.

The Extended Learning Campus not only provides credit offerings, but adult basic education, job training and retraining, small business development, life enrichment courses, adult and continuing education, literacy, and contracted short-term training for business and industry. Annually, over 50,300 people representing approximately 4,260 FTE participate in the Extended Learning Campus programs in training centers and community settings throughout the five-county district. The Extended Learning Campus operates four major facilities throughout the district.

Local Economy

The Portland metropolitan area's unemployment rate as of June, 2007, was 4.6%, down from the recessionary peak of 8.8% in June, 2003. Most sectors of the economy followed seasonal trends. Over the past year, the area has added 14,200 jobs, a 1.4% increase. Construction has slowed considerably from the rapid growth of recent years, with employment slightly higher than year ago levels.

Oregon's unemployment rate was 5.1% in June, 2007, down from a high of 8.4% during the recession in June, 2003. Looking to the future, the state's official economic forecast predicts continued job growth, but at a slower pace of 1.2 percent to 1.8 percent.

Over the past two biennia, the College experienced a decline in State support, its major revenue source. This trend is at odds with Oregon's growing pool of high school graduates and the economic imperative to turn more of them into college-educated workers. Oregon schools rank about average for the nation at a time when the economy increasingly demands higher levels of education and skills. Only fifteen of every 100 Oregon students who enter high school graduate, advance to college the following fall and earn a community college degree within three years or a bachelor's degree within six. This compares to a U.S. average of eighteen students out of every 100, according to a 2004 national report. The amount of state support to community colleges will continue to be a highly debated area for Oregon's legislative assembly.

The State budget allocation for all 17 community colleges in the state was approved by the legislature in July 2005 and represented \$428 million for the biennium ended June 2007. The College's share of the state support represents approximately \$42.1 million for this fiscal year and \$66.7 million for the prior fiscal year. The shift in state funding between years represents the Oregon Legislature's deferral of its fourth quarter reimbursement from April 2007 to July 2007. The allocation to individual colleges is based on a formula approved by the State Board of Education which adopted two basic principles for formula allocation that the College supported:

- Allocations should be done based on total public resources as defined to include both income tax (State General Fund) and all the property tax levied by the Oregon community colleges, excluding the local option levies.
- Each community college student, regardless of where he/she goes to school, should have the benefit of approximately the same amount of total public resources. To achieve this principle, the State Board of Education adopted a six-year implementation plan, the so-called move to equity which began last fiscal year. When the student FTE figures are finalized for the 17 community colleges in Oregon every fall, they will be run through the allocation formula that will provide for equity among all community colleges.

Additionally, the state provides resources restricted to certain programs and total approximately \$5.9 million in 2006 and approximately \$5.8 million in 2007. In 2005, the legislature did increase funding for the Oregon Opportunity Grant by 77% which makes tuition assistance available to eligible students. Other large state-funded contracts and grants include the Public School Dropout Recovery Program, Multi-Cultural Academic Program, Portland High School Completion Program, the Steps to Success Program, and the Northeast Skill Center Program.

Another major piece of revenue comes from student tuition. Community college tuition has risen steeply over the last four years in response to reductions in state funding. In addition, the state revised the definition of "reimbursable" courses in 2002 excluding many non-credit courses which were previously state funded. The reductions of state support have resulted in the shift to students to bear a larger portion of the cost of education. This expense is most significant to students enrolling in one or two credit courses given they generally do not qualify for financial aid based on course load. In addition, the College offers fewer non-credit courses due to the increased costs associated with the loss of state reimbursement status. These factors appear to have contributed to the College's enrollment decrease. The more significant decrease in headcount is directly attributed to the decline in non-credit course enrollments which tend to generate higher student counts but lower FTE. In 2007, full-time equivalent students of 23,011 were similar to the previous year while headcount was down 3% to 86,164. Fiscal year 2006 reflects a reduction from 2005 in both headcount, at 88,255, and full-time equivalent students, at 22,808. During this time the College converted numerous college transfer courses from 3 to 4 credits in order to improve student course transfers to area universities. This additional credit resulted in the equivalent of a 33% tuition increase for such courses.

The College also received property tax revenue to support ongoing operating costs and debt repayment of approximately \$39.1 million in fiscal year 2007, a slight increase from \$37.7 million in the prior fiscal year. In fact over the last five years, property tax revenues have remained a relatively stable amount representing between 18% and 20% of total revenues for the College. Of the total property tax revenue amount in the current year, approximately \$16.6 million or 43% are monies associated with debt repayment in 2007.

The College has proactively managed its budget based on reasonable projections of future funding. This enables the College to continue to meet its student-centered mission. The College has initiated a long term planning process to ensure the financial viability of the College. An internal Budget Advisory Committee serves as part of the College's budget development process with committee membership including students, faculty, academic professionals, classified staff, managers and the President's Cabinet.

Long-Term Financial Planning

The population in Oregon counties in the Portland metro area is expected to increase from 1.57 million in 2000 to 1.8 million in 2010, a 15% increase. Current projections indicate that between 2010 and 2020 the area will increase another 14% to a total population of 2.05 million. Population increases are anticipated in most age groups. However, a noticeable shift is expected in the age distribution of the population given a significant increase in the 50+ age brackets. Increases in the older age brackets are projected to impact the College's workforce development, healthcare, and community and continuing education programs. Other occupations with significant increases in projected employment include Architectural Drafting,

Landscaping Operations and Management, Heating/Air Conditioning & Refrigeration, and Veterinary Technology.

The Portland metro area has a 19% minority population (2000 Census) up from 11% reported in 1990. This increased diversity is also reflected at the College where minorities currently make up 26.8% of the College credit student population and 59.9% of the students enrolled in non-credit Adult Basic Education and English as a Second Language courses. Although population projections for the five county area do not include race/ethnicity, the current elementary school population which is 33% minority, serves as a leading indicator of the College's future community and student populations. The College anticipates the demand for pre-college basic skills such as English as a Second Language (ESL) courses as well as college transfer and career/technical courses to increase as the population grows.

Construction projects financed by the general obligation bonds approved by District voters in November 2000 have been completed. Because of the completion of these construction projects, the College is planning to increase the monies for capital maintenance by at least \$400,000 per year for the next two years.

Accreditation

The Northwest Commission on Colleges and Universities (NWCCU) granted accreditation to Portland Community College in 1970. In June 2005, the NWCCU reaffirmed the accreditation of the College, based on the comprehensive, full scale evaluation and visit that took place in April 2005. The Oregon Department of Education has approved all of the career-technical programs and college transfer courses. Professional associations have also accredited those career-technical programs that require approval.

Independent Audits

The provisions of Oregon Revised Statutes, Section 297.405 to 297.555 require an independent audit of the fiscal affairs of the College. The firm of Talbot, Korvola & Warwick, LLP, who were selected by the Board of Directors, have completed their examination of the College's basic financial statements and, accordingly, have included their Independent Auditor's Report in the financial section of this CAFR.

The Single Audit Act and OMB Circular A-133 require state and local governments that receive and expend directly or indirectly certain amounts in federal assistance to have an audit conducted for that year. In addition, the College issues a separate report on the requirements of the Single Audit Act. Included in this report are a Schedule of Expenditures of Federal Awards, required reports on internal controls and compliance with laws and regulations, and a schedule of findings and questioned costs.

Awards

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Portland Community College for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The College has achieved this prestigious award since 1992. In order to be awarded a Certificate of Achievement, the College must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the College also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2006. The College has earned this award since 2001. In order to qualify for the Distinguished Budget Presentation Award, Portland Community College's budget document was judged to be proficient in several categories that include its use as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

We wish to express our appreciation to the entire Financial Services staff for their efforts and contributions to this Comprehensive Annual Financial Report. We greatly appreciate the representatives from the College Bookstore and the Print Center for their support in the preparation of this report. We further extend our thanks to the staff of Talbot, Korvola and Warwick, LLP for their efforts during this audit. We would also like to thank the members of the Board of Directors, the District President, the Campus Presidents, faculty and staff for their continued support and dedication to the financial operations of the College.

Respectfully submitted,



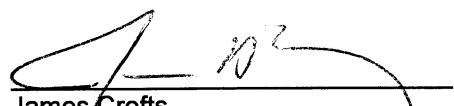
Preston Pulliams
District President



Randy McEwen
District Vice President



Wing-Kit Chung
Vice President of Finance



James Crofts
Interim Accounting Services Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Portland Community College
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Blum".

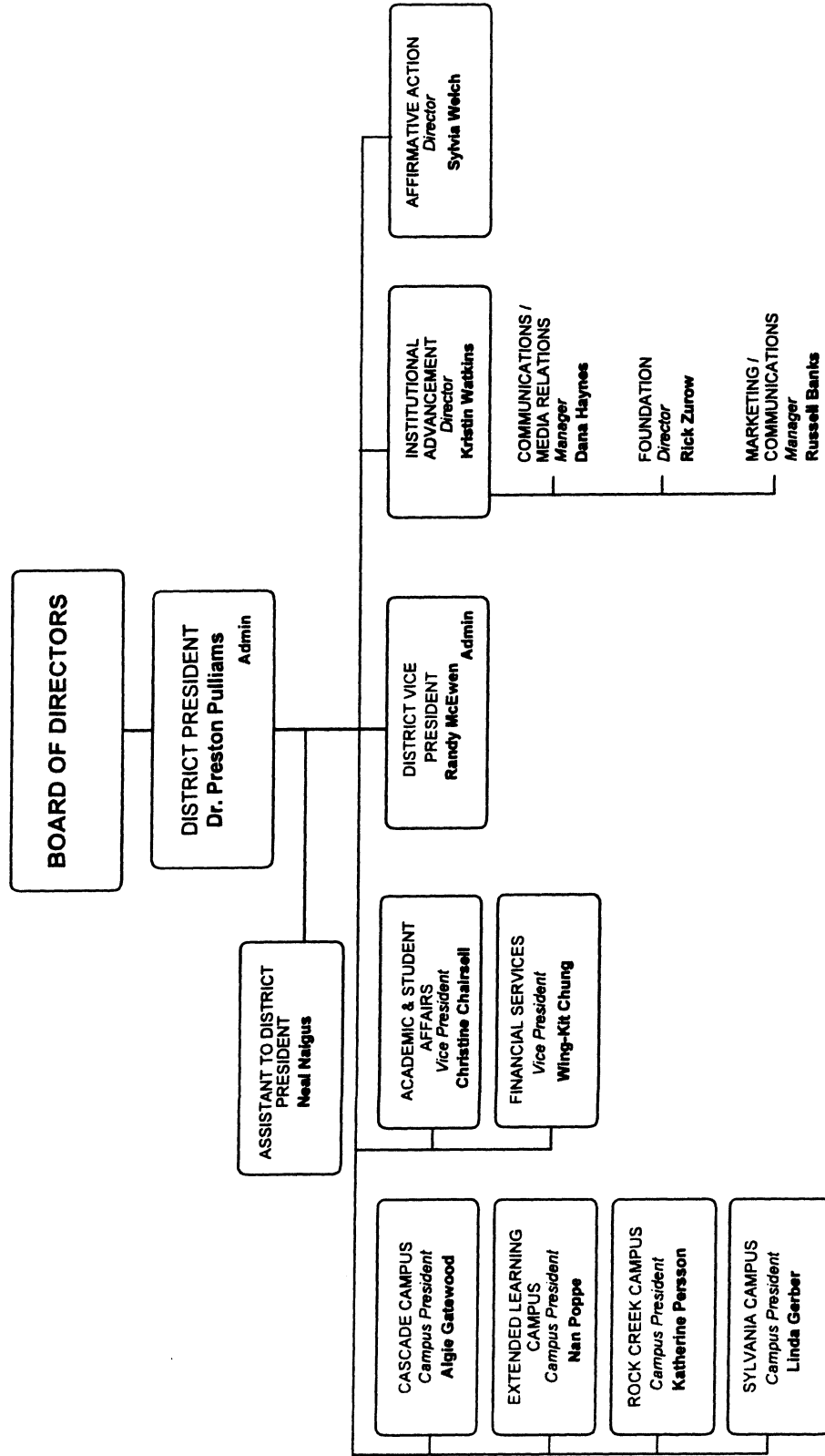
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

PORTLAND COMMUNITY COLLEGE

Administrative Organization





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INDEPENDENT AUDITOR'S REPORT

November 16, 2007

Board of Directors
Portland Community College
Portland, Oregon

We have audited the accompanying basic financial statements of Portland Community College (the College) as of and for the years ended June 30, 2007 and 2006, as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 2007 and 2006, and the respective changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007, on our consideration of the College's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (MD&A) on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Portland Community College
Portland, Oregon
November 16, 2007
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Portland Community College, taken as a whole. The Supplemental Financial Information, as listed in the Financial Section of the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the Audit Section of the Table of Contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such Supplemental Financial Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2007, and, in our opinion, is fairly stated in all material respects in relation to the 2007 basic financial statements taken as a whole.

The accompanying Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 
Robert G. Moody, Jr., Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Portland Community College's (the College) Comprehensive Annual Financial Report (CAFR) presents an analysis of the financial activities of the College for the fiscal years ended June 30, 2007, 2006 and 2005. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities and known facts, and any resulting changes.

FINANCIAL HIGHLIGHTS

The major events of fiscal year ended June 30, 2007 that have impacted the College are as follows:

- Full-time equivalent students (FTE) increased this fiscal year with FTE totaling 22,808 in 2006 and 23,011 in 2007. The total headcount of students decreased from 88,255 in 2006 to 86,164 in 2007. More information about enrollments is available in the statistical section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$66.7 million to \$42.1 million. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2007 to July 2007. The deferrals were enacted in 2003 and are scheduled to occur on alternate years so that the State can balance its biennial budget. There is further explanation of the deferral and its impact in the revenue section of this analysis.
- Cash and investments have decreased \$8.4 million from the prior period to \$62 million at the current year end. More information is available about cash and investments in the Statements of Net Assets and the Notes to Basic Financial Statements.
- The College has increased its net assets from \$139.4 million in 2006 to \$140.6 million in 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to Portland Community College's basic financial statements, which include entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. Following the basic financial statements is supplementary information in the financial section along with a statistical section and an audit section.

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. These entity-wide statements consist of comparative (1) Statements of Net Assets, (2) Statements of Revenues, Expenses and Changes in Net Assets and (3) Statements of Cash Flows which are described and analyzed in the following sections of the overview. Notes to Basic Financial Statements are required to complete the entity-wide statements, and are an integral component of the basic financial statements.

Analysis of Net Assets

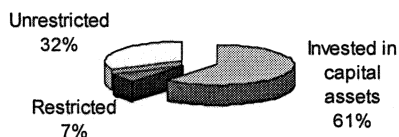
The Statements of Net Assets (page 11) present information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net

Portland Community College
Fiscal year ended June 30, 2007

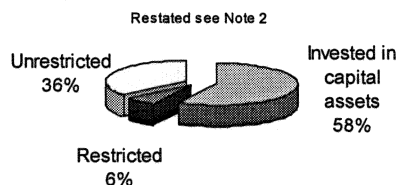
assets are indicators of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities. The Statements of Net Assets includes all assets and liabilities of the College using the accrual basis of accounting, which is similar to the accounting presentation used by most private colleges.

Net Assets (in millions)					
	2007	2006 Restated see note 2	Increase (Decrease) 2007-06	2005 Restated see note 2	Increase (Decrease) 2006-05
Assets					
Current assets	\$ 90.7	\$ 99.5	\$ (8.8)	\$ 91.8	\$ 7.7
Capital assets, net depreciation	226.7	228.8	(2.1)	225.7	3.1
Other noncurrent assets	114.8	114.9	(0.1)	117.4	(2.5)
Total assets	\$ 432.2	\$ 443.2	\$ (11.0)	\$ 434.9	\$ 8.3
Liabilities					
Current liabilities	\$ 48.6	\$ 47.0	\$ 1.6	\$ 46.3	\$ 0.7
Noncurrent liabilities	243.0	256.8	(13.8)	269.3	(12.5)
Total liabilities	291.6	303.8	(12.2)	315.6	(11.8)
Net assets					
Invested in capital assets, net of related debt	86.1	80.6	5.5	80.8	(0.2)
Restricted	9.1	9.0	0.1	9.0	-
Unrestricted	45.4	49.8	(4.4)	29.5	20.3
Total net assets	140.6	139.4	1.2	119.3	20.1
Total liabilities and net assets	\$ 432.2	\$ 443.2	\$ (11.0)	\$ 434.9	\$ 8.3

2007 Net assets - \$140.6 million



2006 Net assets - \$139.4 million



Fiscal year 2007 compared to 2006. Net Assets increased \$1.2 million from \$139.4 million in 2006 to \$140.6 million in 2007. Current assets decreased by \$8.8 million. A portion of this amount was moved to long term investments to increase the amount of interest earnings due to more favorable interest rate and the balance of the decrease was due to the final disbursement of bond funds for capital construction. Current assets of \$90.7 million were more than sufficient to cover current liabilities of \$48.6 million. This represents a current ratio of 1.9. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$86.1 million is invested in capital assets, net of related debt and represents a decrease of \$5.5 million from the prior year. The College uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The majority of the debt used to acquire the capital assets will be paid off over the next several years by the voter-

Portland Community College
Fiscal year ended June 30, 2007

approved property tax levy in 2000. This levy is not subject to the constitutional limitations set by Ballot Measures 5 and 50.

Restricted net assets are the amounts set aside for student financial aid grants and loans. Unrestricted net assets are used for the continuing operations of the College.

Fiscal year 2006 compared to 2005. Current assets of \$99.5 million were more than sufficient to cover current liabilities of \$47 million. This represents a current ratio of 2.1 that is improved from the previous year. Receivables in total have increased \$2.2 million. Construction at the College caused net capital assets to rise by \$3.1 million to \$228.8 million. Accordingly, long-term investments have been liquidated to fund construction projects and account for most of the reduction in other non-current assets to \$114.9 million.

The completion of construction projects has reduced accounts payable by \$1.7 million. The College refunded its governmental obligation bonds and made scheduled debt payments to reduce its long term liabilities by \$12.5 million from \$269.3 in 2005 to \$256.8 million in 2006. In 2006, \$80.6 million was invested in capital assets, net of related debt and represents an decrease of \$.2 million over the prior year.

Analysis of Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets (page 12) present the revenues earned and the expenses incurred during the year. All changes in net assets 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 of when the cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition and fees, and federal grants. State appropriations, property taxes and student financial aid are classified as the primary non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss, although overall net assets remain positive.

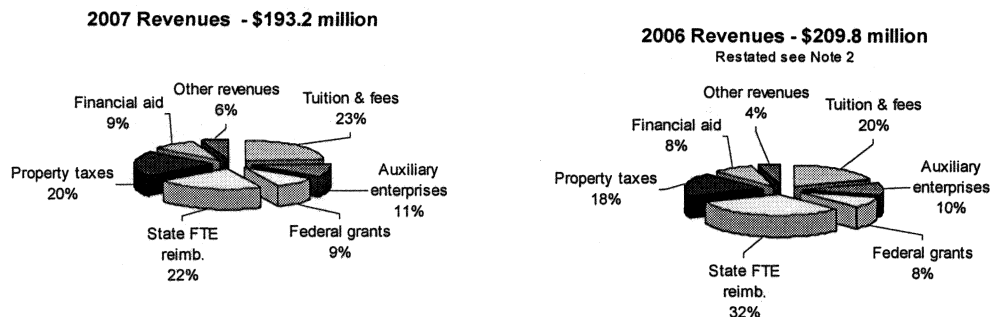
Portland Community College
Fiscal year ended June 30, 2007

Changes in Net Assets (in millions)					
	2007	2006 Restated see note 2	Increase (Decrease) 2007-06	2005 Restated see note 2	Increase (Decrease) 2006-05
Operating revenues					
Student tuition and fees	\$ 45.1	\$ 41.2	\$ 3.9	\$ 39.9	\$ 1.3
Federal contracted programs	17.0	16.8	0.2	16.7	0.1
Auxiliary enterprises and other	21.3	20.8	0.5	20.4	0.4
Total operating revenues	<u>83.4</u>	<u>78.8</u>	<u>4.6</u>	<u>77.0</u>	<u>1.8</u>
Operating expenses					
Educational and general	98.6	91.9	6.7	90.6	1.3
Administrative services and physical plant	22.7	32.9	(10.2)	25.8	7.1
Grants and contracted programs	25.7	24.5	1.2	23.4	1.1
Auxiliary enterprises	14.9	14.2	0.7	14.1	0.1
Depreciation	5.9	5.5	0.4	4.0	1.5
Other support services	11.2	9.7	1.5	10.9	(1.2)
Total operating expenses	<u>179.0</u>	<u>178.7</u>	<u>0.3</u>	<u>168.8</u>	<u>9.9</u>
Operating loss	<u>(95.6)</u>	<u>(99.9)</u>	<u>4.3</u>	<u>(91.8)</u>	<u>(8.1)</u>
Nonoperating revenues (expenses)					
State FTE reimbursement	42.1	66.7	(24.6)	37.7	29.0
Property taxes	39.1	37.7	1.4	37.1	0.6
Federal financial aid	17.6	17.5	0.1	17.7	(0.2)
Other nonoperating revenues	11.0	9.1	1.9	7.9	1.2
Other nonoperating expenses	<u>(13.0)</u>	<u>(11.0)</u>	<u>(2.0)</u>	<u>(10.0)</u>	<u>(1.0)</u>
Total nonoperating revenues	<u>96.8</u>	<u>120.0</u>	<u>(23.2)</u>	<u>90.4</u>	<u>29.6</u>
(Decrease) increase in net assets	1.2	20.1	(18.9)	(1.4)	21.5
Net assets, beginning of year	139.4	119.3	20.0	120.8	(1.6)
Net assets, end of year	<u>\$ 140.6</u>	<u>\$ 139.4</u>	<u>\$ 1.2</u>	<u>\$ 119.4</u>	<u>\$ 19.9</u>
Total revenues	<u>\$ 193.2</u>	<u>\$ 209.8</u>	<u>\$ (16.6)</u>	<u>\$ 177.4</u>	<u>\$ 32.4</u>
Total expenses	<u>192.0</u>	<u>189.7</u>	<u>2.3</u>	<u>178.8</u>	<u>10.9</u>
Increase(decrease) in Net Assets	<u>\$ 1.2</u>	<u>\$ 20.1</u>	<u>\$ (18.9)</u>	<u>\$ (1.4)</u>	<u>\$ 21.5</u>

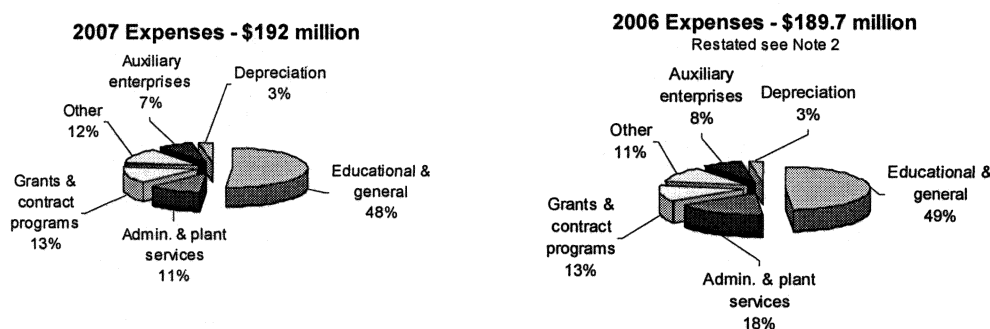
Portland Community College
Fiscal year ended June 30, 2007

The Statements of Revenues, Expenses and Changes in Net Assets show the operating results of the College, as well as the non-operating revenues and expenses. Annual FTE reimbursements, property taxes, and student federal financial aid, while budgeted for operations, are considered non-operating revenues according to accounting principles generally accepted in the United States of America (GAAP).

The following graphics show the allocation of total revenues for fiscal years 2007 and 2006:



The following graphics show the allocation of total expenses for fiscal years 2007 and 2006:



Fiscal year 2007 compared to 2006. The most significant source of operating revenues is tuition and fees, followed by federal grants and auxiliary services. Operating revenues increased by \$4.6 million, or 6%, which reflects increases in the tuition rate and program expansion in some areas of the College. Auxiliary enterprises consist of operations that furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of these goods or services. They include food services, bookstore and parking operations and are intended to be self-supporting. Auxiliary enterprises and other revenues increased \$0.4 million from the prior year to \$21.3 million.

The largest non-operating revenue source is the State of Oregon which funds FTE reimbursements. The College was able to increase its investment earnings by about \$.9 million despite reduced cash because of improving interest rates.

Operating expenses increased by \$.3 million overall, but administrative and plant services decreased \$10.2 due in part to expenses relating to the bulk of construction activity at the College happening in 2006. Educational expenses are the largest single line item and increased by about \$6.7 million, or 7%, to \$98.6 million.

Portland Community College
Fiscal year ended June 30, 2007

Fiscal year 2006 compared to 2005. Operating revenues increased by \$1.8 million, or 2.3%, which reflects increases in the tuition rate and program expansion in some areas of the College. Auxiliary enterprises and other revenues increased \$0.4 million from the prior year to \$20.8 million.

Non-operating revenues were significantly impacted by the receipt of the College's 2005 fourth quarter FTE reimbursement of \$12.4 million in fiscal year 2006 which also impacted short term investments which increased \$17 million. Student financial aid revenues remained stable in 2006 at approximately \$17.5 million. The College was able to increase its investment earnings by about \$1.2 million because of improving interest rates. Property taxes also remained stable in 2006 at approximately \$37.7 million.

Operating expenses overall increased by \$9.9 million, but \$7.1 million of the increase is in administrative and plant services, and is due to expenses related to items under the capitalization threshold limits. Educational expenses increased by about \$1.3 million, or 1.4%, to \$91.9 million. Grants and Contracted Program expense increased 4.7% to \$24.5 million because of increased grant funding which reflects the College's increased emphasis on alternative sources of revenues.

Analysis of Cash Flows

The primary purpose of the Statements of Cash Flows (page 13 & 14) is to provide relevant information about cash receipts and cash payments, which is a basis to assess the financial health of the College. The statements present information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. They provide the net increase or decrease in cash between the beginning and end of the fiscal year, and assist the evaluation of financial viability, the College's ability to meet financial obligations as they become due, and the need for external financing.

Cash Flow (in millions)					
	<u>2007</u>	<u>2006 Restated see note 2</u>	<u>Increase (Decrease) 2006-07</u>	<u>2005 Restated see note 2</u>	<u>Increase (Decrease) 2006-05</u>
Cash provided by (used in)					
Operating activities	\$ (87.8)	\$ (92.5)	\$ (4.7)	\$ (72.1)	\$ 20.4
Noncapital financing activities	98.8	120.4	(21.6)	95.1	25.3
Capital financing activities	(23.5)	(26.8)	(3.3)	(57.0)	(30.2)
Investing activities	<u>12.1</u>	<u>(13.1)</u>	<u>25.2</u>	<u>41.2</u>	<u>(54.3)</u>
Net increase (decrease) in cash	(0.4)	(12.0)	(11.6)	7.2	(19.2)
Cash and cash equivalents, beginning of year	<u>17.7</u>	<u>29.7</u>	<u>(12.0)</u>	<u>22.5</u>	<u>7.2</u>
Cash and cash equivalents, end of year	<u>\$ 17.3</u>	<u>\$ 17.7</u>	<u>\$ (0.4)</u>	<u>\$ 29.7</u>	<u>\$ (12.0)</u>

Fiscal year 2007 compared to 2006. Operating Activities: The College's major sources of cash included in operating activities are student tuition and fees, federal grants and auxiliary enterprises. Major uses of cash were payments made to employees and suppliers. The College used \$2 million less in cash in its operating activities than the prior year.

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

Portland Community College
Fiscal year ended June 30, 2007

Capital Financing Activities: Cash used in capital financing activities decreased by \$6 million. This decrease is due in part to the wrap up of the bond funded capital projects.

Investing Activities: Favorable interest rates and the sale of investments are primarily responsible for the \$25.2 million increase in cash provided by investing activities.

Fiscal year 2006 compared to 2005. Operating Activities: The College used \$10.3 million more in cash in its operating activities than the prior year, reflecting the increased costs of goods, services and employees' salaries and benefits.

Noncapital Financing Activities: Approximately \$25.3 million more cash was provided than the prior year. An increase of almost \$29 million occurred in FTE reimbursements due to the State's payment structure.

Capital Financing Activities: Cash used in capital financing activities decreased by \$30.2 million. Capital asset purchases used \$25.9 million less than the prior year, reflecting the completion of much of the new construction at the campuses. An additional \$1.9 million was used to pay off and restructure long-term debt.

Investing Activities: The use of investments for capital improvements and purchases resulted in the decrease of \$54.3 million in cash from investing activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's investment in capital assets as of June 30, 2007, was \$226.7 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, library collections and infrastructure. In November 2000, College district voters approved \$144 million of bonds to fund capital projects and campus expansions.

Major capital asset events completed during the current fiscal year included the following:

Cascade Campus	
Student Center Terrace and Bortwick Mall Improvement	\$0.96 million
Sylvania Campus	
College Services Building	\$6.1 million

Additional information on the College's capital assets can be found in Note 4 of this report.

Debt Administration. At the end of the current fiscal year, the College had debt instruments with a total outstanding principal of \$256.6 million. Of this amount, \$253.1 million comprises debt backed by the full faith and credit of the College within the limitation of Sections 11 and 11(b) of Article XI of the Oregon Constitution; approximately \$1.6 million is certificates of participation, which are a certified interest in a lease purchase agreement; and approximately \$73,000 is in the form of a utility note payable.

State statutes limit the amount of general obligation debt the College may issue to 1.5 percent of Real Market Value of properties within the College district. The current legal debt limit is approximately \$2.1 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$138.6 million is roughly 8% of the legal debt limit. Additional information on the College's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the 2006-2007 fiscal year, the College received almost \$24 million less in state revenue than fiscal year 2005-2006. The primary difference was from the payment structure of the state FTE reimbursement.

The College proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. The College adopted a balanced budget for the fiscal year beginning July 1, 2007, that includes a \$3 per credit hour tuition increase. The College is required by the Oregon Local Budget Law to present and adopt a balanced budget each year.

REQUESTS FOR INFORMATION

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

Financial Services
Portland Community College
P.O. Box 6119
Aloha, OR 97007-0119



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF NET ASSETS
June 30,
(In Thousands)

	2007	2006 (as restated, Note 2)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,196	\$ 17,636
Restricted cash and cash equivalents	38	38
Short-term investments	42,984	52,645
Prepaid pension obligation, current portion	1,653	1,619
Receivables:		
Taxes	1,546	1,487
Accounts	1,783	958
Student accounts	17,117	16,798
Federal programs	6,420	6,493
Interest	269	229
Inventory and prepaid items	1,674	1,645
Total current assets	<u>90,680</u>	<u>99,548</u>
Noncurrent assets:		
Long-term investments	1,800	95
Prepaid pension obligation	111,754	113,408
Bond issuance costs	1,245	1,338
Capital assets - non-depreciable	30,111	42,041
Capital assets - depreciable	251,695	236,901
Less: Accumulated depreciation	(55,037)	(50,079)
Total noncurrent assets	<u>341,568</u>	<u>343,704</u>
TOTAL ASSETS	<u>\$ 432,248</u>	<u>\$ 443,252</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 4,456	\$ 5,609
Payroll liabilities	12,846	12,466
Accrued interest payable	1,151	1,205
Deferred revenue	10,250	8,931
Compensated absences	3,985	3,450
Other current liabilities	2,230	2,711
Current portion of long-term debt	13,657	12,601
Total current liabilities	<u>48,575</u>	<u>46,973</u>
Noncurrent liabilities:		
Bonds payable	253,112	265,269
Premium on bonds payable	1,551	1,893
Certificate of participation payable	1,660	1,775
Capital leases	279	365
Note payable	73	90
Less: Current portion of long-term debt	(13,657)	(12,601)
Total noncurrent liabilities	<u>243,018</u>	<u>256,791</u>
TOTAL LIABILITIES	<u>291,593</u>	<u>303,764</u>
NET ASSETS		
Net assets invested in capital assets	226,769	228,863
Less: Related debt	(140,579)	(148,176)
Investment in capital assets, net	<u>86,190</u>	<u>80,687</u>
Restricted:		
Student financial aid grants and loans	9,056	8,996
Unrestricted	45,409	49,805
Total net assets	<u>140,655</u>	<u>139,488</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 432,248</u>	<u>\$ 443,252</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended June 30,
(In Thousands)

	2007	2006 (as restated, Note 2)
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	\$ 45,085	\$ 41,213
Federal contracted programs	17,022	16,825
Nongovernment grants and contracts	3,936	3,423
Auxiliary enterprises:		
Food Services	3,085	3,051
Bookstore, net of scholarship allowances	8,504	8,167
Parking operation	1,975	1,821
Other operating revenues	3,775	4,343
Total operating revenues	<u>83,382</u>	<u>78,843</u>
OPERATING EXPENSES		
Educational and general:		
Sylvania Campus	34,707	32,394
Rock Creek Campus	20,230	18,345
Cascade Campus	16,590	15,472
Extended Learning Campus	12,805	12,696
President and Governing Board	2,779	2,450
Academic and Student Affairs Services	11,465	10,499
Administrative Services and Physical Plant	22,673	32,981
Other support services:		
Student Activities	1,066	863
Grants and Contracted Programs	25,675	24,516
Student financial aid, net of tuition and textbooks	6,617	5,726
Auxiliary enterprises:		
Food services	3,228	3,207
Bookstore	10,010	9,462
Parking operation	1,276	1,198
Miscellaneous	400	365
Early retirement costs	820	781
Materials, supplies and minor equipment expense	1,417	1,030
Depreciation expense	5,923	5,485
Amortization of bond related costs	1,369	1,285
Total operating expenses	<u>179,050</u>	<u>178,755</u>
Operating loss	<u>(95,668)</u>	<u>(99,912)</u>
NONOPERATING REVENUES (EXPENSES)		
Federal financial aid	17,631	17,522
State FTE reimbursement	42,146	66,695
State and local government grants and contracts	6,813	5,935
Property taxes	39,100	37,715
Investment income	4,149	3,209
Contributed assets	31	-
Loss on the disposal of capital assets	(623)	(200)
Interest expense	(12,412)	(10,884)
Net nonoperating revenues (expenses)	<u>96,835</u>	<u>119,992</u>
Increase in net assets	1,167	20,080
NET ASSETS		
Net assets - beginning of the year, Restatement - Note 2	<u>139,488</u>	<u>119,408</u>
Net assets - end of the year	<u>\$ 140,655</u>	<u>\$ 139,488</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS
Years ended June 30,
(In Thousands)

	2007	2006 (as restated, Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 46,085	\$ 40,906
Federal grants and contracts	17,022	16,825
Non-government grants and contracts	3,936	3,423
Payments to suppliers for goods and services	(55,942)	(61,627)
Payments to employees	(107,981)	(103,160)
Payments for student financial aid and other scholarships	(6,617)	(5,726)
Payment for early retirement	(820)	(781)
Cash received from customers	12,739	13,290
Other cash receipts	3,775	4,343
Net cash used in operating activities	<u>(87,803)</u>	<u>(92,507)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal student financial aid grants	17,704	16,740
State and local government grants and contracts	6,814	5,935
Cash received from property taxes	39,042	37,821
Cash received from State FTE reimbursement	42,146	66,695
Interest paid on limited tax pension bonds	(5,249)	(5,276)
Principal paid on limited tax pension bonds	(1,635)	(1,550)
Net cash provided by noncapital financing activities	<u>98,822</u>	<u>120,365</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on long-term debt	(10,952)	(10,101)
Purchase of capital assets	(5,565)	(11,182)
Interest paid on long-term debt	(7,006)	(5,492)
Net cash used in capital financing activities	<u>(23,523)</u>	<u>(26,775)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,108	3,132
Purchases of investments	(102,340)	(103,964)
Proceeds from sales of investments	110,296	87,692
Net cash provided by (used in) investing activities	<u>12,064</u>	<u>(13,140)</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended June 30,
(In Thousands)

	2007	2006 (as restated, Note 2)
NET DECREASE IN CASH	\$ (440)	\$ (12,057)
Cash and cash equivalents - beginning of the year	17,674	29,731
Cash and cash equivalents - end of year	<u>\$ 17,234</u>	<u>\$ 17,674</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET ASSETS		
Unrestricted cash and cash equivalents	\$ 17,196	\$ 17,636
Restricted cash and cash equivalents	38	38
	<u>\$ 17,234</u>	<u>\$ 17,674</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (95,668)	\$ (99,912)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	5,923	5,486
Loss on disposal of capital assets	623	200
Amortization expense	1,369	1,285
(Increases) decreases in current assets used in operations:		
Accounts receivable	(825)	251
Student accounts receivable	(319)	(1,717)
Inventory and prepaid items	(27)	(392)
Increases (decreases) in current liabilities used in operations:		
Accounts payable	(633)	995
Payroll liabilities	381	906
Deferred revenue	1,319	1,409
Other current liabilities	(481)	(1,151)
Compensated absences	535	133
Net cash used in operating activities	<u>\$ (87,803)</u>	<u>\$ (92,507)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Borrowing under capital lease	\$ -	\$ 464
Decrease in fair value of investments	(33)	(92)
Bond accretion	212	201
Construction related payables	520	2,674

See notes to basic financial statements.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College

Portland Community College (the College) is organized under the general laws of the State of Oregon and, as such, is a public institution under the general supervision of the State Board of Education through the Department of Community Colleges and Workforce Development. The College defines itself as a primary government because it has a separately elected governing body, it is a legally separate entity, and it is fiscally independent. There are various governmental agencies, cities, school districts, and special service districts, which provide services within the College's boundaries. However, since the College is not financially accountable for any of these entities, they do not qualify as component units of the College, and therefore are not included in the basic financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities.

Basis of Accounting

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. The College's basic financial statements have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures, issued on or before November 30, 1989 unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The College has elected not to follow subsequent private-sector guidance.

Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, the Oregon Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is stated at cost, which approximates fair value. Fair value of the investment in the LGIP is the same as the value of the pool shares.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Oregon Revised Statutes authorize investment in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, repurchase agreements, and bankers' acceptances. The College has an investment policy that is more restrictive than the Oregon Revised Statutes. As of June 30, 2007 and 2006 and for the years then ended, the College was in compliance with the aforementioned State of Oregon statutes and its own internal investment policies. Investments are stated at fair value, which is based on the individual investment's quoted market price at year-end.

Receivables

All accounts, student loans, grants and property taxes receivable are shown net of an allowance for uncollectable accounts.

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

Student loan receivables are recorded as tuition as assessed or as amounts are advanced to students under various federal student financial assistance programs.

Un-reimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred. Grant funds received prior to the occurrence of qualifying expenses are recorded as deferred revenue.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the retail cost method for the Bookstore and first-in/first-out method for all other inventory.

Prepaid Pension Obligation

In June 2003 the College issued limited tax pension obligation bonds. Proceeds were used to make a supplemental lump-sum payment to the Oregon Public Employees Retirement System (PERS). The intent was to prepay the amortization of the College's share of the PERS' unfunded actuarial liability. Amortization of this supplemental lump-sum payment will be recognized as pension expense over the 24 year life of the bonds.

Capital Assets

Capital assets include land and land improvements; buildings and building improvements; equipment and machinery; works of art and historical treasures; infrastructure, which includes utility systems; library collections; leasehold improvements; and construction in progress. The College's capitalization threshold is \$5 thousand except for buildings and building improvements, infrastructure assets, land and land improvements and leasehold improvements, which have a capitalization threshold of \$50 thousand. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Buildings and building improvements, equipment and machinery, infrastructure, library collections, leasehold improvements and land improvements of the College are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	45-60 years
Equipment and machinery	5-20 years
Infrastructure	25-100 years
Library collections	10 years
Leasehold improvements	10-12 years
Land improvements	10-25 years

Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from service. Unused vacation pay is recognized as an expense and accrued when earned.

Long-term Debt

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition, charges for services and sales of educational material. Operating expenses include the cost of faculty, administration, sales and services for food services and bookstore operations and depreciation. All other revenues, including state educational support, financial aid and state grants, and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Financial Assistance Program

The College participates in various federally funded programs including Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. In addition, the College receives a variety of federal grants including Dislocated Workers Grants, Steps to Success, ABE/GED, and Perkins Title I. Federal programs are audited in accordance with the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

Net Assets

Net assets represent the difference between the College's total assets and total liabilities. Net assets are subdivided into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Net assets invested in capital assets, net of related debt represents capital assets, less accumulated depreciation and outstanding principal of capital asset related debt. Net assets subject to restriction by externally imposed restrictions are categorized as restricted net assets. This category represents the net assets of federal loan programs.

The unrestricted net asset balance of \$45.41 million at June 30, 2007 includes \$1.63 million reserved for contracted grant programs, \$2.58 million reserved for future debt service, \$3.47 million reserved for risk management, and \$23.53 million reserved for PERS bond debt service, with \$14.20 million remaining for other purposes. The unrestricted net asset balance of \$50.00 million at June 30, 2006 includes \$1.61 million reserved for contracted grant programs, \$3.26 million reserved for future debt service, \$3.06 million reserved for risk management, and \$17.42 million reserved for PERS bond debt service, with \$24.65 million remaining for other purposes.

Budgetary Information

In accordance with Oregon Revised Statutes, the College adopts annual budgets and makes appropriations on a fund basis, using either the modified accrual or accrual basis of accounting depending on the fund type.

The resolution authorizing appropriations by fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control for appropriations is set at the fund and organization level. Transfers of appropriations may be made between legally authorized appropriations when authorized by Board resolution. In addition, unexpected resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Annual appropriations lapse on June 30.

Excess of Expenditures over Appropriations

For the year ended June 30, 2007 expenditures exceeded appropriations in the following funds (in thousands):

Contracted Programs Fund:	
Transfer out	\$ 65
Capital Construction Fund:	
Sylvania Campus	\$ 443
Rock Creek Campus	\$ 8

The Continuing and Community Education fund had a deficit fund balance of \$354 thousand at June 30, 2007.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain balances reported in the June 30, 2006 basic financial statements have been reclassified to be consistent with the June 30, 2007 basic financial statement presentation. These reclassifications had no effect on the increase in net assets for the year ended June 30, 2006.

2. PRIOR PERIOD ADJUSTMENT

The College has restated beginning net assets, as well as related assets, liabilities, revenues and expenses, in order to account for tuition and fee revenues on a consistent basis among funds and to match revenues to the related expenses, as well as to properly account for construction in process. The effects (in thousands) are:

	Beginning Net assets	Deferred revenue	Capital assets - non depreciable	Student tuition and fee revenues	Other Operating revenues	Administrative operating expenses
Amount previously reported	\$ 131,520	\$ 3,733	\$ 52,127	\$ 40,605	\$ 5,397	\$ 30,255
Restatement of deferred revenues and reclassification of student tuition and fee revenues	(4,752)	5,198	-	608	(1,054)	-
Restatement of construction- in-process to reflect non-capitalizable amounts	(7,360)	-	(10,086)	-	-	2,726
Amounts restated	<u>\$ 119,408</u>	<u>\$ 8,931</u>	<u>\$ 42,041</u>	<u>\$ 41,213</u>	<u>\$ 4,343</u>	<u>\$ 32,981</u>

3. CASH AND INVESTMENTS

The primary investment objectives of the College's investment activities are preservation of capital, liquidity, diversification and yield. The following schedule comprises the combined value of the College's cash and investment portfolio at June 30 (in thousands).

	June 30,	
	2007	2006
Cash and cash equivalents:		
Cash on hand	\$ 143	\$ 137
Demand deposits	3,966	12,485
Cash held by county treasurer	218	243
Oregon Local Government Investment Pool	14,566	6,201
Unrestricted cash and cash equivalents	18,893	19,066
Restricted cash	38	38
Total cash and cash equivalents	18,931	19,104
Less cash Pension Trust Fund - Early Retirement	(1,697)	(1,430)
Total cash and cash equivalents basic statements	17,234	17,674
Investments:		
Government and agency obligations	24,179	36,040
Corporate securities	17,828	11,833
Bank obligations	2,777	4,867
Total investments	44,784	52,740
Total cash and investments	<u>\$ 62,018</u>	<u>\$ 70,414</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

3. CASH AND INVESTMENTS (Continued)

The Oregon Local Government Investment Pool, certificates of deposit, and some repurchase agreements are unrated. Other investments held at June 30 are categorized by rating as follows (in thousands):

	June 30,	
	2007	2006
Investments categorized by Moody's rating:		
Government sponsored (Treasury & Federal Agencies), Aaa or better	\$ 24,179	\$ 36,040
Corporate notes (Moody's AA or better)	12,335	-
Corporate commercial paper (Moody's A1 or better)	5,493	11,833
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	2,777	4,867
Total investments	<u>\$ 44,784</u>	<u>\$ 52,740</u>

The Oregon Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Short Term Fund Board and the Oregon Short Term Investment Council and is not required to be categorized by risk. The State of Oregon Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds.

Interest Rate Risk:

In accordance with the objectives of the College's investment guidelines, interest rate risk is mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. As of June 30, 2007, almost 89% of the college's investments matured within a 180-day time horizon.

Credit Risk:

In accordance with ORS Chapter 294 and the College's investment guidelines, investment in commercial paper must be rated A1 by Standard & Poors or P1 by Moody's, or an equivalent rating by any nationally recognized rating agency. Corporate securities, bonds and debentures must be rated AA or better by Standard & Poor's or Aa or better by Moody's, or an equivalent rating by any nationally recognized rating agency.

Concentration of credit risk:

In accordance with GASB 40, the College is required to report all individual non-federal investments which exceed 5% of total invested funds. Following is a listing of the holdings which exceed this threshold.

	June 30.			
	2007		2006	
	Amount	Percentage	Amount	Percentage
Concentration Credit Risk (in thousands)				
US Bancorp Corporate Note	\$ 2,774	6.19%	\$ -	-
Citigroup Inc. Corporate Note	-	-	3,492	6.62%
All other investments	42,010	93.81%	49,248	93.38%
PORTFOLIO TOTAL	<u>\$ 44,784</u>	<u>100.00%</u>	<u>\$ 52,740</u>	<u>100.00%</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

3. CASH AND INVESTMENTS (Continued)

Custodial credit risk – deposits:

In accordance with ORS 295.015, all depositories of public fund deposits must maintain securities on deposit with their custodians. Oregon Revised Statutes require depository institutions to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. Prior to deposit with a bank, the College requires evidence of collateralization through receipt of a collateral certificate for combined balances with the depository bank that exceed the \$100 thousand FDIC limit. At June 30, 2007, the College bank balances were \$7.07 million. Of these deposits, \$.55 million was covered by federal depository insurance, \$6.25 million was covered by collateral held in the pledging bank's trust department in the College's name and \$.27 million was uninsured and uncollateralized.

Custodial credit risk – investments:

Should a counterparty fail, there is a risk that the College would not be able to recover the value of its investments that are held by an outside party. To minimize this risk, securities purchased through any of the authorized non-bank broker-dealers are held in a bank investment safekeeping division. All investment instruments, except those purchased through Wells Fargo bank are held in safekeeping with US Bank. Non-depository investment instruments purchased through Wells Fargo Bank are held in the investment safekeeping division of Wells Fargo Bank, who is counterparty to these transactions. As of June 30, 2007 the college had \$44.78 million in various investment instruments, of which \$8.91 million was purchased from and held by Wells Fargo Bank. With these holdings, the total custodial credit risk for investments was 20.5% of the total investment portfolio.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

4. CAPITAL ASSETS (as restated)

The balance of capital assets are as follows (in thousands):

	Balance 7/01/2005	Increases	Decreases	Balance 6/30/2006	Increases	Decreases	Balance 6/30/2007
Capital assets not being depreciated:							
Land	\$ 28,395	\$ 552	\$ -	\$ 28,947	\$ -	\$ -	\$ 28,947
Art and historical treasures	584	178	-	762	6	(7)	761
Construction in progress	23,060	11,694	(22,422)	12,332	3,608	(15,537)	403
Total capital assets not being depreciated	52,039	12,424	(22,422)	42,041	3,614	(15,544)	30,111
Capital assets being depreciated:							
Land improvements	7,507	64	-	7,571	1,419	-	8,990
Buildings and improvements	190,070	17,099	-	207,169	14,434	(467)	221,136
Equipment and machinery	15,854	1,434	(1,631)	15,657	548	(1,128)	15,077
Library collections	1,839	179	(154)	1,864	168	(180)	1,852
Leasehold improvements	60	-	-	60	-	-	60
Infrastructure	4,580	-	-	4,580	-	-	4,580
Total capital assets being depreciated	219,910	18,776	(1,785)	236,901	16,569	(1,775)	251,695
Less accumulated depreciation for:							
Land improvements	1,960	415	-	2,375	565	-	2,940
Buildings and improvements	33,886	3,416	(50)	37,252	3,973	(135)	41,090
Equipment and machinery	9,201	1,384	(1,375)	9,210	1,126	(809)	9,527
Library collections	980	186	(154)	1,012	185	(21)	1,176
Leasehold improvements	47	10	-	57	-	-	57
Infrastructure	99	74	-	173	74	-	247
Total accumulated depreciation	46,173	5,485	(1,579)	50,079	5,923	(965)	55,037
Total capital assets being depreciated, net	173,737	13,291	(206)	186,822	10,646	(810)	196,658
Total capital assets, net	\$ 225,776	\$ 25,715	\$ (22,628)	\$ 228,863	\$ 14,260	\$ (16,354)	\$ 226,769

Included in equipment and machinery above are copiers acquired under capital leases with an original cost of \$497 thousand for each of the years ended June 30, 2007 and 2006.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

5. LONG TERM DEBT

Transactions for the fiscal year ending June 30, 2007 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2006	Increases	Decreases	Outstanding June 30, 2007
2005 General obligation bonds, interest 3.00% - 5.00%	\$ 87,830	\$ 86,860	\$ -	\$ (1,635)	\$ 85,225
2003 Limited tax pension bonds, interest 1.07% - 4.81%	119,995	116,180		(1,635)	114,545
2002A General obligation refunding bonds, interest 3.00%-5.50%	15,605	10,945	-	(1,370)	9,575
2001B General obligation bonds, interest 4.00%-5.25%	98,000	20,755	-	(3,785)	16,970
2001A General obligation bonds, interest 4.10%-5.50%	46,000	9,870	-	(1,810)	8,060
1997 General obligation advance refunding bonds, interest 4.40%-5.25%	21,885	16,740	-	(2,135)	14,605
1993 General obligation deferred interest bonds, interest 4.50%-5.80%	4,465	3,919	213	-	4,132
Certificate of Participation, interest 4.2% - 5.8%	2,530	1,775	-	(115)	1,660
Note Payable, interest 6.83%	174	90	-	(17)	73
	<u>\$ 396,484</u>	<u>\$ 267,134</u>	<u>\$ 213</u>	<u>\$ (12,502)</u>	<u>\$ 254,845</u>

Transactions for the fiscal year ending June 30, 2006 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2005	Increases	Decreases	Outstanding June 30, 2006
2005 General obligation bonds, interest 3.00% - 5.00%	\$ 87,830	\$ 87,830	\$ -	\$ (970)	\$ 86,860
2003 Limited tax pension bonds, interest 1.07% - 4.81%	119,995	117,730	-	(1,550)	116,180
2002A General obligation refunding bonds, interest 3.00%-5.50%	15,605	12,340	-	(1,395)	10,945
2001B General obligation bonds, interest 4.00%-5.25%	98,000	24,360	-	(3,605)	20,755
2001A General obligation bonds, interest 4.10%-5.50%	46,000	11,610	-	(1,740)	9,870
1997 General obligation advance refunding bonds, interest 4.40%-5.25%	21,885	18,710	-	(1,970)	16,740
1993 General obligation deferred interest bonds, interest 4.50%-5.80%	4,465	3,718	201	-	3,919
Certificate of Participation, interest 4.2% - 5.8%	2,530	1,885	-	(110)	1,775
Note Payable, interest 6.83%	174	103	-	(13)	90
	<u>\$ 396,484</u>	<u>\$ 278,286</u>	<u>\$ 201</u>	<u>\$ (11,353)</u>	<u>\$ 267,134</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

5. LONG TERM DEBT (Continued)

Future maturities of principal and interest are as follows (in thousands):

Fiscal Year Ending June 30,	Bonds Payable		Certificate of Participation		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	13,420	11,718	120	78	17	4	13,557	11,800
2009	14,550	11,272	125	73	19	3	14,694	11,348
2010	12,435	10,648	130	68	21	2	12,586	10,718
2011	13,770	10,088	135	62	16	1	13,921	10,151
2012	15,275	9,418	140	56	-	-	15,415	9,474
2013	17,160	8,701	150	49	-	-	17,310	8,750
2014	18,282	8,229	155	42	-	-	18,437	8,271
2015	14,200	7,135	165	34	-	-	14,365	7,169
2016	15,695	6,461	170	26	-	-	15,865	6,487
2017	17,300	5,713	180	18	-	-	17,480	5,731
2018	19,020	4,886	190	9	-	-	19,210	4,895
2019	5,810	3,944	-	-	-	-	5,810	3,944
2020	6,505	3,665	-	-	-	-	6,505	3,665
2021	7,250	3,352	-	-	-	-	7,250	3,352
2022	8,050	3,003	-	-	-	-	8,050	3,003
2023	8,910	2,616	-	-	-	-	8,910	2,616
2024	9,825	2,188	-	-	-	-	9,825	2,188
2025	10,810	1,715	-	-	-	-	10,810	1,715
2026	11,860	1,195	-	-	-	-	11,860	1,195
2027	12,985	625	-	-	-	-	12,985	625
	<u>\$ 253,112</u>	<u>\$ 116,572</u>	<u>\$ 1,660</u>	<u>\$ 515</u>	<u>\$ 73</u>	<u>\$ 10</u>	<u>\$ 254,845</u>	<u>\$ 117,097</u>

General Obligation Bonds are direct obligations and pledge the full faith and credit of the College. The Certificate of Participation is also a general obligation backed by the full faith and credit of the College. Funds provided by the General Obligation Bonds and the Certificate of Participation were used and continue to be used for the acquisition and construction of major capital facilities.

Pension bonds are also direct obligations that pledge the full faith and credit of the College. Funds provided by the Pension bonds were used to prepay the College's pension unfunded actuarial liability (UAL).

In prior years, the College defeased other general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the basic financial statements. For the year ended June 30, 2007 refunded bonds defeased totaled \$103 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

5. LONG TERM DEBT (Continued)

The College entered into capital lease agreements as lessee for financing the acquisition of equipment. The transactions for the years are as follows (in thousands):

	Outstanding July 1, 2005	Increases	Decreases	Outstanding June 30, 2006	Decreases	Outstanding June 30, 2007
Xerox 6115	\$ 145	\$ 42	\$ (144)	\$ 43	\$ (43)	\$ -
Xerox 5900	55	-	(55)	-	-	-
Xerox Copiers	-	455	(99)	356	(58)	298
Total	<u>\$ 200</u>	<u>\$ 497</u>	<u>\$ (298)</u>	<u>\$ 399</u>	<u>\$ (101)</u>	<u>\$ 298</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows (in thousands):

Year Ending June 30,	Amount
2008	\$ 99
2009	99
2010	<u>100</u>
Total minimum lease payments	298
Less:	
amount representing interest	<u>(19)</u>
Present value of minimum lease payments	<u>\$ 279</u>

6. OPERATING LEASES

The College leases building and office facilities and other equipment under non-cancelable operating leases. The future minimum lease payments are as follows (in thousands):

Year Ending June 30,	Amount
2008	\$ 864
2009	588
2010	301
2011	<u>249</u>
Total	<u>\$ 2,002</u>

The expense for operating leases for the years ended June 30, 2007 and 2006 was \$.85 million and \$1.27 million, respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

7. GROUND LEASE AND JOINT USE AGREEMENT

On June 22, 2006, the College (lessor) entered into a ground lease and joint use agreement with Tualatin Hills Park and Recreation District (THPRD, lessee). The lease permits THPRD to develop, construct, operate and maintain certain recreational facilities on real estate owned by the College. The initial term of the lease is twenty-five years, with an option to extend for three additional five-year terms. Lease payments are \$25 annually. THPRD shall use the premises for the operation of a community recreational facility. Improvements to the property will be made by THPRD. Upon termination, the College will take possession of the property and improvements.

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance.

General liability insurance generally covers casualty losses in excess of \$500 thousand per occurrence, with a loss limit of \$5 million per occurrence and a \$10 million aggregate loss limit. The College's property insurance total loss limit is approximately \$385 million with a \$25 thousand deductible. Earthquake and flood losses have a loss limit of \$100 million within the total loss limit of approximately \$360 million. The College retains the risk of casualty losses under \$500 thousand per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2007 and no insurance settlement exceeded insurance coverage for the past three years.

The College maintains a risk management program for workers' compensation and unemployment to pay claims, maintain claims reserves and pay administrative expenses. Liabilities for workers' compensation are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The College has obtained an excess coverage insurance policy to cover workers' compensation claims in excess of \$500 thousand. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims liabilities are as follows (in thousands):

	Year Ending June 30,	
	2007	2006
Unpaid claims, July 1	\$ 375	\$ 679
Incurred claims	141	236
Claim payments	(311)	(540)
Unpaid claims, June 30	<u>\$ 205</u>	<u>\$ 375</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS

PERS

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: The Pension Program, the defined benefit portion of the plan, applies to qualifying College employees hired after August 29, 2003, and to inactive employees who return to employment following six-month break in service. 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. 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, post employment 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 by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. This contribution is Employer Paid Pre-Taxed (EPPT). The College is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2007 were 3.02% and 8.04% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

In June 2003, the College issued limited tax pension bonds to finance a portion of its estimated unfunded actuarial liability (See Note 5). The College's amortization of pension expense for the years ended June 30, 2005, 2006 and 2007 were \$1.24 million, \$1.55 million and \$1.64 million respectively. The College's amortization of the prepaid pension obligation for the years ended June 30, 2005, 2006 and 2007 were \$1.22 million, \$1.53 million and \$1.62 million respectively. As a result, the College's contribution to PERS for the years ended June 30, 2005, 2006, and 2007 were \$.67 million, \$2.68 million and \$2.14 million respectively, which was the required annual contribution.

Early Retirement Incentive Plan

The College maintains a single-employer, defined benefit early retirement incentive program for qualifying faculty, Academic Professionals (AP), and Classified Employees. The College does not publish a stand-alone financial report for this plan. The Board has authority to set benefit provisions and funding policy for the plan. The management employee portion of this plan was replaced in fiscal year 2000 by a 2% employer contributed 403(b) plan. A grandfather provision exists for management employees who meet specific criteria.

Retirement eligibility:

Minimum age 55 with 10 years of full-time College service immediately preceding retirement. Employees may retire before age 55 with 30 years of service with PERS.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Benefit eligibility:

Management employees - The grandfathered group that meet the following criteria are eligible; (1) attained age 50 with 10 full years full-time service at November 1, 1999, or (2) any age with 20 years service or 30 years of PERS service at November 1, 1999 and (3) retire prior to age 62.

Faculty and AP employees - retire prior to age 62.

Classified employees - hired prior to July 1, 1987 and retire prior to age 62.

Supplemental early retirement benefits:

Management employees - lump sum equal to \$400 per month until age 62, not to exceed 48 months. This amount is offset by the College's contribution to the participant's Section 403(b) account.

Faculty and AP - \$400 per month until age 62, for 48 months, or death, whichever is earlier.

Classified employees - \$270 per month until age 62, for 48 months, or death, whichever is earlier.

Actuarial funding method:

The actuarial funding method used to determine the cost of the Supplemental Early Retirement Program is known as the Frozen Initial Liability (FIL) Aggregate cost method. Under this method, the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level. The actuarial assumptions include: (a) a rate of return on investments of present and future assets of 5% compounded annually; (b) no future increases in benefits; (c) no post retirement increases; and (d) an inflation rate of 4%.

Normal cost - The normal cost is the ongoing annual cost assigned to the coming plan year by the funding method. Under the aggregate cost method as a level dollar amount, the excess of the present value of projected benefits for the group over the actuarial value of the assets and the initial unfunded liability is allocated on a level basis over the service of the group between the valuation date and assumed exit. The portion allocated to the current plan year is the normal cost for that year. If the active participant group's characteristics remain nearly the same from year to year, the normal cost can be expected to remain approximately level from one year to the next.

Actuarial Gains and Losses - Each valuation is based on predictions of future plan experience through the use of a set of actuarial assumptions in such areas as turnover, mortality, and investment return. When actuarial assumptions are not met, actuarial gains and losses result. Gains occur when actual plan experience is more favorable than expected, and losses occur when actual plan experience is less favorable than expected. The aggregate cost method dictates that these gains or losses reduce or increase future normal costs.

Accrued liabilities - Under the aggregate cost method, the accrued liability of the plan is defined to be the actuarial value of the plan's assets plus any remaining unfunded liability.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Basis of Accounting:

The actuarial calculations are consistent with accounting principles generally accepted in the United States of America and GASB No. 25, 26, and 27.

Asset Valuation Method:

The actuarial value of assets is equal to the market value of the assets.

Basic actuarial assumptions:

1. Interest 5% per annum. This reflects an underlying general long-term inflation rate of 4%.
2. Mortality Male retirees: The RP-2000 combined healthy male mortality table set back two years with no collar adjustment.
 Male actives: 65% of the male retirees' rate.
 Female retirees: The RP-2000 combined healthy female mortality table set back one and one-half years with no collar adjustment.
 Female actives: 70% of the female retirees' rates.

The College's annual pension cost and net pension obligation (surplus) for the last three years is as follows (in thousands):

	Year Ended June 30,		
	2007	2006	2005
Annual required contribution	\$ 45	\$ 193	\$ 193
Interest on net pension surplus	(80)	(69)	(56)
Adjustment to required contribution	183	156	128
Annual pension cost	148	280	265
Contribution made	(576)	(511)	(511)
Increase in pension surplus	(428)	(231)	(246)
Net pension surplus, beginning of year	(1,603)	(1,372)	(1,126)
Net pension surplus, end of year	<u>\$ (2,031)</u>	<u>\$ (1,603)</u>	<u>\$ (1,372)</u>
Interest on pension surplus	5.00%	5.00%	5.00%
Amortization factor	8.74%	8.77%	8.77%

Assets are recorded in the Early Retirement – Pension Trust Fund and are not included in the Basic Financial Statements.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Basic actuarial assumptions (Continued):

Net pension surplus is defined as the excess of actual contributions over actuarially determined contributions. Funding progress based on actuarial valuations is as follows (in thousands):

Valuation Date July 1,	AVA (1)	AAL (2)	UAAL (3)	Percent Funded	Covered Payroll	Percent of Covered Payroll
2004	\$ 1,029	3,450	2,133	32	32,379	7 %
2006	1,346	2,241	1,475	60	35,739	4
2007	1,695	2,169	1,416	78	35,022	4

- (1) Actuarial Value of Assets
- (2) Actuarial Accrued Liability
- (3) Unfunded Actuarial Accrued Liability

Employer contributions for the past five years are as follows (in thousands):

Year	Required Contribution	Actual Contributions	Contribution Percentage
2003	\$ 187	\$ 512	274 %
2004	187	487	260
2005	193	511	265
2006	193	511	265
2007	45	576	1,270

Post Retirement Health Benefits

Medical, dental, vision, and prescription coverage is offered to employees who are eligible under these plans. The College contributes to the premiums for eligible Faculty or Academic Professional employees and their eligible dependents up to the employer paid maximum at the time of retirement. The maximum monthly per-capita employer paid premium contribution is currently \$690 and is based on the number of dependents covered by a medical plan at the time of retirement. This maximum amount may change based on the contract negotiations process, and if the number of dependents covered decreases.

Benefits from this program are fully paid by the College and, consequently, no contributions are required from the employees. Although there is no obligation on the part of the College to fund these benefits in advance, the College established a Pension Trust Fund to accumulate assets to pay these benefits in the future. Assets for the Pension Trust Fund for this program are part of the overall College's investment portfolio. These assets are not part of the basic financial statements.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS (Continued)

Post Retirement Health Benefits (Continued)

The number of retirees currently receiving benefits were 30 and 50 for the years ended June 30, 2007 and 2006 respectively. The number of active employees who are eligible to receive these benefits were 137 and 130 for the years ended June 30, 2007 and 2006 respectively.

Health-care benefits provided to early retirees are expensed on a "pay as you go" basis. The expense for health care benefits for the years ended June 30, 2007, and 2006, was \$244 thousand and \$270 thousand respectively.

Early Retirement Trust Fund Statements

The College accounts for the Pension Trust Fund on the accrual basis of accounting. A transfer from the general fund and investment earnings covers contributions. Benefits are expensed on a "pay as you go" basis and there are no refunds paid. Information regarding the Pension Trust Fund, which is not included in the basic financial statements, is detailed in the following table (in thousands):

		June 30,	
		2007	2006
Assets:			
Cash and investments	\$	1,697	\$ 1,430
Receivables		42	23
Total assets	\$	1,739	\$ 1,453
Liabilities - accrued benefits payable		\$ 44	\$ 107
Net assets held in trust for pension benefits		1,695	1,346
Total liabilities and net assets	\$	1,739	\$ 1,453
		Year Ended June 30,	
		2007	2006
Revenues:			
Contributions	\$	820	\$ 781
Interest income		90	52
Total revenues		910	833
Expenses - benefits		561	674
Net increase		349	159
Beginning net assets		1,346	1,187
Ending net assets	\$	1,695	\$ 1,346

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2007 and 2006**

9. PENSION PLANS (Continued)

Other Retirement Plan

The College contributes to a defined contribution pension plan (403(b) plan) for its management employees with at least one year of service. The College administers the plan and does not publish a stand-alone financial report for the plan. The Board has authority to set benefit provisions and funding policy for the plan. The required contribution amount is 2% of covered salary for those who have joined the plan. The expense for the plan for the years ended June 30, 2007 and 2006, was \$.19 million and \$.18 million respectively.

10. RELATED ORGANIZATION

The Portland Community College Foundation (the Foundation) is a legally separate, tax-exempt related organization of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds are restricted to activities of the College by the donors. Even though the resources held by the Foundation are primarily for the benefit of the College, the Foundation is not considered a component unit of the College, as defined by GASB No. 39, since revenues and total assets of the Foundation are less than 1% of revenues and total assets of the College.

Summarized financial information from the Foundation's audited financial statements as of June 30, 2007 and 2006, and for the years then ended is as follows (in thousands):

	<u>2007</u>	<u>2006</u>
Total assets	\$ 4,314	\$ 3,536
Total net assets	4,205	3,443
Total support and revenues	2,214	1,672
Total expenses	1,451	1,257

11. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The College has approximately \$1.1 million in construction commitments at June 30, 2007. Subsequent to June 30, 2007, the College entered into approximately \$0.2 million of contracts for site improvements at Rock Creek and consulting services for study of potential new bond issuance.

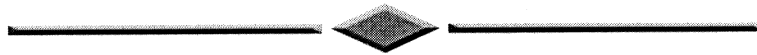
The College entered into a Purchase and Sale Agreement with G-V Inc. to purchase property located at 811 – 815 N. Killingsworth St., Portland, OR for \$650,000. Earnest money of \$40,000 was placed with First American Title Company in May 22, 2007 and final purchase was completed July 26, 2007.

Federal Issues

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed costs, including amounts already collected, may constitute a liability for the College. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although College management expects such amounts, if any, to be immaterial to the basic financial statements.



Other SUPPLEMENTARY INFORMATION



Individual funds
and other financial schedules

GENERAL FUND

The General Fund provides for the ongoing operations of the College. It accounts for all activities not reported in the other funds. The fund's principal revenue sources are local property taxes, student tuition, and State of Oregon FTE reimbursements. Primary expenditures are budgeted by campus location and service area.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>GENERAL FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
From local sources:				
District tax levy:				
Current	\$ 21,410,631	\$ 21,410,631	\$ 22,120,376	\$ 709,745
Prior	415,811	415,811	391,264	(24,547)
Total district tax levy	<u>21,826,442</u>	<u>21,826,442</u>	<u>22,511,640</u>	<u>685,198</u>
Tuition and fees:				
Tuition - general	49,064,051	49,064,051	48,822,288	(241,763)
Other tuition and fees	503,403	503,403	1,234,295	730,892
Total tuition and fees	<u>49,567,454</u>	<u>49,567,454</u>	<u>50,056,583</u>	<u>489,129</u>
Other sources:				
Interest from investments	368,500	368,500	1,456,306	1,087,806
Miscellaneous local sources	704,500	704,500	1,445,409	740,909
Total other sources	<u>1,073,000</u>	<u>1,073,000</u>	<u>2,901,715</u>	<u>1,828,715</u>
Total from local sources	<u>72,466,896</u>	<u>72,466,896</u>	<u>75,469,938</u>	<u>3,003,042</u>
From state sources:				
FTE reimbursement	<u>55,664,429</u>	<u>55,664,429</u>	<u>56,675,000</u>	<u>1,010,571</u>
Total from state sources	<u>55,664,429</u>	<u>55,664,429</u>	<u>56,675,000</u>	<u>1,010,571</u>
Total revenues, budgetary basis	<u>\$ 128,131,325</u>	<u>\$ 128,131,325</u>	<u>132,144,938</u>	<u>\$ 4,013,613</u>
Deduct:				
State biennial FTE reimbursement appropriated after June 30, 2007 pursuant to Oregon Senate Bill 1022			<u>(14,528,946)</u>	
Total revenues, GAAP basis			<u>\$ 117,615,992</u>	

In prior years the General Fund was presented on a budgetary basis which was in accordance with accounting principles generally accepted in the United States of America (GAAP). This year is the fifth instance where the budgetary presentation is inconsistent with GAAP.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2007

	<u>GENERAL FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>DIRECT PERSONNEL SERVICES</u>
EXPENDITURES:			
Campuses' requirements:			
Sylvania Campus			
Instruction	\$ 29,306,047	\$ 30,222,404	\$ 20,908,781
Instructional support	1,386,077	1,496,313	700,370
Student services	3,249,024	3,315,869	2,127,519
Total Sylvania Campus	<u>33,941,148</u>	<u>35,034,586</u>	<u>23,736,670</u>
Rock Creek Campus:			
Instruction	15,405,744	16,382,264	11,382,029
Instructional support	1,453,059	1,969,571	670,049
Student services	2,736,468	2,742,216	1,512,142
Total Rock Creek Campus	<u>19,595,271</u>	<u>21,094,051</u>	<u>13,564,220</u>
Cascade Campus:			
Instruction	12,046,895	12,768,097	9,503,095
Instructional support	903,506	1,643,653	507,999
Student services	2,418,392	2,481,604	1,307,305
Total Cascade Campus	<u>15,368,793</u>	<u>16,893,354</u>	<u>11,318,399</u>
Extended Learning Campus - Continuing Education:			
Instruction	5,323,702	4,473,349	3,282,778
Instructional support	1,814,624	2,333,430	1,183,711
Total Extended Learning Campus	<u>7,138,326</u>	<u>6,806,779</u>	<u>4,466,489</u>
Total campuses' requirements	<u>76,043,538</u>	<u>79,828,770</u>	<u>53,085,778</u>
President and Governing Board	<u>2,695,899</u>	<u>2,909,655</u>	<u>1,020,464</u>
Administrative Services:			
Administrative services and College support	20,286,177	21,581,561	9,864,650
Plant operations	14,737,651	14,878,123	4,904,365
Total Administrative Services requirements	<u>35,023,828</u>	<u>36,459,684</u>	<u>14,769,015</u>
Academic and Student Affairs Services:			
Instruction and instructional support	7,707,289	7,775,072	4,165,298
Student services	3,908,668	4,160,088	2,587,891
Total Academic and Student Affairs Services	<u>11,615,957</u>	<u>11,935,160</u>	<u>6,753,189</u>
Reserve for contingencies	<u>2,756,894</u>	<u>1,291,718</u>	<u>-</u>
Total expenditures	<u>128,136,116</u>	<u>132,424,987</u>	<u>75,628,446</u>
Revenues over (under) expenditures, budgetary basis	<u>(4,791)</u>	<u>(4,293,662)</u>	

Continued from page 33 through 37.

PERSONNEL BENEFITS	MATERIALS AND SERVICES	CAPITAL OUTLAY	TOTAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
\$ 7,950,302	\$ 1,399,567	\$ 65,723	\$ 30,324,373	\$ (101,969)
263,446	304,693	-	1,268,509	227,804
888,269	164,406	-	3,180,194	135,675
9,102,017	1,868,666	65,723	34,773,076	261,510
4,162,695	913,680	23,545	16,481,949	(99,685)
268,347	287,401	59,153	1,284,950	684,621
613,967	419,474	-	2,545,583	196,633
5,045,009	1,620,555	82,698	20,312,482	781,569
3,390,686	571,081	-	13,464,862	(696,765)
197,985	96,236	-	802,220	841,433
530,964	484,070	-	2,322,339	159,265
4,119,635	1,151,387	-	16,589,421	303,933
1,135,399	238,563	-	4,656,740	(183,391)
487,237	297,685	9,800	1,978,433	354,997
1,622,636	536,248	9,800	6,635,173	171,606
19,889,297	5,176,856	158,221	78,310,152	1,518,618
467,036	1,291,216	-	2,778,716	130,939
3,565,694	5,468,721	586,672	19,485,737	2,095,824
2,301,107	6,818,565	208,678	14,232,715	645,408
5,866,801	12,287,286	795,350	33,718,452	2,741,232
1,704,245	1,445,589	241,741	7,556,873	218,199
1,118,909	443,295	-	4,150,095	9,993
2,823,154	1,888,884	241,741	11,706,968	228,192
-	-	-	-	1,291,718
29,046,288	20,644,242	1,195,312	126,514,288	5,910,699
			5,630,650	9,924,312

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>GENERAL FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	DIRECT PERSONNEL SERVICES
OTHER FINANCING SOURCES (USES):			
Sources:			
Transfer from Print Center Fund	\$ 41,000	\$ 41,000	
Transfer from Student Financial Aid Fund	95,900	245,900	
Transfer from Food Services Fund	40,300	40,300	
Transfer from Parking Operations Fund	343,900	343,900	
Transfer from Continuing and Community Ed Fund	318,498	318,498	
Transfer from Auxiliary Services Fund	140,964	140,964	
Transfer from Contracted Programs Fund	2,024,000	2,024,000	
Transfer from Bookstore Fund	343,900	343,900	
Total sources	<u>3,348,462</u>	<u>3,498,462</u>	
(Uses):			
Transfer to Capital Lease/Purchase Fund	(198,535)	(198,535)	
Transfer to Student Financial Aid Fund	(629,350)	(629,350)	
Transfer to Contracted Programs Fund	(74,220)	(74,220)	
Transfer to Capital Projects Fund	(2,690,000)	(3,180,000)	
Total transfers to other funds	<u>(3,592,105)</u>	<u>(4,082,105)</u>	
Amount provided to Early Retirement Fund	<u>(819,945)</u>	<u>(819,945)</u>	
Total other financing uses	<u>(4,412,050)</u>	<u>(4,902,050)</u>	
Revenues and other financing sources over (under) expenditures and other financing uses, budgetary basis	<u>(1,068,379)</u>	<u>(5,697,250)</u>	
Beginning fund balance - as restated	<u>14,530,152</u>	<u>19,159,023</u>	
Ending fund balance - budgetary basis	<u>\$ 13,461,773</u>	<u>\$ 13,461,773</u>	

Continued from page 33 through 37.

PERSONNEL BENEFITS	MATERIALS AND SERVICES	CAPITAL OUTLAY	TOTAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
			\$ 41,000	\$ -
			219,667	(26,233)
			40,300	-
			343,900	-
			-	(318,498)
			22,117	(118,847)
			2,088,640	64,640
			343,900	-
			<u>3,099,524</u>	<u>(398,938)</u>
			(198,535)	-
			(623,755)	5,595
			(74,220)	-
			<u>(3,180,000)</u>	<u>-</u>
			<u>(4,076,510)</u>	<u>5,595</u>
			<u>(819,945)</u>	<u>-</u>
			<u>(4,896,455)</u>	<u>5,595</u>
			<u>3,833,719</u>	<u>9,530,969</u>
			<u>13,960,442</u>	<u>(5,198,581)</u>
			<u>\$ 17,794,161</u>	<u>\$ 4,332,388</u>

RECONCILIATION OF FUND BALANCE FROM BUDGETARY BASIS TO GAAP BASIS

Ending fund balance - budgetary basis	\$ 17,794,161
DEDUCT	
State FTE reimbursement appropriated after June 30, 2007	<u>(14,528,946)</u>
Ending fund balance - GAAP basis	<u>\$ 3,265,215</u>



SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenues and expenditures restricted for specific educational projects or programs. Funds included in the Special Revenue category are:

CONTINUING AND COMMUNITY EDUCATION FUND – The Continuing and Community Education Fund accounts for the College's community education and continuing education programs. Tuition and fees are the main revenue sources.

AUXILIARY SERVICES FUND - The Auxiliary Services Fund accounts for a variety of self-supported student activities. The principal revenue sources are various tuition incomes and facilities usage fees.

STUDENT ACTIVITIES FUND - The Student Activities Fund was established to provide a separate accounting for student funds. The principal sources of revenue are student fees included in tuition. The activities included in the fund are child care, intramural programs, and student government.

CONTRACTED PROGRAMS FUND - The Contracted Programs Fund accounts for College contracts with federal, state and local agencies for the training of various constituencies, the development and operation of experimental programs and the improvement of existing programs. The principal sources of revenue are the federal, state, local governments and other private institutions.

STUDENT FINANCIAL AID FUND - The Student Financial Aid Fund was established to provide for a separate accounting of dollars deposited for student financial assistance. The principal sources of revenue are the federal government and College matching funds.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

CONTINUING AND COMMUNITY EDUCATION

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Tuition - community services and CED/CEU	\$ 5,750,248	\$ 5,750,248	\$ 4,463,248	\$ (1,287,000)
Other local revenues	2,162,239	2,162,239	1,263,260	(898,979)
Total revenues	7,912,487	7,912,487	5,726,508	(2,185,979)
EXPENDITURES:				
Sylvania Campus and Cascade Campus:				
Direct personnel	81,907	82,030	30,750	51,280
Personnel benefits	28,960	29,007	9,566	19,441
Materials and services	185,847	185,847	3,878	181,969
Capital outlay	50,000	50,000	-	50,000
Total Sylvania Campus and Cascade Campus	346,714	346,884	44,194	302,690
Extended Learning Campus:				
Business and Government Programs				
Direct personnel	1,845,023	1,854,545	1,711,338	143,207
Personnel benefits	712,500	716,190	601,604	114,586
Materials and services	782,040	782,040	575,510	206,530
Total Business and Government Programs	3,339,563	3,352,775	2,888,452	464,323
Community Education:				
Direct personnel	1,584,667	1,599,043	1,436,480	162,563
Personnel benefits	562,695	568,697	433,006	135,691
Materials and services	1,441,820	1,441,820	1,377,903	63,917
Total Community Education	3,589,182	3,609,560	3,247,389	362,171
Total Extended Learning Campus	6,928,745	6,962,335	6,135,841	826,494
Contingency	38,944	384,183	-	384,183
Total expenditures	7,314,403	7,693,402	6,180,035	1,513,367
Revenues over (under) expenditures	598,084	219,085	(453,527)	(672,612)
OTHER FINANCING SOURCES (USES)				
Transfers out	(318,498)	(318,498)	-	318,498
Total other financing sources (uses)	(318,498)	(318,498)	-	318,498
Revenues and other financing sources (uses) over (under) expenditures	279,586	(99,413)	(453,527)	(354,114)
Beginning fund balance	(279,586)	99,413	99,413	-
Ending fund balance	\$ -	\$ -	\$ (354,114)	\$ (354,114)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

AUXILIARY SERVICES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Publication - The Bridge	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Facilities usage	282,164	282,164	311,823	29,659
Campus activities	137,550	137,550	145,115	7,565
Total revenues	<u>449,714</u>	<u>449,714</u>	<u>456,938</u>	<u>7,224</u>
EXPENDITURES:				
Campus activities	256,516	256,516	93,561	162,955
Publication - The Bridge	8,813	8,813	-	8,813
Facilities usage	384,630	384,630	306,512	78,118
Contingency	27,219	27,219	-	27,219
Total expenditures	<u>677,178</u>	<u>677,178</u>	<u>400,073</u>	<u>277,105</u>
Revenues over (under) expenditures	<u>(227,464)</u>	<u>(227,464)</u>	<u>56,865</u>	<u>284,329</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(140,964)</u>	<u>(140,964)</u>	<u>(22,117)</u>	<u>118,847</u>
Total other financing sources (uses)	<u>(140,964)</u>	<u>(140,964)</u>	<u>(22,117)</u>	<u>118,847</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>(368,428)</u>	<u>(368,428)</u>	<u>34,748</u>	<u>403,176</u>
Beginning fund balance	<u>460,558</u>	<u>460,558</u>	<u>463,602</u>	<u>3,044</u>
Ending fund balance	<u>\$ 92,130</u>	<u>\$ 92,130</u>	<u>\$ 498,350</u>	<u>\$ 406,220</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>STUDENT ACTIVITIES FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest from investments	\$ 1,500	\$ 1,500	\$ 5,489	\$ 3,989
From local sources:				
Student activities fees	991,548	991,548	979,167	(12,381)
Video games	15,000	15,000	4,883	(10,117)
Fund raising	61,500	61,500	40,341	(21,159)
Honorary membership dues	22,000	22,000	24,190	2,190
Total from local sources	1,090,048	1,090,048	1,048,581	(41,467)
Total revenues	1,091,548	1,091,548	1,054,070	(37,478)
EXPENDITURES:				
Child care	163,192	163,192	162,951	241
Student governance	779,972	825,705	810,286	15,419
Intramural activities	31,446	31,446	31,321	125
Student activities	70,000	70,000	37,497	32,503
Phi Theta Kappa	28,500	28,500	23,775	4,725
Contingency	99,435	83,130	-	83,130
Total expenditures	1,172,545	1,201,973	1,065,830	136,143
Revenues over (under) expenditures	(80,997)	(110,425)	(11,760)	98,665
Beginning fund balance	80,997	110,425	110,425	-
Ending fund balance	\$ -	\$ -	\$ 98,665	\$ 98,665

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>CONTRACTED PROGRAMS FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 163,022	\$ 163,022
Local sources	6,888,010	6,888,010	3,935,499	(2,952,511)
State sources	6,224,490	6,224,490	6,814,019	589,529
Federal sources	18,585,112	18,585,112	17,022,440	(1,562,672)
Total revenues	31,697,612	31,697,612	27,934,980	(3,762,632)
EXPENDITURES:				
Local contracts	5,849,996	5,849,996	3,858,402	1,991,594
State grants	5,532,480	5,532,480	6,416,694	(884,214)
Capital outlay	-	-	1,749	(1,749)
Total state grants	5,532,480	5,532,480	6,418,443	(885,963)
Federal grants	16,855,089	16,769,749	15,399,691	1,370,058
Capital outlay	-	85,340	106,466	(21,126)
Total federal grants	16,855,089	16,855,089	15,506,157	1,348,932
Total expenditures	28,237,565	28,237,565	25,783,002	2,454,563
Contingency	1,411,878	1,411,878	-	1,411,878
Revenues over expenditures	2,048,169	2,048,169	2,151,978	103,809
OTHER FINANCING SOURCES (USES):				
Transfers in	74,220	74,220	74,220	-
Transfers out	(2,024,000)	(2,024,000)	(2,088,640)	(64,640)
Total other financing sources (uses)	(1,949,780)	(1,949,780)	(2,014,420)	(64,640)
Revenues and other financing sources (uses) over (under) expenditures	98,389	98,389	137,558	39,169
Beginning fund balance	1,999,966	1,999,966	2,084,742	84,776
Ending fund balance	<u>\$ 2,098,355</u>	<u>\$ 2,098,355</u>	<u>\$ 2,222,300</u>	<u>\$ 123,945</u>

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IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>STUDENT FINANCIAL AID FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
From local sources:				
Interest from investments	\$ 11,334	\$ 11,334	\$ 31,505	\$ 20,171
Private scholarships	269,693	269,693	212,480	(57,213)
Loan Fund repayments	2,213,200	2,213,200	1,980,423	(232,777)
Miscellaneous income	25,000	25,000	660	(24,340)
Total from local sources	2,519,227	2,519,227	2,225,068	(294,159)
From federal sources	22,895,404	23,095,404	19,701,254	(3,394,150)
Total revenues	25,414,631	25,614,631	21,926,322	(3,688,309)
EXPENDITURES:				
College funded programs:				
Direct personnel services	118,500	317,050	189,731	127,319
Personnel benefits	6,706	8,156	8,122	34
Financial Aid tuition grants	56,000	156,000	146,678	9,322
Tuition grants contingency	5,000	5,000	203	4,797
PCC Opportunity Grant	125,000	770,650	810,170	(39,520)
Total College funded programs	311,206	1,256,856	1,154,904	101,952
Federal programs:				
Student Incentives Need Grants:				
Student grants	3,567,500	3,667,500	3,395,018	272,482
Other fund costs	35,000	35,000	-	35,000
Total Student Incentive Need Grants	3,602,500	3,702,500	3,395,018	307,482
PELL grants	17,500,000	17,500,000	14,576,030	2,923,970
Academic Competitiveness Grants	-	-	26,234	(26,234)
SEOG programs	1,230,000	1,288,450	1,246,068	42,382
Perkins / NDSL loans:				
Student loans	1,842,200	1,877,200	1,666,287	210,913
Other funds costs	133,296	133,296	162,504	(29,208)
Total Perkins / NDSL loans	1,975,496	2,010,496	1,828,791	181,705

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PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

STUDENT FINANCIAL AID FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES (continued):				
Nursing loans:				
Student loans	\$ 372,265	\$ 372,265	\$ 305,806	\$ 66,459
Other fund costs	11,850	36,850	23,354	13,496
Total Nursing loans	384,115	409,115	329,160	79,955
Workstudy	846,907	846,907	712,950	133,957
Total Federal programs	25,539,018	25,757,468	22,114,251	3,643,217
Other programs:				
Short Term Student Loan programs	321,051	321,051	212,480	108,571
Contingency	703,337	50,000	-	50,000
Total other programs	1,024,388	371,051	212,480	158,571
Total expenditures	26,874,612	27,385,375	23,481,635	3,903,740
Revenues (under) expenditures	(1,459,981)	(1,770,744)	(1,555,313)	215,431
OTHER FINANCING SOURCES (USES):				
Transfers in	629,350	629,350	623,755	(5,595)
Transfers out	(95,900)	(245,900)	(219,667)	26,233
Total other financing sources (uses)	533,450	383,450	404,088	20,638
Revenues and other financing sources (uses) (under) expenditures	(926,531)	(1,387,294)	(1,151,225)	236,069
Beginning fund balance	926,531	1,387,294	1,387,294	-
Ending fund balance	\$ -	\$ -	\$ 236,069	\$ 236,069

Continued from page 42.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of long-term debt principal and interest. The principal resources are proceeds from tax levies, earnings from investments and transfers from other funds. Funds included in the Debt Service Fund category are:

GENERAL OBLIGATION (G.O.) BONDS DEBT SERVICE FUND -

This fund accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest, regarding general obligation (G.O.) bonds. Revenues are derived from property taxes and earnings on investments.

CAPITAL LEASE/PURCHASE FUND - This fund accounts for the accumulation of resources for, and the payments of principal and interest related to certificates of participation (COP). Primary revenue sources are earnings on investments and transfers from the General Fund.

PERS DEBT SERVICE BOND FUND - This fund accounts for the payments of principal and interest related to Limited Tax Pension Bonds. Primary revenue sources are employee and employer pension contributions that are transferred from the internal service PERS Bond Fund.

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PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

GENERAL OBLIGATION BONDS DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
From local sources:				
Proceeds from tax levies - current year	\$ 15,846,452	\$ 15,846,452	\$ 16,230,535	\$ 384,083
Proceeds from tax levies - prior year	469,988	469,988	334,152	(135,836)
Interest from investments	101,148	101,148	413,896	312,748
Total revenues	16,417,588	16,417,588	16,978,583	560,995
EXPENDITURES:				
Principal payments	10,735,000	10,735,000	10,735,000	-
Interest payments	6,922,398	6,922,398	6,922,398	-
Total expenditures	17,657,398	17,657,398	17,657,398	-
Revenues (under) expenditures	(1,239,810)	(1,239,810)	(678,815)	560,995
Beginning fund balance	3,768,517	3,768,517	3,215,966	(552,551)
Ending fund balance	\$ 2,528,707	\$ 2,528,707	\$ 2,537,151	\$ 8,444

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>CAPITAL LEASE / PURCHASE FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest from investments	\$ 1,217	\$ 1,217	\$ -	\$ (1,217)
Total revenues	<u>1,217</u>	<u>1,217</u>	<u>-</u>	<u>(1,217)</u>
EXPENDITURES:				
Principal payment	115,000	115,000	115,000	-
Interest payment	<u>83,535</u>	<u>83,535</u>	<u>83,393</u>	<u>142</u>
Total expenditures	<u>198,535</u>	<u>198,535</u>	<u>198,393</u>	<u>142</u>
Revenues (under) expenditures	<u>(197,318)</u>	<u>(197,318)</u>	<u>(198,393)</u>	<u>(1,075)</u>
OTHER FINANCING SOURCES:				
Transfer from General Fund	<u>198,535</u>	<u>198,535</u>	<u>198,535</u>	<u>-</u>
Total other financing sources	<u>198,535</u>	<u>198,535</u>	<u>198,535</u>	<u>-</u>
Revenues and other financing sources over expenditures	1,217	1,217	142	(1,075)
Beginning fund balance	<u>44,264</u>	<u>44,264</u>	<u>44,356</u>	<u>92</u>
Ending fund balance	<u>\$ 45,481</u>	<u>\$ 45,481</u>	<u>\$ 44,498</u>	<u>\$ (983)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

PERS DEBT SERVICE BOND FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Principal payments	\$ 1,635,000	\$ 1,635,000	\$ 1,635,000	\$ -
Interest payments	5,248,879	5,248,879	5,248,879	-
Bond Issuance costs	5,000	5,000	-	5,000
Total expenditures	6,888,879	6,888,879	6,883,879	5,000
Revenues (under) expenditures	(6,888,879)	(6,888,879)	(6,883,879)	5,000
OTHER FINANCING SOURCES:				
Transfer from PERS Bond Fund	6,888,879	6,888,879	6,883,879	(5,000)
Total other financing sources	6,888,879	6,888,879	6,883,879	(5,000)
Revenues and other financing sources over expenditures	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the College's major capital outlay expenditures relating to the acquisition, construction and remodeling of capital facilities by the College. Their principal financing sources are the sale of General Obligation Bonds and transfers from other funds. Funds included in the Capital Projects Funds category are:

CAPITAL PROJECTS FUND – The Capital Projects Fund provides for the construction, remodeling and major maintenance of facilities and replacement of equipment for College programs and services. Funds for capital projects usually come from bond sales and transfers from other funds.

CAPITAL CONSTRUCTION FUND – The Capital Construction Fund accounts for the acquisition of real property and the construction of the new College buildings. Revenues are provided from bond proceeds and transfers from other funds.

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PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>CAPITAL PROJECTS FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Interest from investments	\$ 96,774	\$ 96,774	\$ 223,034	\$ 126,260
Other revenues	-	-	124,568	124,568
Total revenues	96,774	96,774	347,602	250,828
EXPENDITURES:				
Capital Outlay:				
Plant Services	5,020,000	5,432,336	294,047	5,138,289
Sylvania Campus	-	-	1,470,107	(1,470,107)
Rock Creek Campus	-	-	483,830	(483,830)
Cascade Campus	-	-	306,347	(306,347)
Southeast Center	-	-	78,513	(78,513)
District-wide projects	-	-	38,439	(38,439)
Total capital outlay expenditures	5,020,000	5,432,336	2,671,283	2,761,053
Contingency	500,000	500,000	-	500,000
Total expenditures	5,520,000	5,932,336	2,671,283	3,261,053
Revenues (under) expenditures	(5,423,226)	(5,835,562)	(2,323,681)	3,511,881
OTHER FINANCING SOURCES:				
Transfers in	2,690,000	3,180,000	3,180,000	-
Total other financing sources	2,690,000	3,180,000	3,180,000	-
Revenues and other financing sources over (under) expenditures	(2,733,226)	(2,655,562)	856,319	3,511,881
Beginning fund balance	3,519,046	3,441,382	3,441,382	-
Ending fund balance	\$ 785,820	\$ 785,820	\$ 4,297,701	\$ 3,511,881

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>CAPITAL CONSTRUCTION FUND</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest from investments	\$ 20,000	\$ 20,000	\$ 52,080	\$ 32,080
Miscellaneous income	-	-	11,376	11,376
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>63,456</u>	<u>43,456</u>
EXPENDITURES:				
District-wide Training Centers	150,000	60,000	874	59,126
District-wide Plant Services	747,423	655,293	395,626	259,667
Sylvania Campus	1,215,000	1,176,424	1,619,881	(443,457)
Rock Creek Campus	500,000	30,000	38,402	(8,402)
Cascade Campus	700,000	1,240,000	1,150,390	89,610
Contingency	46,213	-	-	-
Total expenditures	<u>3,358,636</u>	<u>3,161,717</u>	<u>3,205,173</u>	<u>(43,456)</u>
Revenues (under) expenditures	<u>(3,338,636)</u>	<u>(3,141,717)</u>	<u>(3,141,717)</u>	<u>-</u>
Beginning fund balance	<u>3,338,636</u>	<u>3,141,717</u>	<u>3,141,717</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



PROPRIETARY FUNDS

The Proprietary Funds account for the College's food services, bookstore operation, parking operation, print center, College-wide risk management program and PERS bond. Funds included in the Proprietary Funds category are:

ENTERPRISE FUNDS

FOOD SERVICES FUND – The Food Services Fund accounts for the cafeteria and related food service activities of the College. The principal sources of revenue are food service sales, vending machine income, and earnings on investments.

BOOKSTORE FUND – The Bookstore Fund provides students and staff with books and instructional supplies needed to carry out their educational programs. The principal source of revenue is sales of merchandise.

PARKING OPERATIONS FUND – The Parking Operations Fund accounts for the College parking program. The principal revenue source is from sales of parking permits.

INTERNAL SERVICE FUNDS

PRINT CENTER FUND - The Print Center Fund provides printing services for the College's community. Revenues are from user charges on the cost-reimbursement basis.

RISK MANAGEMENT FUND – The Risk Management Fund accounts for the revenues and expenses relating to management of a wide range of property and casualty insurance programs. Revenues are primarily charges from other funds.

PERS BOND FUND – The PERS Bond Fund accounts for revenues and expenses relating to the College's repayment of the bond that partially prepaid the unfunded pension actuarial liability.



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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

ENTERPRISE FUND - FOOD SERVICES

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Food service sales	\$ 3,267,634	\$ 3,267,634	\$ 2,703,653	\$ (563,981)
Vending machine income	360,766	360,766	374,453	13,687
Miscellaneous income	-	-	6,515	6,515
TOTAL OPERATING REVENUES	3,628,400	3,628,400	3,084,621	(543,779)
OPERATING EXPENSES:				
Direct personnel services	1,410,225	1,406,647	1,252,067	154,580
Personnel benefits	702,688	706,266	584,392	121,874
Supplies, material and services	1,619,384	1,619,384	1,391,051	228,333
Contingency	440,980	440,980	-	440,980
TOTAL OPERATING EXPENSES	4,173,277	4,173,277	3,227,510	945,767
OPERATING (LOSS)	(544,877)	(544,877)	(142,889)	401,988
NON-OPERATING REVENUES (EXPENSES):				
Interest from investments	10,488	10,488	14,040	3,552
Transfers in	125,739	125,739	125,739	-
Transfers out	(40,300)	(40,300)	(40,300)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	95,927	95,927	99,479	3,552
NET LOSS - budgetary basis	(448,950)	(448,950)	(43,410)	405,540
Beginning retained earnings - budgetary basis	448,950	448,950	456,624	7,674
RETAINED EARNINGS - budgetary basis	\$ -	\$ -	\$ 413,214	\$ 413,214
NET LOSS - budgetary basis			\$ (43,410)	
DEDUCT:				
Depreciation			(58,867)	
NET LOSS - GAAP basis			(102,277)	
Beginning retained earnings - GAAP basis			1,311,404	
RETAINED EARNINGS - GAAP basis			\$ 1,209,127	

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>ENTERPRISE FUND - BOOKSTORE</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
OPERATING REVENUES:				
Bookstore sales	9,934,638	\$ 9,934,638	\$ 10,972,816	\$ 1,038,178
Miscellaneous income	50,000	50,000	61,335	11,335
TOTAL OPERATING REVENUES	<u>9,984,638</u>	<u>9,984,638</u>	<u>11,034,151</u>	<u>1,049,513</u>
OPERATING EXPENSES:				
Direct personnel services	923,958	926,321	1,011,474	(85,153)
Personnel benefits	423,431	424,348	365,837	58,511
Material, supplies & services:				
Supplies and services	255,933	255,933	88,667	167,266
Credit card discount	99,346	99,346	105,351	(6,005)
Restocking fees	3,974	3,974	2,036	1,938
Accounts receivable - write offs	15,895	15,895	9,224	6,671
Freight in / freight out	248,366	248,366	225,005	23,361
Total materials, supplies & services	<u>623,514</u>	<u>623,514</u>	<u>430,283</u>	<u>193,231</u>
Material for resale	7,450,979	8,200,979	8,202,704	(1,725)
Capital outlay:				
Capital equipment	178,800	178,800	-	178,800
Total capital outlay	<u>178,800</u>	<u>178,800</u>	<u>-</u>	<u>178,800</u>
Contingency	1,422,957	1,392,727	-	1,392,727
TOTAL OPERATING EXPENSES	<u>11,023,639</u>	<u>11,746,689</u>	<u>10,010,298</u>	<u>1,736,391</u>
OPERATING INCOME (LOSS)	<u>(1,039,001)</u>	<u>(1,762,051)</u>	<u>1,023,853</u>	<u>2,785,904</u>

Continued on page 51.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

ENTERPRISE FUND - BOOKSTORE

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
NON-OPERATING REVENUES (EXPENSES):				
Transfers out	\$ (385,813)	\$ (385,813)	\$ (385,813)	\$ -
Interest from investments	70,849	70,849	295,575	224,726
TOTAL NON-OPERATING REVENUES (EXPENSES)	(314,964)	(314,964)	(90,238)	224,726
NET INCOME (LOSS) - budgetary basis	(1,353,965)	(2,077,015)	933,615	3,010,630
Beginning retained earnings - budgetary basis	6,779,829	7,502,879	7,502,879	-
RETAINED EARNINGS - budgetary basis	<u>\$ 5,425,864</u>	<u>\$ 5,425,864</u>	<u>\$ 8,436,494</u>	<u>\$ 3,010,630</u>
NET INCOME - budgetary basis			\$ 933,615	
DEDUCT:				
Depreciation			(102,393)	
NET INCOME - GAAP basis			831,222	
Beginning retained earnings - GAAP basis			9,821,620	
RETAINED EARNINGS - GAAP basis			<u>\$ 10,652,842</u>	

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

ENTERPRISE FUND - PARKING OPERATIONS

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Parking permits	\$ 1,646,463	\$ 1,646,463	\$ 1,495,070	\$ (151,393)
Dispenser permit	249,058	249,058	264,330	15,272
Parking fines	183,320	183,320	186,761	3,441
Other revenue	25,000	25,000	29,300	4,300
TOTAL OPERATING REVENUES	2,103,841	2,103,841	1,975,461	(128,380)
OPERATING EXPENSES:				
Direct personnel services	634,610	636,625	457,929	178,696
Personnel benefits	304,852	305,634	210,375	95,259
Supplies, material and services	622,137	731,137	607,997	123,140
Capital outlay	363,000	354,000	166,779	187,221
Contingency	253,627	326,817	-	326,817
TOTAL OPERATING EXPENSES	2,178,226	2,354,213	1,443,080	911,133
OPERATING INCOME (LOSS)	(74,385)	(250,372)	532,381	782,753
NON-OPERATING REVENUES (EXPENSES):				
Interest from investments	12,317	12,317	54,355	42,038
Transfers out	(385,813)	(385,813)	(385,813)	-
TOTAL NON-OPERATING (EXPENSES)	(373,496)	(373,496)	(331,458)	42,038
NET INCOME (LOSS) - budgetary basis	(447,881)	(623,868)	200,923	824,791
Beginning retained earnings - budgetary basis	447,881	623,868	623,868	-
RETAINED EARNINGS - budgetary basis	\$ -	\$ -	\$ 824,791	\$ 824,791
NET INCOME - budgetary basis			\$ 200,923	
ADD (DEDUCT):				
Capital outlay			166,779	
Depreciation			(99,196)	
NET INCOME - GAAP basis			268,506	
Beginning retained earnings - GAAP basis			1,400,597	
RETAINED EARNINGS - GAAP basis			\$ 1,669,103	

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

INTERNAL SERVICE FUND - PRINT CENTER

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Copy machine income	\$ 543,538	\$ 543,538	\$ 528,907	\$ (14,631)
Production income	25,526	25,526	30,008	4,482
Income from General Fund	418,546	418,546	341,634	(76,912)
Income from Food Services Fund	2,500	2,500	3,526	1,026
Income from Bookstore Fund	107,857	107,857	76,908	(30,949)
Income from Parking Operation Fund	5,500	5,500	6,334	834
Income from Contracts & Grants Fund	48,241	48,241	46,658	(1,583)
Income from Auxiliary Services Fund	2,250	2,250	1,473	(777)
Income from Student Activities Fund	3,250	3,250	5,654	2,404
Miscellaneous income	2,580	2,580	2,080	(500)
TOTAL OPERATING REVENUES	1,159,788	1,159,788	1,043,182	(116,606)
OPERATING EXPENSES:				
Direct personnel services	404,463	406,574	363,416	43,158
Personnel benefits	207,974	208,791	166,796	41,995
Materials, supplies and services	221,430	221,430	413,054	(191,624)
Capital outlay: capital lease payment	330,940	330,940	99,385	231,555
Contingency	203,577	215,519	-	215,519
TOTAL OPERATING EXPENSES	1,368,384	1,383,254	1,042,651	340,603
OPERATING INCOME (LOSS)	(208,596)	(223,466)	531	223,997
NON-OPERATING REVENUES (EXPENSES):				
Interest from investments	15,423	15,423	24,828	9,405
Transfers out	(82,913)	(82,913)	(82,913)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(67,490)	(67,490)	(58,085)	9,405
NET LOSS - budgetary basis	(276,086)	(290,956)	(57,554)	233,402
Beginning retained earnings - budgetary basis	405,864	420,734	420,734	-
RETAINED EARNINGS - budgetary basis	\$ 129,778	\$ 129,778	\$ 363,180	\$ 233,402
NET LOSS - budgetary basis			\$ (57,554)	
ADD (DEDUCT):				
Depreciation			(99,195)	
Capital lease payment, principal			85,095	
Loss on disposal of equipment			(2,250)	
NET LOSS - GAAP basis			(73,904)	
Beginning retained earnings - GAAP basis			509,722	
RETAINED EARNINGS - GAAP basis			\$ 435,818	

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

<u>INTERNAL SERVICE FUND - RISK MANAGEMENT</u>				VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
OPERATING REVENUES:				
Department workers' compensation charges	\$ 665,729	\$ 665,729	\$ 820,315	\$ 154,586
Department unemployment insurance charges	539,233	539,233	562,295	23,062
Miscellaneous income	-	-	43,615	43,615
TOTAL OPERATING REVENUES	1,204,962	1,204,962	1,426,225	221,263
OPERATING EXPENSES:				
Direct personnel services	143,737	145,896	150,310	(4,414)
Personnel benefits	69,915	70,750	62,168	8,582
Materials, supplies and services:				
Supplies	7,944	7,944	4,271	3,673
Contracted maintenance & services	140,000	140,000	176,076	(36,076)
Insurance deduction expenses	210,000	210,000	12,276	197,724
Workers' compensation expenses	800,000	800,000	542,304	257,696
Unemployment insurance expenses	356,825	356,825	227,557	129,268
Claim adjusting expenses	45,000	45,000	-	45,000
Miscellaneous expenses	31,874	31,874	24,647	7,227
	1,591,643	1,591,643	987,131	604,512
Contingency	335,000	1,134,644	-	1,134,644
TOTAL OPERATING EXPENSES	2,140,295	2,942,933	1,199,609	1,743,324
OPERATING INCOME (LOSS)	(935,333)	(1,737,971)	226,616	1,964,587
NON-OPERATING REVENUES:				
Interest from investments	59,856	59,856	189,980	130,124
TOTAL NON-OPERATING REVENUES	59,856	59,856	189,980	130,124
NET INCOME (LOSS)	(875,477)	(1,678,115)	416,596	2,094,711
Beginning retained earnings	2,253,701	3,056,339	3,056,339	-
RETAINED EARNINGS	\$ 1,378,224	\$ 1,378,224	\$ 3,472,935	\$ 2,094,711

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
For the year ended June 30, 2007

INTERNAL SERVICE FUND - PERS BOND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Department PERS charges	\$ 11,219,937	\$ 11,219,937	\$ 11,774,918	\$ 554,981
TOTAL OPERATING REVENUES	11,219,937	11,219,937	11,774,918	554,981
NON-OPERATING REVENUES (EXPENSES):				
Payment to PERS for UAL	-	(2,511,545)	-	2,511,545
Transfers to Debt Service Fund	(6,888,879)	(6,888,879)	(6,883,879)	5,000
Interest from investments	409,864	409,864	1,224,688	814,824
TOTAL NON-OPERATING EXPENSES	(6,479,015)	(8,990,560)	(5,659,191)	3,331,369
NET INCOME	4,740,922	2,229,377	6,115,727	3,886,350
Beginning retained earnings	14,904,161	17,415,706	17,415,706	-
RETAINED EARNINGS	<u>\$ 19,645,083</u>	<u>\$ 19,645,083</u>	<u>\$ 23,531,433</u>	<u>\$ 3,886,350</u>



FIDUCIARY FUND

PENSION TRUST FUND – The Pension Trust Fund is the College's only fiduciary fund. It accounts for monies reserved by the College for the future obligations of the College's early retirement program and the related expenditures. The primary revenue sources are transfers from the General Fund and investment earnings.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2007

PENSION TRUST FUND - EARLY RETIREMENT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Amount provided by General Fund	\$ 819,945	\$ 819,945	\$ 819,945	\$ -
Interest from investments	21,607	21,607	90,303	68,696
TOTAL OPERATING REVENUES	841,552	841,552	910,248	68,696
OPERATING EXPENSES:				
Benefits	435,000	435,000	295,031	139,969
Health insurance	393,720	393,720	242,072	151,648
FICA	33,278	33,278	22,570	10,708
Employee assistance program	-	-	1,465	(1,465)
Contingency	118,000	118,000	-	118,000
TOTAL OPERATING EXPENSES	979,998	979,998	561,138	418,860
NET INCOME (LOSS)	(138,446)	(138,446)	349,110	487,556
Beginning fund balance	1,200,372	1,200,372	1,345,830	145,458
ENDING FUND BALANCE	\$ 1,061,926	\$ 1,061,926	\$ 1,694,940	\$ 633,014

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2007

GENERAL OBLIGATION BONDS

FISCAL YEAR	<u>SERIES 2001A, ISSUED 5/22/2001</u>		TOTAL REQUIREMENTS
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2007-08	\$ 1,890,000	\$ 382,542	\$ 2,272,542
2008-09	1,970,000	305,876	2,275,876
2009-10	2,055,000	211,709	2,266,709
2010-11	2,145,000	115,685	2,260,685
TOTALS	<u>\$ 8,060,000</u>	<u>\$ 1,015,812</u>	<u>\$ 9,075,812</u>

FISCAL YEAR	<u>SERIES 2001B, ISSUED 7/12/2001</u>		TOTAL REQUIREMENTS
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2007-08	\$ 3,975,000	\$ 797,473	\$ 4,772,473
2008-09	4,135,000	637,649	4,772,649
2009-10	4,310,000	441,341	4,751,341
2010-11	4,550,000	241,165	4,791,165
TOTALS	<u>\$ 16,970,000</u>	<u>\$ 2,117,628</u>	<u>\$ 19,087,628</u>

GENERAL OBLIGATION CITIZEN BONDS (ZERO-COUPON)

<u>MATURITY -- JULY 1st</u>	<u>MATURITY (FACE) VALUE</u>	<u>DISCOUNT</u>	<u>PRINCIPAL OUTSTANDING</u>
2007	\$ 3,300,000	\$ -	\$ 3,300,000
2013	1,165,000	333,484	831,516
TOTALS	<u>\$ 4,465,000</u>	<u>\$ 333,484</u>	<u>\$ 4,131,516</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2007

GENERAL OBLIGATION - ADVANCE REFUNDING BONDS

FISCAL YEAR	<u>SERIES 1997, ISSUED 11/01/1997</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 115,000	\$ 728,668	\$ 843,668
2008-09	2,510,000	666,980	3,176,980
2009-10	2,690,000	543,435	3,233,435
2010-11	2,875,000	399,813	3,274,813
2011-12	3,095,000	243,375	3,338,375
2012-13	3,320,000	83,000	3,403,000
TOTALS	<u>\$ 14,605,000</u>	<u>\$ 2,665,271</u>	<u>\$ 17,270,271</u>

FISCAL YEAR	<u>SERIES 2002A, ISSUED 4/30/2002</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 200,000	436,594	\$ 636,594
2008-09	1,190,000	409,294	1,599,294
2009-10	1,185,000	361,794	1,546,794
2010-11	1,175,000	314,006	1,489,006
2011-12	1,165,000	265,891	1,430,891
2012-13	1,155,000	217,319	1,372,319
2013-14	3,505,000	96,388	3,601,388
TOTALS	<u>\$ 9,575,000</u>	<u>\$ 2,101,286</u>	<u>\$ 11,676,286</u>

FISCAL YEAR	<u>SERIES 2005, ISSUED 6/15/2005</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 2,270,000	\$ 4,158,013	\$ 6,428,013
2008-09	3,035,000	4,078,563	7,113,563
2009-10	430,000	3,964,750	4,394,750
2010-11	1,095,000	3,948,625	5,043,625
2011-12	8,725,000	3,907,563	12,632,563
2012-13	10,000,000	3,483,500	13,483,500
2013-14	10,835,000	2,983,500	13,818,500
2014-15	10,635,000	2,441,750	13,076,750
2015-16	11,635,000	1,910,000	13,545,000
2016-17	12,710,000	1,328,250	14,038,250
2017-18	13,855,000	692,750	14,547,750
TOTALS	<u>\$ 85,225,000</u>	<u>\$ 32,897,264</u>	<u>\$ 118,122,264</u>

Continued from pages 57 through 60.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2007

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 1,670,000	\$ 5,214,870	\$ 6,884,870
2008-09	1,710,000	5,173,287	6,883,287
2009-10	1,765,000	5,125,065	6,890,065
2010-11	1,930,000	5,068,409	6,998,409
2011-12	2,290,000	5,001,438	7,291,438
2012-13	2,685,000	4,917,395	7,602,395
2013-14	3,110,000	4,815,097	7,925,097
2014-15	3,565,000	4,693,496	8,258,496
2015-16	4,060,000	4,551,252	8,611,252
2016-17	4,590,000	4,385,198	8,975,198
2017-18	5,165,000	4,192,877	9,357,877
2018-19	5,810,000	3,944,441	9,754,441
2019-20	6,505,000	3,664,980	10,169,980
2020-21	7,250,000	3,352,089	10,602,089
2021-22	8,050,000	3,003,364	11,053,364
2022-23	8,910,000	2,616,159	11,526,159
2023-24	9,825,000	2,187,588	12,012,588
2024-25	10,810,000	1,715,006	12,525,006
2025-26	11,860,000	1,195,045	13,055,045
2026-27	12,985,000	624,579	13,609,579
TOTALS	<u>\$ 114,545,000</u>	<u>\$ 75,441,635</u>	<u>\$ 189,986,635</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2007

CERTIFICATE OF PARTICIPATION AND UTILITY LOAN PAYABLE

CERTIFICATE OF PARTICIPATION

FISCAL YEAR	SERIES 1998, ISSUED 4/01/98		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 120,000	\$ 78,475	\$ 198,475
2008-09	125,000	73,135	198,135
2009-10	130,000	67,510	197,510
2010-11	135,000	61,660	196,660
2011-12	140,000	55,450	195,450
2012-13	150,000	48,870	198,870
2013-14	155,000	41,820	196,820
2014-15	165,000	34,380	199,380
2015-16	170,000	26,460	196,460
2016-17	180,000	18,130	198,130
2017-18	190,000	9,310	199,310
TOTALS	<u>\$ 1,660,000</u>	<u>\$ 515,200</u>	<u>\$ 2,175,200</u>

UTILITY LOAN PAYABLE

FISCAL YEAR			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2007-08	\$ 17,250	\$ 4,419	\$ 21,669
2008-09	19,119	3,200	22,319
2009-10	21,138	1,851	22,988
2010-11	15,859	417	16,276
TOTALS	<u>\$ 73,365</u>	<u>\$ 9,887</u>	<u>\$ 83,252</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- GENERAL FUND
For the year ended June 30, 2007

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2006	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/07
GENERAL FUND:						
Current:						
2006-07	\$ 22,982,359	\$ (573,287)	\$ (68,102)	\$ 10,482	\$ (21,779,719)	\$ 571,733
Prior years:						
2005-06	532,746	357	(41,711)	12,080	(332,255)	171,217
2004-05	160,207	160	(11,255)	6,287	(74,773)	80,626
2003-04	83,292	154	(11,222)	6,346	(46,889)	31,681
2002-03	35,971	56	(6,854)	3,085	(22,665)	9,593
2001-02	9,847	2	(2,195)	618	(2,963)	5,309
2000 and prior	20,735	3	(296)	693	(4,127)	17,008
Total prior	842,798	732	(73,533)	29,109	(483,672)	315,434
Total General Fund	\$ 23,825,157	\$ (572,555)	\$ (141,635)	\$ 39,591	\$ (22,263,391)	\$ 887,167

RECONCILIATION TO REVENUES:

	GENERAL FUND
Cash collection by county treasurer above	\$ 22,263,391
Property taxes susceptible to accrual at June 30, 2007	139,773
Property taxes susceptible to accrual at July 1, 2006	(109,358)
Taxes in lieu of property taxes and other adjustments	217,834
Total revenues	\$ 22,511,640

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- DEBT SERVICE FUND
For the year ended June 30, 2007

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2006	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/07
DEBT SERVICE FUND:						
Current:						
2006-07	<u>\$ 16,910,320</u>	<u>\$ (421,806)</u>	<u>\$ (50,133)</u>	<u>\$ 7,717</u>	<u>\$ (16,025,227)</u>	<u>\$ 420,871</u>
Prior years:						
2005-06	402,523	269	(31,600)	9,141	(250,930)	129,403
2004-05	130,446	131	(9,147)	5,092	(60,876)	65,646
2003-04	68,588	126	(9,184)	5,183	(38,489)	26,224
2002-03	27,329	42	(5,208)	2,328	(17,214)	7,277
2001-02	9,524	1	(2,129)	593	(2,859)	5,130
2000 and prior	<u>5,607</u>	<u>1</u>	<u>(625)</u>	<u>220</u>	<u>(1,242)</u>	<u>3,961</u>
Total prior	<u>644,017</u>	<u>570</u>	<u>(57,893)</u>	<u>22,557</u>	<u>(371,610)</u>	<u>237,641</u>
Total Debt Service Fund	<u><u>\$ 17,554,337</u></u>	<u><u>\$ (421,236)</u></u>	<u><u>\$ (108,026)</u></u>	<u><u>\$ 30,274</u></u>	<u><u>\$ (16,396,837)</u></u>	<u><u>\$ 658,512</u></u>

RECONCILIATION TO REVENUES:	DEBT SERVICE FUND
Cash collection by county treasurer above	<u>\$ 16,396,837</u>
Property taxes susceptible to accrual at June 30, 2007	104,324
Property taxes susceptible to accrual at July 1, 2006	(83,348)
Taxes in lieu of property taxes and other adjustments	<u>146,874</u>
Total revenues	<u><u>\$ 16,564,687</u></u>



Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	63
Revenue Capacity These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.	65
Debt Capacity These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.	75
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	80
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.	83

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB Statement 35 in 2002; schedules presenting "government-wide information" include information beginning that year.

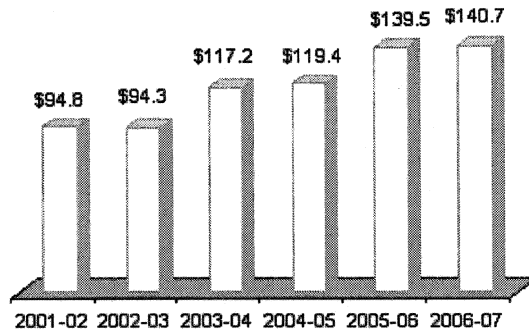
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

NET ASSETS BY COMPONENT AND CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS (in Thousands)

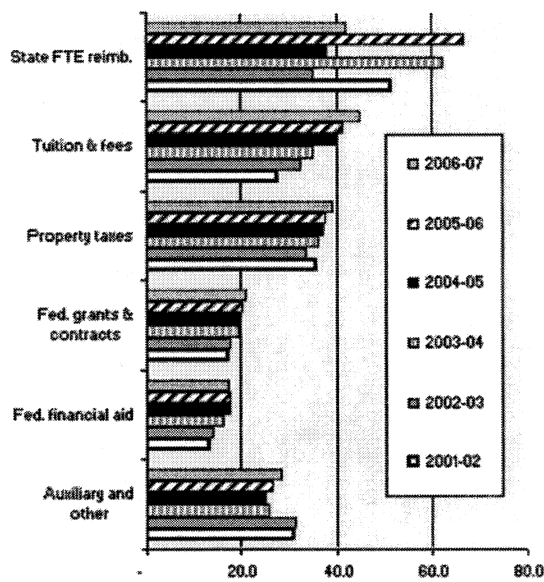
NET ASSETS BY COMPONENT	June 30,					
	2007	2006	2005	2004	2003	2002
Net assets invested in capital assets, as restated	\$ 226,769	\$ 228,863	\$ 225,776	\$ 202,340	\$ 143,388	\$ 113,142
Less related debt	(140,579)	(148,176)	(144,881)	(125,142)	(75,124)	(52,366)
Invested in capital assets, net	86,190	80,687	80,895	77,198	68,264	60,776
Net assets, restricted	9,056	8,996	8,975	9,497	8,688	10,683
Net assets, unrestricted, as restated	45,409	49,805	29,538	30,460	17,307	23,301
TOTAL NET ASSETS, as restated	\$ 140,655	\$ 139,488	\$ 119,408	\$ 117,155	\$ 94,259	\$ 94,760
CHANGES IN NET ASSETS	Years ended June 30,					
	2007	2006	2005	2004	2003	2002
Operating revenues						
Student tuition and fees, net, as restated	\$ 45,085	\$ 41,213	\$ 39,887	\$ 34,938	\$ 32,435	\$ 27,667
Grants and contracted programs	20,958	20,248	19,909	19,392	17,674	17,303
Auxiliary enterprises	13,564	13,039	13,238	13,062	13,305	12,565
Other operating revenues, as restated	3,775	4,343	3,922	5,947	5,265	4,649
Total operating revenues, as restated	83,382	78,843	76,956	73,339	68,679	62,184
Nonoperating revenues						
State FTE reimbursement	42,146	66,695	37,722	62,346	34,994	51,653
Property taxes	39,100	37,715	37,100	36,028	33,391	35,605
Federal financial aid	17,631	17,522	17,745	16,388	14,034	13,193
State and local grants and contracts	6,814	5,935	5,826	5,323	5,280	4,741
Investment income	4,149	3,209	2,038	1,329	5,146	7,261
Other nonoperating revenues	-	-	-	-	2,500	1,853
Total nonoperating revenues	109,840	131,076	100,431	121,414	95,345	114,306
Total Revenues, as restated	193,222	209,919	177,387	194,753	164,024	176,490
Operating expenses						
Campus educational and campus general	84,332	78,907	82,283	80,101	75,755	73,235
Other educational and general, as restated	36,917	45,930	30,356	28,473	29,810	30,477
Grants and contracted programs	25,675	24,516	23,369	22,751	20,695	18,773
Auxiliary enterprises	14,914	14,232	14,136	14,157	13,025	11,810
Student financial aid, net tuition and textbooks	6,617	5,726	6,671	7,757	8,195	8,274
Other support services	3,303	2,674	3,134	3,568	4,349	6,730
Depreciation and amortization	7,292	6,770	5,059	4,666	3,496	2,875
Total operating expenses, as restated	179,050	178,755	165,008	161,473	155,325	152,174
Nonoperating expenses						
Interest expense	12,412	10,884	9,667	10,226	9,200	9,082
Other nonoperating expenses	593	200	459	158	-	-
Total nonoperating expenses	13,005	11,084	10,126	10,384	9,200	9,082
Total Expenses	192,055	189,839	175,134	171,857	164,525	161,256
TOTAL INCREASE (DECREASE) IN NET ASSETS, AS RESTATED	\$ 1,167	\$ 20,080	\$ 2,253	\$ 22,896	\$ (501)	\$ 15,234

Net Assets

(\$ in millions)



Total Revenues (\$ in millions)



Operating Expenses

(\$ in millions)

	2001-02	2006-07	% change
Campus educational & general	\$ 73.2	\$ 84.3	15%
Other educational & general	30.5	36.9	21%
Grants and contracts	18.8	25.7	37%
Auxiliary enterprises	11.8	14.9	26%
Financial aid, net tuition & textbooks	8.3	6.6	-20%
Other	9.6	10.6	10%
Total Operating Expenses	\$ 152.2	\$ 179.0	18%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST SIX FISCAL YEARS (in Thousands)

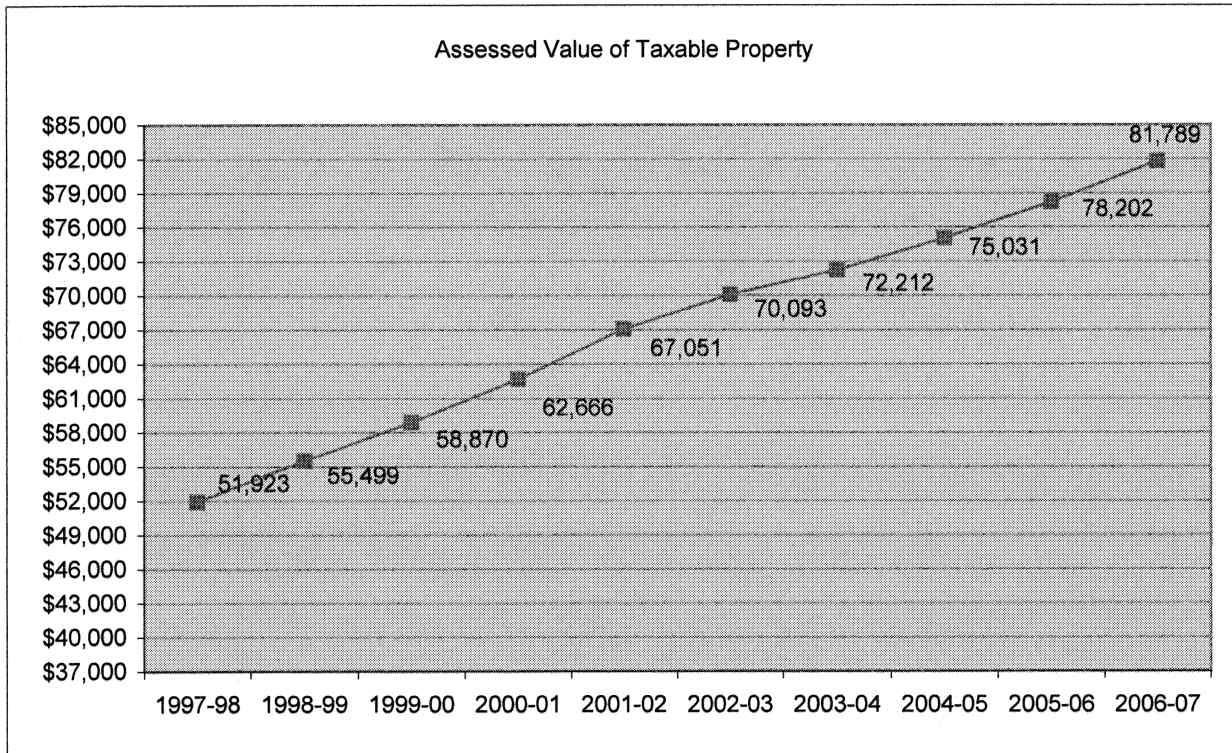
	Years Ended June 30,					
	2007	2006	2005	2004	2003	2002
Federal sources:						
Federal financial aid	\$ 17,631	\$ 17,522	\$ 17,745	\$ 16,388	\$ 14,034	\$ 13,193
Other federal grants and contracts	20,958	20,248	19,909	19,392	17,674	17,303
Total federal sources	38,589	37,770	37,654	35,780	31,708	30,496
State sources:						
State FTE reimbursement	42,146	66,695	37,722	62,346	34,994	51,653
Other state grants and contracts	6,814	5,935	5,826	5,323	5,280	4,741
Total state sources	48,960	72,630	43,548	67,669	40,274	56,394
Local sources:						
Property taxes	39,100	37,715	37,100	36,028	33,391	35,605
Student tuition and fees, net of scholarship allowance, as restated	45,085	41,213	39,887	34,938	32,435	27,667
Auxiliary enterprise:						
Food Services	3,085	3,051	3,089	2,905	2,851	2,750
Bookstore, net of scholarship allowance	8,504	8,167	8,461	8,580	8,765	8,169
Parking Operation	1,975	1,821	1,688	1,577	1,689	1,646
Investment income	4,149	3,209	2,038	1,329	5,146	7,261
Other local sources, as restated	3,775	4,343	3,922	5,947	7,765	6,502
Total local sources	105,673	99,519	96,185	91,304	92,042	89,600
Total revenues, as restated	\$ 193,222	\$ 209,919	\$ 177,387	\$ 194,753	\$ 164,024	\$ 176,490



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ASSESSED AND REAL MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (in Thousands)

	2006-07	2005-06	2004-05	2003-04
Assessed Valuation	\$ 81,788,844	\$ 78,201,863	\$ 75,030,939	\$ 72,212,490
Percentage Increased (decreased)	4.6%	4.2%	3.9%	3.0%
Real Market Valuation	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037
Percentage Increased (decreased)	16.8%	6.2%	-4.9%	7.3%
Ratio of Assessed Valuation to Real Market Valuation	56.9%	63.5%	64.7%	59.2%



Source: Tax Supervising and Conservation Commission, Portland, Oregon

<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 70,093,393	\$ 67,051,397	\$ 62,665,635	\$ 58,870,407	\$ 55,498,582	\$ 51,922,676
4.5%	7.0%	6.4%	6.1%	6.9%	-14.0%
\$ 113,625,645	\$ 104,117,037	\$ 95,845,124	\$ 87,064,429	\$ 72,520,879	\$ 67,374,205
9.1%	8.6%	10.1%	20.1%	7.6%	11.6%
61.7%	64.4%	65.4%	67.6%	76.5%	77.1%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS
LAST TEN FISCAL YEARS (in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Tax rate (1)	<u>\$ 0.49</u>	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 0.51</u>
Levy extended by assessor (2)	<u>\$ 39,893</u>	<u>\$ 38,725</u>	<u>\$ 38,140</u>	<u>\$ 36,817</u>
Reduction of taxes receivable: (3) (4)				
Current year	<u>\$ 38,900</u>	<u>\$ 37,789</u>	<u>\$ 37,145</u>	<u>\$ 35,767</u>
First year prior	635	704	721	707
Second year prior	144	177	217	203
Third year prior	94	101	124	86
Fourth year prior	46	51	42	37
Fifth year prior	9	4	5	4
Sixth year prior and earlier	<u>5</u>	<u>5</u>	<u>6</u>	<u>5</u>
Total prior	<u>933</u>	<u>1,042</u>	<u>1,116</u>	<u>1,043</u>
Total Property Taxes	<u>\$ 39,833</u>	<u>\$ 38,831</u>	<u>\$ 38,261</u>	<u>\$ 36,810</u>

(1) Rates per \$1,000 of assessed value. This is the combined rate of the General and Debt Service Funds.

(2) Extended levy after additions and offsets by the county assessor.

(3) Amounts include collections, interest on deficiencies, discount allowed for early payment and adjustments and cancellations made by the county assessors.

(4) Amounts are based upon the tax collection year July 1 to June 30.
Revenues as recorded in the financial statements are recognized when measurable and available.

Sources: Departments of Assessment and Taxation for Clackamas, Columbia, Multnomah, Washington and Yamhill counties.
Portland Community College financial records.
Tax Supervising and Conservation Commission.

<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
<u>\$ 0.49</u>	<u>\$ 0.55</u>	<u>\$ 0.37</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>
<u>\$ 34,523</u>	<u>\$ 36,539</u>	<u>\$ 23,127</u>	<u>\$ 20,981</u>	<u>\$ 19,342</u>	<u>\$ 18,805</u>
<u>\$ 33,434</u>	<u>\$ 35,344</u>	<u>\$ 22,362</u>	<u>\$ 20,238</u>	<u>\$ 18,688</u>	<u>\$ 18,213</u>
732	451	453	408	357	593
174	139	111	112	118	115
101	79	68	73	76	113
46	38	32	27	33	50
11	4	3	4	5	13
4	7	5	6	9	19
<u>1,069</u>	<u>719</u>	<u>671</u>	<u>630</u>	<u>598</u>	<u>902</u>
<u>\$ 34,504</u>	<u>\$ 36,063</u>	<u>\$ 23,033</u>	<u>\$ 20,867</u>	<u>\$ 19,286</u>	<u>\$ 19,116</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
LAST NINE FISCAL YEARS

	PERCENT WITHIN COLLEGE DISTRICT	05-06	04-05	DOLLARS PER \$1,000 TRUE CASH VALUE						
				03-04	02-03	01-02	00-01	99-00	98-99	97-98
Columbia County	76.5%	0.02	1.74	1.77	1.78	1.78	1.79	1.70	1.32	1.29
Washington County	100%	0.03	2.87	2.90	2.91	2.96	2.52	2.54	2.56	2.60
Lake Grove Park and Recreation District	100.0%	0.00	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Tualatin Hills Park and Recreation District	100.0%	1.45	1.42	1.46	1.46	1.47	1.48	1.56	1.53	1.53
Chehalem Park and Recreation District	100.0%	0.91	0.91	0.91	0.90	0.91	0.91	0.91	0.91	0.91
Greater St. Helens Park & Rec.	99.9%	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.22
Col 37135 Comm District	76.5%	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portland Port District	66.3%	0.07	0.06	0.07	0.06	0.07	0.07	0.07	0.08	0.07
St. Helens Port District	75.6%	0.09	0.09	0.09	0.08	0.09	0.09	0.09	0.09	0.07
Rainbow Lanes Special Road District	100.0%	0.49	0.49	0.49	0.48	0.49	0.49	0.49	0.49	0.49
Otter Creek Highland Road	100.0%	0.42	0.42	0.42	0.41	0.42	0.42	0.42	0.42	0.42
Skyline Crest Road	100.0%	0.48	0.48	0.48	0.47	0.48	0.05	0.05	0.05	0.05
Ramsey-Walmer Road	100.0%	0.00	0.30	0.31	0.32	0.66	0.04	0.73	0.73	0.73
Urban Road Maintenance	100.0%	0.00	0.25	0.25	0.24	0.25	0.25	0.25	0.25	0.25
Alto Park Water District	100.0%	1.85	1.85	1.85	1.59	1.60	1.60	1.57	1.60	1.60
Burlington Water District	100.0%	3.43	3.43	3.43	3.42	3.43	3.43	3.42	3.40	3.40
East Multnomah SWCD	55.8%	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Valley View Water District	100.0%	0.48	0.50	0.52	0.54	0.56	0.56	0.00	0.00	0.00
Tualatin Water (Metzger Bond)	99.9%	0.00	0.13	0.22	0.23	0.23	0.25	0.28	0.28	0.27
Tualatin Water (Wolf Creek Bond)	99.9%	0.00	0.06	0.14	0.14	0.15	0.16	0.15	0.24	0.25
Columbia Vector	75.3%	0.00	0.13	0.13	0.12	0.13	0.13	0.13	0.12	0.01
Columbia 4H and Extension	76.5%	0.01	0.01	0.06	0.05	0.06	0.06	0.05	0.01	0.01
Tri-City Service District	71.0%	0.00	0.19	0.00	0.00	0.39	0.79	0.90	1.00	0.06
Tri-Met	70.9%	0.12	0.11	0.11	0.12	0.14	0.18	0.14	0.15	0.16
Scappoose Library	100.0%	0.25	0.25	0.25	0.33	0.46	0.47	0.48	0.36	0.37
Enhanced Sheriff Patrol	100.0%	0.01	1.14	1.17	1.02	1.05	1.08	1.05	1.04	0.64
Lake Grove RFPD	100.0%	2.46	1.91	2.36	2.37	2.39	2.24	2.34	1.91	0.91
Vernonia RFPD	100.0%	1.21	0.61	1.23	1.18	1.23	1.32	1.17	1.18	0.83
Multnomah 11J RFPD	100.0%	1.67	1.67	1.58	1.66	1.67	1.65	1.66	1.24	1.24
Cornelius RFPD	100.0%	1.53	1.56	1.93	1.96	2.01	1.95	2.11	1.19	1.17
Forest Grove RFPD	100.0%	1.42	1.44	1.39	1.45	1.47	1.46	1.46	1.46	0.14
Gaston JT RFPD	81.2%	1.51	1.09	1.30	1.30	1.30	1.09	1.07	1.07	1.32
Tri-City RFPD	100.0%	2.01	1.41	1.54	1.66	1.69	1.55	1.54	1.08	1.34
Tualatin Valley JT RFPD	84.3%	1.83	1.83	1.83	1.82	1.83	1.59	1.55	1.53	1.54
Washington County RFPD #2	100.0%	1.12	1.12	1.12	1.12	1.31	1.30	1.29	1.15	1.48
Dundee RFPD	85.2%	0.06	0.56	0.56	0.51	0.41	0.05	0.05	0.06	0.06
Newberg RFPD	98.9%	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Mist - Birkenfeld JT RFPD	88.5%	2.09	2.09	2.09	2.08	2.09	2.09	1.32	1.33	0.98
Sauvie Island 30 RFPD	100.0%	1.56	1.04	1.09	1.15	1.16	1.02	1.03	1.06	1.10
Columbia Health District	97.0%	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.00
Columbia County Communication	76.2%		0.54	0.55	0.55	0.57	0.06	0.06	0.24	0.23
Lake Oswego 7J School District	99.2%	0.52	3.60	3.60	3.55	3.67	3.19	3.05	3.12	3.41
Scappoose 1J School District	100.0%	2.85	1.70	2.91	2.92	2.91	2.93	2.93	2.87	2.69

Note: 2006-07 information was not available.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
LAST NINE FISCAL YEARS

	PERCENT WITHIN COLLEGE DISTRICT	DOLLARS PER \$1,000 TRUE CASH VALUE								
		05-06	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98
Vernonia 47J School District	100.0%	4.85	4.85	4.84	4.84	4.88	4.89	4.88	4.92	4.98
St. Helens 502 School District	99.9%	6.87	3.47	6.90	6.78	6.85	6.90	7.16	6.95	6.95
Portland School District 1J	100.0%	4.76	3.48	6.87	6.95	6.63	6.61	6.19	6.17	6.51
Riverdale 51J School District	100.0%	6.64	7.01	7.15	7.11	7.19	6.39	6.34	6.76	6.75
Banks 13 School District	100.0%	7.35	7.43	7.47	8.10	8.06	8.12	8.45	8.33	8.25
Forest Grove 15 School District	100.0%	0.81	8.18	8.22	8.35	8.24	6.42	8.28	8.05	8.25
Tigard 23J (Sherwood bond)	100.0%	0.91	1.02	1.13	1.06	1.05	1.25	1.23	1.26	1.32
Beaverton 48J School District	100.0%	7.70	6.58	7.67	6.54	6.35	6.11	6.18	6.17	6.16
Sherwood 88J School District	95.6%	7.01	8.31	8.34	8.38	8.43	8.61	7.80	6.05	6.13
Gaston 511J School District	82.3%	5.51	5.52	5.38	5.51	5.63	5.58	6.74	7.11	7.33
Hillsboro 1J School District	125.0%	1.48	1.56	1.53	1.55	1.65	1.41	1.48	1.39	1.35
Newberg 29J School District	97.4%	8.13	8.17	8.77	6.59	6.82	6.68	6.90	7.02	7.07
Northwest Regional ESD	83.1%	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.02
Multnomah ESD	67.5%	0.05	0.45	0.45	0.45	0.45	0.45	0.46	0.45	0.45
Portland Community College	100.0%	0.49	0.35	0.51	0.49	0.55	0.37	0.36	0.35	0.36
City of Banks	100.0%	0.02	1.97	3.77	3.70	3.77	3.78	3.80	1.97	1.97
City of Beaverton	100.0%	4.01	4.10	3.97	3.60	3.32	3.88	3.99	3.66	3.38
Columbia City	100.0%	1.96	1.04	2.06	2.20	1.87	1.91	1.70	1.46	1.94
City of Cornelius	100.0%	4.26	4.31	4.65	4.58	4.66	4.68	4.73	4.38	4.41
City of Dundee	100.0%	0.28	2.75	3.06	2.85	2.31	2.31	2.31	2.31	2.96
City of Durham	100.0%	1.86	1.94	1.96	1.84	1.84	1.89	1.47	0.49	0.49
City of Forest Grove	100.0%	5.45	5.53	5.55	4.57	4.60	4.68	4.70	4.00	4.10
City of Gaston	100.0%	6.61	6.61	6.61	6.61	6.61	6.61	6.61	6.61	6.63
City of Hillsboro	100.0%	4.77	4.77	4.77	4.76	4.77	4.77	4.82	3.73	3.75
City of King City	100.0%	0.19	1.53	1.93	1.94	1.97	1.99	2.02	1.53	1.53
Lake Oswego City	99.1%	6.35	10.44	11.23	10.86	10.79	10.74	11.13	10.43	10.35
City of Newberg	100.0%	4.86	4.90	4.93	4.98	4.88	4.91	5.06	5.18	5.00
City of North Plains	100.0%	2.64	3.16	3.17	3.23	3.26	2.70	2.71	0.29	0.29
City of St. Helens	100.0%	1.91	1.91	1.91	1.91	1.91	1.90	1.91	1.90	1.83
City of Scappoose	100.0%	3.85	1.92	3.84	4.55	3.73	4.13	4.17	4.30	4.05
City of Sherwood	100.0%	4.19	4.19	4.42	4.58	4.72	4.39	4.39	4.73	4.84
City of Tigard	100.0%	2.72	2.70	2.68	2.90	2.58	2.60	2.59	3.10	3.12
City of Tualatin	88.0%	2.52	2.38	2.39	2.38	2.75	2.90	3.16	3.00	3.38
City of Vernonia	100.0%	5.82	5.82	5.82	5.81	5.82	5.82	5.75	5.74	5.72
Others:										
Small Counties	54.1%	3.82	2.53	3.75	3.75	3.81	3.84	3.82	3.95	3.75
Law Enforcement	13.6%	1.31	2.03	2.03	2.03	2.03	2.03	2.03	2.03	2.03
PUD/Water Districts	33.0%	0.07	0.02	0.02	0.02	0.03	0.03	0.02	0.02	0.02
Service Districts	85.2%	0.14	0.00	0.17	0.17	0.19	0.20	0.17	0.18	0.19
Extension Services	39.5%	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Cemetaries	2.8%	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
RFPD	45.90%	2.19	2.22	2.21	2.21	2.03	1.69	1.68	1.84	1.46
School Districts	47.3%	5.83	4.15	7.06	7.04	5.41	4.09	3.77	4.15	4.68
Emergency Services	16.37%	0.20	0.27	0.27	0.36	0.36	0.36	0.37	0.36	0.36
Small Cities	47.82%	4.41	4.07	5.36	5.22	5.08	5.11	5.06	5.05	5.04
Levies	36.48%	0.27	0.00	0.26	0.41	0.41	0.42	0.35	0.41	0.00

Note: 2006-07 information was not available.

Source: Oregon Department of Revenue - Tax Services Unit

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2007		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 1,043,165	1	1.28 %
Portland General Electric	563,832	2	0.69
Verizon Northwest Inc.	352,920	3	0.43
Nike	333,402	4	0.41
Qwest Wireless	295,433	5	0.36
Northwest Natural	262,931	6	0.32
Pacific Realty Associates	245,937	7	0.30
PacifiCorp (PPL)	235,810	8	0.29
Oregon Steel Mills Inc.	163,511	9	0.20
Maxim Integrated Products	152,395	10	0.19
	3,649,336		4.46
ALL OTHER TAXPAYERS	78,129,509		95.54
TOTAL	\$ 81,778,844		100.00 %

	1998		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 820,901	1	1.58 %
US West Communication Inc.	342,933	2	0.66
Portland General Electric	328,018	3	0.63
GTE Northwest Inc.	226,526	4	0.44
Nike	184,168	5	0.35
Northwest Natural Gas	173,100	6	0.33
PacifiCorp (PPL)	153,814	7	0.30
Pacific Realty	148,738	8	0.29
Oregon Arena Corp.	133,920	9	0.26
Integrated Device - Sumitomo Bank	103,008	10	0.20
	2,615,127		5.04
ALL OTHER TAXPAYERS	49,307,550		94.96
TOTAL	\$ 51,922,676		100.00 %

Source: Department of Assessment and Taxation, Washington County.
Department of Assessment and Taxation, Yamhill County.
City of Portland Disclosure Information, March 2007



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS
LAST TEN FISCAL YEARS (in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Current tax levy	\$ 39,893	\$ 38,725	\$ 38,140	\$ 36,817	\$ 34,523
Current tax collections	\$ 37,805	\$ 36,677	\$ 36,012	\$ 34,707	\$ 32,457
Current collections as a percentage of current levy	94.7%	94.7%	94.4%	94.3%	94.0%
Delinquent tax collections	\$ 856	\$ 967	\$ 1,694	\$ 1,096	\$ 1,027
Total tax collections	\$ 38,661	\$ 37,644	\$ 37,706	\$ 35,804	\$ 33,485
Total tax collections as a percentage of current levy	97.0%	97.2%	98.9%	97.2%	97.0%
Uncollected tax	\$ 1,232	\$ 1,487	\$ 1,593	\$ 1,714	\$ 1,707
Uncollected percentage of current levy	3.0%	3.8%	4.2%	4.7%	4.9%

Sources: Clackamas, Columbia, Washington, Multnomah and Yamhill Departments of Assessment and Taxation.

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 36,539	\$ 23,127	\$ 20,981	\$ 19,342	\$ 18,805
\$ 34,340	\$ 21,741	\$ 19,691	\$ 18,217	\$ 17,892
94.0%	94.0%	93.9%	94.2%	95.1%
\$ 740	\$ 611	\$ 629	\$ 664	\$ 740
\$ 34,951	\$ 22,370	\$ 20,320	\$ 18,881	\$ 18,632
95.7%	96.7%	96.9%	97.6%	99.1%
\$ 1,687	\$ 1,283	\$ 1,189	\$ 1,077	\$ 1,022
4.6%	5.5%	5.7%	5.6%	5.4%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (in Thousands)

	2006-07	2005-06	2004-05	2003-04	2002-03
General obligation bonds	\$ 138,567	\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231
Actual property value	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645
Percentage of actual property value	0.10%	0.12%	0.14%	0.14%	0.15%
Student population (estimated)	86	88	91	84	102
Per capita	\$ 1.61	\$ 1.69	\$ 1.74	\$ 2.00	\$ 1.72
Other Governmental non tax bonded debt					
Limited tax pension bonds	\$ 114,545	\$ 116,180	\$ 117,730	\$ 118,965	\$ 119,995
Certificate of participation	\$ 1,660	\$ 1,775	\$ 1,885	\$ 1,990	\$ 2,090
Utility loan	\$ 73	\$ 90	\$ 103	\$ 115	\$ 126
Student population (estimated)	86	88	91	84	102
Per capita	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.42	\$ 1.18
Total Debt					
Total Debt	\$ 254,845	\$ 267,134	\$ 278,286	\$ 288,837	\$ 297,442
Actual property value	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645
Percentage of actual property value	0.18%	0.22%	0.24%	0.24%	0.26%
Student population (estimated)	86	88	91	84	102
Per capita	\$ 2.96	\$ 3.04	\$ 3.06	\$ 3.44	\$ 2.92

Sources: Tax Supervising and Conservation Commission, Portland, Oregon
Portland Community College - Institutional Effectiveness
Portland Community College financial and statistical records.

2001-02	2000-01	1999-00	1998-99	1997-98
\$ 198,060	\$ 91,412	\$ 47,797	\$ 50,035	\$ 52,178
\$ 104,117,037	\$ 95,845,124	\$ 87,064,429	\$ 72,520,879	\$ 67,374,205
19.00%	0.10%	0.05%	0.07%	0.08%
106	98	97	90	86
\$ 1.87	\$ 0.93	\$ 0.49	\$ 0.56	\$ 0.61
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,185	\$ 2,275	\$ 2,365	\$ 3,855	\$ 5,265
\$ 136	\$ 144	\$ 144	\$ 144	\$ 154
106	98	97	90	86
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 200,381	\$ 93,831	\$ 50,306	\$ 54,034	\$ 57,597
\$ 104,117,037	\$ 95,845,124	\$ 87,064,429	\$ 72,520,879	\$ 67,374,205
0.19%	0.10%	0.06%	0.07%	0.09%
106	98	97	90	86
\$ 1.89	\$ 0.96	\$ 0.52	\$ 0.60	\$ 0.67

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
General obligation bonds outstanding	\$ 138,567	\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231
Less: Amounts set aside to repay general debt	<u>(2,537)</u>	<u>(3,216)</u>	<u>(3,668)</u>	<u>(2,573)</u>	<u>(1,854)</u>
Total net debt applicable to debt limit (1)	136,030	145,873	154,900	165,194	173,377
Legal debt limit (2)	<u>2,156,649</u>	<u>1,847,155</u>	<u>1,739,736</u>	<u>1,828,426</u>	<u>1,704,385</u>
Legal debt margin	<u>\$ 2,020,619</u>	<u>\$ 1,701,282</u>	<u>\$ 1,584,836</u>	<u>\$ 1,663,232</u>	<u>\$ 1,531,008</u>
Legal debt margin as a percentage of the debt limit	93.69%	92.10%	91.10%	90.97%	89.83%

(1) The Certificate of Participation and limited tax pension bonds do not meet the definition of gross bonded debt per ORS.

(2) The legal debt limit for the gross bonded debt is calculated as 1.5% of real market value.

Source: Tax Supervising and Conservation Commission, Portland, Oregon

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 198,060	\$ 91,412	\$ 47,797	\$ 50,035	\$ 52,178
<u>(19,655)</u>	<u>(2,420)</u>	<u>(1,609)</u>	<u>(1,772)</u>	<u>(2,653)</u>
178,405	88,992	46,188	48,263	49,525
<u>1,561,756</u>	<u>1,437,677</u>	<u>1,305,966</u>	<u>1,087,813</u>	<u>1,010,613</u>
<u><u>\$ 1,383,351</u></u>	<u><u>\$ 1,348,685</u></u>	<u><u>\$ 1,259,778</u></u>	<u><u>\$ 1,039,550</u></u>	<u><u>\$ 961,088</u></u>
88.58%	93.81%	96.46%	95.56%	95.10%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2007
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT (1)
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College General Obligation Bonds (2)	100%	\$ 138,567
OVERLAPPING DISTRICT		
Clackamas County	17.6%	14,421
Clackamas County School District 7J (Lake Oswego)	98.4%	123,085
City of Lake Oswego	98.8%	27,552
Columbia County	75.2%	13,450
Columbia County School District 502 (St Helens)	99.9%	35,083
Northwest Regional ESD	82.9%	6,669
Multnomah County	73.6%	225,893
Port of Portland	68.4%	50,429
Multnomah County Drainage District No.1	100.0%	6,045
Metro	72.4%	220,520
Tri-Met	73.1%	170,793
Multnomah County School District 1J (Portland)	100.0%	484,691
Multnomah County School District 51J (Riverdale)	100.0%	12,346
Multnomah ESD	72.4%	27,233
City of Portland	84.9%	593,664
Washington County	100.0%	127,805
Tualatin Hills Park & Rec. District	100.0%	17,394
Tualatin Valley Fire & Rescue District	84.8%	19,384
Washington County School District 13 (Banks)	100.0%	8,670
Washington County School District 15 (Forest Grove)	100.0%	80,655
Washington County School District 23J (Tigard-Tualatin)	97.3%	109,559
Washington County School District 48J (Beaverton)	100.0%	581,905
Washington County School District 88J (Sherwood)	92.6%	136,629
Washington County School District 1J (Hillsboro)	100.0%	384,393
City of Beaverton	100.0%	15,285
City of Forest Grove	100.0%	8,340
City of Hillsboro	100.0%	25,570
City of Sherwood	100.0%	8,345
City of Tigard	100.0%	13,379
City of Tualatin	90.0%	10,898
Chehalem Park & Recreation District	100.0%	7,420
Yamhill County School District 29J (Newberg)	97.5%	91,141
City of Newberg	100.0%	6,160
Clackamas County ESD	18.7%	5,151
Other	100.0%	27,560
Total Overlapping Debt		3,697,518
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 3,836,085

(1) Gross Bonded Debt includes all bonds backed by general obligation pledge including Bancroft Act general obligation improvement bonds, self-supporting obligation bonds and limited tax debt.

(2) The Certificate of Participation and limited tax pension bonds do not meet the definition of gross bonded debt per ORS 341.675.

Source: Oregon State Treasury.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
LARGEST EMPLOYERS WITHIN DISTRICT

2006				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	16,000	1	1.47	%
Fred Meyer Stores	13,000	2	1.20	
Oregon Health & Science University	12,100	3	1.11	
Providence Health System	12,000	4	1.11	
Kaiser Foundation Health Plan of the NW	8,789	5	0.81	
City of Portland	8,613	6	0.79	
Legacy Health System	8,196	7	0.75	
Wells Fargo	5,306	8	0.49	
Beaverton School District	5,000	9	0.46	
Nike Inc.	5,000	9	0.46	
Portland School District	5,000	9	0.46	
U.S. Bank	4,921	10	0.45	
SUB TOTAL	103,925		9.57	
ALL OTHER EMPLOYERS	981,738		90.43	
TOTAL	1,085,663		100.00	%

2001				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	15,000	1	1.47	%
Fred Meyer Stores	13,325	2	1.30	
Providence Health System	12,800	3	1.25	
Oregon Health & Science University	10,100	4	0.99	
Legacy Health System	7,158	5	0.70	
Kaiser Foundation Health Plan of the NW	7,093	6	0.69	
Safeway	6,000	7	0.59	
City of Portland	5,000	8	0.49	
State of Oregon	4,475	9	0.44	
Beaverton School District	2,885	10	0.28	
SUB TOTAL	83,836		8.20	
ALL OTHER EMPLOYERS	938,078		91.80	
TOTAL	1,021,914		100.00	%

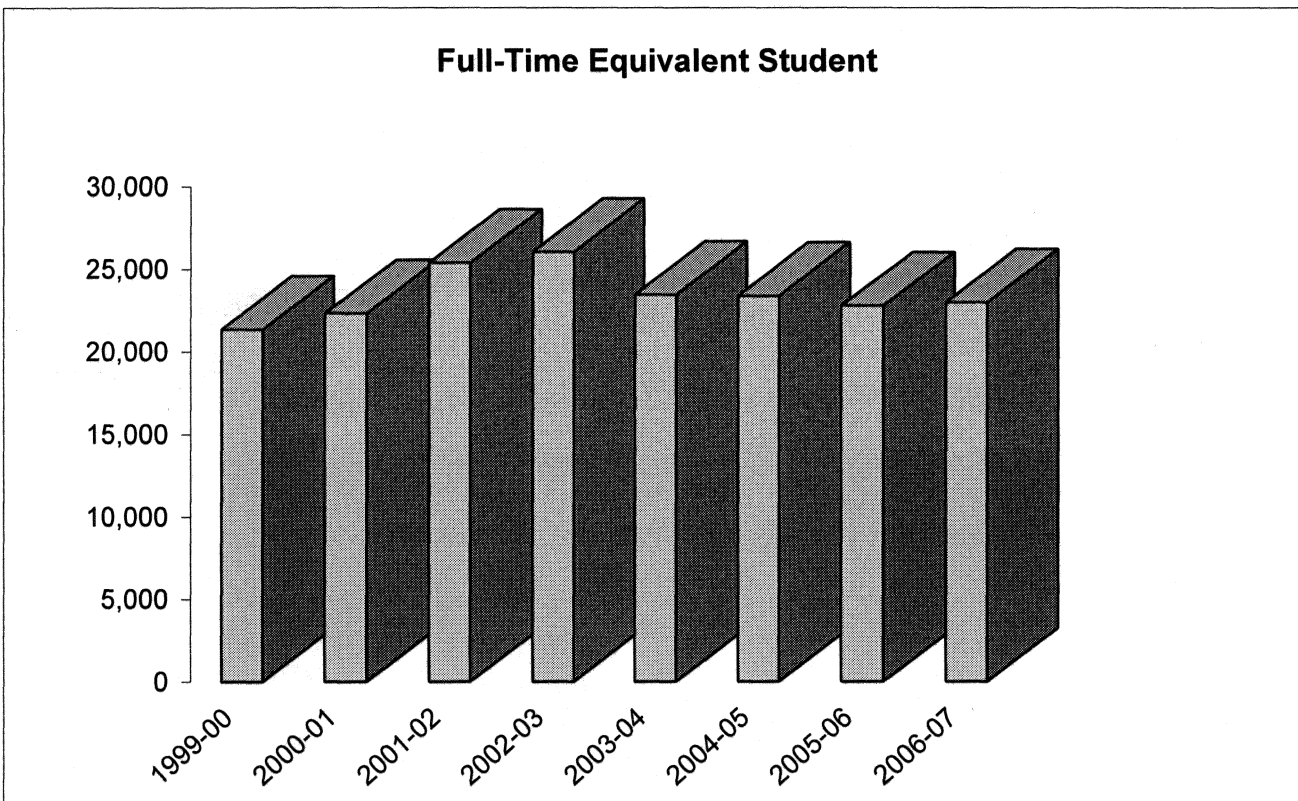
Sources: Oregon Employment Department, Oregon Labor Market Information System.
Portland Business Journal August 24, 2007.

Note: 2007 information was not available.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST EIGHT FISCAL YEARS

	2006-07	2005-06	2004-05	2003-04	2002-03
District population (estimated) (1)	N/A	1,182,385	1,164,115	1,148,545	1,133,010
District per capita income (estimated) (1)	N/A	N/A	\$ 35,430	\$ 34,018	\$ 32,629
FTE (2) student enrollment	23,011	22,808	23,406	23,472	26,061



(1) District population for fiscal year 2006-07 and District per capita income for fiscal years 2006-07 and 2005-06 are not available at the present time. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

(2) FTE represents Full Time Equivalency enrollment. This FTE includes reimbursable and non-reimbursable FTE.

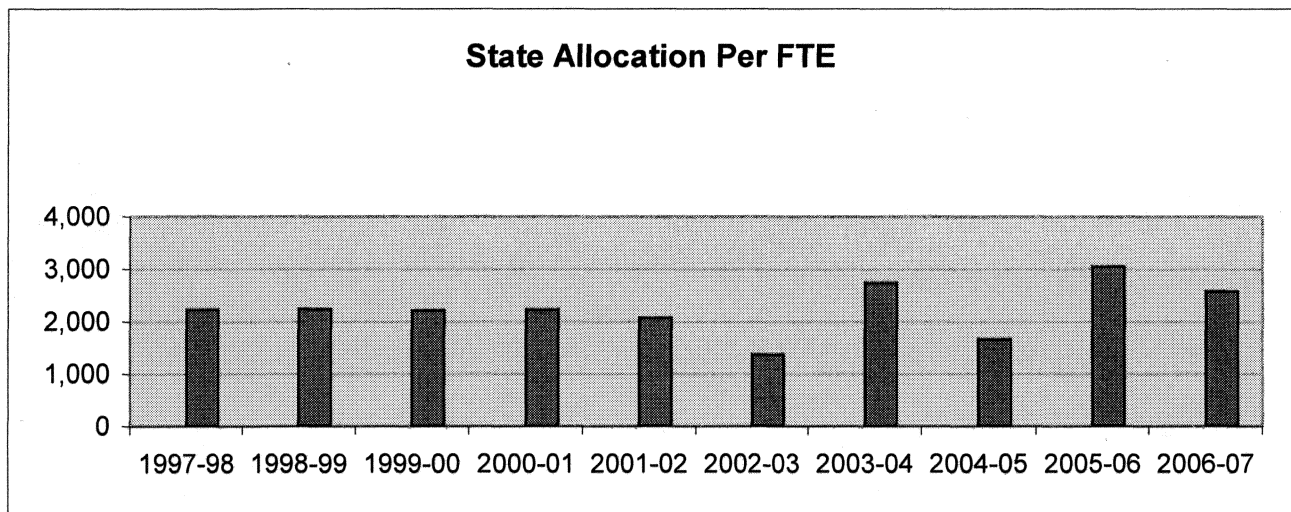
Sources: Portland State University - Population Research Center.
Portland Community College - Office of Institutional Effectiveness.
Regional Economic Information System, Bureau of Economic Analysis.

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
1,115,787	1,105,390	1,094,625
\$ 32,228	\$ 32,334	\$ 32,117
25,406	22,351	31,365

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS**

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Allocations per FTE	\$ 1,917	\$ 3,054	\$ 1,669	\$ 2,742	\$ 1,373
Annual State Funding (in thousands)	\$ 42,146	\$ 66,695	\$ 37,722	\$ 62,346	\$ 34,994
Total Reimbursable FTE	21,988	21,842	22,596	22,737	25,480



Note: Total reimbursable FTE does not include total student population.

Source: Office of Institutional Effectiveness

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 2,078	\$ 2,230	\$ 2,214	\$ 2,244	\$ 2,227
\$ 51,653	\$ 48,801	\$ 46,306	\$ 44,597	\$ 43,121
24,852	21,887	20,918	19,876	19,366

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST SIX FISCAL YEARS

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Total operating expenses (in thousands)	\$ 179,050	\$ 178,755	\$ 161,431	\$ 157,688	\$ 155,327	\$ 152,175
District population (estimated) (2) (in thousands)	N/A	1,182	1,164	1,149	1,133	1,116
Percent of total district population	N/A	1.9%	2.0%	2.0%	2.3%	2.3%
Cost per FTE (1)	\$ 7,781	\$ 7,837	\$ 6,897	\$ 6,718	\$ 5,960	\$ 5,990
Number of employees	3,522	3,812	3,831	3,752	4,200	4,022
Ratio of employees to FTE	1:7	1:6	1:6	1:6	1:6	1:6

(1) Operating costs per full time equivalent student, includes student enrollment in reimbursable and non-reimbursable courses.

(2) District population for fiscal year 2006-07 was not available. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackams and Yamhill Counties.

Sources: Portland Community College - Office of Institutional Effectiveness.
Portland State University Population Research Center.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST SIX FISCAL YEARS

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sylvania Campus						
Facilities Information						
Buildings/leases	13	12	12	11	11	11
Gross square feet	884,559	856,759	856,759	813,065	813,065	815,055
Library volumes	112,255	113,665	112,760	168,639	206,877	123,599
Operating Information						
Campus expenditures (1)	\$ 34,707	\$ 32,394	\$ 32,089	\$ 35,958	\$ 33,195	\$ 32,023
Cascade Campus						
Facilities Information						
Buildings/leases	8	8	8	6	8	8
Gross square feet	345,484	345,484	291,044	201,182	195,767	195,767
Library volume	49,207	51,750	40,548	98,336	133,909	61,967
Operating Information						
Campus expenditures (1)	\$ 16,590	\$ 15,472	\$ 15,285	\$ 14,564	\$ 13,415	\$ 13,265
Rock Creek Campus						
Facilities Information						
Buildings/leases	10	10	10	10	8	8
Gross square feet	540,323	540,323	540,323	504,323	427,323	427,323
Library volume	47,819	47,577	51,092	89,555	129,499	64,056
Operating Information						
Campus expenditures (1)	\$ 20,230	\$ 18,345	\$ 18,931	\$ 18,446	\$ 17,013	\$ 15,941
Extended Learning Campuses						
Facilities Information						
Buildings/leases	8	8	8	10	10	10
Gross square feet	245,509	245,509	245,509	331,946	256,147	256,147
Library volume	766	164	-	-	-	-
Operating Information						
Campus expenditures (1)	\$ 12,805	\$ 12,696	\$ 11,620	\$ 11,132	\$ 12,133	\$ 12,006

(1) In Thousands

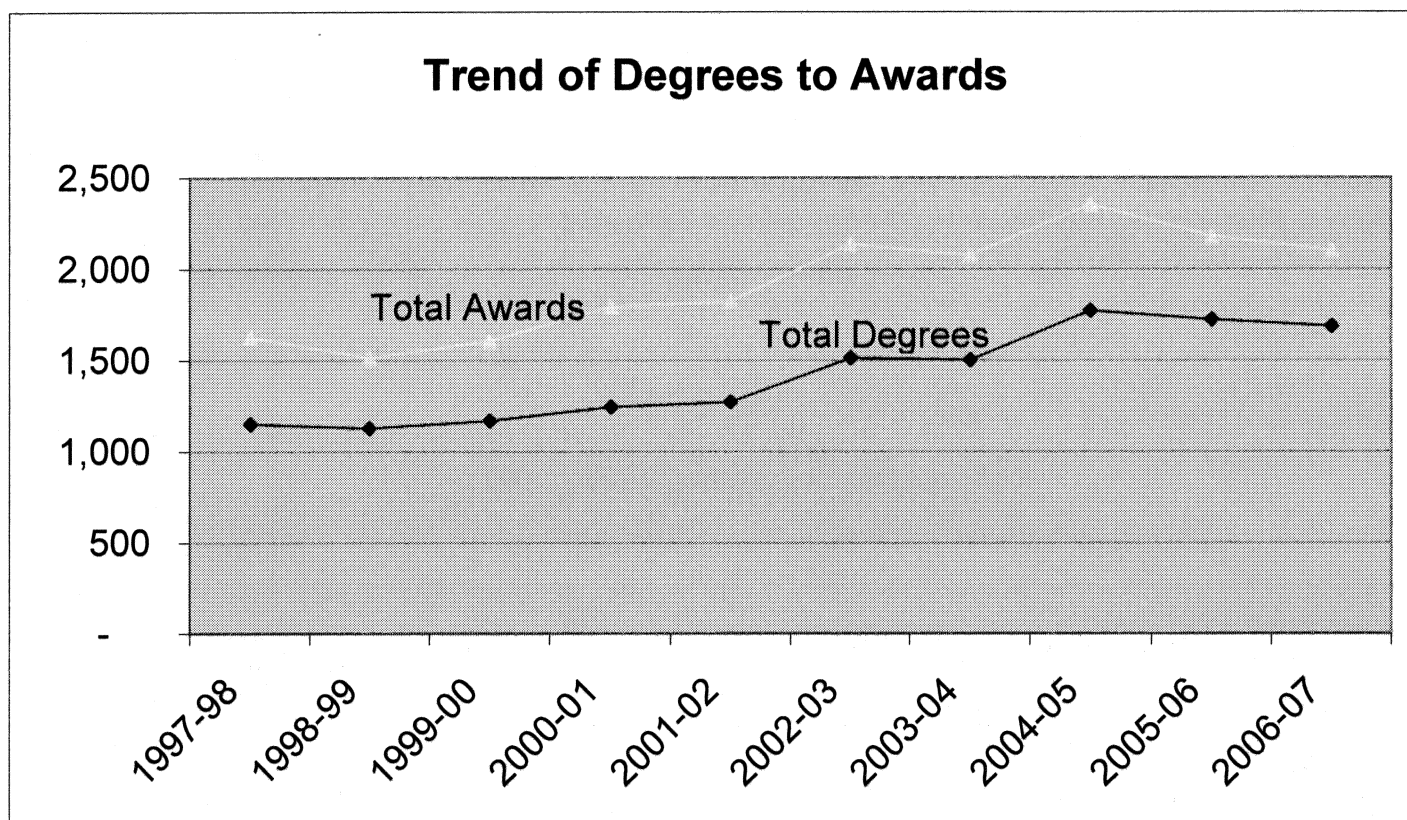
Source: PCC Director of Physical Plant and PCC Library Personnel

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS**

	2006-07	2005-06	2004-05	2003-04	2002-03
Certificates					
One-Year	211	234	306	364	334
Two-Year	58	59	69	58	76
Others	68	90	93	24	29
Total Certificates	337	383	468	446	439
Degrees					
Associate of Arts, Oregon Transfer (AAORT)	209	218	267	250	231
Associate of Science, Oregon Transfer (ASORT)	22	9	2	1	
Associate of Science (AS)	329	365	384	324	370
Associate of General Studies (AGEN)	426	400	360	283	209
Associate of Applied Science (AAS)	699	731	758	644	702
Total Degrees	1,685	1,723	1,771	1,502	1,512
High School Diplomas	80	73	114	128	184
Total Awards	2,102	2,179	2,353	2,076	2,135

Source: Office of Institutional Effectiveness, August 2007.



<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
271	269	207	183	228
54	54	42	59	66
42	41	29	2	6
<u>367</u>	<u>364</u>	<u>278</u>	<u>244</u>	<u>300</u>
211	208	250	211	218
308	305	261	271	262
156	152	128	118	129
597	579	529	529	542
<u>1272</u>	<u>1244</u>	<u>1168</u>	<u>1129</u>	<u>1151</u>
185	184	159	139	174
<u>1,824</u>	<u>1,792</u>	<u>1,605</u>	<u>1,512</u>	<u>1,625</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Per Credit Hour					
General Tuition	\$ 67	\$ 64	\$ 62	\$ 58	\$ 45
Fees	<u>6</u>	<u>6</u>	<u>5</u>	<u>3</u>	<u>3</u>
Combined Total	73	70	67	61	48
Annual cost (1)	\$ 2,968	\$ 2,846	\$ 2,744	\$ 2,468	\$ 1,938
Increase					
Dollars	\$ 122	\$ 102	\$ 275	\$ 530	\$ 204
Percent	4%	4%	11%	27%	12%

National and Statewide Comparisons (1)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
PCC District					
Annual Cost	\$ 2,968	\$ 2,846	\$ 2,744	\$ 2,468	\$ 1,938
Percentage Change	4%	4%	11%	27%	12%
National Community College Average (2)					
Annual Cost	N/A	\$ 1,935	\$ 1,849	\$ 1,702	\$ 1,483
Percentage Change		5%	9%	15%	7%
Oregon Universities Average (3)					
Annual Cost	\$ 5,471	\$ 5,219	\$ 5,023	\$ 4,603	\$ 4,174
Percentage Change	5%	4%	9%	10%	12%

(1) Based on full-time enrollment for the academic year.

(2) U.S. Department of Education, National Center for Education Statistics -
Digest of Education Statistics, Postsecondary Education - Student Charges.

(3) Oregon University System 2006 Fact Book

Source: District tuition and fees using data from the PCC Catalogs for appropriate years.
The annual tuition is based on 12 credit hour average per student.
An additional 40% in tuition was added to estimate for summer term since those numbers were not available.

N/A - 2006-2007 Annual Costs for 2-year colleges were not available at this time.

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 40	\$ 39	\$ 38	\$ 37	\$ 36
3	3	2	2	-
<u>43</u>	<u>42</u>	<u>40</u>	<u>39</u>	<u>36</u>
\$ 1,734	\$ 1,693	\$ 1,612	\$ 1,571	\$ 1,469
\$ 41	\$ 82	\$ 41	\$ 102	\$ 41
2%	5%	3%	7%	3%

<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 1,734	\$ 1,693	\$ 1,612	\$ 1,571	\$ 1,469
2%	5%	3%	7%	3%
\$ 1,380	\$ 1,333	\$ 1,338	\$ 1,327	\$ 1,314
4%	0%	1%	1%	3%
\$ 3,737	\$ 3,508	\$ 3,442	\$ 3,391	\$ 3,345
7%	2%	2%	1%	2%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS (in Thousands)

	2006-07	2005-06	2004-05	2003-04
Residential Construction (1)				
Permits	13.9	14.0	13.9	12.0
Value	\$ 2,494,886	\$ 2,829,975	\$ 2,416,366	\$ 1,998,450
Bank Deposits (2)	N/A	22,662,624	\$ 17,781,469	\$ 19,165,465
Property Value Real Market Valuation				
Real Property (3)	\$ 133,388,975	\$ 113,244,544	\$ 106,837,330	\$ 101,102,305
Personal Property (4)	3,994,774	3,995,165	4,007,308	4,080,559
Public Utility Property (4)	2,873,191	2,748,166	2,941,254	2,899,041

(1) For the Portland Metropolitan Area.

(2) For all Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

(4) Real market values are used by the assessor to determine Measure 5 limitations. Taxes, however are no longer allocated based upon market value.

Sources: U.S. Census Bureau, Housing Units Authorized by Building Permits.
Oregon Department of Consumer Business Services, Division of Finance and Corporate Securities.
Oregon Department of Revenue, Research and Statistical Reports. Property Tax Annual Statistics.

<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
10.6	10.4	9.9	8.1	8.0	10.1
\$ 1,907,744	\$ 1,825,120	\$ 1,526,563	\$ 1,225,650	\$ 753,441	\$ 949,946
\$ 25,615,695	\$ 24,048,117	\$ 19,987,415	\$ 22,358,897	\$ 22,087,008	\$ 18,660,925
\$ 92,693,754	\$ 96,828,844	\$ 89,135,965	\$ 80,969,919	\$ 67,444,417	\$ 62,658,011
4,285,747	4,164,681	3,833,805	3,482,577	2,900,835	2,694,968
2,984,439	3,123,511	2,875,354	2,611,933	2,175,626	2,021,226

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2007

DATE OF INCORPORATION: July 1, 1969

CENTRAL MAILING ADDRESS:

Portland Community College
P.O. Box 19000
Portland, OR 97280-0990
Telephone: (503) 244-6111

MAIN CAMPUSES AND CENTERS:

Sylvania Campus
12000 S.W. 49th
Portland, OR 97219

Washington County
Workforce Training Center
18624 N.W. Walker Road
Beaverton, OR 97006

Southeast Center
2305 SE 82nd
Portland, OR 97216

Cascade Campus
705 N. Killingsworth
Portland, OR 97217

Central Portland
Workforce Training Center
1626 SE Water Avenue
Portland, OR 97214

Hillsboro Education Center
102 SW Washington Street
Hillsboro, OR 97123

Rock Creek Campus
17705 N.W. Springville Road
Portland, OR 97229

Portland Metropolitan
Workforce Training Center
5600 NE 42nd
Portland, OR 97218

CONTRACTED EDUCATION SERVICE DISTRICTS:

Columbia Gorge Community College
400 East Scenic Drive
The Dalles, OR 97058
Telephone: (503) 298-3112

Tillamook Bay Community College
6385 Tillamook Avenue
Bay City, OR 97107
Telephone: (503) 377-2218

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



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**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

November 16, 2007

Board of Directors
Portland Community College
Portland, Oregon

We have audited the basic financial statements of Portland Community College (the College) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. 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.

ACCOUNTING AND INTERNAL CONTROL STRUCTURE

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* is contained in the Single Audit Section of this Comprehensive Annual Financial Report.

ACCOUNTING RECORDS

We found the College's accounting records to be adequate for audit purposes.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Depository Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2007.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2007, the College was in compliance with ORS 294 as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATING TO DEBT

The general obligation bonded debt of the College is in compliance with the limitation imposed by ORS 341.675 of 1.5% of real market value. During the performance of our audit procedures, we noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the College's debt, and no breach of the bond agreements, at June 30, 2007.

BUDGET COMPLIANCE

The College appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2007 and the preparation and adoption of its budget and tax levy for the year ending June 30, 2008, with the following exceptions:

AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGGLADREY NETWORK

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)
Page 2

BUDGET COMPLIANCE (Continued)

Expenditures exceeded appropriations for the year ended June 30, 2007 as follows:

Contracted Programs:	
Transfers out	\$64,640
Capital Construction Fund:	
Sylvania Campus	\$443,453
Rock Creek Campus	\$8,402

Additionally, the Continuing and Community Education Fund had a deficit fund balance of \$354,114 as of June 30, 2007.

A description of the budgeting process is included in the Notes to the Basic Financial Statements.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the College's insurance and fidelity bond coverage at June 30, 2007. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering the College-owned property at June 30, 2007.

PUBLIC CONTRACTS AND PURCHASING

The College's procedures for awarding public contracts were reviewed and found to be in accordance with ORS 279.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

Our reports on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133 are contained in the Single Audit Section of this Comprehensive Annual Financial Report.

FINANCIAL REPORTING REQUIREMENTS

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

OTHER

Compliance with the following is not applicable to the College:

- Average daily membership
- Highway funds

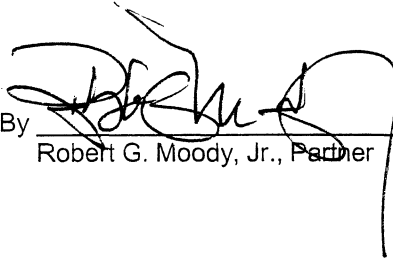
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AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)

Page 3

This report is intended for the information of the Board of Directors, management, the Oregon State Secretary of State Audits Division, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner



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

November 16, 2007

Board of Directors
Portland Community College
Portland, Oregon

We have audited the basic financial statements of Portland Community College (the College) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 07-01 and 07-02 to be material weaknesses.

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

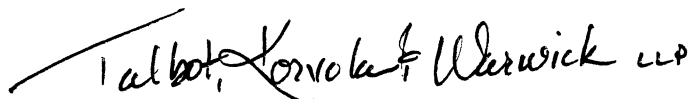
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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*.

* * * * *

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

November 16, 2007

Board of Directors
Portland Community College
Portland, Oregon

Compliance

We have audited the compliance of Portland Community College (the College) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The College's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the College's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Page 2

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

* * * * *

This report is intended solely for the use and information of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Robert Korvick, Warwick, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 1,305,363
Federal Work-Study Program	84.033	N/A	745,498
Federal Perkins Loan Program - Federal Capital Contributions (Note B)	84.038	N/A	1,927,316
Federal Pell Grant Program	84.063	N/A	14,605,330
Leveraging Educational Assistance Partnership	84.069	N/A	3,395,018
Federal Academic Competitive Grant	84.375	N/A	26,234
Higher Education Institutional Aid - PORTALS	84.031A	N/A	356,196
TRIO - Student Support Services	84.042A	N/A	230,946
TRIO - Talent Search	84.044A	N/A	200,119
TRIO - Upward Bound	84.047A	N/A	207,916
Migrant Education - College Assistance Migrant Program	84.149	N/A	106,792
Business and International Education Project - Going Global	84.153A	N/A	21,492
Bilingual Education - Professional Development - REAP/PPOP	84.195N	N/A	399,983
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities - HQSPED	84.325K	N/A	98,398
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	103,318
Child Care Means Parents in School - CCAMPIS	84.335A	N/A	133,851
Total Direct Programs			23,863,770
Passed through State of Oregon Department of Community Colleges and Workforce Development			
Adult Education - State Grant Program - Program Improvement	84.002	EE5617 PG	15,839
Adult Education - State Grant Program - Multnomah Co Corrections	84.002	EE5617 CG	19,626
Adult Education - State Grant Program - TOPS Accountability	84.002	EE5617 AG	53,185
Adult Education - State Grant Program - Outreach Tutoring	84.002	EE5617 TG	70,223
Adult Education - State Grant Program - Comprehensive Services	84.002	EE5617 BG	625,177
Adult Education - State Grant Program - EI Civics	84.002	EE5617 EG	49,226
Adult Education - State Grant Program - Pilot Assessment	84.002A	6306	773
Total passed through Dept. of Community Colleges and Workforce Development			834,049
Passed through State of Oregon, Department of Education			
Vocational Education - Basic Grants to States - PAVTEC	84.048A	EE036778	10,500
Vocational Education - Basic Grants to States - PAVTEC	84.048A	EE036732	60,438
Vocational Education - Basic Grants to States - Perkins	84.048A	3159	1,321,993
Vocational Education - Basic Grants to States - Oregon Tradeswomen	84.048A	EE25738	26,000
Even Start - State Educational Agencies - Early Childhood Curriculum	84.213	9489	1,848
Even Start - State Educational Agencies	84.213	5036	13,498
Even Start - State Educational Agencies - Family Literacy	84.213	5035	155,360
Tech-Prep Education	84.243A	EE036292	244,378
Total passed through State of Oregon, Department of Education			1,834,015
TOTAL U.S. DEPARTMENT OF EDUCATION			26,531,834

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2007

	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through State of Oregon, Department of Human Services			
State Administrative Matching Grants for Food Stamps Program - Capital	10.561	10062	\$ 210,350
Passed through Mt. Hood Community College:			
State Administrative Matching Grants for Food Stamps Program - Metro	10.561	0102-5	310,820
TOTAL U.S. DEPARTMENT OF AGRICULTURE			521,170
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through State of Oregon:			
Job Access-Reverse Commute - Tri-Met	20.516	02-0827	16,164
Highway Planning and Construction - ODOT	20.205	IGA22535	250,000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			266,164
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Program:			
Nursing Student Loans	93.364	N/A	329,160
Head Start	93.600	N/A	170,561
Total Direct Programs			499,721
Passed through State of Oregon, Department of Human Services			
Temporary Assistance for Needy Families - STEPS to Success - Capital	93.558	103182-2	2,034,155
Passed through Mt. Hood Community College:			
Temporary Assistance for Needy Families - STEPS to Success - Metro	93.558	01-01	3,165,859
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursement	93.924	GPBHD0010AB	3,993
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			5,703,728
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Program:			
Community Outreach Partnership Center Program	14.511	N/A	112,306
Passed through Washington County:			
Community Development Block Grants/Entitlement Grants	14.218	6344	17,174
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			129,480

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2007

	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF LABOR:			
Passed through Worksystems, Inc:			
Workforce Investment Act - Adult Program - Capital One Stop	17.258	03-70005	\$ 998,090
Workforce Investment Act - Adult Program - Worksource North	17.258	06-70007	282,445
Workforce Investment Act - Adult Program - Metro One Stop	17.258	04-70006	<u>476,403</u>
			1,756,938
Workforce Investment Act - Dislocated Workers	17.260	04-70300	<u>3,471,143</u>
WIA Pilots, Demonstrations, and Research Projects - Construction Careers	17.261	06-75012	<u>10,096</u>
Total passed through Worksystems, Inc			<u>5,238,177</u>
Passed through Community Colleges and Workforce Development:			
Workforce Investment Act - Incentive Grant	17.267	IGA06369	15,685
Workforce Investment Act - Incentive Grant	17.267	06312	<u>18,921</u>
Total passed through Community Colleges and Workforce Development			<u>34,606</u>
Passed through Southern Oregon Community College			
Workforce Investment Act Dislocated Workers - Career Pathways	17.260	GRNT1015	<u>36,913</u>
Passed through Chemeketa Community College			
Workforce Investment Act - Adult Program - Oregon Grey Matters Report	17.258	IGA06379	7,000
WIA Pilots, Demonstrations, and Research Projects - OHWP	17.261	53806	<u>39,287</u>
			46,287
TOTAL U.S. DEPARTMENT OF LABOR			<u>5,355,983</u>
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Education and Human Resources - Planning for ATE	47.076	N/A	63,624
Education and Human Resources - Framing Student Success	47.076	N/A	193,980
Education and Human Resources - CSEMS	47.076	N/A	<u>79,533</u>
			337,137
Passed through Chemeketa Community College			
Education and Human Resources - Planning for ATE	47.076	649 06	<u>400</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u>337,537</u>

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2007

	Federal CFDA Number	Pass Through Number	Total Expenditures
SMALL BUSINESS ADMINISTRATION:			
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	00-152	\$ 49,495
TOTAL SMALL BUSINESS ADMINISTRATION			<u>49,495</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
Passed through Oregon Campus Compact:			
Learn and Serve America - Higher Education - Broadening Horizons	94.005	06LHHDC001	3,103
Learn and Serve America - Higher Education - Civic Solutions	94.005	03LHHOR001	<u>6,165</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>9,268</u>
U.S. DEPARTMENT OF COMMERCE			
Direct Programs:			
Public Telecommunications Facilities Planning and Construction	11.550	N/A	<u>29,687</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>29,687</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 38,934,346</u></u>

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Note A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Portland Community College and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - LOANS RECEIVABLE

Portland Community College had the following loan balances outstanding at June 30, 2007. These loan programs are also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

	Federal CFDA Number	Loans Receivable
<hr/>		
Gross loans receivable at June 30, 2007 including the institutional match, totaled:		
Federal Perkins Loan Program-Federal Capital Contributions	84.038	\$ 8,143,646
Federal Nursing Student Loans	93.364	<u>974,697</u>
		<u><u>\$ 9,118,343</u></u>

Note C - LOANS DISBURSED

Total disbursements for student loans through individual lending institutions which are guaranteed in the event of default are listed below.

	Federal CFDA Number	New Loans
<hr/>		
Federal Family Education Loans:		
Federal Stafford Loans	84.032	\$ 31,188,622
Federal PLUS Loans	84.032	<u>868,564</u>
		<u><u>\$ 32,057,186</u></u>

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2007

Note D - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Portland Community College provided federal awards to subrecipients as follows

Description	Federal CFDA Number	Expenditures
Community Outreach Partnership Center Program	14.511	\$ 25,000
Workforce Investment Act - Adult Program - Oregon Grey Matters Report	17.258	5,000
Education and Human Resources - Framing Student Success	47.076	79,054
Education and Human Resources - Planning for ATE	47.076	9,915
Temporary Assistance for Needy Families - STEPS to Success - Capital	93.558	367,641
Temporary Assistance for Needy Families - STEPS to Success - Metro	93.558	24,772
		<u>\$ 511,382</u>

Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS

Expenditures reflect required matching institutional capital contributions as follows:

<u>Program Title</u>	Federal CFDA Number	Amount
Federal Supplemental Educational Opportunity Grants	84.007	\$ 311,742
Federal Work-Study Program	84.033	197,232
		<u>\$ 508,974</u>

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not
considered to be material weakness(es) No

Noncompliance material to financial
statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material
weakness(es) None reported

Type of auditor's report issued on
compliance for major programs Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with Section 510 (a) of *Circular A-133* No

Identification of major programs:

CFDA No. 20.205	Highway Planning and Construction
CFDA No. 84.002	Adult Education – State Grant Program
CFDA No. 84.048A	Vocational Education Basic Grants to States
CFDA No. 93.558	Temporary Assistance for Needy Families

Financial Aid Cluster
TRIO Cluster
Workforce Investment Act Cluster

Dollar threshold used to distinguish
between type A and B programs \$1,168,030

Auditee qualified as low-risk auditee? Yes

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 07-1

Criteria: Review capital assets records and disclosure to ensure proper reporting.

Condition: Capital asset footnote incorrect. Expenses overstated as a result of improper characterization of expenditures.

Context: Reconciliation of capital outlay to capital assets additions was incorrectly performed and expenses were overstated.

Effect: Capital asset footnote was incorrect. Capital assets, net assets and expenses were restated.

Cause: Lack of review of capital asset records and process for determining which expenditures meet the criteria for capitalization.

Recommendation: We recommend that capital assets records and reporting be reviewed by someone other than the preparer. We recommend that the College use a capital asset software program designed for its size and complexity.

Corrective action plan: We agree with this recommendation. The size of the College and volume of capital assets are complex to track. Staff cross-training will occur this fiscal year to provide for additional review of capital assets records and reporting. We intend to more fully integrate the areas of the College responsible for capital assets decisions and tracking. Changes have already been completed to the capital assets database software to enhance tracking and reporting, but were not finished in time for use in preparing fiscal year end data. New property surplus software has also been purchased and will be implemented this fiscal year to more accurately track property disposals.

Finding 07-02

Criteria: Liabilities for retirement benefits were overstated

Condition: The College recorded a liability for retirement benefits with no supporting documentation.

Context: Review of recorded liabilities. Financial statements were corrected.

Effect: Liabilities and administrative costs were overstated.

Cause: Lack of review of support for basic financial statements.

Recommendation: We recommend that the basic financial statements and supporting documentation be reviewed by someone other than the preparer.

Corrective action plan: We agree with this recommendation. After discussion with audit staff, the liability for retirement benefits was adjusted at year end. The College internally monitors external PERS rates in conjunction with debt service requirements of our PERS bonded debt service compared to our internal charges to College departments. Because of changing rates, a difference between the internal and external rates exists. We will continue to monitor and evaluate the excess in order to maintain a

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2007

Finding 07-02

Corrective action plan
(Continued):

reserve in a way that is most beneficial for the College. We are cross-training staff on this issue to provide for a more thorough review and are already monitoring both the PERS rates and liability balances on a more frequent basis.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



