

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE **A**NNUAL **F**INANCIAL **R**EPORT

For the year ended June 30, 2009

Preston Pulliams, Ed.D.
District President

Randy J. McEwen, MS
District Vice President

Wing-Kit Chung, CPA, MBA
Vice President

Cherie Chevalier, MBA
Associate Vice President of Finance

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PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue
Portland, OR 97219

For the year ended June 30, 2009

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

ADMINISTRATION

Preston Pulliams, Ed.D. District President
Randy J. McEwen, MS, District Vice President
Wing-Kit Chung, CPA, MBA, Vice President
Cherie Chevalier, MBA, Associate Vice President of Finance
James H. Crofts, CPA, Accounting Services Manager

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

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Introductory Section





November 12, 2009

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, 2009, 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 internal control and 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 budget is both a legal and operational plan for the financial operations to be conducted during the coming fiscal year and is adopted, prior to July 1 of each biennial period, by the Board of Directors after consideration by the Multnomah County Tax Supervising and Conservation Commission as well as the College Budget Planning and Advisory 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 access to an affordable, quality education in an atmosphere that encourages the full realization of each individual's potential. The college offers opportunities for academic, professional, and personal growth to students of all ages, races, cultures, economic levels, and previous educational experiences. 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. These values are:

- Quality, lifelong learning experiences that helps students to achieve their personal and professional goals
- An environment that is committed to diversity as well as the dignity and worth of the individual
- Continuous professional and personal growth of our employees and students
- Effective teaching and student development programs that prepare students for their roles as citizens in a democratic society in a rapidly changing global economy
- Academic Freedom and Responsibility - creating a safe environment where competing beliefs and ideas can be openly discussed and debated
- Sustainable use of our resources
- Collaboration predicated upon a foundation of mutual trust and support
- An agile learning environment that is responsive to the changing educational needs of our students and the communities we serve
- Accountability based upon an outcomes-based approach in education
- The public's trust by effective and ethical use of public and private resources

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 training programs.

The Cascade Campus is located in the urban heart of the city of Portland and serves almost 17,900 students representing almost 5,400 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 18,700 students or 6,200 FTE. The campus provides a model for successful partnerships with area high schools. The campus also provides classes at other locations. A smaller center located in Hillsboro 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 over 26,700 students or almost 9,800 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, nearly 45,800 people representing more than 4,300 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. A new facility currently under construction adjacent to the Willow Creek Westside Light Rail station will provide enhanced service and easy access for the Washington County community. This facility, constructed in part with \$7.5 million in matching funds from the State of Oregon, will replace the Washington County Workforce Training Center which was recently purchased by the Beaverton School District.

Local Economy

The Portland metropolitan area's seasonally adjusted unemployment rate as of June 2009 was 11.4%, up from 5.2% one year ago. Over the past year, the area has lost 48,800 jobs, a 0.4% decrease. All employment sectors showed a decrease in jobs in the past year except for education and health services and state and federal government.

Oregon's recession, which essentially started in the first quarter of 2008, has spread to all sectors of the economy. The Oregon economy is expected to follow the same direction as the U.S. economy. The same factors weighing on the US are present in Oregon. Overall, Moody's Economy.com believes that transportation and logistics hubs, resource economies, and technology centers are factors that will help states grow more quickly out of this recession. This view bodes well for Oregon based on these factors. When the recovery does come, it will likely be mild and both the nation and Oregon will experience a "jobless recovery". Jobs levels are not expected to reach prerecession numbers until early 2013.

Oregon's seasonally adjusted unemployment rate was 12% in June, 2009, up from 5.5% compared to the prior year. Although Oregon's seasonally adjusted unemployment rate has slowed in recent months there are still 232,782 unemployed workers as of July 2009. Most industries are seeing a slight increase in employed workers between June 2009 and July 2009. Manufacturing, educational and health services and local government all show decreases between June 2009 and July 2009.

The State budget allocation for all 17 community colleges in the state approved by the legislature in June 2007 was \$500 million for the biennium ended June 2009. Due to the downturn in the economy the state reduced this amount to \$494 million which reduced the College's allocation by \$1.5 million. The College's share of the state support was \$65.7 million for this fiscal year.

The State budget allocation for all 17 community colleges in the state was approved by the legislature in June 2009 of \$450.5 million for the biennium ended June 2011, a 9.9% decrease from the 2007-2009 biennium level. The College's share of the state support is approximately \$60.9 million for fiscal year 2010 and approximately \$60.2 million for fiscal year 2011. 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, beginning in 2006. 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 which total approximately \$13.9 million for the biennium. Some of the large state-funded contracts and grants include the Public School Dropout Recovery Program and the Steps to Success Program.

Another major piece of revenue comes from student tuition and fees. Tuition and fee revenue accounts for approximately 38% of the total General Fund operating resources. The total revenue from tuition and fees is \$52.8 million for this fiscal year and is estimated at \$57.8 million for next fiscal year.

The College also received property tax revenue to support ongoing operating costs and debt repayment of approximately \$43.2 million in fiscal year 2009, a slight increase from \$42.5 million in the prior fiscal year. In fact over the last five years, property tax revenues have remained a relatively stable amount representing between 16% and 20% of total revenues for the College. Of the total property tax revenue in the current year, approximately \$19.2 million or 44% is associated with debt repayment in 2009.

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 and Planning Advisory Committee (BPAC) 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 by 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 24% of the College credit student population and 35% of the students enrolled in non-credit Adult Basic Education and English for Speakers of Other Languages (ESOL) 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 ESOL and Developmental Education courses as well as college transfer and career/technical courses to increase as the population grows.

Construction projects financed by general obligation bonds approved by District voters in November 2000 have been completed. Because of the completion of these construction projects, the College increased the monies for capital maintenance by \$400,000 per year for fiscal year 2008 and 2009 to keep deferred facilities maintenance backlog at a manageable level.

On November 4, 2008 voters of the district approved a \$374 million ballot measure for the college to issue general obligation bonds for the acquisition, construction, renovation, and improvement of various college facilities and campuses. On March 19, 2009 the college sold \$200 million of the approved amount to finance the following projects:

- Willow Creek Project estimated at \$36.2 million of which \$7.5 million is funded by the state.
- The acquisition and renovation of the Willamette Block Building in downtown Portland to house various administrative functions (Financial Services, Human Resources, Institutional Effectiveness, and Enrollment Services) estimated at \$13 million.
- Acquisition/construction of the Newberg/Sherwood Center estimated at \$7 million.
- Other bond program projects anticipated to start and/or be completed for the next three years.

Additionally, the state also allocated approximately \$6.4 million as part of the state stimulus package to help pay for half of the estimated cost of major capital maintenance and equipment replacement for the College. These projects are budgeted in the Capital Construction Fund.

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 Kenneth Kuhns & Co., which was selected by the Board of Directors, has completed their examination of the College's basic financial statements and, accordingly, has 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

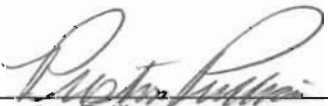
The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Portland Community College for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The College has 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 budget document for the biennial period beginning July 1, 2007. 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 Kenneth Kuhns & Co. for their efforts during this audit. We would also like to thank the members of the Board of Directors, the District President, the President's Cabinet, faculty and staff for their continued support and dedication to the financial operations of the College.

Respectfully submitted,



Preston Pulliams
District President



Wing-Kit Chung
Vice President of Administrative Services



Cherie Chevalier
Associate Vice President of Finance



James Crofts
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, 2008

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.



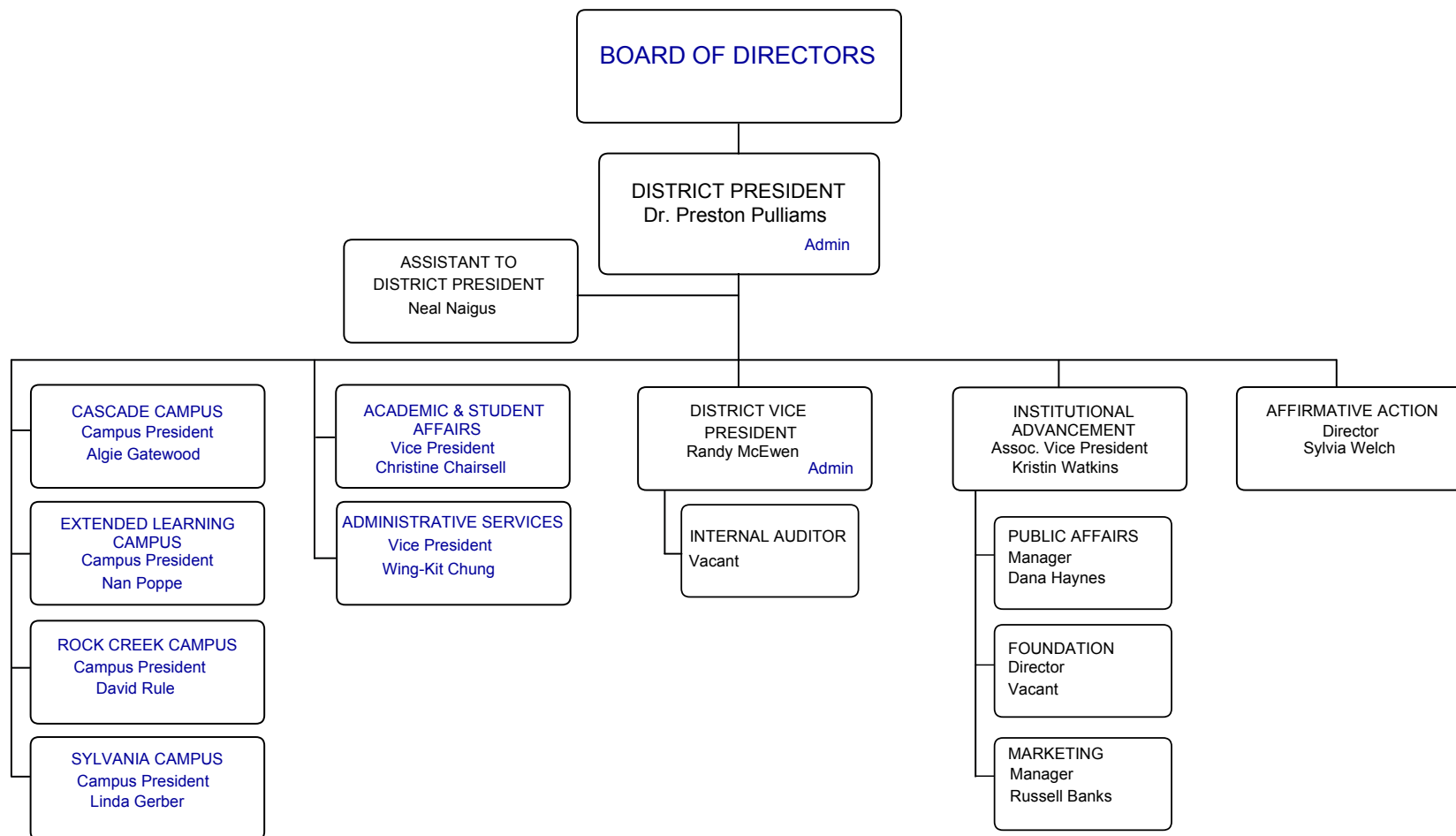
President

Executive Director

PORTLAND COMMUNITY COLLEGE

Administrative Organization

2009-10



Financial Section



INDEPENDENT AUDITOR'S REPORT

November 12, 2009

Board of Directors
Portland Community College
Portland, Oregon

We have audited the basic financial statements of Portland Community College as of and for the year ended June 30, 2009. 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. The basic financial statements of Portland Community College as of and for the year ended June 30, 2008, before the restatement described in Note 13, were audited by other auditors whose report dated December 15, 2008, expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 basic financial statements present fairly, in all material respects, the financial position of Portland Community College as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 10 is not a required part of the 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2009 on our consideration of Portland Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Kenneth Kuhns & Co." in a cursive, slightly stylized font.

Kenneth Kuhns & Co.

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, 2009, 2008 and 2007. 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, 2009 that impacted the College are as follows:

- Full-time equivalent students (FTE) increased from 23,794 in 2008 to 26,419 in 2009. The total headcount of students increased from 86,730 in 2008 to 87,145 in 2009. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$81.2 million to \$48.9 million. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2009 to July 2009 and \$1.5 million reduction in the January 2009 payment. 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.
- In March 2009 the College issued \$200 million in General Obligation bonds to expand, modernize and construct facilities for additional students and programs and upgrade technology.
- Cash and investments have increased from \$96.4 million in the prior period to \$273.2 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 decreased its net assets from \$220.9 million in 2008 to \$180.6 million in 2009.

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 Other 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.

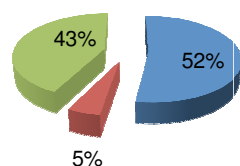
Analysis of Net Assets

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 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)					
	2009	2008	Increase (decrease) 2009-08	2007	Increase (decrease) 2008-07
Assets					
Current assets	\$ 174.0	\$ 117.0	\$ 57.0	\$ 89.0	\$ 28.0
Capital assets, net of depreciation	242.9	211.5	31.4	226.8	(15.3)
Other noncurrent assets	238.8	164.0	74.8	175.3	(11.3)
Total assets	\$ 655.7	\$ 492.5	\$ 163.2	\$ 491.1	\$ 1.4
Liabilities					
Current liabilities	\$ 53.1	\$ 43.2	\$ 9.9	\$ 48.6	\$ (5.4)
Noncurrent liabilities	422.0	228.4	193.6	243.0	(14.6)
Total liabilities	475.1	271.6	203.5	291.6	(20.0)
Net assets					
Invested in capital assets, net of related debt	94.9	81.6	13.3	84.6	(3.0)
Restricted	8.7	8.2	0.5	9.1	(0.9)
Unrestricted	77.0	131.1	(54.1)	105.8	25.3
Total net assets	180.6	220.9	(40.3)	199.5	21.4
Total liabilities and net assets	\$ 655.7	\$ 492.5	\$ 163.2	\$ 491.1	\$ 1.4

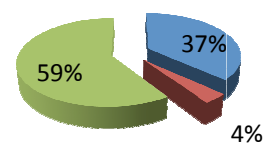
2009 Net assets - \$180.6 million

■ Invested in capital assets, net of related debt \$94.9
 ■ Restricted \$8.7
 ■ Unrestricted \$77.0



2008 Net assets - \$220.9 million

■ Invested in capital assets, net of related debt \$81.6
 ■ Restricted \$8.2
 ■ Unrestricted \$131.1



Fiscal year 2009 compared to 2008. Net Assets decreased \$40.3 million from \$220.9 million in 2008 to \$180.6 million in 2009. Current assets increased by \$57.0 million. Current assets of \$174.0 million were more than sufficient to cover current liabilities of \$53.1 million. This represents a current ratio of 3.3. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$94.9 million is invested in capital assets, net of related debt and represents an increase of \$13.3 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.

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 2008 compared to 2007. Net Assets increased \$21.4 million from \$199.5 million in 2007 to \$220.9 million in 2008. Current assets increased by \$28.0 million. Current assets of \$117.0 million were more than sufficient to cover current liabilities of \$43.2 million. This represents a current ratio of 2.7. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. In 2008, \$81.6 million was invested in capital assets, net of related debt and represents a decrease of \$3.0 million from 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, while the non-operating revenues significantly reduce the decrease in overall net assets.

Portland Community College
Fiscal year ended June 30, 2009

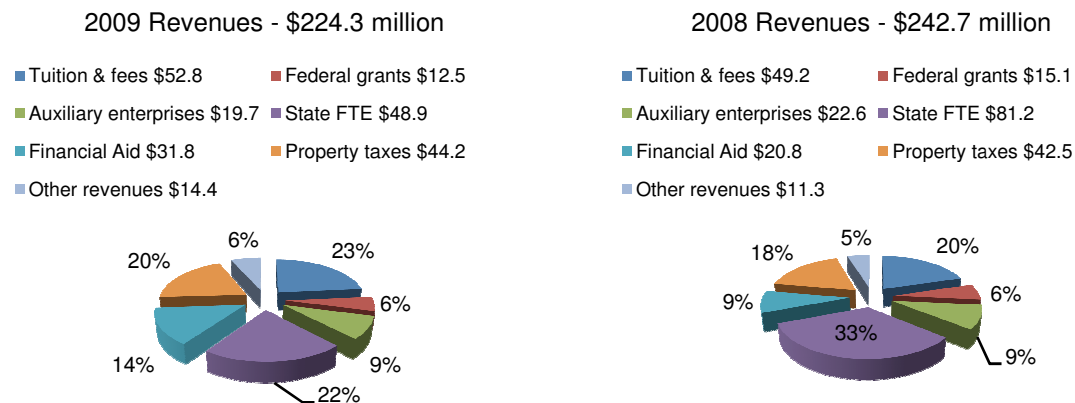
Changes in Net Assets (In Millions)

	2009	2008	Increase (decrease) 2009-08	2007	Increase (decrease) 2008-07
Operating revenues					
Student tuition and fees	\$ 52.8	\$ 49.2	\$ 3.6	\$ 45.1	\$ 4.1
Federal contracted programs	12.5	15.1	(2.6)	17.0	(1.9)
Auxiliary enterprises and other	19.7	22.6	(2.9)	21.3	1.3
Total operating revenues	<u>85.0</u>	<u>86.9</u>	<u>(1.9)</u>	<u>83.4</u>	<u>3.5</u>
Nonoperating revenues					
State FTE reimbursement	48.9	81.2	(32.3)	42.1	39.1
Property taxes	44.2	42.5	1.7	39.1	3.4
Federal financial aid	31.8	20.8	11.0	17.6	3.2
Other nonoperating revenues	14.4	11.3	3.1	67.8	(56.5)
Total nonoperating revenues	<u>139.3</u>	<u>155.8</u>	<u>(16.5)</u>	<u>166.6</u>	<u>(10.8)</u>
Total revenues	<u>224.3</u>	<u>242.7</u>	<u>(18.4)</u>	<u>250.0</u>	<u>(7.3)</u>
Operating expenses					
Educational and general	122.8	115.6	7.2	98.6	17.0
Administrative services and physical plant	33.3	28.9	4.4	22.7	6.2
Grants and contracted programs	21.7	24.8	(3.1)	25.7	(0.9)
Auxiliary enterprises	17.1	16.2	0.9	14.9	1.3
Depreciation	5.8	5.9	(0.1)	5.9	-
Other support services	15.6	10.4	5.2	11.1	(0.7)
Total operating expenses	<u>216.3</u>	<u>201.8</u>	<u>14.5</u>	<u>178.9</u>	<u>22.9</u>
Nonoperating expenses					
Other nonoperating expenses	<u>48.3</u>	<u>19.5</u>	<u>28.8</u>	<u>13.0</u>	<u>6.5</u>
Total expenses	<u>264.6</u>	<u>221.3</u>	<u>43.3</u>	<u>191.9</u>	<u>29.4</u>
Increase (decrease) in net assets	(40.3)	21.4	(61.7)	58.1	(36.7)
Net assets, beginning of year	220.9	199.5	21.4	141.4	58.1
Net assets, end of year	<u>\$ 180.6</u>	<u>\$ 220.9</u>	<u>\$ (40.3)</u>	<u>\$ 199.5</u>	<u>\$ 21.4</u>

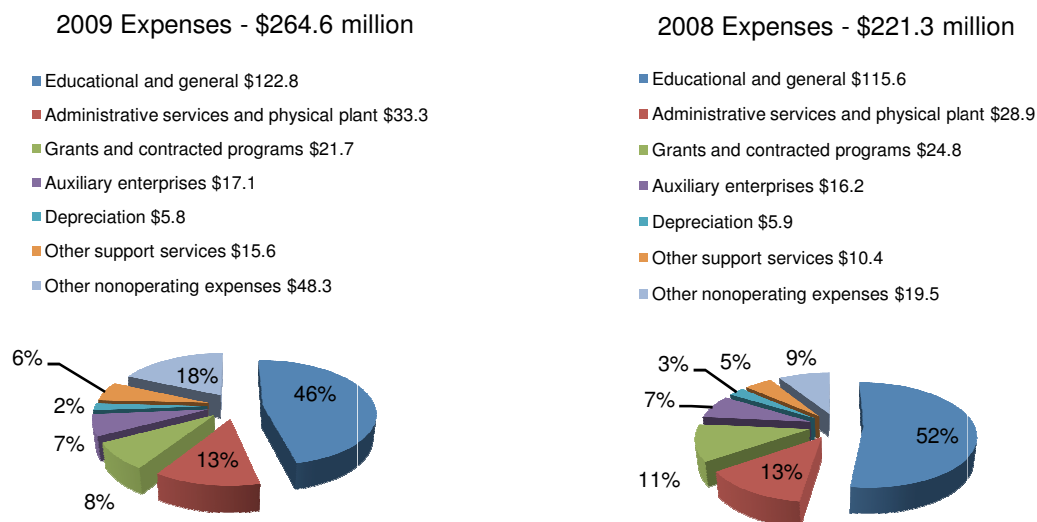
Portland Community College
Fiscal year ended June 30, 2009

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 2009 and 2008:



The following graphics show the allocation of total expenses for fiscal years 2009 and 2008:



Fiscal year 2009 compared to 2008. The most significant source of operating revenues is tuition and fees, followed by auxiliary services and federal grants. Operating revenues decreased by \$1.9 million, or 2%, which reflects increases in student tuition and fees that were offset by decreases in federal contracted programs and auxiliary enterprises. 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 decreased \$2.9 million from the prior year to \$19.7 million.

The largest non-operating revenue source is the State of Oregon which funds FTE reimbursements.

Portland Community College
Fiscal year ended June 30, 2009

Operating expenses increased by \$14.5 million overall. Educational expenses are the largest single line item and increased by about \$7.2 million, or 6%, to \$122.8 million.

Fiscal year 2008 compared to 2007. Operating revenues increased by \$3.5 million, or 4%, which reflects increases in the tuition rate and program expansion in some areas of the College. Auxiliary enterprises and other revenues increased \$1.3 million from the prior year to \$22.6 million.

Non-operating revenues were significantly impacted by the receipt of the College's 2007 fourth quarter FTE reimbursement of \$14.5 million in fiscal year 2008. Student financial aid revenues increased by \$3.2 million in 2008 and property taxes increased \$3.4 million in 2008.

Operating expenses increased by \$22.9 million overall. Educational expenses are the largest single line item and increased by about \$17.0 million, or 17%, to \$115.6 million.

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)					
	2009	2008	Increase (decrease) 2009-08	2007	Increase (decrease) 2008-07
Cash provided by (used in)					
Operating activities	\$ (108.7)	\$ (96.1)	\$ (12.6)	\$ (88.4)	\$ (7.7)
Noncapital financing activities	129.7	143.7	(14.0)	98.8	44.9
Capital financing activities	152.9	(17.2)	170.1	(22.9)	5.7
Investing activities	(140.6)	(23.2)	(117.4)	12.1	(35.3)
Net increase (decrease) in cash	33.3	7.2	26.1	(0.4)	7.6
Cash and cash equivalents, beginning of year	24.5	17.3	7.2	17.7	(0.4)
Cash and cash equivalents, end of year	\$ 57.8	\$ 24.5	\$ 33.3	\$ 17.3	\$ 7.2

Fiscal year 2009 compared to 2008. 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 \$12.6 million more 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

Portland Community College
Fiscal year ended June 30, 2009

be reported as non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash provided in capital financing activities increased by \$170.1 million. This increase is due to the issuance of \$200 million in bonds offset by other capital financing activities.

Investing Activities: Declining interest rates and the increased purchase of investments are primarily responsible for the \$117.4 million decrease in cash used in investing activities.

Fiscal year 2008 compared to 2007. **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 \$7.7 million more 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 non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash used in capital financing activities decreased by \$5.7 million. This decrease is due to cash used for capital purchases offset by cash provided by the sale of the Washington County Workforce Training Center for \$5.3 million.

Investing Activities: Declining interest rates and the increased purchase of investments are primarily responsible for the \$35.3 million decrease in cash provided by investing activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's investment in capital assets as of June 30, 2009, was \$242.9 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, library collections and infrastructure.

Additional information on the College's capital assets can be found in Note 3 of the Notes to Basic Financial Statements.

Debt Administration. At the end of the current fiscal year, the College had debt instruments with a total outstanding principal of \$439.2 million. Of this amount, \$437.7 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 \$1.4 million is certificates of participation, which are a certified interest in a lease purchase agreement; and approximately \$37 thousand 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 \$2.6 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$311.3 million is roughly 12% of the legal debt limit. Additional information on the College's long-term debt can be found in Note 4 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During fiscal year 2009, the College received \$28.1 million less in state revenue than fiscal year 2008. The primary difference is from the payment structure of the state FTE reimbursement offset by new state stimulus grants.

Portland Community College
Fiscal year ended June 30, 2009

The College is facing a challenge to provide affordable programs with less resource. The volatile nature of the economy is a challenge to meet the counter cyclical nature of our service. When the economy is bad enrollment increases as people go back to school to get additional training or switch professions. The development of next year's budget took into consideration the long-term effect of the current recession and the financial health of the College.

The College proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. Since its formation in 1961, the College has adopted its budget on an annual basis in accordance with the requirement of Oregon Budget Law. In 2001, the State Legislature amended Local Budget Law allowing municipalities to adopt a budget for a period of 24 months (a biennial budget). On January 18, 2007 the Board passed Resolution 07-044 granting the District President the authority to prepare and submit a 24 month biennial budget commencing July 1, 2007.

The College adopted a balanced budget for the biennial period beginning July 1, 2009, that includes a \$4 per credit hour tuition increase in the first year and \$2 per credit hour increase beginning July 1, 2010. At the time of adoption the College's share of state support is projected to be reduced by \$11 million compared to the prior year. The budget includes a projected 1% increase in enrollment in the next year.

During fiscal year 2009, the College sold \$200 million of the \$374 million in bonds authorized by the District's voters in November 2008. The proceeds have and will continue to finance expansions in academic space and college programs in the five county College district.

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,

	2009	2008 (restated)
	(In Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 57,807	\$ 24,437
Restricted cash and cash equivalents	-	38
Short-term investments	89,872	68,553
Receivables:		
Taxes	2,337	1,895
Accounts	2,835	1,497
Student accounts	12,074	11,043
Federal programs	5,923	6,942
Interest	1,130	720
Inventory and prepaid items	1,986	1,840
Total current assets	173,964	116,965
Noncurrent assets:		
Long-term investments	125,496	3,385
Pension asset	108,675	156,879
Net pension obligation	2,714	2,536
Bond issuance costs	1,888	1,221
Capital assets - non-depreciable	57,784	23,499
Capital assets - depreciable	250,860	248,039
Less: Accumulated depreciation	(65,722)	(59,973)
Total noncurrent assets	481,695	375,586
TOTAL ASSETS	\$ 655,659	\$ 492,551
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,023	\$ 3,828
Payroll liabilities	15,461	13,979
Accrued interest payable	3,170	1,102
Deferred revenue	2,122	1,928
Compensated absences	4,901	4,357
Other current liabilities	4,238	2,951
Current portion of long-term debt	17,186	15,049
Total current liabilities	53,101	43,194
Noncurrent liabilities:		
Noncurrent liabilities	439,160	243,460
Less: Current portion of long-term debt	(17,186)	(15,049)
Total noncurrent liabilities	421,974	228,411
TOTAL LIABILITIES	475,075	271,605
NET ASSETS		
Net assets invested in capital assets	242,922	211,565
Less: Related debt	(148,025)	(129,947)
Investment in capital assets, net	94,897	81,618
Restricted:		
Student financial aid grants and loans	8,700	8,203
Unrestricted	76,987	131,125
Total net assets	180,584	220,946
TOTAL LIABILITIES AND NET ASSETS	\$ 655,659	\$ 492,551

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years ended June 30,

	2009	2008 (restated)
	(In Thousands)	
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	\$ 52,837	\$ 49,203
Federal contracted programs	12,514	15,054
Nongovernment grants and contracts	3,935	4,791
Auxiliary enterprises:		
Food services	3,764	3,402
Bookstore, net of scholarship allowances	9,500	9,070
Parking operation	2,457	2,207
Other operating revenues	11	3,129
Total operating revenues	85,018	86,856
OPERATING EXPENSES		
Educational and general:		
Sylvania Campus	40,850	40,028
Rock Creek Campus	25,175	24,289
Cascade Campus	22,017	20,443
Extended Learning Campus	15,185	13,764
President and Governing Board	3,717	3,335
Academic and Student Affairs Services	15,849	13,723
Administrative Services and Physical Plant	33,332	28,852
Other support services:		
Student Activities	1,650	1,142
Grants and Contracted Programs	21,649	24,841
Student financial aid, net of tuition and textbooks	11,953	7,451
Auxiliary enterprises:		
Food services	3,885	3,507
Bookstore	11,612	10,566
Parking operation	1,639	1,743
Miscellaneous	-	412
Early retirement costs	350	323
Materials, supplies and minor equipment expense	1,696	1,383
Depreciation expense	6,196	6,102
Amortization of bond related costs	(366)	(247)
Total operating expenses	216,389	201,657
Operating income (loss)	(131,371)	(114,801)
NONOPERATING REVENUES (EXPENSES)		
Federal financial aid	31,828	20,837
State FTE reimbursement	48,945	81,165
State and local government grants and contracts	11,069	6,962
Property taxes	44,162	42,504
Investment income	3,267	4,362
Investment loss on pension asset	(35,023)	-
Contributed assets	32	-
Gain (loss) on the disposal of capital assets	10	(7,749)
Interest expense	(13,281)	(11,796)
Net nonoperating revenues (expenses)	91,009	136,285
Increase (decrease) in net assets	(40,362)	21,484
NET ASSETS		
Net assets - beginning of the year	220,946	199,462
Net assets - end of the year	\$ 180,584	\$ 220,946

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS
Years ended June 30,

	2009	2008
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 52,000	\$ 46,020
Federal grants and contracts	12,514	15,054
Non-government grants and contracts	3,936	4,791
Payments to suppliers for goods and services	(30,747)	(50,813)
Payments to employees	(148,330)	(121,841)
Payments for student financial aid and other scholarships	(11,953)	(6,517)
Payment for early retirement	(528)	(828)
Cash received from customers	14,382	14,966
Other cash receipts	11	3,129
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(108,715)</u>	<u>(96,039)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal student financial aid grants	32,847	20,316
State and local government grants and contracts	11,069	6,961
Cash received from property taxes	43,720	42,155
Cash received from State FTE reimbursement	48,944	81,165
Interest paid on limited tax pension bonds	(5,173)	(5,215)
Principal paid on limited tax pension bonds	(1,710)	(1,670)
	<u> </u>	<u> </u>
Net cash provided by noncapital financing activities	<u>129,697</u>	<u>143,712</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on long-term debt	(16,108)	(11,968)
Purchase of capital assets	(37,571)	(4,109)
Cash payments related to bond purchase	61	5,463
Proceeds from disposition of capital assets	200,000	-
Proceeds from bond premium	13,313	-
Cash paid for bond issuance costs	(782)	(69)
Interest paid on long-term debt	(5,989)	(6,505)
	<u> </u>	<u> </u>
Net cash provided (used) in capital financing activities	<u>152,924</u>	<u>(17,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,857	3,910
Purchases of investments	(257,038)	(135,723)
Proceeds from sales of investments	113,607	108,569
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(140,574)</u>	<u>(23,244)</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2009	2008 (restated)
	(In Thousands)	
NET INCREASE IN CASH	\$ 33,332	\$ 7,241
Cash and cash equivalents - beginning of the year	24,475	17,234
Cash and cash equivalents - end of year	<u>\$ 57,807</u>	<u>\$ 24,475</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET ASSETS		
Unrestricted cash and cash equivalents	\$ 57,807	\$ 24,437
Restricted cash and cash equivalents	<u>-</u>	<u>38</u>
	<u>\$ 57,807</u>	<u>\$ 24,475</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (131,372)	\$ (114,801)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	6,196	6,102
Pension contributions paid from pension asset	13,182	13,305
Amortization expense	(366)	(247)
Change in net pension obligation	(178)	(505)
Change in OPEB liability	637	637
(Increases) decreases in current assets used in operations:		
Accounts receivable	(1,339)	285
Student accounts receivable	(1,030)	(57)
Inventory and prepaid items	(147)	(166)
Increases (decreases) in current liabilities used in operations:		
Accounts payable	2,195	470
Payroll liabilities	1,482	1,133
Deferred revenue	194	(2,191)
Other current liabilities	1,287	(376)
Compensated absences	544	372
Net cash used in operating activities	<u>\$ (108,715)</u>	<u>\$ (96,039)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Increase in fair value of investments	\$ -	\$ 91
Bond accretion	51	48
Proceeds of debt placed in escrow	-	12,190
Defeasance of debt	-	(11,980)

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

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 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, 2009 and 2008**

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, 2009 and 2008 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 unearned 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.

Pension Asset

The pension asset is the result of the transfer of the College's pension bond proceeds to PERS to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. This pension asset is separately reported by PERS and is being used to pay a portion of the College's annual required contribution.

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, 2009 and 2008**

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

Compensated Absences

It is College policy to permit employees to accumulate vacation and sick leave. Unused vacation pay is recognized as an expense and accrued when earned. The College does not have a policy to pay accumulated sick leave when employees separate from service. The College's employment contracts state that vacation leave earned during the academic year must be taken before the end of the following year. Because of this policy the College recognizes all compensated absences as current liabilities.

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.

Retirement Plans

Eligible college employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses.

Other Postemployment Benefits Obligation

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for fiscal year ended June 30, 2008. The Net OPEB Obligation is recognized as a long-term liability in the Statement of Net Assets, the amount of which is actuarially determined.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$77.00 million at June 30, 2009 includes \$1.60 million reserved for contracted grant programs, \$3.92 million reserved for future debt service, \$3.38 million reserved for risk management, and \$33.72 million reserved for PERS bond debt service, with \$34.38 million remaining for other purposes. The unrestricted net asset balance of \$131.10 million at June 30, 2008 includes \$1.74 million reserved for contracted grant programs, \$3.34 million reserved for future debt service, \$3.43 million reserved for risk management, and \$30.68 million reserved for PERS bond debt service, with \$91.91 million remaining for other purposes.

Budgetary Information

Beginning July 1, 2007, the College changed its method of adopting its budget from an annual basis to a biennial basis in accordance with Oregon Revised Statutes. The College makes appropriations on a fund basis, using either the modified accrual or accrual basis of accounting depending on the fund type.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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. The biennial appropriations lapse on June 30 of the second year of the biennial period.

Excess of Expenditures over Appropriations

The parking operations expenditures exceeded appropriations in Parking Operations of the Enterprise Fund by \$176 thousand for the biennium fiscal year 2007-2009 ended June 30, 2009.

2. 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).

	Year Ended June 30,	
	2009	2008
Cash and cash equivalents:		
Cash on hand	\$ 125	\$ 140
Demand deposits	22,273	1,162
Cash held by county treasurer	289	262
Oregon Local Government Investment Pool	37,736	25,157
Unrestricted cash and cash equivalents	60,423	26,721
Restricted cash and cash equivalents	-	38
Total cash and cash equivalents	60,423	26,759
Less cash Pension Trust Fund - Early Retirement	(2,616)	(2,284)
Total cash and cash equivalents basic statements	57,807	24,475
Investments:		
Government and agency obligations	147,628	45,825
Corporate securities	32,929	14,864
Bank obligations	34,811	11,249
Total investments	215,368	71,938
Total cash and investments	\$ 273,175	\$ 96,413

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

2. 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):

	Year Ended June 30,	
	2009	2008
Investments categorized by Moody's rating:		
Government sponsored (Treasury & Federal Agencies), Aaa or better	\$ 147,628	\$ 45,825
Corporate notes (Moody's AA or better)	25,429	11,374
Corporate commercial paper (Moody's A1 or better)	7,500	3,490
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	34,811	11,249
Total investments	<u>\$ 215,368</u>	<u>\$ 71,938</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.

The global credit crisis of 2008 continues to affect US credit markets. While the government capital infusion has helped to stabilize the markets, credit remains tight and markets continue to experience slightly less liquidity in corporate debt issues. The College continues to take a strategic approach to minimizing risk through credit analysis, investment diversification and cash flow investing.

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. There are no investments that exceed this threshold as of June 30, 2009.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

2. CASH AND INVESTMENTS (Continued)

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, 2009, 13.45% of the college's Bond portfolio investments measured as a percentage of bond investments mature within a 180 day time frame and 47.97% of all other investments measured as a percentage of all other investment matured within a 180 day time horizon.

Bond Investments maturing after 180 days (in thousands)

Bond Investments	Rating	Maturity Date	Market Value
Key Bank CD	NR	02-08-2010	\$ 5,000
Key Bank CD	NR	03-08-2010	5,000
FHLB Coupon	AAA	03-12-2010	2,064
FAMCA Coupon	AAA	04-14-2010	3,012
Toyota Motor Credit Corporate Note	AA+, Aa1	04-28-2010	1,416
FHLB Coupon	AAA	05-14-2010	5,308
FHLB Coupon	AAA	06-22-2010	5,191
U.S. Bancorp Corporate Note	AA, Aa3	07-29-2010	4,260
FNMA Coupon	AAA	08-11-2010	3,554
FHLB Coupon	AAA	09-10-2010	3,166
FNMA Coupon	AAA	09-16-2010	5,047
FHLMC Coupon	AAA	10-18-2010	3,894
FHLMC Coupon	AAA	10-25-2010	5,155
FFCB Coupon	AAA	12-06-2010	5,203
FHLB Coupon	AAA	12-10-2010	2,111
FHLMC Coupon	AAA	12-30-2010	5,001
FHLMC Coupon	AAA	01-18-2011	5,297
Tennessee Valley Authority	AAA	01-18-2011	3,216
FFCB Coupon	AAA	04-01-2011	3,023
Fico Strip Cpn	NA	04-06-2011	4,808
FNMA Coupon	AAA	04-08-2011	5,028
FHLB Coupon	AAA	06-10-2011	2,362
FHLB Coupon	AAA	06-14-2011	2,823
FHLMC Coupon	AAA	06-29-2011	5,266
FHLB Coupon	AAA	08-19-2011	3,240
FFCB Coupon	Aaa	10-03-2011	4,178
FHLB Coupon	AAA	10-05-2011	5,323
FNMA Coupon	AAA	10-07-2011	2,006
Morgan Stanley Corp. Note TLGP	AAA, Aaa	12-01-2011	5,191
American Express Corp.Note TLGp	AAA, Aaa	12-09-2011	3,108
FHLB Coupon	AAA	01-23-2012	5,052
FFCB Coupon	AAA	03-19-2012	10,059
GECC Corp. Note TLGP	AAA, Aaa	03-12-2012	5,048
Goldman Sachs GP TLGP	AAA, Aaa	03-15-2012	5,041
FHLMC Coupon	AAA, Aaa	04-20-2012	5,038

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

2. CASH AND INVESTMENTS (Continued)

All Other Investments maturing after 180 days (in thousands)

All Other Investments	Rating	Maturity Date	Market Value
FNMA Coupon	AAA	01-19-2010	\$ 1,996
FHLB Disco	AAA	02-01-2010	1,996
FHLMC Disco	AAA	02-08-2010	2,993
FHLMC Coupon	AAA	02-09-2010	3,082
Albina Community Bk CD	NR	03-28-2010	95
FNMA Coupon	AAA	04-09-2010	2,031
FHLMC Coupon	AAA	04-30-2010	3,055
FFCB Coupon	AAA	05-04-2010	3,056
Bank of The West CD	NR	06-03-2010	90
Bank of America CD	NR	06-09-2010	1,700
FFCB Coupon	AAA	10-13-2010	3,001

Custodial credit risk – deposits:

House Bill 2901 established on July 1, 2008 brought in new procedures for collateralizing public funds that is less paper intensive than the old method of issuing collateral certificates to each public entity. The Bill establishes a shared liability concept to protect public entities and eliminates “personal liability” of public officials for balances in excess of the collateral certificates. It also reduces “over collateralization”. This bill defines qualified depository institutions, addresses collateralization of public funds over \$100 thousand originally (currently FDIC guarantees amounts up to \$250 thousand) and specifies types of instruments that are allowed as collateral. Qualified bank depositories must sign a pledge agreement approved by the board of directors or loan committee. Governmental entities can maintain balances with such bank depositories following their investment policies. On June 30, 2009, the College bank balances were \$50 million which includes time CDs and bank accounts. Of these deposits, \$1.4 million (8 banks, \$250 thousand per bank) were covered by FDIC and the remaining balance is covered by the new procedures for collateralizing public funds.

Custodial credit risk – investments:

The College has a Board approved investment policy which states that the President shall appoint an Investment Officer who will perform specific investment functions for the college. 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, 2009, the College had \$215.37 million in various investment instruments, of which \$44.22 million was purchased from and held by Wells Fargo Bank. With these holdings, the total custodial credit risk for investments was 20.53% of the total investment portfolio.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

3. CAPITAL ASSETS

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

	Balance July 1, 2007	Increases (Restated)	Decreases (Restated)	Balance As restated June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets not being depreciated:							
Land	\$ 28,947	\$ 1,207	\$ (8,350)	\$ 21,804	\$ 7,802	\$ -	\$ 29,606
Art and historical treasures	761	-	-	761	-	-	761
Construction in progress	403	934	(403)	934	26,748	(265)	27,417
Total capital assets not being depreciated	30,111	2,141	(8,753)	23,499	34,550	(265)	57,784
Capital assets being depreciated:							
Land improvements	8,990	407	-	9,397	786	-	10,183
Buildings and improvements	221,136	374	(5,744)	215,766	1,316	-	217,082
Equipment and machinery	15,077	1,428	(166)	16,339	1,083	(271)	17,151
Library collections	1,852	126	(183)	1,795	101	(194)	1,702
Leasehold improvements	60	102	-	162	-	-	162
Infrastructure	4,580	-	-	4,580	-	-	4,580
Total capital assets being depreciated	251,695	2,437	(6,093)	248,039	3,286	(465)	250,860
Less accumulated depreciation for:							
Land improvements	2,940	531	-	3,471	558	-	4,029
Buildings and improvements	41,090	4,095	(968)	44,217	4,098	-	48,315
Equipment and machinery	9,527	1,230	-	10,757	1,303	(254)	11,806
Library collections	1,176	162	(198)	1,140	144	(194)	1,090
Leasehold improvements	57	10	-	67	19	-	86
Infrastructure	247	74	-	321	75	-	396
Total accumulated depreciation	55,037	6,102	(1,166)	59,973	6,197	(448)	65,722
Total capital assets being depreciated, net	196,658	(3,665)	(4,927)	188,066	(2,911)	(17)	185,138
Total capital assets, net	<u>\$ 226,769</u>	<u>\$ (1,524)</u>	<u>\$ (13,680)</u>	<u>\$ 211,565</u>	<u>\$ 31,639</u>	<u>\$ (282)</u>	<u>\$ 242,922</u>

Included in equipment and machinery above for each of the years ended June 30, 2008 and 2009 are copiers acquired under capital leases with an original cost of \$497 thousand.

The College's Land decreases for fiscal year 2008 have been restated to include the sale of the land attached to the Capital Center (see below) in the amount of \$8.4 million.

In January 1995, the College and Oregon Board of Higher Education jointly purchased the Capital Center located at 18640 NW Walker Road, Beaverton, Oregon. The College held a 38 percentage interest. In February 2008, the Capital Center was sold to the Beaverton School District for \$15 million less closing fees with \$5.46 million in proceeds going to the College.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

4. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2009 are as follows (in thousands):

2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 4,285
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	12,190	12,190	-	(3,025)	9,165	2,905
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	82,955	-	(3,035)	79,920	430
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	112,875	-	(1,710)	111,165	1,765
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%, Maturity December 1, 2013	15,605	9,375	-	(1,190)	8,185	1,185
2001B General obligation bonds, interest ranges from 4.00% - 5.25%, Maturity June 1, 2021	98,000	12,995	-	(4,135)	8,860	4,310
2001A General obligation bonds, interest ranges from 4.10% - 5.50%, Maturity June 1, 2021	46,000	6,170	-	(1,970)	4,200	2,055
1997 General obligation advance refunding bonds, interest ranges from 4.40% - 5.25%, Maturity July 1, 2012	21,885	2,510	-	(2,510)	-	-
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	881	51	(2)	930	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,540	-	(125)	1,415	130
Note Payable, interest rate 6.83%, Maturity March 18, 2011	174	56	-	(19)	37	21
Premium on General obligation bonds	16,016	1,435	13,313	(554)	14,194	-
Less: deferred amount on refunding	(364)	(358)	-	73	(285)	-
Capital leases	497	199	-	(99)	100	100
OPEB liability	-	637	637	-	1,274	-
	<u>\$ 624,823</u>	<u>\$ 243,460</u>	<u>\$ 214,001</u>	<u>\$ (18,301)</u>	<u>\$ 439,160</u>	<u>\$ 17,186</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

4. LONG-TERM LIABILITIES (Continued)

Transactions for the fiscal year ended June 30, 2008 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2007	Increases	Decreases	Outstanding June 30, 2008	Due Within One Year
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	\$ 12,190	\$ -	\$ 12,190	\$ -	\$ 12,190	\$ 255
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	85,225	-	(2,270)	82,955	3,035
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	114,545	-	(1,670)	112,875	1,710
2002A General obligation refunding bonds, interest ranges from 3.00%-5.50%, Maturity December 1, 2013	15,605	9,575	-	(200)	9,375	1,190
2001B General obligation bonds, interest ranges from 4.00% - 5.25%, Maturity June 1, 2021	98,000	16,970	-	(3,975)	12,995	4,135
2001A General obligation bonds, interest ranges from 4.10% - 5.50%, Maturity June 1, 2021	46,000	8,060	-	(1,890)	6,170	1,970
1997 General obligation advance refunding bonds, interest ranges from 4.40% - 5.25%, Maturity July 1, 2012	21,885	14,605	-	(12,095)	2,510	2,510
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	4,132	49	(3,300)	881	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,660	-	(120)	1,540	125
Note Payable, interest 6.83%, Maturity March 18, 2011	174	73	-	(17)	56	19
Premium on General obligation bonds	2,702	1,551	230	(346)	1,435	-
Less: deferred amount on refunding	(364)	-	(364)	6	(358)	-
Capital leases	497	279	19	(99)	199	100
OPEB liability	-	-	637	-	637	-
	<u>\$ 411,509</u>	<u>\$ 256,675</u>	<u>\$ 12,761</u>	<u>\$ (25,976)</u>	<u>\$ 243,460</u>	<u>\$ 15,049</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

4. LONG-TERM LIABILITIES (Continued)

Future maturities of principal and interest of long-term debts 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
2010	\$ 16,935	\$ 22,259	\$ 130	\$ 68	\$ 21	\$ 1	\$ 17,086	\$ 22,328
2011	20,470	19,511	135	62	16	1	20,621	19,574
2012	22,240	18,562	140	56	-	-	22,380	18,618
2013	20,895	17,735	150	49	-	-	21,045	17,784
2014	25,790	16,894	155	42	-	-	25,945	16,936
2015	21,980	15,529	165	34	-	-	22,145	15,563
2016	23,865	14,466	170	26	-	-	24,035	14,492
2017	25,875	13,310	180	18	-	-	26,055	13,328
2018	28,025	12,053	190	9	-	-	28,215	12,062
2019	15,265	10,662	-	-	-	-	15,265	10,662
2020	16,435	9,909	-	-	-	-	16,435	9,909
2021	17,675	9,100	-	-	-	-	17,675	9,100
2022	18,995	8,230	-	-	-	-	18,995	8,230
2023	20,405	7,296	-	-	-	-	20,405	7,296
2024	21,895	6,292	-	-	-	-	21,895	6,292
2025	23,485	5,216	-	-	-	-	23,485	5,216
2026	25,165	4,063	-	-	-	-	25,165	4,063
2027	26,955	2,827	-	-	-	-	26,955	2,827
2028	14,670	1,504	-	-	-	-	14,670	1,504
2029	15,405	770	-	-	-	-	15,405	770
	<u>\$ 422,425</u>	<u>\$ 216,188</u>	<u>\$ 1,415</u>	<u>\$ 364</u>	<u>\$ 37</u>	<u>\$ 2</u>	<u>\$ 423,877</u>	<u>\$ 216,554</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 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).

On November 4, 2008, Portland area voters approved a \$374 million bond measure to provide for expansions in academic space and college programs within the five county college district. In March 2009, the College issued General Obligation Bonds, Series 2009 in the amount of \$200 million. The proceeds of the bonds are being used to expand, modernize and construct facilities for additional students and programs; upgrade technology and to pay for the costs of issuing the Bonds.

In May 2008, the College issued General Obligation Refunding Bonds, Series 2008 in the amount of \$12.19 million. The proceeds from the bonds were used to redeem the General Obligation Advance Refunding Bonds, Series 1997. As a result, a portion of the bonds are considered defeased and the amount of \$11.98 million has been removed from liabilities. The reacquisition price exceeded the net carrying amount of the old debt by \$0.36 million. This amount is being netted against the new debt and amortized over the life of the new debt, which is shorter than the life of the refunded debt. The bonds were issued to take advantage of current market yield which created a net economic gain of \$0.45 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

4. LONG-TERM LIABILITIES (Continued)

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2009 and 2008, the College had no arbitrage rebate liabilities.

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, 2009, the outstanding balance of refunded bonds defeased totaled \$113 million.

In July 2005, the College entered into a capital lease agreement as lessee for financing the acquisition of equipment. The future obligation and the lease payment for the year ending June 30, 2010 is \$99,389 which constitutes the balance owing.

5. 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):

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 1,059
2011	464
2012	148
2013	<u>38</u>
Total	<u>\$ 1,709</u>

The expense for operating leases for the years ended June 30, 2009 and 2008 was \$3.49 million and \$1.7 million, respectively.

In February 2008, the College entered into a lease with Beaverton School District for a portion of the Capital Center, which houses the Washington County Workforce Training Center. The lease shall expire on December 31, 2009 and was extended until Feb 28, 2010. Cost of the two-month extension will be \$91,509 per month. The College has the option to cancel the lease with 30 days notice. Beginning February 2009, the rent increased to \$68,804 per month. Rental payments made February 2008 to January 2009 were \$66,800 per month.

6. LONG-TERM LEASE

In August 2008, the College entered into a ninety-nine year lease with Tri-County Metropolitan Transportation District of Oregon at the Southwest 185th Willow Creek Westside Light Rail Station for the new site of the Washington County Workforce Training Center. Payment of \$2.4 million was made in August 2008 as settlement of the lease. The College will make annual payments to the landlord for parking space maintenance beginning January 2010.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

6. LONG-TERM LEASE (Continued)

In 2102, five years before the end of the lease the parties shall begin discussions regarding renewal of the lease. If the College does not elect to renew the lease or sell the rights to the lease to a third-party purchaser, the lease shall terminate at the end of the term and the improvements will become property of the landlord without compensation to the College.

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 \$10 million per occurrence and a \$20 million aggregate loss limit. The College's property insurance total loss limit is \$400 million with a \$25 thousand deductible. Earthquake and flood coverage has a loss limit of \$100 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, 2009 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 Ended June 30,	
	2009	2008
Unpaid claims, July 1	\$ 359	\$ 205
Incurred claims	389	470
Claim payments	(452)	(316)
Unpaid claims, June 30	<u>\$ 296</u>	<u>\$ 359</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

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: 1) The Pension Program, the defined benefit portion of the plan, applies to qualifying College employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The Individual Account Program (IAP), the defined contribution portion of the plan, beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained 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, 2009 were 3.24% and 5.82% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Pension Asset

The pension asset is the result of the transfer of the College's pension bond proceeds to PERS to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. This pension asset is separately reported by PERS and is being used to pay a portion of the College's annual required contribution. Changes in the pension asset for the last two fiscal years are below (in thousands):

	Year Ended June 30,	
	2009	2008
Balance, July 1 *	\$ 156,879	\$ 170,184
Investment earnings	(35,022)	(214)
Contributions to cost sharing plan	(13,182)	(13,091)
Balance, June 30	<u>\$ 108,675</u>	<u>\$ 156,879</u>

* Balance as restated July 1, 2007

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

9. PENSION PLANS (Continued)

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.

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 costing method:

The actuarial funding method used to determine the cost of the Supplemental Early Retirement Program is Aggregate cost method. The objective under this method is to fund all participants' benefits under the plan as payments which are a level dollar amount each year, starting at their original participation dates, and continuing until their assumed dates of retirement, termination, disability and death. The method does not distinguish between benefits credited for past and future service, or between liabilities created before and after the introduction of the cost method.

A detailed description of the calculation follows:

- The present value of projected benefits is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.
- The present value of future normal costs is the excess of the present value of benefits over the actuarial asset value of the plan.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Actuarial costing method (continued):

- The normal cost for a given year is determined by dividing the present value of future normal costs by the present value of future service to obtain a per participant normal cost amount, which is then multiplied by the number of active participants under the assumed retirement age.

Under this method, any difference between the actual experience and that assumed in the determination of costs and liabilities is fully reflected in the determination of normal costs.

Changes since prior valuation:

The unfunded frozen initial liability has been fully amortized, as a result of the assets exceeding the present value of benefits. With the frozen initial liability equal to \$0, the method reverts to the Aggregate cost method.

Basis of Accounting:

The actuarial calculations are consistent with accounting principles generally accepted in the United States of America and GASB No. 25, 27, and 50.

Asset Valuation Method:

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

Basic actuarial assumptions:

- | | |
|------------------|---|
| 1. Discount rate | 3.00 percent per year |
| 2. Mortality | Male retirees: The RP-2000 generational combined active/healthy annuitant male mortality table with white collar adjustment and no setback.
Male actives: 75% of the male retirees' rates.
Female retirees: The RP-2000 generational combined active/healthy annuitant female mortality table with 67% white 33% blue collar blend adjustment and no setback.
Female actives: 50% of the female retirees' rates. |

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

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,		
	2009	2008	2007
Annual required contribution	\$ 6	\$ 6	\$ 45
Interest on net pension surplus	(127)	(101)	(80)
Adjustment to required contribution	276	221	183
Annual pension cost	155	126	148
Contribution made	(333)	(631)	(576)
Increase in pension surplus	(178)	(505)	(428)
Net pension surplus, beginning of year	(2,536)	(2,031)	(1,603)
Net pension surplus, end of year	<u>\$ (2,714)</u>	<u>\$ (2,536)</u>	<u>\$ (2,031)</u>
Interest on pension surplus	5.00%	5.00%	5.00%
Amortization factor	9.17%	9.17%	8.74%

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

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):

July 1,	AVA (1)	AAL (2)	UAAL (3)	Funded	Payroll	Payroll
2007	\$ 1,695	\$ 1,756	\$ 61	96.5%	\$ 35,022	0.2%
2009	2,366	1,689	(678)	140.1%	34,542	(2.0%)

- (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	Annual Required Contribution	Actual Contributions	Employer Contribution Percentage
2005	\$ 193	\$ 511	265%
2006	193	511	265%
2007	45	576	1,270%
2008	6	631	10,935%
2009	6	333	5,775%

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

9. PENSION PLANS (Continued)

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):

		Year Ended June 30,	
		2009	2008
Assets:			
	Cash and investments	\$ 2,616	\$ 2,284
	Receivables	20	39
	Total assets	<u>\$ 2,636</u>	<u>\$ 2,323</u>
Liabilities - accrued benefits payable		\$ 270	\$ 191
Net assets held in trust for pension benefits		<u>2,366</u>	<u>2,132</u>
	Total liabilities and net assets	<u>\$ 2,636</u>	<u>\$ 2,323</u>
		Year Ended June 30,	
		2009	2008
Revenues:			
	Contributions	\$ 528	\$ 828
	Interest income	64	101
	Total revenues	<u>592</u>	<u>929</u>
Expenses - benefits		<u>358</u>	<u>492</u>
	Net increase	234	437
Beginning net assets		<u>2,132</u>	<u>1,695</u>
Ending net assets		<u>\$ 2,366</u>	<u>\$ 2,132</u>

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, 2009 and 2008 was \$0.32 million and \$0.22 million respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

10. POSTEMPLOYMENT HEALTHCARE PLAN

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension for the fiscal year ended June 30, 2008. This implementation allows the College to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

The College operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

The College contributes to the premiums for eligible faculty and academic professional employees and their eligible dependents up to the employer paid maximum at the time of retirement (College Paid-Cap). The maximum monthly employer paid premium contribution at June 30, 2009 is \$860 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 or if dependents come off of the plan. If the insurance premium exceeds the college contribution, the balance is then paid by the employee.

To be eligible, retired employees must be receiving pension benefits from Oregon PERS and the duration of College's contribution towards benefits is for 48 months or until the attainment of age 65, if earlier.

A separate, grandfathered group of eligible management employees receive a one-time lump sum payment equal to the College Paid-Cap at the time of retirement for 48 months or until age 65, whichever is earlier.

Benefits and eligibility for faculty, academic professionals and classified staff are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for administrators and confidential support staff are established and amended by the governing body.

The College is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Retired employees who are eligible for the College Paid-Cap which ends prior to age 65 may continue enrollment in the health plans on a self-pay basis until age 65. Retired employees who are not eligible for the College Paid-Cap may continue enrollment in the health plans on a self-pay basis until age 65.

For the fiscal year ended June 30, 2009, the College contributed \$0.20 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of \$0.6 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Current healthcare premiums for plan member were as follows for the year ended June 30, 2009. Employees eligible for the College Paid-Cap pay the difference between the cap and premium. Employees eligible on a self-pay basis pay 100% of the premiums.

Medical Coverage	Employee	Employee + Spouse	Employee + Child(ren)	Employee + Family
ODS Plan 3	\$ 418.89	\$ 921.58	\$ 795.90	\$ 1,298.57
ODS Plan 6	366.75	806.87	686.84	1,136.95
ODS Plan 8	307.47	676.45	584.20	953.16
Kaiser Plan 1	353.56	777.86	671.78	1,096.07

Dental Coverage	Employee	Employee + Spouse	Employee + Child(ren)	Employee + Family
ODS Plan 5	\$ 38.48	\$ 76.18	\$ 77.34	\$ 118.12
Willamette Plan 8	42.62	84.40	85.68	130.86
Kaiser Plan 7	58.23	128.11	110.63	180.51

The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the College (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's OPEB obligation to the plan (in thousands).

	Year Ended June 30,	
	2009	2008
Annual Required Contribution	\$ 1,541	\$ 1,485
Interest on net OPEB obligation	32	-
ARC adjustment	(26)	-
Annual OPEB Cost	1,547	1,485
Contributions Made	(910)	(848)
Increase in net OPEB obligation	637	637
Net OPEB obligation at beginning of year	637	-
Net OPEB obligation at end of year	\$ 1,274	\$ 637
Interest rate	5.00%	5.00%
Amortization factor for ARC adjustment	24.6	25.4

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 and 2008 were as follows (in thousands):

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 1,485	57%	\$ 637
2009	1,547	59%	1,274

Funding status and funding progress based on most recent actuarial valuations are as follows (in thousands):

<u>Valuation Date July 1,</u>	<u>AVA (1)</u>	<u>AAL (2)</u>	<u>UAAL (3)</u>	<u>Percent Funded</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
2007	\$ -	\$ 13,627	\$ 13,627	-	\$ 67,791	20.1%
2009	-	16,498	16,498	-	85,454	19.3%

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

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

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.50% for Medical, reduced by decrements to an ultimate rate of 6.4% after ten years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of thirty years.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERS) the College contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating community colleges are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.37% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to RHIA for the years ended June 30, 2009, 2008 and 2007 were \$47 thousand, \$43 thousand and \$154 thousand, which equaled the required contributions each year.

11. 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 2% of revenues and total assets of the College.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

11. RELATED ORGANIZATION (Continued)

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2009 and 2008 is as follows (in thousands):

	Year Ended June 30,	
	2009	2008
Total assets	\$ 5,679	\$ 7,542
Total net assets	5,299	4,600
Total support and revenues	2,893	2,174
Total expenses	2,194	1,780

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The College has approximately \$19.9 million in on-going construction commitments as of June 30, 2009. The commitments include design and construction of the Willow Creek Education and Training Center located on the Willow Creek Transit Center and renovation of the Willamette Block building located in downtown Portland. On-going construction commitments also include consulting services for other district-wide bond projects including development and construction of an education and training center in Newberg. District-wide deferred maintenance projects which are part of the economic stimulus plan passed by the Oregon Legislature are also included in the commitments.

Senate Bill 338 – Economic Stimulus Package

In February 2009 Oregon State legislation passed Senate Bill 338 an economic stimulus package to create and protect non-government jobs through capital construction and infrastructure projects, including school repairs, transportation and deferred maintenance. The College was allotted \$6.4 million in state funds and will provide \$6.4 million in matching funds for nineteen district wide infrastructure improvement projects.

Senate Bill 5516 – Construction Grant

In June 2007 Oregon State legislation passed Senate Bill 5516 for grant amounts to state community colleges funded by the sale of bonds, to happen in spring 2009. In March 2009, the College provided \$7.5 million in matching funds to be eligible to receive this grant. In August 2009, the College received approximately \$7.4 million in state funds with five percent being retained by the state until completion of the project.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2009 and 2008**

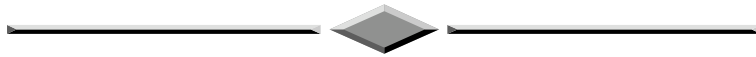
13. Restatements

Certain balances reported in the June 30, 2008 and 2007 basic financial statements have been restated due to a change in accounting for the pension asset and in 2008 due to the correction of the sale of land, the reclassification of construction in progress, the removal of summer tuition deferred and establishment of allowance for doubtful accounts for Federal Perkins and Nursing loans. The effects (in thousands) are:

	Year Ended June 30,	
	2008	2007
Net Assets before restatement	\$ 182,314	\$ 140,655
Pension Asset	45,125	56,776
Net Pension obligation	2,536	2,031
Land	(8,350)	-
Capital assets - non-depreciable	255	-
Receivables: Student accounts	(7,065)	-
Deferred revenue	6,131	-
Net Assets restated	<u>\$ 220,946</u>	<u>\$ 199,462</u>



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, 2009

<u>GENERAL FUND</u>				
	<u>2007-2009 FINAL BUDGET</u>	<u>2nd YEAR ACTUAL</u>	<u>TOTAL ACTUALS</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES:				
From local sources:				
District tax levy:				
Current	\$ 45,926,653	\$ 24,089,900	\$ 47,292,907	\$ 1,366,254
Prior	733,827	397,459	776,243	42,416
Total district tax levy	<u>46,660,480</u>	<u>24,487,359</u>	<u>48,069,150</u>	<u>1,408,670</u>
Tuition and fees:				
Tuition - general	114,316,444	61,913,972	115,434,146	1,117,702
Other tuition and fees	-	(130,490)	1,097,484	1,097,484
Total tuition and fees	<u>114,316,444</u>	<u>61,783,482</u>	<u>116,531,630</u>	<u>2,215,186</u>
Other sources:				
Interest from investments	2,023,826	736,386	2,427,679	403,853
Miscellaneous local sources	3,923,100	1,589,983	3,796,004	(127,096)
Total other sources	<u>5,946,926</u>	<u>2,326,369</u>	<u>6,223,683</u>	<u>276,757</u>
Total from local sources	<u>166,923,850</u>	<u>88,597,210</u>	<u>170,824,463</u>	<u>3,900,613</u>
From state sources:				
FTE reimbursement	<u>133,817,048</u>	<u>65,707,908</u>	<u>132,343,877</u>	<u>(1,473,171)</u>
Total from state sources	<u>133,817,048</u>	<u>65,707,908</u>	<u>132,343,877</u>	<u>(1,473,171)</u>
Total revenues, budgetary basis	<u>300,740,898</u>	<u>154,305,118</u>	<u>303,168,340</u>	<u>2,427,442</u>

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PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended June 30, 2009

General Fund				
	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
EXPENDITURES:				
Campus program areas:				
Sylvania	\$ 74,298,879	\$ 37,223,968	\$ 73,238,976	\$ 1,059,903
Rock Creek Campus	46,718,946	23,105,349	45,244,370	1,474,576
Cascade	38,982,490	20,107,791	38,590,718	391,772
Extended Learning	16,735,447	8,782,997	16,421,819	313,628
Total Campus program areas	176,735,762	89,220,105	173,495,883	3,239,879
Non-program areas:				
Personal Services	80,024,968	40,444,553	77,239,662	2,785,306
Materials & Services	34,387,142	17,357,865	34,247,584	139,558
Capital Outlay	2,776,357	344,319	1,262,826	1,513,531
Total Non-program areas	117,188,467	58,146,737	112,750,072	4,438,395
Contingencies	3,897,859	-	-	3,897,859
Total Expenditures	297,822,088	147,366,842	286,245,955	11,576,133
Revenues over (under) expenditures, budgetary basis	2,918,810	6,938,276	16,922,385	14,003,575
OTHER FINANCING SOURCES (USES):				
Transfers in	7,850,437	3,765,483	7,013,189	(837,248)
Transfers out	(12,122,978)	(5,020,943)	(12,061,946)	61,032
Amount Provided to Early Retirement Fund	(1,656,288)	(528,144)	(1,356,288)	300,000
Total other financing sources (uses)	(13,779,266)	(5,549,087)	(13,418,234)	361,032
Revenues and other financing sources (uses) over (under) expenditures, budgetary basis	(3,010,019)	5,154,672	10,517,340	13,527,359
Beginning fund balance	19,222,000	23,156,829	17,794,161	(1,427,839)
Ending fund balance - budgetary basis	\$ 16,211,981	\$ 28,311,501	\$ 28,311,501	\$ 12,099,520

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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

For the year ended June 30, 2009

CONTINUING AND COMMUNITY EDUCATION FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Other local sources	\$ 3,473,186	\$ 1,371,697	\$ 2,614,270	\$ (858,916)
Tuition and fees	11,319,040	4,643,952	9,148,669	(2,170,371)
Total revenues	14,792,226	6,015,649	11,762,939	(3,029,287)
EXPENDITURES:				
Sylvania Campus:				
Direct personnel	309,507	95	4,491	305,016
Personnel benefits	82,803	9	739	82,064
Materials and services	435,402	45,325	48,132	387,270
Capital outlay	100,000	-	-	100,000
Total Sylvania Campus	927,712	45,429	53,362	874,350
Extended Learning Campus:				
Direct personnel	6,552,389	2,653,290	5,284,796	1,267,593
Personnel benefits	2,140,106	725,081	1,463,651	676,455
Materials and services	5,083,922	2,109,530	4,054,986	1,028,936
Capital outlay	-	-	5,575	(5,575)
Total Extended Learning Campus	13,776,417	5,487,901	10,809,008	2,967,409
Cascade Campus:				
Direct personnel	69,225	21,304	32,963	36,262
Personnel benefits	17,269	5,572	9,363	7,906
Materials and services	1,603	8,371	8,382	(6,779)
Total Cascade Campus	88,097	35,247	50,708	37,389
Total expenditures	14,792,226	5,568,577	10,913,078	3,879,148
Revenues over (under) expenditures	-	447,072	849,861	849,861
Beginning fund balance	-	48,675	(354,114)	(354,114)
Ending fund balance	\$ -	\$ 495,747	\$ 495,747	\$ 495,747

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

AUXILIARY SERVICES FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Facilities usage	\$ 813,070	\$ 318,467	\$ 620,667	\$ (192,403)
Campus activities	296,266	215,320	371,010	74,744
Total revenues	<u>1,109,336</u>	<u>533,787</u>	<u>991,677</u>	<u>(117,659)</u>
EXPENDITURES:				
Campus activities	448,470	136,331	226,201	222,269
Facilities usage	883,063	284,331	606,505	276,558
Contingency	67,602	-	-	67,602
Total expenditures	<u>1,399,135</u>	<u>420,662</u>	<u>832,706</u>	<u>566,429</u>
Revenues over (under) expenditures	<u>(289,799)</u>	<u>113,125</u>	<u>158,971</u>	<u>448,770</u>
OTHER FINANCING SOURCES (USES):				
Transfers:				
Transfers in	33,112	33,112	33,112	-
Transfers (out)	(183,381)	(25,262)	(140,244)	43,137
Total other financing sources (uses)	<u>(150,269)</u>	<u>7,850</u>	<u>(107,132)</u>	<u>43,137</u>
Revenues and other financing sources (uses) over (under) expenditures	(440,068)	120,975	51,839	491,907
Beginning fund balance	440,068	429,214	498,350	58,282
Ending fund balance	<u>\$ -</u>	<u>\$ 550,189</u>	<u>\$ 550,189</u>	<u>\$ 550,189</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

STUDENT ACTIVITIES FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Interest from investments	\$ 11,067	\$ 3,480	\$ 6,930	\$ (4,137)
From local sources:				
Student activities fees	2,056,778	1,308,475	2,403,578	346,800
Other local sources	197,000	99,839	198,830	1,830
Total from local sources	2,253,778	1,408,314	2,602,408	348,630
Total revenues	2,264,845	1,411,794	2,609,338	344,493
EXPENDITURES:				
Sylvania Campus Programs	1,020,200	540,933	989,358	30,842
Rock Creek Campus Programs	662,622	303,929	661,973	649
Cascade Campus Programs	587,192	323,360	587,019	173
Extended Learning Campus Programs	154,595	61,563	133,340	21,255
Contingency	48,729	-	-	48,729
Total expenditures	2,473,338	1,229,785	2,371,690	101,648
Revenues over (under) expenditures	(208,493)	182,009	237,648	446,141
Beginning fund balance	208,493	154,304	98,665	(109,828)
Prior period adjustment	-	(4,371)	(4,371)	(4,371)
Restated beginning fund balance	208,493	149,933	94,294	(114,199)
Ending fund balance	\$ -	\$ 331,942	\$ 331,942	\$ 331,942

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

CONTRACTED PROGRAMS FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Investment earnings	\$ -	\$ 3,092	\$ 126,222	\$ 126,222
Local sources	14,826,442	3,935,389	8,726,040	(6,100,402)
State sources	13,398,215	7,001,482	13,962,961	564,746
Federal sources	41,749,596	12,514,127	27,568,398	(14,181,198)
Total revenues	69,974,253	23,454,090	50,383,621	(19,590,632)
EXPENDITURES:				
Local contracts	12,592,116	3,717,373	8,328,860	4,263,256
Capital outlay	-	-	29,626	(29,626)
Total local contracts	12,592,116	3,717,373	8,358,486	4,233,630
State grants	11,908,663	6,400,045	12,627,945	(719,282)
Total state grants	11,908,663	6,400,045	12,627,945	(719,282)
Federal grants	37,863,272	11,531,763	25,384,110	12,479,162
Capital outlay	-	90,637	210,439	(210,439)
Total federal grants	37,863,272	11,622,400	25,594,549	12,268,723
Total expenditures	62,364,051	21,739,818	46,580,980	15,783,071
Contingency	3,455,758	-	-	3,455,758
Revenues over (under) expenditures	4,154,444	1,714,272	3,802,641	(351,803)
OTHER FINANCING SOURCES (USES):				
Transfers in	163,656	81,828	163,656	-
Transfers (out)	(4,136,600)	(1,806,241)	(3,816,989)	319,611
Total other financing sources (uses)	(3,972,944)	(1,724,413)	(3,653,333)	319,611
Revenues and other financing sources (uses) over (under) expenditures	181,500	(10,141)	149,308	(32,192)
Beginning fund balance	2,098,355	2,381,749	2,222,300	123,945
Prior period adjustment	-	(3,824)	(3,824)	(3,824)
Restated beginning fund balance	2,098,355	2,377,925	2,218,476	120,121
Ending fund balance	\$ 2,279,855	\$ 2,367,784	\$ 2,367,784	\$ 87,929

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

STUDENT FINANCIAL AID FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
From local sources:				
Interest from investments	\$ 17,668	\$ 12,774	\$ 39,924	\$ 22,256
Private scholarships	5,851,029	279,501	503,961	(5,347,068)
Miscellaneous income	-	276	2,350	2,350
Total from local sources	5,868,697	292,551	546,235	(5,322,462)
From federal sources	57,380,984	32,644,531	56,040,063	(1,340,921)
Total revenues	63,249,681	32,937,082	56,586,298	(6,663,383)
EXPENDITURES:				
College funded programs	1,362,888	32,994	218,557	1,144,331
Federal programs	62,443,949	33,279,181	56,949,165	5,494,784
Short term student loan program	688,626	282,961	507,421	181,205
Contingency	305,670	-	-	305,670
Total expenditures	64,801,133	33,595,136	57,675,143	7,125,990
Revenues over (under) expenditures	(1,551,452)	(658,054)	(1,088,845)	462,607
OTHER FINANCING SOURCES (USES):				
Transfers in	1,303,600	799,868	1,442,568	138,968
Transfers (out)	(633,000)	(138,198)	(138,198)	494,802
Total other financing sources (uses)	670,600	661,670	1,304,370	633,770
Revenues and other financing sources (uses) over (under) expenditures	(880,852)	3,616	215,525	1,096,377
Beginning fund balance	880,852	447,978	236,069	(644,783)
Ending fund balance	\$ -	\$ 451,594	\$ 451,594	\$ 451,594

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.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

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

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
From local sources:				
Proceeds from tax levies - current year	\$ 36,659,817	\$ 18,882,454	\$ 37,202,721	\$ 542,904
Proceeds from tax levies - prior year	971,941	325,611	646,425	(325,516)
Interest from investments	164,842	186,291	552,212	387,370
	<u>37,796,600</u>	<u>19,394,356</u>	<u>38,401,358</u>	<u>604,758</u>
Total revenues				
EXPENDITURES:				
Principal payments	36,831,000	13,095,000	24,845,000	11,986,000
Interest payments	12,816,819	5,720,801	12,224,090	592,729
Bond issuance costs	190,973	-	68,518	122,455
	<u>49,838,792</u>	<u>18,815,801</u>	<u>37,137,608</u>	<u>12,701,184</u>
Total expenditures				
Revenues over (under) expenditures	<u>(12,042,192)</u>	<u>578,555</u>	<u>1,263,750</u>	<u>13,305,942</u>
OTHER FINANCING SOURCES (USES):				
Refunded bonds issued	12,647,139	-	12,190,000	(457,139)
Premium on new bond issuance	-	-	229,869	229,869
Payment to refunded bond escrow agent	-	-	(12,343,898)	(12,343,898)
	<u>12,647,139</u>	<u>-</u>	<u>75,971</u>	<u>(12,571,168)</u>
Total other financing sources (uses)				
Revenues and other financing sources (uses) over (under) expenditures	604,947	578,555	1,339,721	734,774
Beginning fund balance	2,238,542	3,298,317	2,537,151	298,609
Ending fund balance	<u>\$ 2,843,489</u>	<u>\$ 3,876,872</u>	<u>\$ 3,876,872</u>	<u>\$ 1,033,383</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

CAPITAL LEASE / PURCHASE FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Interest from investments	\$ 3,000	\$ -	\$ -	\$ (3,000)
Total revenues	3,000	-	-	(3,000)
EXPENDITURES:				
Principal payment	245,000	125,000	245,000	-
Interest payment	151,610	73,038	151,353	257
Total expenditures	396,610	198,038	396,353	257
Revenues over (under) expenditures	(393,610)	(198,038)	(396,353)	(2,743)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	396,610	198,135	396,610	-
Revenues and other financing sources (uses) over (under) expenditures	3,000	97	257	(2,743)
Beginning fund balance	45,856	44,658	44,498	(1,358)
Ending fund balance	<u>\$ 48,856</u>	<u>\$ 44,755</u>	<u>\$ 44,755</u>	<u>\$ (4,101)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

PERS DEBT SERVICE BOND FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
EXPENDITURES:				
Principal payments	\$ 3,380,000	\$ 1,710,000	\$ 3,380,000	\$ -
Interest payments	10,388,159	5,173,288	10,388,159	-
Bond Issuance costs	10,000	-	-	10,000
	<u>13,778,159</u>	<u>6,883,288</u>	<u>13,768,159</u>	<u>10,000</u>
Total expenditures				
	<u>(13,778,159)</u>	<u>(6,883,288)</u>	<u>(13,768,159)</u>	<u>10,000</u>
Revenues over (under) expenditures				
	<u>(13,778,159)</u>	<u>(6,883,288)</u>	<u>(13,768,159)</u>	<u>10,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer from PERS Bond Fund	13,778,159	6,883,288	13,768,159	(10,000)
	<u>13,778,159</u>	<u>6,883,288</u>	<u>13,768,159</u>	<u>(10,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
Beginning fund balance	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

The Capital Projects Funds account for the College's major capital outlay expenditures relating to the acquisition, construction and remodeling of capital facilities. The principal financing sources are the sale of General Obligation Bonds, grants from the state 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 come from bond sales, state grants and transfers from other funds.

CAPITAL CONSTRUCTION FUND - The Capital Construction Fund provides for the acquisition of real property, the construction of new buildings and the major renovations of existing facilities. Funds for acquisition and construction come from bond sales, state grants and transfers from other funds.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

CAPITAL PROJECTS FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Interest from investments	\$ 272,000	\$ 262,163	\$ 657,761	\$ 385,761
State Lottery funds	-	1,217,391	1,217,391	1,217,391
State XI-G funds	-	825,763	825,763	825,763
Sale of property	-	-	5,463,023	5,463,023
Other revenues	-	154,461	253,090	253,090
Total revenues	272,000	2,459,778	8,417,028	8,145,028
EXPENDITURES:				
Capital outlay:				
District-wide projects	10,747,000	4,124,937	7,879,658	2,867,342
Total capital outlay expenditures	10,747,000	4,124,937	7,879,658	2,867,342
Contingency	2,032,000	-	-	2,032,000
Total expenditures	12,779,000	4,124,937	7,879,658	4,899,342
Revenues over (under) expenditures	(12,507,000)	(1,665,159)	537,370	13,044,370
OTHER FINANCING SOURCES:				
Transfers in	10,226,000	5,600,074	11,718,074	1,492,074
Transfers (out)	(1,254,000)	(792,000)	(1,114,497)	139,503
Total other financing sources (uses)	8,972,000	4,808,074	10,603,577	1,631,577
Revenues and other financing sources (uses) over (under) expenditures	(3,535,000)	3,142,915	11,140,947	14,675,947
Beginning fund balance	3,776,054	12,295,733	4,297,701	521,647
Ending fund balance	\$ 241,054	\$ 15,438,648	\$ 15,438,648	\$ 15,197,594

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

CAPITAL CONSTRUCTION FUND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Interest from investments	\$ -	\$ 1,019,108	\$ 1,019,108	\$ 1,019,108
Miscellaneous income	-	11,319	11,319	11,319
Total revenues	-	1,030,427	1,030,427	1,030,427
EXPENDITURES:				
Sylvania Campus	-	44,825	44,825	(44,825)
Cascade Campus	-	6,167	6,167	(6,167)
Rock Creek Campus	-	2,851,736	2,851,736	(2,851,736)
Southeast Center	-	16,740	16,740	(16,740)
District-wide Projects	-	30,000,589	30,000,589	(30,000,589)
Bond issuance costs	-	782,202	782,202	(782,202)
Total expenditures	-	33,702,259	33,702,259	(33,702,259)
Revenues (under) expenditures	-	(32,671,832)	(32,671,832)	(32,671,832)
OTHER FINANCING SOURCES:				
Bonds issued	-	200,000,000	200,000,000	200,000,000
Premium on bonds issued	-	13,313,143	13,313,143	13,313,143
Transfers in	-	-	-	-
Transfers out	-	(1,945,656)	(1,945,656)	(1,945,656)
Total other financing sources	-	211,367,487	211,367,487	211,367,487
Revenues and other financing sources (under) expenditures	-	178,695,655	178,695,655	178,695,655
Beginning fund balance	-	-	-	-
Ending fund balance	\$ -	\$ 178,695,655	\$ 178,695,655	\$ 178,695,655



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.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

ENTERPRISE FUND - FOOD SERVICES

	2007-2009 FINAL BUDGET	2nd Year ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Food service sales	\$ 6,408,759	\$ 3,377,029	\$ 6,401,104	\$ (7,655)
Vending machine income	604,275	386,677	765,003	160,728
TOTAL REVENUES	7,013,034	3,763,706	7,166,107	153,073
EXPENDITURES:				
Direct personnel services	2,945,591	1,485,986	2,848,971	96,620
Personnel benefits	1,364,216	601,754	1,194,975	169,241
Supplies, material and services	3,367,598	1,796,901	3,347,563	20,035
Capital outlay	-	8,800	8,800	(8,800)
Total Food services operations	7,677,405	3,893,441	7,400,309	277,096
Contingency	1	-	-	1
TOTAL EXPENDITURES	7,677,406	3,893,441	7,400,309	277,097
REVENUES OVER (UNDER) EXPENDITURES	(664,372)	(129,735)	(234,202)	430,170
OTHER FINANCING SOURCES (USES):				
Interest from investments	17,753	4,183	14,450	(3,303)
Transfers in	264,636	134,292	264,636	-
Transfers (out)	(83,006)	(41,900)	(68,829)	14,177
TOTAL OTHER FINANCING SOURCES (USES)	199,383	96,575	210,257	10,874
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(464,989)	(33,160)	(23,945)	441,044
Beginning fund balance	464,989	422,429	413,214	(51,775)
Prior period adjustment	-	(20,608)	(20,608)	(20,608)
Restated beginning fund balance	464,989	401,821	392,606	(72,383)
Ending fund balance	\$ -	\$ 368,661	\$ 368,661	\$ 368,661

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

ENTERPRISE FUND - BOOKSTORE

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Bookstore sales	\$ 21,907,007	\$ 13,088,516	\$ 24,859,300	\$ 2,952,293
Miscellaneous income	100,000	54,019	115,286	15,286
TOTAL REVENUES	22,007,007	13,142,535	24,974,586	2,967,579
EXPENDITURES:				
Direct personnel services	2,210,969	1,102,096	2,150,767	60,202
Personnel benefits	874,833	387,302	771,200	103,633
Material, supplies & services	1,417,609	527,641	1,058,935	358,674
Material for resale	18,679,330	9,594,930	18,196,726	482,604
Capital outlay	236,130	-	-	236,130
Total Bookstore operations	23,418,871	11,611,969	22,177,628	1,241,243
Contingency	649,373	-	-	649,373
TOTAL EXPENDITURES	24,068,244	11,611,969	22,177,628	1,890,616
REVENUES OVER (UNDER) EXPENDITURES	(2,061,237)	1,530,566	2,796,958	4,858,195
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(796,812)	(402,564)	(796,812)	-
Interest from investments	477,662	214,863	501,560	23,898
TOTAL OTHER FINANCING SOURCES (USES)	(319,150)	(187,701)	(295,252)	23,898
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,380,387)	1,342,865	2,501,706	4,882,093
Beginning fund balance	7,781,645	9,595,335	8,436,494	654,849
Prior period adjustment	-	(149,483)	(149,483)	(149,483)
Restated beginning fund balance	7,781,645	9,445,852	8,287,011	505,366
Ending fund balance	\$ 5,401,258	\$ 10,788,717	\$ 10,788,717	\$ 5,387,459

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

ENTERPRISE FUND - PARKING OPERATIONS

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Parking permits	\$ 3,432,933	\$ 1,567,966	\$ 3,303,498	\$ (129,435)
Dispenser permit	550,000	331,412	613,525	63,525
Parking fines	410,000	159,769	326,912	(83,088)
Other revenue	50,000	397,468	419,547	369,547
TOTAL REVENUES	4,442,933	2,456,615	4,663,482	220,549
EXPENDITURES:				
Direct personnel services	1,277,775	567,338	1,101,173	176,602
Personnel benefits	568,935	231,222	479,966	88,969
Supplies, material and services	1,476,848	840,230	1,800,216	(323,368)
Capital outlay	700,000	262,597	819,037	(119,037)
Total Parking operations	4,023,558	1,901,387	4,200,392	(176,834)
Contingency	169,835	-	-	169,835
TOTAL EXPENDITURES	4,193,393	1,901,387	4,200,392	(6,999)
REVENUES OVER (UNDER) EXPENDITURES	249,540	555,228	463,090	213,550
OTHER FINANCING SOURCES (USES):				
Interest from investments	62,650	14,662	59,124	(3,526)
Transfers (out)	(855,662)	(352,664)	(776,062)	79,600
TOTAL OTHER FINANCING SOURCES (USES)	(793,012)	(338,002)	(716,938)	76,074
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(543,472)	217,226	(253,848)	289,624
Beginning fund balance	763,185	353,717	824,791	61,606
Prior period adjustments	-	190,017	190,017	190,017
Restated beginning fund balance	763,185	543,734	1,014,808	251,623
Ending fund balance	\$ 219,713	\$ 760,960	\$ 760,960	\$ 541,247

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

INTERNAL SERVICE FUND - PRINT CENTER

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Copy machine income	\$ 1,096,367	\$ 511,897	\$ 1,091,241	\$ (5,126)
Production income	53,600	32,416	63,572	9,972
Income from General Fund	772,740	342,641	680,091	(92,649)
Income from Food Services Fund	6,000	3,163	5,924	(76)
Income from Bookstore Fund	162,994	103,761	193,747	30,753
Income from Parking Operation Fund	13,506	4,303	14,649	1,143
Income from Contracted Programs Fund	82,295	34,172	77,432	(4,863)
Income from Auxiliary Services Fund	800	1,179	3,684	2,884
Income from Student Activities Fund	11,000	7,601	12,461	1,461
Income from Continuing and Community Ed. Fund	47,854	19,257	19,257	(28,597)
Miscellaneous income	4,160	1,040	3,302	(858)
TOTAL REVENUES	2,251,316	1,061,430	2,165,360	(85,956)
EXPENDITURES:				
Direct personnel services	761,237	316,462	623,709	137,528
Personnel benefits	346,928	123,811	258,371	88,557
Materials, supplies and services	683,540	456,096	916,386	(232,846)
Capital outlay: capital lease payment	417,834	99,384	197,768	220,066
Total Print center operations	2,209,539	995,753	1,996,234	213,305
Contingency	294,999	-	-	294,999
TOTAL EXPENDITURES	2,504,538	995,753	1,996,234	508,304
REVENUES OVER (UNDER) EXPENDITURES	(253,222)	65,677	169,126	422,348
OTHER FINANCING SOURCES (USES):				
Interest from investments	39,957	9,838	32,666	(7,291)
Transfers (out)	(172,612)	(87,364)	(172,612)	-
TOTAL OTHER FINANCING SOURCES (USES)	(132,655)	(77,526)	(139,946)	(7,291)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(385,877)	(11,849)	29,180	415,057
Beginning fund balance	509,723	404,209	363,180	(146,543)
Prior period adjustment	-	32,271	32,271	32,271
Restated beginning fund balance	509,723	436,480	395,451	(114,272)
Ending fund balance	\$ 123,846	\$ 424,631	\$ 424,631	\$ 300,785

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

INTERNAL SERVICE FUND - RISK MANAGEMENT

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Department workers' compensation charges	\$ 1,369,007	\$ 1,324,264	\$ 2,024,794	\$ 655,787
Department unemployment insurance charges	1,103,375	-	554,126	(549,249)
Miscellaneous income	13,000	-	2,603	(10,397)
TOTAL REVENUES	2,485,382	1,324,264	2,581,523	96,141
EXPENDITURES:				
Direct personnel services	322,758	158,900	304,839	17,919
Personnel benefits	140,959	60,302	124,140	16,819
Materials, supplies and services:				
Supplies	15,888	28,230	51,686	(35,798)
Contracted maintenance and services	280,000	261,775	493,161	(213,161)
Insurance deduction expenses	-	55,958	109,107	(109,107)
Workers' compensation expenses	1,600,000	334,560	916,074	683,926
Unemployment insurance expenses	624,194	434,644	676,944	(52,750)
Claim adjusting expenses	250,000	95,000	95,000	155,000
Miscellaneous expenses	63,748	29,744	75,845	(12,097)
Total Self-insurance & risk administration	3,297,547	1,459,113	2,846,796	450,751
Contingency	819,724	-	-	819,724
TOTAL EXPENDITURES	4,117,271	1,459,113	2,846,796	1,270,475
REVENUES OVER (UNDER) EXPENDITURES	(1,631,889)	(134,849)	(265,273)	1,366,616
OTHER FINANCING SOURCES (USES)				
Interest from investments	220,241	83,903	168,395	(51,846)
TOTAL OTHER FINANCING SOURCES (USES)	220,241	83,903	168,395	(51,846)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,411,648)	(50,946)	(96,878)	1,314,770
Beginning fund balance	3,057,609	3,427,003	3,472,935	415,326
Ending fund balance	\$ 1,645,961	\$ 3,376,057	\$ 3,376,057	\$ 1,730,096

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2009

INTERNAL SERVICE FUND - PERS BOND

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Department PERS charges	\$ 17,304,931	\$ 9,208,810	\$ 21,936,395	\$ 4,631,464
TOTAL REVENUES	<u>17,304,931</u>	<u>9,208,810</u>	<u>21,936,395</u>	<u>4,631,464</u>
OTHER FINANCING SOURCES (USES):				
Transfers to Debt Service Fund	(13,778,159)	(6,883,288)	(13,768,159)	10,000
Interest from investments	<u>853,164</u>	<u>715,872</u>	<u>2,023,762</u>	<u>1,170,598</u>
TOTAL OTHER FINANCING SOURCES (USES)	(12,924,995)	(6,167,416)	(11,744,397)	1,180,598
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	4,379,936	3,041,394	10,191,998	5,812,062
Beginning fund balance	<u>21,100,756</u>	<u>30,682,037</u>	<u>23,531,433</u>	<u>2,430,677</u>
Ending fund balance	<u><u>\$ 25,480,692</u></u>	<u><u>\$ 33,723,431</u></u>	<u><u>\$ 33,723,431</u></u>	<u><u>\$ 8,242,739</u></u>



FIDUCIARY FUND

PENSION TRUST FUND – EARLY RETIREMENT – The Pension Trust Fund – Early Retirement 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, 2009

PENSION TRUST FUND - EARLY RETIREMENT

	2007-2009 FINAL BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM FINAL BUDGET
REVENUES:				
Amount provided by General Fund	\$ 1,656,288	\$ 528,144	\$ 1,356,288	\$ (300,000)
Interest from investments	109,025	64,225	164,797	55,772
TOTAL REVENUES	1,765,313	592,369	1,521,085	(244,228)
EXPENDITURES:				
Benefits	1,549,412	358,236	849,759	699,653
Contingency	200,000	-	-	200,000
TOTAL EXPENDITURES	1,749,412	358,236	849,759	899,653
REVENUES OVER (UNDER) EXPENDITURES	15,901	234,133	671,326	655,425
Beginning fund balance	1,493,864	2,132,133	1,694,940	201,076
Ending fund balance	\$ 1,509,765	\$ 2,366,266	\$ 2,366,266	\$ 856,501

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2009

GENERAL OBLIGATION BONDS

FISCAL YEAR	<u>SERIES 2001A, ISSUED 05/22/2001</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2009-10	\$ 2,055,000	\$ 211,709	\$ 2,266,709
2010-11	2,145,000	115,685	2,260,685
TOTALS	<u>\$ 4,200,000</u>	<u>\$ 327,394</u>	<u>\$ 4,527,394</u>

FISCAL YEAR	<u>SERIES 2001B, ISSUED 07/12/2001</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2009-10	\$ 4,310,000	\$ 441,341	\$ 4,751,341
2010-11	4,550,000	241,165	4,791,165
TOTALS	<u>\$ 8,860,000</u>	<u>\$ 682,506</u>	<u>\$ 9,542,506</u>

FISCAL YEAR	<u>SERIES 2002A, ISSUED 04/30/2002</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 8,185,000</u>	<u>\$ 1,255,398</u>	<u>\$ 9,440,398</u>

FISCAL YEAR	<u>SERIES 2005, ISSUED 06/15/2005</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 79,920,000</u>	<u>\$ 24,660,688</u>	<u>\$ 104,580,688</u>

Continued on pages 60 through 62.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2009

GENERAL OBLIGATION BONDS

FISCAL YEAR	<u>SERIES 2009, ISSUED 04/01/2009</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2009-10	\$ 4,285,000	\$ 11,890,394	\$ 16,175,394
2010-11	6,525,000	9,648,750	16,173,750
2011-12	6,850,000	9,322,500	16,172,500
2012-13	7,055,000	9,117,000	16,172,000
2013-14	7,410,000	8,764,250	16,174,250
2014-15	7,780,000	8,393,750	16,173,750
2015-16	8,170,000	8,004,750	16,174,750
2016-17	8,575,000	7,596,250	16,171,250
2017-18	9,005,000	7,167,500	16,172,500
2018-19	9,455,000	6,717,250	16,172,250
2019-20	9,930,000	6,244,500	16,174,500
2020-21	10,425,000	5,748,000	16,173,000
2021-22	10,945,000	5,226,750	16,171,750
2022-23	11,495,000	4,679,500	16,174,500
2023-24	12,070,000	4,104,750	16,174,750
2024-25	12,675,000	3,501,250	16,176,250
2025-26	13,305,000	2,867,500	16,172,500
2026-27	13,970,000	2,202,250	16,172,250
2027-28	14,670,000	1,503,750	16,173,750
2028-29	15,405,000	770,250	16,175,250
TOTALS	<u>\$ 200,000,000</u>	<u>\$ 123,470,894</u>	<u>\$ 323,470,894</u>

GENERAL OBLIGATION CITIZEN BONDS (ZERO-COUPON)

<u>MATURITY -- JULY 1st</u>	MATURITY (FACE) VALUE	DISCOUNT	PRINCIPAL OUTSTANDING
2013	<u>\$ 1,165,000</u>	<u>\$ 234,557</u>	<u>\$ 930,443</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2009

GENERAL OBLIGATION - ADVANCE REFUNDING BONDS

FISCAL YEAR	<u>SERIES 2008, ISSUED 05/29/2008</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2009-10	\$ 2,905,000	\$ 307,050	\$ 3,212,050
2010-11	3,050,000	219,900	3,269,900
2011-12	3,210,000	128,400	3,338,400
TOTALS	<u>\$ 9,165,000</u>	<u>\$ 655,350</u>	<u>\$ 9,820,350</u>

LIMITED TAX PENSION BONDS

FISCAL YEAR	<u>SERIES 2003, ISSUED 6/12/2003</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 111,165,000</u>	<u>\$ 65,053,478</u>	<u>\$ 176,218,478</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2009

CERTIFICATE OF PARTICIPATION AND UTILITY LOAN PAYABLE

CERTIFICATE OF PARTICIPATION

FISCAL YEAR	<u>SERIES 1998, ISSUED 4/01/98</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 1,415,000</u>	<u>\$ 363,590</u>	<u>\$ 1,778,590</u>

UTILITY LOAN PAYABLE

FISCAL YEAR			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2009-10	\$ 21,179	\$ 1,866	\$ 23,045
2010-11	16,047	427	16,474
TOTALS	<u>\$ 37,226</u>	<u>\$ 2,293</u>	<u>\$ 39,519</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- GENERAL FUND
For the year ended June 30, 2009

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2008	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/09
GENERAL FUND:						
Current:						
2008-09	\$ 25,371,370	\$ (625,235)	\$ (76,482)	\$ 7,903	\$ (23,804,296)	\$ 873,260
Prior years:						
2007-08	685,990	1,102	(47,762)	15,424	(389,514)	265,240
2006-07	193,686	176	(21,667)	8,104	(75,466)	104,833
2005-06	82,596	123	(15,165)	6,818	(39,243)	35,129
2004-05	33,339	42	(10,611)	3,499	(16,160)	10,109
2003-04	8,339	5	(719)	417	(1,855)	6,187
2002 and prior	24,577	1	(1,978)	1,004	(3,208)	20,396
Total prior	1,028,527	1,449	(97,902)	35,266	(525,446)	441,894
Total General Fund	\$ 26,399,897	\$ (623,786)	\$ (174,384)	\$ 43,169	\$ (24,329,742)	\$ 1,315,154

RECONCILIATION TO REVENUES:

	GENERAL FUND
Cash collection by county treasurer above	\$ 24,329,742
Property taxes susceptible to accrual at June 30, 2009	152,640
Property taxes susceptible to accrual at July 1, 2008	(125,273)
Taxes in lieu of property taxes and other adjustments	130,250
Total revenues	\$ 24,487,359

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- DEBT SERVICE FUND
For the year ended June 30, 2009

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2008	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/09
DEBT SERVICE FUND:						
Current:						
2008-09	\$ 19,926,976	\$ (491,067)	\$ (60,113)	\$ 6,203	\$ (18,696,097)	\$ 685,902
Prior years:						
2007-08	543,780	875	(37,861)	12,202	(308,692)	210,304
2006-07	142,615	131	(15,977)	5,953	(55,515)	77,207
2005-06	62,457	94	(11,439)	5,180	(29,750)	26,542
2004-05	27,153	34	(8,666)	2,835	(13,135)	8,221
2003-04	7,056	5	(589)	342	(1,524)	5,290
2002 and prior	11,778	1	(1,516)	775	(2,303)	8,735
Total prior	794,839	1,140	(76,048)	27,287	(410,919)	336,299
Total Debt Service Fund	<u>\$ 20,721,815</u>	<u>\$ (489,927)</u>	<u>\$ (136,161)</u>	<u>\$ 33,490</u>	<u>\$ (19,107,016)</u>	<u>\$ 1,022,201</u>

RECONCILIATION TO REVENUES:	DEBT SERVICE FUND
Cash collection by county treasurer above	\$ 19,107,016
Property taxes susceptible to accrual at June 30, 2009	118,557
Property taxes susceptible to accrual at July 1, 2008	(98,308)
Taxes in lieu of property taxes and other adjustments	<u>80,800</u>
Total revenues	<u>\$ 19,208,065</u>



Statistical Section



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.	65
Revenue Capacity These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.	70
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.	79
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.	84
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.	87

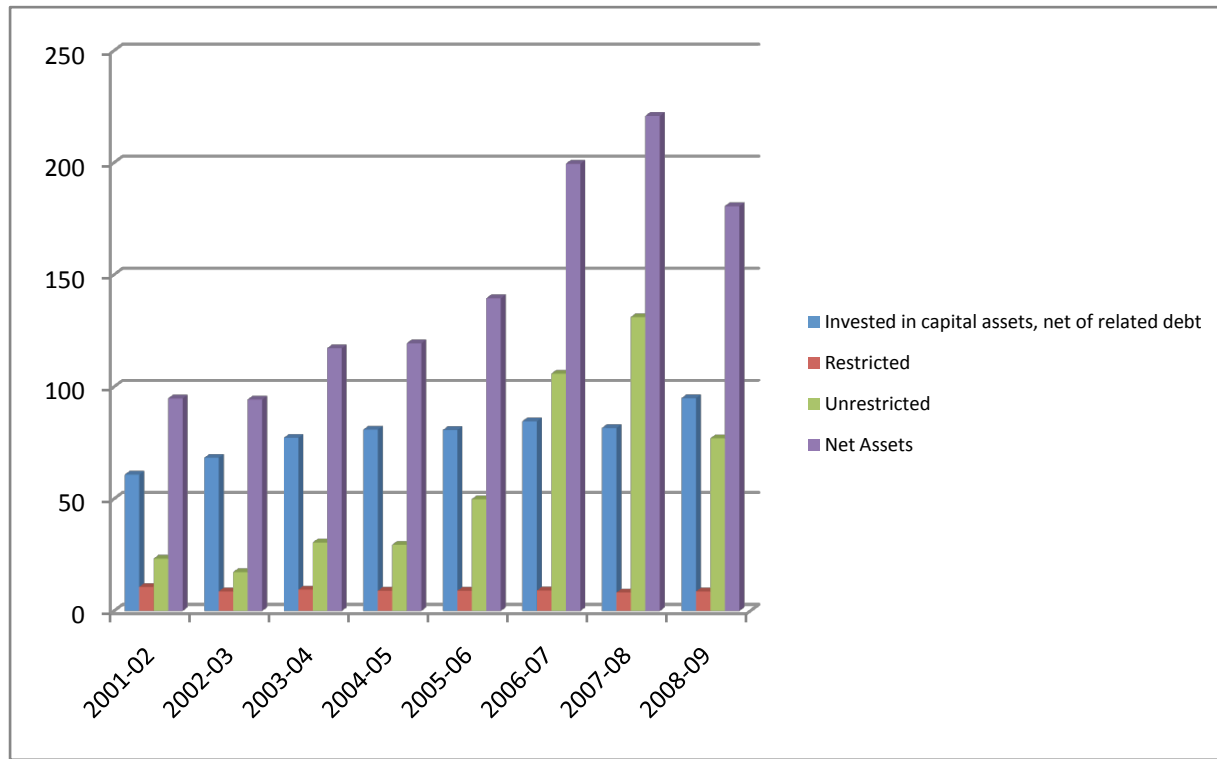
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB Statement 35 in 2002; schedules presenting "government-wide information" include information beginning that year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS (in Thousands)

	2008-09	2007-08	2006-07	2005-06
Net assets invested in capital assets	\$ 242,922	\$ 211,565	\$ 226,769	\$ 228,863
Less related debt	(148,025)	(129,947)	(142,130)	(148,176)
Invested in capital assets, net	94,897	81,618	84,639	80,687
Net assets, restricted	8,700	8,203	9,056	8,996
Net assets, unrestricted	76,987	131,125	105,837	49,805
TOTAL NET ASSETS	\$ 180,584	\$ 220,946	\$ 199,532	\$ 139,488

Note: Restated in 2008, 2007, 2006, 2005, 2004, 2003 and 2002.



<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 225,776	\$ 202,340	\$ 143,388	\$ 113,142
<u>(144,881)</u>	<u>(125,142)</u>	<u>(75,124)</u>	<u>(52,366)</u>
80,895	77,198	68,264	60,776
8,975	9,497	8,688	10,683
<u>29,538</u>	<u>30,460</u>	<u>17,307</u>	<u>23,301</u>
<u>\$ 119,408</u>	<u>\$ 117,155</u>	<u>\$ 94,259</u>	<u>\$ 94,760</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS (in Thousands)

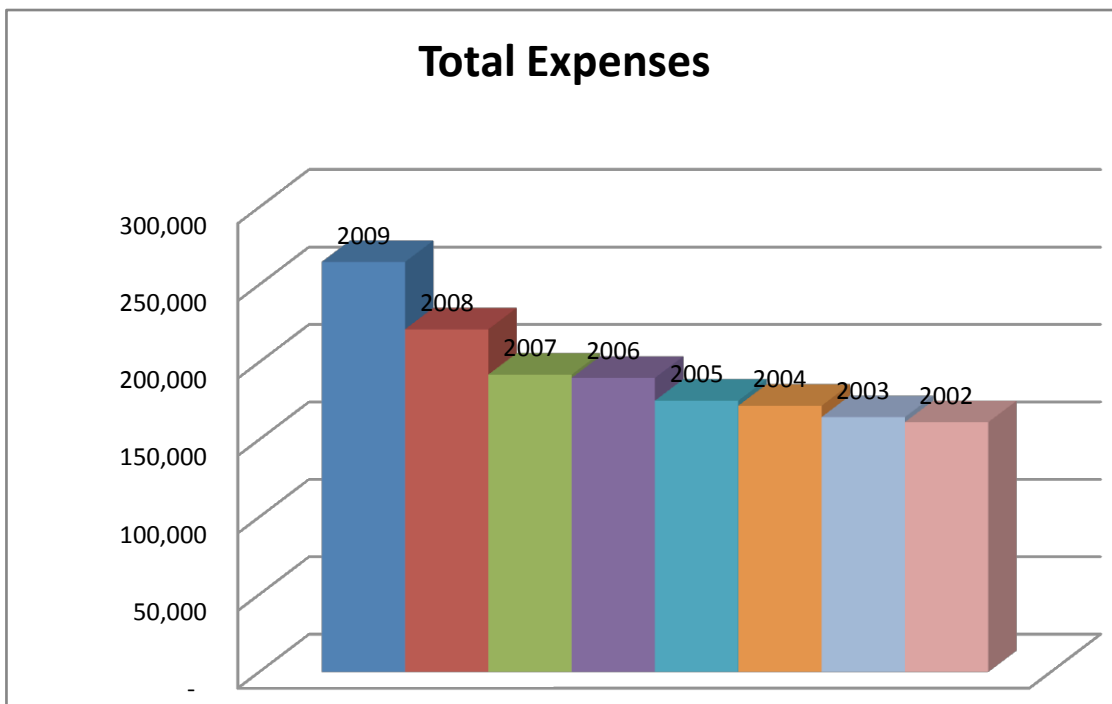
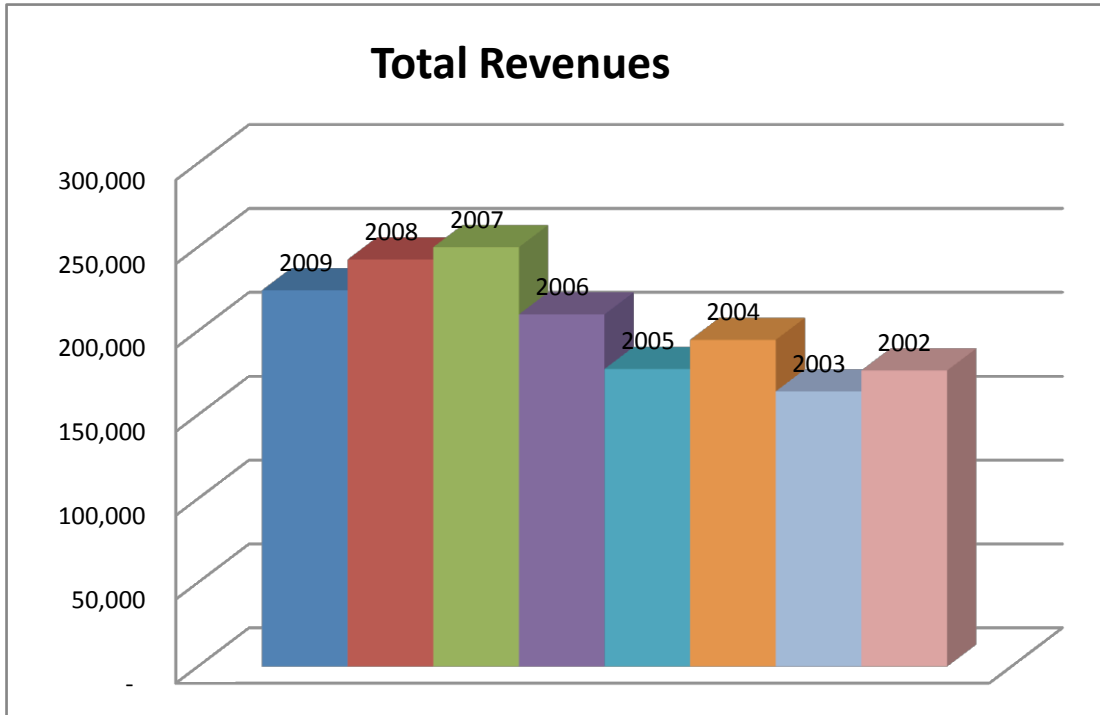
	2008-09	2007-08	2006-07	2005-06
Operating revenues				
Student tuition and fees, net	\$ 52,837	\$ 49,203	\$ 45,085	\$ 41,213
Grants and contracted programs	16,449	19,845	20,958	20,248
Auxiliary enterprises	15,721	14,679	13,564	13,039
Other operating revenues	11	3,129	3,775	4,343
Total operating revenues	85,018	86,856	83,382	78,843
Nonoperating revenues				
State FTE reimbursement	48,945	81,165	42,146	66,695
Property taxes	44,162	42,504	39,100	37,715
Federal financial aid	31,828	20,837	17,631	17,522
State and local grants and contracts	11,069	6,962	6,814	5,935
Investment income	3,267	4,362	60,925	3,209
Gain on disposal of assets	10	-	-	-
Other nonoperating revenues	32	-	31	-
Total nonoperating revenues	139,313	155,830	166,647	131,076
Total Revenues	224,331	242,686	250,029	209,919
Operating expenses				
Campus educational and campus general	103,227	98,524	84,331	78,907
Other educational and general	52,898	45,910	36,917	45,930
Grants and contracted programs	21,649	24,841	25,675	24,516
Auxiliary enterprises	17,136	16,228	14,914	14,232
Student financial aid, net tuition and textbooks	11,953	7,451	6,617	5,726
Other support services	3,696	2,848	3,163	2,674
Depreciation and amortization	5,830	5,855	7,292	6,770
Total operating expenses	216,389	201,657	178,909	178,755
Nonoperating expenses				
Interest expense	13,281	11,796	12,412	10,884
Investment loss on pension asset	35,023	-	-	-
Loss on disposal of assets	-	7,749	624	-
Other nonoperating expenses	-	-	-	200
Total nonoperating expenses	48,304	19,545	13,036	11,084
Total Expenses	264,693	221,202	191,945	189,839
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ (40,362)	\$ 21,484	\$ 58,084	\$ 20,080

Note: Restated in 2008, 2007, 2006, 2005, 2004, 2003 and 2002.

2004-05	2003-04	2002-03	2001-02
\$ 39,887	\$ 34,938	\$ 32,435	\$ 27,667
19,909	19,392	17,674	17,303
13,238	13,062	13,305	12,565
3,922	5,947	5,265	4,649
76,956	73,339	68,679	62,184
37,722	62,346	34,994	51,653
37,100	36,028	33,391	35,605
17,745	16,388	14,034	13,193
5,826	5,323	5,280	4,741
2,038	1,329	5,146	7,261
-	-	-	-
-	-	2,500	1,853
100,431	121,414	95,345	114,306
177,387	194,753	164,024	176,490
82,283	80,101	75,755	73,235
30,356	28,473	29,810	30,477
23,369	22,751	20,695	18,773
14,136	14,157	13,025	11,810
6,671	7,757	8,195	8,274
3,134	3,568	4,349	6,730
5,059	4,666	3,496	2,875
165,008	161,473	155,325	152,174
9,667	10,226	9,200	9,082
-	-	-	-
459	158	-	-
10,126	10,384	9,200	9,082
175,134	171,857	164,525	161,256
\$ 2,253	\$ 22,896	\$ (501)	\$ 15,234

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CHANGES IN NET ASSETS (Cont.)
LAST EIGHT FISCAL YEARS (in Thousands)





PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST EIGHT FISCAL YEARS (in Thousands)

	2008-09	2007-08	2006-07	2005-06	2004-05
Federal sources:					
Federal financial aid	\$ 31,828	\$ 20,837	\$ 17,631	\$ 17,522	\$ 17,745
Other federal grants and contracts	16,449	19,845	20,958	20,248	19,909
Total federal sources	48,277	40,682	38,589	37,770	37,654
State sources:					
State FTE reimbursement	48,945	81,165	42,146	66,695	37,722
Other state grants and contracts	11,069	6,962	6,814	5,935	5,826
Total state sources	60,014	88,127	48,960	72,630	43,548
Local sources:					
Property taxes	44,162	42,504	39,100	37,715	37,100
Student tuition and fees, net of scholarship allowance (1)	52,837	49,203	45,085	41,213	39,887
Auxiliary enterprise:					
Food Services	3,764	3,402	3,085	3,051	3,089
Bookstore, net of scholarship allowance	9,500	9,070	8,504	8,167	8,461
Parking Operation	2,457	2,207	1,975	1,821	1,688
Investment income	3,267	4,362	60,925	3,209	2,038
Gain on disposal of capital assets	10	-	-	-	-
Other local sources (1)	43	3,129	3,806	4,343	3,922
Total local sources	116,040	113,877	162,480	99,519	96,185
Total revenues (1)	\$ 224,331	\$ 242,686	\$ 250,029	\$ 209,919	\$ 177,387

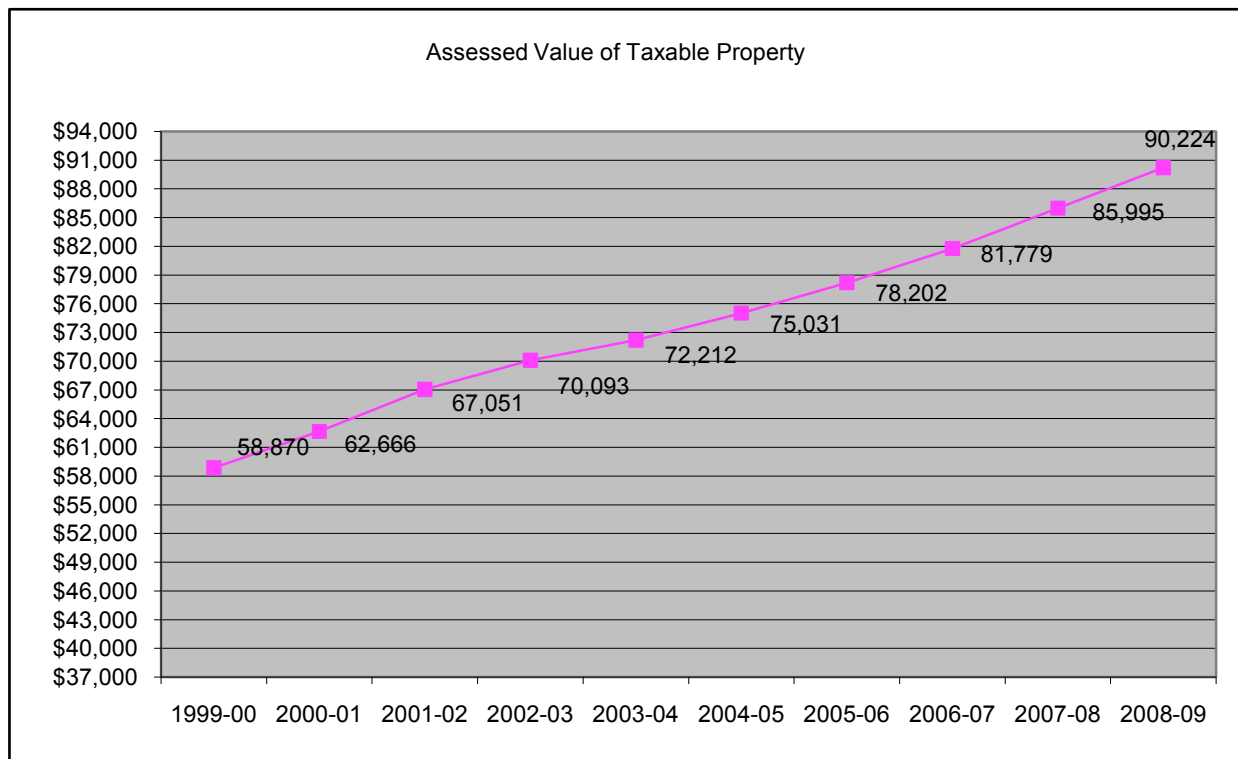
Note: Restated in 2008, 2007, 2006, 2005, 2004, 2003 and 2002.

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 16,388	\$ 14,034	\$ 13,193
19,392	17,674	17,303
<u>35,780</u>	<u>31,708</u>	<u>30,496</u>
62,346	34,994	51,653
5,323	5,280	4,741
<u>67,669</u>	<u>40,274</u>	<u>56,394</u>
36,028	33,391	35,605
34,938	32,435	27,667
2,905	2,851	2,750
8,580	8,765	8,169
1,577	1,689	1,646
1,329	5,146	7,261
-	-	-
<u>5,947</u>	<u>7,765</u>	<u>6,502</u>
<u>91,304</u>	<u>92,042</u>	<u>89,600</u>
<u>\$ 194,753</u>	<u>\$ 164,024</u>	<u>\$ 176,490</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2008-09	2007-08	2006-07	2005-06
Assessed Valuation	\$ 90,223,567	\$ 85,994,505	\$ 81,778,844	\$ 78,201,863
Percentage Increased (decreased)	4.9%	5.2%	4.6%	4.2%
Real Market Valuation	\$ 172,500,177	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688
Percentage Increased (decreased)	5.4%	13.8%	16.8%	6.2%
Ratio of Assessed Valuation to Real Market Valuation	52.3%	52.6%	56.9%	63.5%



Source: Tax Supervising and Conservation Commission, Portland, Oregon

<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 75,030,939	\$ 72,212,490	\$ 70,093,393	\$ 67,051,397	\$ 62,665,635	\$ 58,870,407
3.9%	3.0%	4.5%	7.0%	6.4%	6.9%
\$ 115,982,407	\$ 121,895,037	\$ 113,625,645	\$ 104,117,037	\$ 95,845,124	\$ 87,064,429
-4.9%	7.3%	9.1%	8.6%	10.1%	7.6%
64.7%	59.2%	61.7%	64.4%	65.4%	67.6%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Tax rate (1)	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 0.49</u>	<u>\$ 0.50</u>
Levy extended by assessor (2)	<u>\$ 45,298</u>	<u>\$ 43,358</u>	<u>\$ 39,893</u>	<u>\$ 38,725</u>
Reduction of taxes receivable: (3) (4)				
Current year	<u>\$ 43,739</u>	<u>\$ 42,128</u>	<u>\$ 38,900</u>	<u>\$ 37,789</u>
First year prior	754	656	635	704
Second year prior	154	156	144	177
Third year prior	83	86	94	101
Fourth year prior	42	43	46	51
Fifth year prior	4	6	9	4
Sixth year prior and earlier	<u>7</u>	<u>4</u>	<u>5</u>	<u>5</u>
Total prior	<u>1,045</u>	<u>950</u>	<u>933</u>	<u>1,042</u>
Total Property Taxes	<u>\$ 44,784</u>	<u>\$ 43,079</u>	<u>\$ 39,833</u>	<u>\$ 38,831</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>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 0.49</u>	<u>\$ 0.55</u>	<u>\$ 0.37</u>	<u>\$ 0.35</u>
<u>\$ 38,140</u>	<u>\$ 36,817</u>	<u>\$ 34,523</u>	<u>\$ 36,539</u>	<u>\$ 23,127</u>	<u>\$ 20,981</u>
<u>\$ 37,145</u>	<u>\$ 35,767</u>	<u>\$ 33,434</u>	<u>\$ 35,344</u>	<u>\$ 22,362</u>	<u>\$ 20,238</u>
721	707	732	451	453	408
217	203	174	139	111	112
124	86	101	79	68	73
42	37	46	38	32	27
5	4	11	4	3	4
6	5	4	7	5	6
<u>1,116</u>	<u>1,043</u>	<u>1,069</u>	<u>719</u>	<u>671</u>	<u>630</u>
<u>\$ 38,261</u>	<u>\$ 36,810</u>	<u>\$ 34,504</u>	<u>\$ 36,063</u>	<u>\$ 23,033</u>	<u>\$ 20,867</u>



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2009		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 1,101,357	1	1.22 %
Portland General Electric	672,669	2	0.75
Verizon Northwest Inc.	612,790	3	0.68
Northwest Natural	460,379	4	0.51
Nike	411,843	5	0.46
Pacific Realty Associates	283,367	6	0.31
Qwest Corporation	274,428	7	0.30
PacifiCorp (PP&L)	244,454	8	0.27
Weston Investment Co.	208,514	9	0.23
Oregon Steel Mills	179,314	10	0.20
	4,449,115		4.93
ALL OTHER TAXPAYERS	85,774,452		95.07
TOTAL	\$ 90,223,567		100.00 %

	1999		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 794,012	1	1.43 %
US West Communication Inc.	342,933	2	0.62
Portland General Electric	331,232	3	0.60
GTE Northwest Inc.	268,433	4	0.48
Komatsu Silicon America Inc.	215,343	5	0.39
Northwest Natural	198,243	6	0.36
Nike	182,808	7	0.33
Pacific Realty Associates	168,195	8	0.30
Tektronix	161,861	9	0.29
PacifiCorp	153,814	10	0.28
	2,816,874		5.08
ALL OTHER TAXPAYERS	52,681,708		94.92
TOTAL	\$ 55,498,582		100.00 %

Source: Department of Assessment and Taxation, Multnomah County
Department of Assessment and Taxation, Washington County
Department of Assessment and Taxation, Yamhill County
City of Portland Disclosure Information

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Current tax levy	\$ 45,298	\$ 43,358	\$ 39,893	\$ 38,725	\$ 38,140
Current tax collections	\$ 42,500	\$ 40,953	\$ 37,805	\$ 36,677	\$ 36,012
Current collections as a percentage of current levy	93.8%	94.4%	94.7%	94.7%	94.4%
Delinquent tax collections	\$ 936	\$ 935	\$ 856	\$ 967	\$ 1,694
Total tax collections	\$ 43,436	\$ 41,888	\$ 38,661	\$ 37,644	\$ 37,706
Total tax collections as a percentage of current levy	95.9%	96.6%	97.0%	97.2%	98.9%
Uncollected tax	\$ 2,337	\$ 1,823	\$ 1,544	\$ 1,487	\$ 1,593
Uncollected percentage of current levy	5.2%	4.2%	3.9%	3.8%	4.2%

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

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 36,817	\$ 34,523	\$ 36,539	\$ 23,127	\$ 20,981
\$ 34,707	\$ 32,457	\$ 34,340	\$ 21,741	\$ 19,691
94.3%	94.0%	94.0%	94.0%	93.9%
\$ 1,096	\$ 1,027	\$ 740	\$ 611	\$ 629
\$ 35,804	\$ 33,485	\$ 34,951	\$ 22,370	\$ 20,320
97.2%	97.0%	95.7%	96.7%	96.9%
\$ 1,714	\$ 1,707	\$ 1,687	\$ 1,283	\$ 1,189
4.7%	4.9%	4.6%	5.5%	5.7%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2008-09	2007-08	2006-07	2005-06	2004-05
General obligation bonds	\$ 311,260	\$ 127,075	\$ 138,567	\$ 149,089	\$ 158,568
Actual property value	\$ 172,500,177	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407
Percentage of actual property value	0.18%	0.08%	0.10%	0.12%	0.14%
Student population (estimated)	87	87	86	88	91
Per capita	\$ 3.58	\$ 1.46	\$ 1.61	\$ 1.69	\$ 1.74

Other Governmental non tax bonded debt

Limited tax pension bonds	\$ 111,165	\$ 112,875	\$ 114,545	\$ 116,180	\$ 117,730
Certificate of participation	\$ 1,415	\$ 1,540	\$ 1,660	\$ 1,775	\$ 1,885
Utility loan	\$ 37	\$ 56	\$ 73	\$ 90	\$ 103
Student population (estimated)	87	87	86	88	91
Per capita	\$ 1.28	\$ 1.30	\$ 1.33	\$ 1.32	\$ 1.29

Total Debt

Total Debt	\$ 423,877	\$ 241,546	\$ 254,845	\$ 267,134	\$ 278,286
Actual property value	\$ 172,500,177	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407
Percentage of actual property value	0.25%	0.15%	0.18%	0.24%	0.24%
Student population (estimated)	87	87	86	88	91
Per capita	\$ 4.87	\$ 2.78	\$ 2.96	\$ 3.04	\$ 3.06

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

2003-04	2002-03	2001-02	2000-01	1999-00
\$ 167,767	\$ 175,231	\$ 198,060	\$ 91,412	\$ 47,797
\$ 121,895,037	\$ 113,625,645	\$ 104,117,037	\$ 95,845,124	\$ 87,064,429
0.15%	19.00%	0.10%	0.05%	0.07%
84	102	106	98	97
\$ 2.00	\$ 1.72	\$ 1.87	\$ 0.93	\$ 0.49

\$ 118,965	\$ 119,995	\$ -	\$ -	\$ -
\$ 1,990	\$ 2,090	\$ 2,185	\$ 2,275	\$ 2,365
\$ 115	\$ 126	\$ 136	\$ 144	\$ 144
84	102	106	98	97
\$ 1.42	\$ 1.18	\$ -	\$ -	\$ -

\$ 288,837	\$ 297,442	\$ 200,381	\$ 93,831	\$ 50,306
\$ 121,895,037	\$ 113,625,645	\$ 104,117,037	\$ 95,845,124	\$ 87,064,429
0.26%	0.19%	0.10%	0.06%	0.07%
84	102	106	98	97
\$ 3.44	\$ 2.92	\$ 1.89	\$ 0.96	\$ 0.52

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
General obligation bonds outstanding	\$ 311,260	\$ 127,075	\$ 138,567	\$ 149,089	\$ 158,568
Less: Amounts set aside to repay general debt	<u>(3,877)</u>	<u>(3,298)</u>	<u>(2,537)</u>	<u>(3,216)</u>	<u>(3,668)</u>
Total net debt applicable to debt limit (1)	307,383	123,777	136,030	145,873	154,900
Legal debt limit (2)	<u>2,587,503</u>	<u>2,454,326</u>	<u>2,156,649</u>	<u>1,847,155</u>	<u>1,739,736</u>
Legal debt margin	<u>\$ 2,280,120</u>	<u>\$ 2,330,549</u>	<u>\$ 2,020,619</u>	<u>\$ 1,701,282</u>	<u>\$ 1,584,836</u>
Legal debt margin as a percentage of the debt limit	88.12%	94.96%	93.69%	92.10%	91.10%

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

(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>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 167,767	\$ 175,231	\$ 198,060	\$ 91,412	\$ 47,797
<u>(2,573)</u>	<u>(1,854)</u>	<u>(19,655)</u>	<u>(2,420)</u>	<u>(1,609)</u>
165,194	173,377	178,405	88,992	46,188
<u>1,828,426</u>	<u>1,704,385</u>	<u>1,561,756</u>	<u>1,437,677</u>	<u>1,305,966</u>
<u><u>\$ 1,663,232</u></u>	<u><u>\$ 1,531,008</u></u>	<u><u>\$ 1,383,351</u></u>	<u><u>\$ 1,348,685</u></u>	<u><u>\$ 1,259,778</u></u>
90.97%	89.83%	88.58%	93.81%	96.46%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2009
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT (1)
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College General Obligation Bonds (2)	100%	\$ 311,260
OVERLAPPING DISTRICT		
Clackamas County	17.9%	13,404
Clackamas County School District 7J (Lake Oswego)	98.5%	115,860
City of Lake Oswego	98.9%	82,461
Columbia County	74.3%	12,152
Columbia County School District 1J (Scappose)	100.0%	36,620
Columbia County School District 502 (St Helens)	99.9%	31,878
Northwest Regional ESD	80.7%	6,125
Multnomah County	73.6%	204,430
Port of Portland	67.7%	48,984
Multnomah County Drainage District No.1	100.0%	5,105
Metro	71.8%	185,844
Tri-Met	72.6%	26,409
Multnomah County School District 1J (Portland)	100.0%	480,508
Multnomah County School District 51J (Riverdale)	100.0%	30,590
Multnomah ESD	72.4%	26,625
City of Portland	85.2%	602,557
Washington County	100.0%	111,490
Tualatin Hills Park & Rec. District	100.0%	71,865
Tualatin Valley Fire & Rescue District	83.8%	39,383
Washington County School District 13 (Banks)	100.0%	10,545
Washington County School District 15 (Forest Grove)	100.0%	74,216
Washington County School District 23J (Tigard-Tualatin)	97.2%	131,312
Washington County School District 48J (Beaverton)	100.0%	599,810
Washington County School District 88J (Sherwood)	92.0%	127,884
Washington County School District 1J (Hillsboro)	100.0%	367,250
City of Beaverton	100.0%	13,110
City of Forest Grove	100.0%	7,275
City of Hillsboro	100.0%	24,650
City of Sherwood	100.0%	13,454
City of Tigard	100.0%	11,836
City of Tualatin	90.1%	9,525
Chehalem Park & Recreation District	100.0%	6,825
Yamhill County School District 29J (Newberg)	97.3%	78,383
City of Newberg	100.0%	5,235
Clackamas County ESD	19.2%	5,194
Other	100.0%	24,957
Total Overlapping Debt		3,643,750
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 3,955,010

(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

2009				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	15,141	1	1.45	%
Providence Health System	13,825	2	1.32	
Oregon Health & Science University	12,700	3	1.21	
Fred Meyer Stores	9,630	4	0.92	
Kaiser Foundation Health Plan of the NW	8,759	5	0.84	
Legacy Health System	8,251	6	0.79	
Nike Inc.	7,000	7	0.67	
City of Portland	6,900	8	0.66	
Multnomah County	6,659	9	0.64	
Wells Fargo	5,010	10	0.48	
SUB TOTAL	93,875		8.98	
ALL OTHER EMPLOYERS	951,789		91.02	
TOTAL	1,045,664		100.00	%

2001 (1)				
	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	%

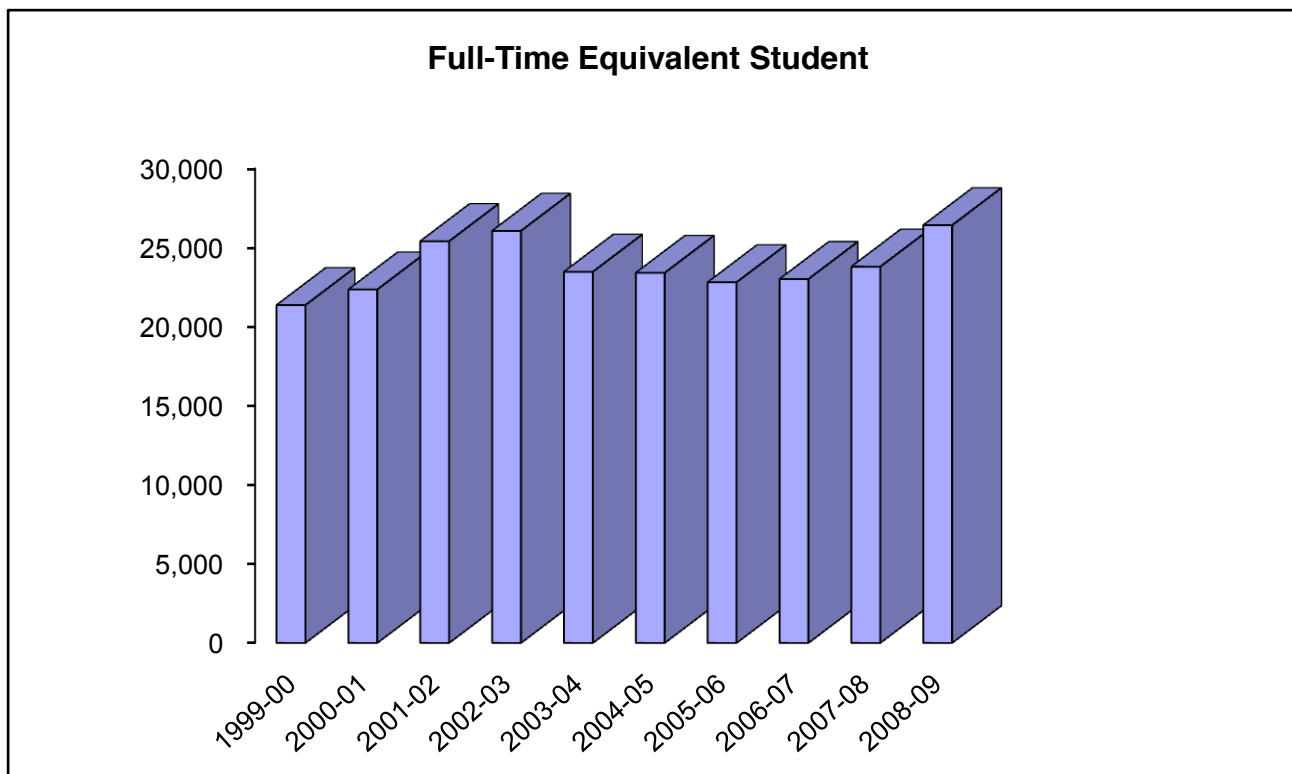
(1) Data prior to 2001 was not available.

Sources: Oregon Employment Department, Oregon Labor Market Information System
Portland Business Journal March 27, 2009

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2008-09	2007-08	2006-07	2005-06	2004-05
District population (estimated) (1)	N/A	1,218,014	1,201,048	1,182,385	1,164,115
Personal income (in millions) (2)	N/A	N/A	\$ 84,151	\$ 79,014	\$ 73,287
Per capita income (estimated) (2)	N/A	N/A	\$ 38,842	\$ 36,845	\$ 35,430
FTE (3) student enrollment	26,419	23,794	23,011	22,808	23,406
Unemployment rate (estimated) (4)	11.7%	5.3%	4.8%	5.3%	6.3%



(1) District population for fiscal year 2008-09 was not available at the time of this report. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

(2) Personal income and Per capita personal income is not available for the District. The best estimate available and used above is the Portland metropolitan area. Data for fiscal year 2008-09 and 2007-08 was not available at this time.

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

(3) Unemployment rate is for the Portland metropolitan area.

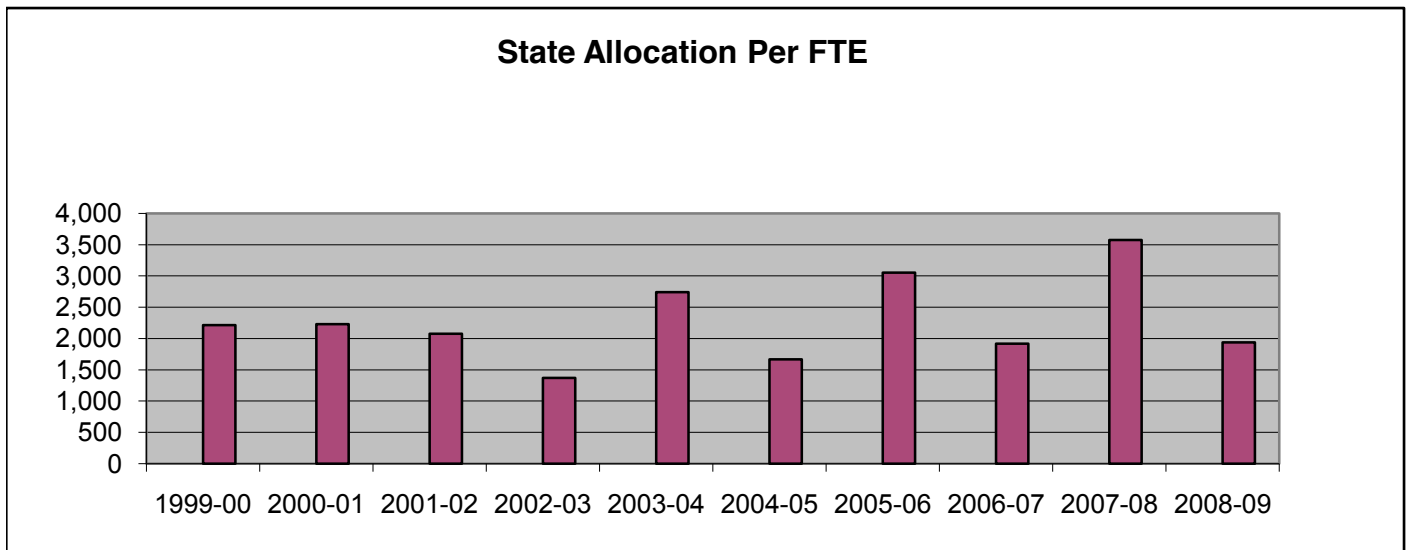
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness
Bureau of Economic Analysis, Regional Economic Information System
U.S. Department of Labor - Bureau of Labor Statistics

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
1,148,545	1,133,010	1,115,787	1,105,390	1,094,625
\$ 69,328	\$ 66,576	\$ 64,909	\$ 63,933	\$ 62,190
\$ 34,018	\$ 32,629	\$ 32,228	\$ 32,334	\$ 32,117
23,472	26,061	25,406	22,351	21,365
6.8%	8.9%	7.5%	5.2%	4.1%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2008-09	2007-08	2006-07	2005-06
Allocations per FTE	\$ 1,939	\$ 3,574	\$ 1,917	\$ 3,054
Annual State Funding (in thousands)	\$ 48,944	\$ 81,165	\$ 42,146	\$ 66,695
Total Reimbursable FTE	25,236	22,713	21,988	21,842



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

Source: Office of Institutional Effectiveness

<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 1,669	\$ 2,742	\$ 1,373	\$ 2,078	\$ 2,230	\$ 2,214
\$ 37,722	\$ 62,346	\$ 34,994	\$ 51,653	\$ 48,801	\$ 46,306
22,596	22,737	25,480	24,852	21,887	20,918

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST EIGHT FISCAL YEARS (3)

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Total operating expenses (in thousands)	\$ 216,389	\$ 201,657	\$ 178,909	\$ 178,755	\$ 161,431
District population (estimated) (2) (in thousands)	N/A	\$ 1,218	\$ 1,201	1,182	1,164
Percent of FTE to district population	N/A	2.0%	1.9%	1.9%	2.0%
Cost per FTE (1)	\$ 8,191	\$ 8,475	\$ 7,775	\$ 7,837	\$ 6,897
Number of employees	3,604	3,475	3,522	3,812	3,831
Ratio of employees to FTE	1:7	1:7	1:7	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 2008-09 was not available. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

(3) Majority of data for fiscal years 2000-01 and 1999-2000 are not available.

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

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 157,688	\$ 155,327	\$ 152,175
1,149	1,133	1,116
2.0%	2.3%	2.3%
\$ 6,718	\$ 5,960	\$ 5,990
3,752	4,200	4,022
1:6	1:6	1:6

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST EIGHT FISCAL YEARS (2)

	2008-09	2007-08	2006-07	2005-06	2004-05
Sylvania Campus					
Facilities Information					
Buildings/leases	15	15	15	14	14
Gross square feet	884,559	884,559	884,559	857,559	857,559
Library volumes	116,654	117,601	112,255	113,665	112,760
Operating Information					
Campus expenditures (1)	\$ 40,850	\$ 40,028	\$ 34,707	\$ 32,394	\$ 32,089
Cascade Campus					
Facilities Information					
Buildings/leases	9	9	9	9	8
Gross square feet	347,852	347,852	347,852	347,852	293,412
Library volumes	47,291	51,476	49,207	51,750	40,548
Operating Information					
Campus expenditures (1)	\$ 22,017	\$ 20,443	\$ 16,590	\$ 15,472	\$ 15,285
Rock Creek Campus					
Facilities Information					
Buildings/leases	11	11	10	10	10
Gross square feet	542,723	542,723	540,323	540,323	540,323
Library volumes	51,824	50,203	47,819	47,577	51,092
Operating Information					
Campus expenditures (1)	\$ 25,175	\$ 24,289	\$ 20,230	\$ 18,345	\$ 18,931
Extended Learning Campuses					
Facilities Information					
Buildings/leases	12	11	9	9	9
Gross square feet	246,551	241,251	247,631	247,631	247,631
Library volumes	1,098	905	766	164	-
Operating Information					
Campus expenditures (1)	\$ 15,185	\$ 13,764	\$ 12,805	\$ 12,696	\$ 11,620

(1) In Thousands

(2) Majority of data for fiscal years 2000-01 and 1999-2000 are not available.

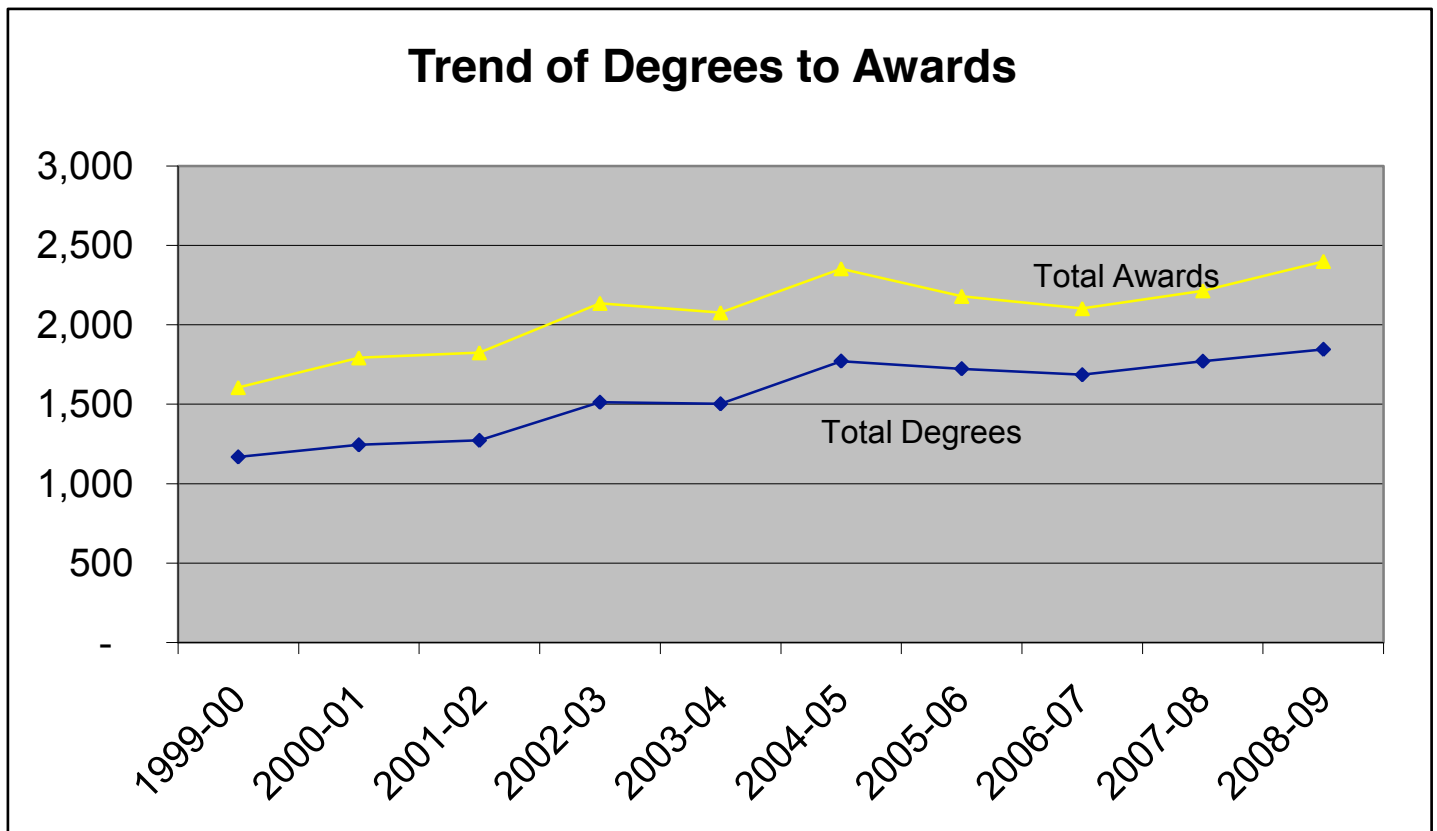
Source: PCC Director of Physical Plant and PCC Library Personnel

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
13	13	13
813,065	813,065	815,055
168,639	206,877	123,599
\$ 35,958	\$ 33,195	\$ 32,023
7	9	10
204,750	199,335	215,574
98,336	133,909	61,967
\$ 14,564	\$ 13,415	\$ 13,265
10	8	8
504,323	427,323	427,323
89,555	129,499	64,056
\$ 18,446	\$ 17,013	\$ 15,941
10	10	10
331,946	256,147	247,147
-	-	-
\$ 11,132	\$ 12,133	\$ 12,006

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2008-09	2007-08	2006-07	2005-06	2004-05
Certificates					
One-Year	271	240	211	234	306
Two-Year	37	56	58	59	69
Others	149	61	68	90	93
Total Certificates	457	357	337	383	468
Degrees					
Associate of Arts, Oregon Transfer (AAORT)	232	204	209	218	267
Associate of Science, Oregon Transfer (ASORT)	60	55	22	9	2
Associate of Science (AS)	371	328	329	365	384
Associate of General Studies (AGEN)	440	439	426	400	360
Associate of Applied Science (AAS)	742	744	699	731	758
Total Degrees	1,845	1,770	1,685	1,723	1,771
High School Diplomas	97	87	80	73	114
Total Awards	2,399	2,214	2,102	2,179	2,353



Source: Portland Community College, Office of Institutional Effectiveness

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
364	334	271	269	207
58	76	54	54	42
24	29	42	41	29
<u>446</u>	<u>439</u>	<u>367</u>	<u>364</u>	<u>278</u>
250	231	211	208	250
1				
324	370	308	305	261
283	209	156	152	128
644	702	597	579	529
<u>1,502</u>	<u>1512</u>	<u>1272</u>	<u>1244</u>	<u>1168</u>
<u>128</u>	<u>184</u>	<u>185</u>	<u>184</u>	<u>159</u>
<u><u>2,076</u></u>	<u><u>2,135</u></u>	<u><u>1,824</u></u>	<u><u>1,792</u></u>	<u><u>1,605</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (2)

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Per Credit Hour					
General Tuition	\$ 70	\$ 68	\$ 67	\$ 64	\$ 62
Fees	6	6	6	6	5
Combined Total	<u>76</u>	<u>74</u>	<u>73</u>	<u>70</u>	<u>67</u>
Annual cost (1)	\$ 3,105	\$ 3,023	\$ 2,968	\$ 2,846	\$ 2,744
Increase					
Dollars	\$ 82	\$ 55	\$ 122	\$ 102	\$ 275
Percent	3%	2%	4%	4%	11%

National and Statewide Comparisons (1)

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
PCC District					
Annual Cost	\$ 3,105	\$ 3,023	\$ 2,968	\$ 2,846	\$ 2,744
Percentage Change	3%	2%	4%	4%	11%
National Community College Average (3)					
Annual Cost	N/A	\$ 2,063	\$ 2,017	\$ 1,935	\$ 1,849
Percentage Change		2%	4%	5%	9%
Oregon Universities Average (4)					
Annual Cost	\$ 6,105	\$ 5,801	\$ 5,471	\$ 5,219	\$ 5,023
Percentage Change	5%	6%	5%	4%	9%

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

(2) District tuition and fees are obtained from PCC Class Catalogs. Annual tuition is based on 12 credit hours per fall, winter and spring term and an additional 40% estimate for summer term.

(3) U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, Student Changes.

(4) Oregon University System, Historical Budget Documents.

N/A - 2008-09 Annual Costs for 2-year colleges are not available at this time.

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 58	\$ 45	\$ 40	\$ 39	\$ 38
3	3	3	3	2
<u>61</u>	<u>48</u>	<u>43</u>	<u>42</u>	<u>40</u>
\$ 2,468	\$ 1,938	\$ 1,734	\$ 1,693	\$ 1,612
\$ 530	\$ 204	\$ 41	\$ 82	\$ 41
27%	12%	2%	5%	3%

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 2,468	\$ 1,938	\$ 1,734	\$ 1,693	\$ 1,612
27%	12%	2%	5%	3%
\$ 1,702	\$ 1,483	\$ 1,380	\$ 1,333	\$ 1,338
15%	7%	4%	0%	1%
\$ 4,603	\$ 4,174	\$ 3,737	\$ 3,508	\$ 3,442
10%	12%	7%	2%	2%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2008-09	2007-08	2006-07	2005-06	2004-05
Residential Construction (1)					
Permits	5.1	9.9	13.9	14.0	13.9
Value	\$ 1,008,088	\$ 1,760,447	\$ 2,494,886	\$ 2,829,975	\$ 2,416,366
Bank Deposits (2)	N/A	25,409,000	\$ 24,370,598	\$ 22,662,624	\$ 17,781,469
Property Values (3)					
Assessed Values:					
Real Property	\$ 133,734,933	\$ 121,909,303	\$ 119,953,867	\$ 113,752,108	\$ 107,857,531
Personal Property	5,561,436	5,069,661	5,128,372	4,976,458	4,981,964
Manufactured Structures	601,536	548,345	526,321	718,180	649,133
Public Utility	5,469,495	4,985,850	5,240,348	4,956,745	5,188,091
Total Assessed Value	145,367,400	132,513,159	130,848,908	124,403,491	118,676,719
Total Real Market Value	\$ 257,547,266	\$ 243,980,446	\$ 213,866,413	\$ 183,043,955	\$ 170,562,186

(1) For the Portland Metropolitan Area.

(2) For all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties. Specific data for the District is not available. Fiscal year 2007-08 data was obtained from the Federal Deposit Insurance Corporation which reports amounts in millions.

(3) Real market values are used by the assessor to determine Measure 5 limitations. Taxes, however are no longer allocated based upon real 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
Federal Deposit Insurance Corporation

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
12.0	10.6	10.4	9.9	8.1
\$ 1,998,450	\$ 1,907,744	\$ 1,825,120	\$ 1,526,563	\$ 1,225,650
\$ 19,165,465	\$ 25,615,695	\$ 24,048,117	\$ 19,987,415	\$ 22,358,897
\$ 102,897,041	\$ 98,713,148	\$ 94,188,165	\$ 88,962,213	\$ 83,815,481
5,067,726	5,255,942	5,250,415	4,863,456	4,726,232
667,438	708,948	810,718	815,945	781,887
5,038,755	5,182,390	5,379,797	5,150,149	4,591,036
<u>113,670,960</u>	<u>109,860,428</u>	<u>105,629,095</u>	<u>99,791,763</u>	<u>93,914,636</u>
\$ 160,707,874	\$ 150,020,207	\$ 143,600,634	\$ 133,071,260	\$ 123,974,255

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2009

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

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 Section



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.



INDEPENDENT AUDITOR'S COMMENTS

Internal Control

Our report on the College's internal control over financial reporting is presented on pages 102 and 103 of this Comprehensive Annual Financial Report.

Other Comments and Disclosures

In connection with our audit, nothing came to our attention that caused us to believe the College was not substantially in compliance with:

- ORS Chapter 295 regarding collateral securing depository balances,
- ORS 294.035 regarding the investment of surplus public funds,
- the legal requirements relating to debt,
- ORS 294.305 to 294.565 in the preparation and adoption of its budget for the bienniums ending June 30, 2009 and June 30, 2011, and the execution of its budget for the biennium ended June 30, 2009,
- ORS Chapter 279 in the awarding of public contracts and the construction of public improvements,
- the appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies,

except as follows:

- As discussed in Note 1 to the financial statements, the College overexpended an appropriation in one fund.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Additionally, we make the following comments:

- The accounting records are generally adequate for the needs of the College.
- We have reviewed the College's insurance and fidelity bond coverage for compliance with legal requirements. Since we are not experts in insurance matters, we make no representation as to the adequacy of such coverage.

COMMENDATION

The courteous assistance and cooperation extended to us by employees and officials of the College during the course of the audit are sincerely appreciated.



**DISCLOSURES IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND OMB CIRCULAR A-133**



KENNETH KUHNS & CO.

CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

November 12, 2009

Board of Directors
Portland Community College
Portland, Oregon

We have audited the financial statements of Portland Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated November 12, 2009. 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 Portland Community 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 Portland Community 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses (item 09-01).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the schedule of findings and questioned costs to be material weaknesses (item 09-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portland Community 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 and 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 that reads "Kenneth Kuhns & Co." in a cursive, slightly stylized font.

Kenneth Kuhns & Co.

KENNETH KUHNS & CO.

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

November 12, 2009

Board of Directors
Portland Community College
Portland, Oregon

Compliance

We have audited the compliance of Portland Community 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, 2009. Portland Community College's major federal programs are identified in the summary of audit 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 Portland Community College's management. Our responsibility is to express an opinion on Portland Community 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 Portland Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Portland Community College's compliance with those requirements.

In our opinion, Portland Community 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-02.

Internal Control Over Compliance

The management of Portland Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Portland Community College's internal control over compliance with the 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 Portland Community College's internal control over compliance.

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 the 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Portland Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated November 12, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management and 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.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 804,592
Federal Work-Study Program	84.033	N/A	568,778
Federal Pell Grant Program	84.063	N/A	23,007,132
Academic Competitiveness Grants	84.375	N/A	133,410
Nursing Student Loans	93.364	N/A	6,932
Total Student Financial Assistance Cluster			24,520,844
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Capital	10.561	115191-4	266,141
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Metro	10.561	115187-5	319,273
Total Food Stamp Cluster			585,414
WIA CLUSTER			
WIA- Adult Program - Hillsboro	17.258	08-70508	435,462
WIA - Adult Program - Metro One Stop	17.258	08-70510	573,935
WIA - Adult Program - Worksource North	17.258	08-70509	601,939
WIA - Dislocated Workers - METRO	17.260	08-70509	653,495
WIA - Dislocated Workers - Worksource North	17.260	08-70508	486,364
WIA - Dislocated Workers - Hillsboro	17.260	08-70510	694,231
WIA - Dislocated Workers - Sauer Danfoss - NEG	17.260	08-70515	17,104
WIA - Dislocated Workers - Freightliner - NEG	17.260	08-70516	875
WIA - Dislocated Workers - GE Securities - NEG	17.260	08-70517	5,093
Total WIA Cluster			3,468,498
TRANSIT SERVICES PROGRAMS CLUSTER			
Job Access-Reverse Commute - Tri-Met	20.516	JC080268DG	18,109
Total Transit Services Programs Cluster			18,109
TRIO CLUSTER			
TRIO - Student Support Services	84.042	N/A	264,733
TRIO - Talent Search	84.044	N/A	250,171
TRIO - Upward Bound	84.047	N/A	222,988
Total TRIO Cluster			737,892
SUBTOTAL CLUSTER PROGRAMS			29,330,757
NON-CLUSTER PROGRAMS			7,830,477
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 37,161,234

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 804,592
Federal Work-Study Program	84.033	N/A	568,778
Federal Pell Grant Program	84.063	N/A	23,007,132
Leveraging Educational Assistance Partnership	84.069	N/A	158,126
Academic Competitiveness Grants	84.375	N/A	133,410
Higher Education Institutional Aid - PORTALS	84.031	N/A	153,437
TRIO - Student Support Services	84.042	N/A	264,733
TRIO - Talent Search	84.044	N/A	250,171
TRIO - Upward Bound	84.047	N/A	222,988
Migrant Education - College Assistance Migrant Program	84.149	N/A	306,286
Business and International Education Project - Going Global	84.153A	N/A	110,466
Bilingual Education - Professional Development - REAP/PPOP	84.195N	N/A	234,537
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities - HQSPED	84.243K	N/A	171,424
Child Care Means Parents in School - CCAMPIS	84.335A	N/A	139,150
Total Direct Programs			26,525,230
Passed through Dept. of Community Colleges and Workforce Development			
Adult Education - Basic Grants to States - Program Improvement	84.002	EE8917-PG	11,852
Adult Education - Basic Grants to States - Multnomah Co Corrections	84.002	EE8917-CG	34,725
Adult Education - Basic Grants to States - TOPS Accountability	84.002	EE8917-AG	52,531
Adult Education - Basic Grants to States - Outreach Tutoring	84.002	EE8917-TG	63,818
Adult Education - Basic Grants to States - Comprehensive Services	84.002	EE8917-BG	540,425
Adult Education - Basic Grants to States - EI Civics	84.002	EE8917-EG	44,656
Adult Education - Basic Grants to States - Enhancing PCC ABE & GED	84.002	IGRA 0223	3,974
Total passed through Dept. of Community Colleges and Workforce Development			751,981
Passed through State of Oregon, Department of Education			
Vocational Education - Basic Grants to States - PAVTEC	84.048	12373	208,970
Vocational Education - Basic Grants to States - PAVTEC	84.048	10907	26,887
Vocational Education - Basic Grants to States - PAVTEC	84.048A	13333	8,000
Vocational Education - Basic Grants to States - PAVTEC	84.048A	12347	59,279
Vocational Education - Basic Grants to States - Perkins	84.048A	12346	1,166,586
Vocational Education - Basic Grants to States - Oregon Tradeswomen	84.048A	9850	18,000
Even Start - State Educational Agencies - Family Literacy	84.213	14415	175,341
Tech-Prep Education	84.243	12346	144,141
Total passed through State of Oregon, Department of Education			1,807,204
TOTAL U.S. DEPARTMENT OF EDUCATION			29,084,415
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through State of Oregon, Department of Education			
Child and Adult Care Food Program	10.558	26-16022	4,830
Passed through State of Oregon, Department of Human Services			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program - Capital	10.561	115191	266,141

Continued on page 107

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Mt. Hood Community College:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program - Metro	10.561	115187	\$ 319,273
TOTAL U.S. DEPARTMENT OF AGRICULTURE			590,244
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through State of Oregon:			
Job Access_Reverse Commute - Tri-Met	20.516	JC080268DG	18,109
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			18,109
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Program:			
Nursing Student Loans	93.364	N/A	6,932
Head Start	93.600	N/A	115,319
Total Direct Programs			122,251
Passed through State of Oregon, Department of Human Services			
Temporary Assistance for Needy Families - STEPS to Success - Capital	93.558	129316	1,124,842
Passed through Mt. Hood Community College:			
Temporary Assistance for Needy Families - STEPS to Success - Metro	93.558	JOBS08-09:9PCC	1,682,541
Passed through Portland State University			
Biomedical Research and Research Training - Bridges to Baccalaureate	93.859	209-CRE138	27,146
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements/Community Based Dental Partnership	93.924	GPBHD0014A	4,039
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,960,819
U.S. DEPARTMENT OF LABOR:			
Direct Program:			
WIA Pilots, Demonstrations, and Research Projects - Earmark	17.261	N/A	20,711
Passed through Worksystems, Inc:			
WIA- Adult Program - Hillsboro	17.258	08-70508	435,462
WIA - Adult Program - Metro One Stop	17.258	08-70510	573,935
WIA - Adult Program - Worksource North	17.258	08-70509	601,939
Total WIA - Adult Programs			1,611,336
WIA - Dislocated Workers - METRO	17.260	08-70509	653,495
WIA - Dislocated Workers - Worksource North	17.260	08-70508	486,364
WIA - Dislocated Workers - Hillsboro	17.260	08-70510	694,231
WIA - Dislocated Workers - Sauer Danfoss - NEG	17.260	08-70515	17,104
WIA - Dislocated Workers - Freightliner - NEG	17.260	08-70516	875
WIA - Dislocated Workers - GE Securities - NEG	17.260	08-70517	5,093
Total WIA - Dislocated Workers			1,857,162

Continued from page 106

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Worksystems, Inc (continued):			
H-1B Job Training Grants - VESL	17.268	08-67473	\$ 18,304
H-1B Job Training Grants - WIRED	17.268	07-75102	462,016
H-1B Job Training Grants - STEM	17.268	08-70514	27,814
Total H-1B Job Training Grants			508,134
Total passed through Worksystems, Inc			3,976,632
Passed through Community Colleges and Workforce Development:			
Incentive Grants - WIA Section 503 - Incentive Grant IV	17.267	IGA0083	173,590
Passed through Chemeketa Community College			
WIA Pilots, Demonstrations, and Research Projects - OHWP	17.261	538-06	22,762
TOTAL U.S. DEPARTMENT OF LABOR			4,193,695
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Education and Human Resources - EarthScope	47.076	N/A	3,535
Education and Human Resources - CSEMS II	47.076	N/A	15,061
Education and Human Resources - SSTEM	47.076	N/A	106,595
Education and Human Resources - STTE	47.076	N/A	128,664
Total Direct Programs			253,855
Passed through Saddleback Community College			
Education and Human Resources - Rapid Prototype	47.076	Y1090107PCC	13,156
TOTAL NATIONAL SCIENCE FOUNDATION			267,011
SMALL BUSINESS ADMINISTRATION:			
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	08-603001-Z-0039-25	32,211
TOTAL SMALL BUSINESS ADMINISTRATION			32,211
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
Passed through Oregon Campus Compact:			
Learn and Serve America - Higher Education - Broadening Horizons	94.005	AACC-SL-2006-10	7,830
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			7,830
FEDERAL SURPLUS PROPERTY:			
Passed through Oregon Department of Administrative Services:			
Acquisition value of federal surplus personal property	39.003	N/A	6,900
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 37,161,234

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Matching costs, the nonfederal share of certain program costs, are not included in the Schedule. The Schedule appears in two formats: Federal Awards by program clusters, and Federal Awards by federal agency.

Note B - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note A.

Note C - LOANS RECEIVABLE

Portland Community College had the following loan balances outstanding at June 30, 2009.

	Federal CFDA Number	Loans Receivable
Gross loans receivable at June 30, 2009:		
Federal Perkins Loan Program	84.038	\$ 8,191,771
Nursing Student Loans	93.364	1,101,372
		<u>\$ 9,293,143</u>

Note D - LOANS DISBURSED

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

	Federal CFDA Number	New Loans
Federal Family Education Loans:		
Federal Stafford Loans	84.032	\$ 58,846,573
Federal PLUS Loans	84.032	1,022,192
Federal Perkins Loan Program	84.038	1,304,764
Nursing Student Loans	93.364	177,561
		<u>\$ 61,351,090</u>

Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS

Required matching institutional capital contributions not included in expenditures is as follows:

	Federal CFDA Number	Amount
Federal Supplemental Educational Opportunity Grants	84.007	\$ 268,085
Federal Work-Study Program	84.033	182,198
Nursing Student Loans	93.364	770
		<u>\$ 451,053</u>

Note F - LEVERAGING EDUCATION ASSISTANCE PARTNERSHIP PROGRAM

Total expenditures for Leveraging Educational Assistance Partnership. CFDA Number 84.069:

Federal Contributions	\$ 108,485
State Contributions	6,643,283
	<u>\$ 6,751,768</u>

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2009

Note G - SUBRECIPIENTS

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

Description	Federal CFDA Number	Expenditures
Temporary Assistance for Needy Families - STEPS to Success - Capital	93.558	\$ 281,483
Temporary Assistance for Needy Families - STEPS to Success - Metro	93.558	31,714
		<u>\$ 313,197</u>

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Portland Community College.
2. There was one significant deficiency in internal control over financial reporting reported during the audit of the financial statements of Portland Community College. The significant deficiency was considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of Portland Community College were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance reported during the audit of the major federal award programs of Portland Community College.
5. The independent auditor's report on compliance for the major federal award programs of Portland Community College expresses an unqualified opinion.
6. There was one audit finding relative to the major federal award programs of Portland Community College reported in this schedule as item 09-02.
7. The programs tested as major programs included the following programs:

<u>Program Name</u>	<u>CFDA Number</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Family Education Loans	84.032
Federal Work-Study Program	84.033
Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Academic Competitiveness Grant	84.375
Nursing Student Loans	93.364

8. The threshold for distinguishing Type A programs from Type B programs was \$1,115,000.
9. Portland Community College did not qualify as a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

Finding 09-01 - Financial Statement Reporting:

Financial statements prepared by College personnel for 2008-09 were substantially complete and accurate and properly supported by the financial records. However, there were certain financial reporting technical issues from the prior year's financial statements that required restatement of the beginning net assets. Those restatements included:

- Increasing the pension asset shown in the financial statements as of July 1, 2008 to reflect the actual value reflected in the College's separate account at the Oregon Public Employees Retirement System.
- Adding the net pension obligation for the Early Retirement Incentive Plan to the College's assets as of July 1, 2008.

- Decreasing the land shown in the financial statements as of July 1, 2008 to remove the cost related to property that was sold in 2007-08.
- Decreasing student accounts receivable as of July 1, 2008 to record the estimated allowance for uncollectible student loan accounts.
- Decreasing student accounts receivable and deferred revenue as of July 1, 2008 to remove summer term related amounts. This revision did not result in a change to the net assets since accounts receivable and deferred revenue were decreased by the same amount.

College personnel properly made each of the above-described modifications to its 2008-09 financial statements thereby assuring that finalized financial statements issued by the College are properly presented in accordance with authoritative accounting and reporting pronouncements.

We recommend that the College establish procedures which will provide reasonable assurance that future financial statements prepared by the College will continue to provide quality financial information in accordance with authoritative pronouncements.

Management Response:

College management agrees with the finding. The restatement mostly represents one-time changes to more appropriately disclose the College's ongoing participation in gains or losses from its prepaid pension asset as well as managing risk associated with uncollectible student loans and receivables. Procedures have been established to assure continued proper presentation in future financial statements in accordance with authoritative pronouncements.

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

Finding 09-02 – Financial Aid Cluster (Perkins Loans):

For Perkins Loan students entering repayment status, the College is required to contact the borrower a minimum of three times during the grace period, which begins when the student drops below half-time enrollment.

During our audit of the Perkins Loan program, we selected a sample of twenty students from the population of students entering repayment status during the 2008-09 fiscal year. Twelve of the twenty students selected did not receive the first of the three required notices.

We recommend that the College improve its procedures to assure that borrowers that drop below half-time enrollment are identified in time for the College to send the three required grace period notifications to each borrower.

Questioned Costs:

None.

Management Response:

College management agrees with the finding. The College will address the delay in identifying affected students by setting up an automated exit process with its billing service provider to facilitate earlier notification of students entering repayment.

PORTLAND COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 08-01

Errors found in capital assets tracking spreadsheet.

Auditor Recommends:

Implement an integrated capital asset management system; reconcile spreadsheet and accounting records quarterly.

Corrective Action Previously reported:

A database for non-building assets is compiled quarterly and reconciled to accounting records. Management will pursue feasibility of including buildings to bring all capital assets into the database. Management will also complete previously planned cross-training and additional review of capital assets reporting prior to audit.

Update:

Management is still pursuing the feasibility of an integrated capital asset management system.

Finding 08-02

Errors in properly reporting advance refunding bond transactions.

Auditor Recommends:

Additional training and thorough review of statements prior to audit.

Corrective Action Previously reported:

We agree. Recent turnover required involvement of several new staff in preparing financial reports and a training plan has already been implemented. Scheduling of the commencement of future audit work will provide for an adequate time for thorough review of statements.

Update:

Adequate review of the current fiscal year financial statements was performed.

PORTLAND COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 08-03

Instances where balances in trial balances did not agree to fund schedules.

Auditor Recommends:

Additional training and thorough review of statements prior to audit.

Corrective Action Previously reported:

We agree. Recent turnover required involvement of several new staff in preparing financial reports and a training plan has already been implemented. Scheduling of the commencement of future audit work will provide for an adequate time for thorough review of statements.

Also, changes are planned to the methodologies used to assemble the annual financial statements to include more effective quality control elements to the process.

Update:

A new process for compiling the financial statements was implemented in the current fiscal year with no errors.

Finding 08-04

Capital asset transactions were incorrectly reported in the financial statements

Auditor Recommends:

Additional training and thorough review of statements prior to audit.

Corrective Action Previously reported:

Initial errors were found by staff and corrected. Additional errors found by the auditors were reviewed and corrections agreed upon and made by Financial Services staff. Recent turnover required involvement of several new staff in preparing financial reports and a training plan has already been implemented. Scheduling of the commencement of future audit work will provide for an adequate time for thorough review of statements prior to submitting them to audit.

Update:

Training of staff and the careful review of capital asset files enabled staff to find errors and correct before audit work commenced.

PORTLAND COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 08-05

Schedule of Expenditures of Federal Awards (SEFA) report didn't identify program clusters; info missing from notes

Auditor Recommends:

Additional training and thorough review of statements prior to audit.

Corrective Action Previously reported Management Response:

The SEFA report was prepared using the same format and note disclosures as in earlier year's CAFR's which had been reviewed without findings. In other words, auditors agreed with our prior format. Management understands the need to change format to comply with legal requirements and modified the report to include the suggested changes.

Update:

This was continued from the corrections done by staff the previous year. Staff stays abreast to any new changes in clusters that will affect the SEFA.

Finding 08-06

The college included excerpts of the CAFR in the bond official statement without TKW's permission in violation of our Letter of Arrangement with them.

Auditor Recommends:

TKW be included on the distribution list when considering debt obligations and seek prior permission before including any documents on same.

Corrective Action Previously reported Management Response:

This 'liftable basic financial statements' practice was acceptable in the past. Based upon the Letter of Arrangement with TKW, the College will work with bond counsel and financial advisors to include the independent audit firm in the distribution list when considering any debt obligations, and will refrain from including the independent Auditor's Report in any documents other than the financial statements on which the report is issued without prior consent from the independent audit firm.

Update:

The College will continue to work with bond counsel and financial advisors to include the independent audit firm in new debt obligations.

PORTLAND COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 08-07

Certain financial aid students did not receive all three required notices of entering repayment status

Auditor Recommends:

Coordinate attendance system with financial aid department to better identify when students cease to maintain full-time status.

Corrective Action Previously reported Management Response:

DOE regulations require that Perkins Loan and Nursing Loan borrowers receive three grace notices during the nine month grace period. Auditors are correct in that two of twenty three selected borrowers did not receive their initial grace notice from the loan servicer. This was the result of late exits on the two borrowers. The college was not notified by the borrowers of their intention not to return to PCC. As a result, the exits were delayed and not reported to ECSI until after their initial notice would have been mailed at 90 days. Exits are currently processed manually and there is no feasible way for the college to catch each borrower who drops with no intention to return.

In response to the finding, the college will attempt to automate the exit process. This will involve providing ECSI with a copy of the college's enrollment file that is sent to the National Student Clearinghouse by the registrar's office. Upon notice of a complete withdrawal, ECSI will prepare an electronic exit for the borrower's completion.

Update:

The College will automate online exits with its billing servicer which will facilitate earlier notification of students entering repayment.

Finding 08-08

Grantee not monitoring amount spent on follow up services to CAMP clients to ensure amount does not exceed 10% of grant.

Auditor Recommends:

Develop system to track time spent on monitoring students to ensure compliance with grant requirements.

Corrective Action Previously reported

Program managers have developed and already implemented a system to track contact time spent monitoring students to comply with this requirement.

Update:

A system to track contact time on follow up services is in place as well as documentation providing guidance on what tasks are allowable for follow up services.

PORTLAND COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 08-09

A CAMP Client file was missing the student's high school transcript which is required to determine eligibility. The document was later provided. An applicant tracking file was not signed by the program director as required by the college.

Auditor Recommends:

All supporting documentation be included in the student file before the program director approves the student as eligible.

Corrective Action Previously reported Management Response:

Through an enrollment error, the student was assigned an ID already in use, resulting in misfiling of the document. The specific document was found and is in place in the student's file. Program managers have modified procedures to review files for completeness. Contract & Grants staff have scheduled a review to ensure the modified procedures are appropriate to ensure compliance with grant requirements.

Update:

Procedures are in place and being followed to ensure all documents are filed properly and documents are signed as required.

Finding 08-10

Job placement information was not included with billing invoices from October 2007 to March 2008 as required. Job placement tracking information was included with invoices beginning in April 2008.

Auditor Recommends:

The college should read all grant requirements carefully to ensure special tests for new contracts are understood by personnel responsible for compliance.

Corrective Action Previously reported Management Response:

We agree. Contract and Grants accountants discovered the requirement and enacted the tracking information in April 2008 based upon the contract addendum. Contract and Grants staff and program management is emphasizing of the careful reading and review of new contracts as well as contract amendments and other revisions.

Update:

All new and revised contracts are carefully read and changes noted.

